CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 15, 2002

S. 351
Mercury Reduction Act of 2002

As ordered reported by the Senate Committee on Environment and Public Works on June 27, 2002

SUMMARY

Enacting S. 351 would impose a ban on the sale of mercury fever thermometers, except by prescription. This bill would authorize the Environmental Protection Agency (EPA) to provide grants to states, municipalities, and nonprofit organizations for implementation of a national program to help consumers exchange their mercury thermometers for thermometers that do not contain mercury. In addition, S. 351 would create an interagency task force (to be chaired by the Administrator of EPA) that would consult with states, industry representatives, and health, environmental, and consumer organizations to develop recommendations for reducing the long-term threat of mercury to humans and the environment. EPA also would be responsible for disposing of the mercury waste collected under the thermometer exchange program and for conducting research and development on permanent methods for disposing of mercury.

The bill would authorize the appropriation of $19 million for the grant program, $1 million per year for safe management and disposal of the mercury collected, and $1 million for administrative support for the interagency task force. Assuming appropriation of the specified amounts, CBO estimates that implementing this legislation would cost $25 million over the 2003-2007 period. The bill would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

S. 351 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates that the cost of complying with the mandate would not be significant and would not exceed the threshold established in that act ($58 million in 2002, adjusted annually for inflation).

S. 351 also contains private-sector mandates, as defined in UMRA, on the sellers and suppliers of mercury fever thermometers. CBO estimates that the direct cost of those

mandates would fall below the annual threshold established by UMRA ($115 million in 2002, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 351 is shown in the following table. CBO estimates that implementing the bill would cost $25 million over the 2003-2007 period, assuming appropriation of the authorized amounts. This estimate is based on historical spending patterns for similar activities. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars				
	2003	2004	2005	2006	2007
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Thermometer Exchange Program					
Estimated Authorization Level	19	0	0	0	0
Estimated Outlays	10	6	3	0	0
Safe Management and Disposal of Mercury					
Authorization Level	1	1	1	1	1
Estimated Outlays	1	1	1	1	1
Interagency Task Force					
Authorization Level	1	0	0	0	0
Estimated Outlays	1	0	0	0	0
Total Proposed Changes					
Estimated Authorization Level	21	1	1	1	1
Estimated Outlays	12	7	4	1	1

PAY-AS-YOU-GO CONSIDERATIONS: None.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 351 would prohibit the sale of mercury thermometers without a prescription. Since public hospitals own their own pharmacies, this prohibition would constitute an intergovernmental mandate as defined in UMRA. Based on information from the Public Hospital Pharmacy Coalition, CBO estimates that the cost of complying with the mandate would not be significant and would not exceed the threshold established in that act ($58 million in 2002, adjusted annually for inflation). The remaining provisions of the bill contain no mandates and would impose no costs on state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 351 contains two private-sector mandates as defined by UMRA. The bill would prohibit the sale or supply of mercury fever thermometers, except by prescription. Second, for each mercury thermometer sold or supplied by prescription, the manufacturer of the thermometer would be required to provide clear instructions on the careful handling of the thermometer to avoid breakage and on proper cleanup of the thermometer and its contents in the event of breakage.

Over the past decade, the numbers of mercury fever thermometers sold and supplied has declined because of the environmental and health risks of mercury. The industry, hospitals, and most large retail stores have generally shifted away from the production, use, and sale of mercury fever thermometers. Currently, eight states and 15 municipalities have enacted bans on mercury thermometers, and over 10 national retail chains have voluntarily committed to sell only mercury-free thermometers.

Given the current trend in the industry and state, hospital, and retail bans of mercury fever thermometers, the bill would affect only a small number of manufacturers, sellers, and suppliers. Lost income due to a loss in sales would not be significant. In addition, the cost for a manufacturer to provide an insert with clear instructions on handling and cleanup would be small. Thus, CBO estimates that the direct cost of the private-sector mandates in the bill would be below the annual threshold established by UMRA ($115 million in 2002, adjusted annually for inflation).

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