



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

December 8, 2010

S. 3874 **Reduction of Lead in Drinking Water Act**

*As ordered reported by the Senate Committee on Environment and Public Works
on November 30, 2010*

S. 3874 would amend the Safe Drinking Water Act to reduce the level of permissible lead content in the composition of plumbing fixtures from 8 percent to 0.25 percent. This change would become effective 36 months following enactment of the legislation. CBO estimates that enacting this legislation would have no significant budgetary effect.

Pay-as-you-go procedures do not apply to this legislation because it would not affect direct spending or revenues.

By modifying the definition of “lead free” under the Safe Drinking Water Act, the bill would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would prohibit public and private entities that provide water for human consumption from installing plumbing fixtures that do not meet the new definition. CBO estimates that the costs to comply with that requirement would not be significant. Accordingly, CBO estimates that the direct costs to state, local, and tribal entities would fall well below the annual threshold established in UMRA for intergovernmental mandates (\$70 million in 2010, adjusted annually for inflation). Public entities could face higher prices for plumbing fixtures, but as described below, such costs would not be the direct result of this intergovernmental mandate.

The bill also would prohibit manufacturers and importers from selling plumbing fixtures that do not meet the new definition. Based on information from industry sources, CBO expects that some manufacturers would already be in compliance with the mandate because of existing standards in some states. Other entities would incur costs to produce or import such fixtures. Information from industry sources suggests that some manufacturers would incur a small incremental cost per unit to produce a fixture that meets the standard. However, because of the large number of fixtures shipped in the United States annually and uncertainty about the extent to which manufacturers would already comply with the requirement, CBO cannot estimate the cost of the mandate. Consequently, CBO cannot determine whether the aggregate cost of the mandates would

exceed the annual threshold established in UMRA for the private sector (\$141 million in 2010, adjusted annually for inflation).

Some of the mandate costs incurred by manufacturers could be passed through as higher prices to purchasers of plumbing fixtures. As such, the cost of the mandate also could indirectly affect public and private entities that are end users of those products.

The CBO staff contacts for this estimate are Susanne S. Mehlman (for federal costs), Ryan Miller (for the impact on state and local governments), and Amy Petz (for the impact on the private sector). This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.