CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 30, 2011

H.R. 910
Energy Tax Prevention Act of 2011

As ordered reported by the House Committee on Energy and Commerce on March 15, 2011

SUMMARY

H.R. 910 would amend the Clean Air Act to prohibit the Environmental Protection Agency (EPA) from regulating greenhouse gases (GHGs) to address climate change. The bill would create exceptions for various programs in current law, including emission standards for vehicles and EPA's renewable fuel standard. Because certain EPA activities associated with regulating GHGs would be prohibited under the bill, CBO estimates that enacting this legislation would save $57 million in 2012 and about $250 million over the 2012-2016 period, assuming that appropriations in those years were reduced accordingly.

Pay-as-you-go procedures do not apply to H.R. 910 because the bill would not affect direct spending or revenues.

H.R. 910 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) because it would expand an existing preemption of state laws that regulate greenhouse gas emissions from motor vehicles. Although the preemption would limit the application of state law, CBO estimates that it would impose no duty on state governments that would result in additional spending.

The bill contains no new private-sector mandates as defined in UMRA.

ESTIAMTED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 910 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars					
	2012	2013	2014	2015	2016	2012-2016
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	-57	-58	-59	-60	-62	-296
Estimated Outlays	-23	-49	-58	-60	-60	-250

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 910 will be enacted by the end of fiscal year 2011, that appropriations for regulating GHGs will be reduced, and that resulting outlay savings will follow historical spending patterns for identical and similar programs.

According to EPA, appropriations allocated to support activities related to regulating GHGs totaled about $17 million in 2010. Funding at that annual rate is also provided for 2011 under the Additional Continuing Appropriations Amendments, 2011 (Public Law 112-6).[1] Based on information from EPA, CBO estimates that for 2012 the agency will require an additional $40 million in appropriations under current law to support various activities related to regulating GHGs, including promulgating New Source Performance Standards, establishing permitting requirements, and continuing to support ongoing efforts associated with the GHG reporting registry. Under this legislation, such activities would be prohibited. Thus, CBO estimates that enacting the legislation would reduce the need for appropriations in 2012 by about $57 million.

In subsequent years, it is not certain whether EPA would pursue additional activities to meet requirements related to regulating GHGs under current law or whether current activities would be maintained. However, assuming funding levels in those years would remain close to the 2012 level with adjustments for inflation, CBO estimates that enacting the legislation would result in savings of $250 million over the 2012-2016 period, if appropriations for EPA over that period were reduced accordingly.

1. A full–year appropriation for EPA programs in 2011 has not yet been enacted. For this estimate, CBO assumes that the partial-year funding already provided will be increased proportionately—annualized—to provide full-year funding.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 910 contains an intergovernmental mandate as defined in UMRA because it would expand an existing preemption of state laws that regulate GHGs from motor vehicles. Under current law, California may obtain a waiver from EPA to establish its own standard for GHGs from motor vehicles. Once EPA has approved the waiver, other states may adopt the California standard. The bill would prevent EPA from approving such waivers, thus expanding the preemption. Although the preemption would limit the application of state law, CBO estimates that it would impose no duty on state governments that would result in additional spending.

The bill contains no new private-sector mandates as defined in UMRA.

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