CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

December 14, 2005

S. 1110
Engine Coolant and Antifreeze Bittering Agent Act of 2005

As ordered reported by the Senate Committee on Commerce, Science, and Transportation on November 17, 2005

S. 1110 would direct the Consumer Product Safety Commission (CPSC) to issue regulations requiring the use of a bittering agent in antifreeze and other engine coolants. The purpose of the bittering agent would be to make antifreeze unpalatable to humans and animals. Prior to issuing its regulations, the CPSC would be required to conduct an environmental impact evaluation in conjunction with the Environmental Protection Agency. The bill would require the CPSC to ensure that manufacturers comply with the new regulations, and maintain compliance records. Based on information provided by the CPSC, CBO estimates that implementing S. 1110 would increase spending subject to appropriation by less than $500,000 annually.

The legislation would preempt state laws that require the addition of bittering agents in antifreeze and would establish a uniform federal standard. The bill also would limit liability claims associated with the addition of bittering agents to antifreeze. The preemption and the limitation on liability would be intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

Although the preemption would limit the application of state law, it would not impose a duty on states that would require additional spending. The liability protection would be narrow in scope—providing protection primarily to manufacturers and other entities involved in distributing antifreeze that includes a bittering agent. CBO is unaware of any current or pending case that would be affected by the bill; consequently, we estimate that the costs of the mandates would be small and would not exceed the threshold established in UMRA ($62 million in 2005, adjusted annually for inflation).

S. 1110 contains private-sector mandates as defined in UMRA on manufacturers of engine coolant and antifreeze that distribute their products to be sold by retail businesses. In the event that the CPSC finds evidence that the use of the bittering agent denatonium benzoate (or a comparable alternative) has no "unreasonable adverse effect on the environment," those manufacturers would be required to:

- Add denatonium benzoate to their product mixtures that are comprised of more than 10 percent ethylene glycol; and

- Keep detailed records of any bittering agents used in their products.

CBO estimates that the aggregate direct costs of complying with those mandates would be minimal compared to the annual threshold established by UMRA for private-sector mandates ($123 million in 2005, adjusted annually for inflation).

Under S. 1110, if the CPSC determines that the use of the bittering agent in engine coolant or antifreeze would have no adverse effects on the environment, coolant and antifreeze manufacturers would be required to add the agent to certain product mixtures. The bill would exempt coolant and antifreeze distributed to original manufacturers (such as motor vehicle manufacturers) and garages that purchase wholesale engine coolant or antifreeze for purposes other than retail sales. According to industry sources, about 160 million gallons of coolant and antifreeze are sold in the U.S. retail market each year. Industry and government sources indicate that adding the bittering agent to product mixtures would cost manufacturers less than $0.03 per gallon of coolant or antifreeze. Furthermore, the industry expects to incur some costs associated with upgrades necessary for storing denatonium benzoate at manufacturing plants. Industry sources estimate such costs to fall between $50,000 and $70,000 per plant. Based on those data, CBO estimates that the costs associated with this mandate would not exceed $6 million per year.

Also, contingent upon the CPSC's determination, coolant and antifreeze manufacturers would be required to record the trade name, scientific name, and any active ingredient of any bittering agent used in product mixtures. The bill also would require manufacturers to make those records available to the public. Since manufacturers would already have such information, CBO expects the costs associated with such record keeping to be minimal.

The CBO staff contacts for this estimate are Geoffrey Gerhardt (for federal costs), Leo Lex (for the state and local impact), and Craig Cammarata (for the private-sector impact). This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.