



**CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE**

January 8, 2002

**H.R. 2869
Small Business Liability Relief and Brownfields Revitalization Act**

As cleared by the Congress on December 20, 2001

SUMMARY

H.R. 2869 would expand and modify certain programs governed by the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA, commonly known as the Superfund Act). The bill would provide a statutory framework for the Environmental Protection Agency's (EPA's) policies and programs related to brownfields sites and the liability of certain entities under CERCLA. (Brownfields are properties where the presence, or potential presence, of a hazardous substance complicates the expansion or redevelopment of the property.)

CBO estimates that provisions affecting the liability of certain property owners would reduce net offsetting receipts (an offset to direct spending) by \$2 million a year beginning in 2002, or a total of \$20 million over the next 10 years. In addition, the Joint Committee on Taxation (JCT) estimates that enacting this bill would reduce revenues by a total of \$31 million over the 2002-2006 period and by \$144 million over the 2002-2011 period.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

CBO's estimate of the budgetary effects of provisions that would affect direct spending and receipts is shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects through fiscal year 2006 are counted. The budgetary impact of the act falls under budget function 300 (natural resources and environment).

| | By Fiscal Year, in Millions of Dollars | | | | | | | | | |
|---------------------|--|------|------|------|------|------|------|------|------|------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Changes in outlays | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Changes in receipts | 0 | -1 | -5 | -10 | -15 | -19 | -22 | -24 | -24 | -24 |

BASIS OF ESTIMATE

CBO estimates that provisions limiting the liability of certain property owners would reduce net offsetting receipts by about \$2 million a year. EPA currently negotiates liability settlements with 20 to 25 prospective purchasers of contaminated property. As part of these agreements, purchasers make both monetary and in-kind payments in consideration of the government's commitment not to sue. While the cash payments vary significantly among properties, the agency typically collects an average of \$100,000 per settlement. EPA would forgo such payments under H.R. 2869, because prospective purchasers would no longer need these agreements to be relieved of liability for cleaning up a site.

This act would affect revenues by authorizing states and local governments to use federal grants for brownfields remediation to capitalize revolving funds. JCT expects that the ability to leverage these revolving funds would result in an increase in the issuance of tax-exempt bonds by state and local governments. JCT estimates that the federal government would forgo tax revenues of \$144 million over the 2002-2011 period as a result of these provisions.

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