



Regulation Review

EPA Cutting Reg Tape?

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It is often our “[Regulation Reviews](#)” are dedicated to major actions that increase paperwork and costs for Americans. However, when an agency bucks the trend and starts to follow the president’s executive orders on [regulatory reform](#), any effort to cut costs is worth the praise.

In the most recent iteration, EPA has finalized a rule to update its National Pollution Discharge Elimination System (NPDES). This rule will save states and businesses more than \$150 million during the next decade and cut almost 200,000 paperwork hours. Although the monetary savings aren’t as great as the proposed version, the final rule is a welcome respite in what has become a steady stream of high-priced regulations.

BREAKDOWN

- [Final rule](#): Reduction of 197,237 hours;
- \$23.9 million in annual savings and \$156 million in cumulative savings.

- [Proposed version](#): Reduction of [190,000 hours](#);
- [\\$11 million](#) in annual savings and [\\$221 million](#) in cumulative savings.

ANALYSIS

In the year 2015, paper-based reporting might sound like an anachronism from the 1950s, but for NPDES, it was still a way of life for businesses and states. Thankfully, EPA has asked regulated entities to switch to electronic reporting, with the goal of increasing reporting time, accuracy, and cutting costs during a ten-year time horizon. The rule also offers entities the option of using their own data reporting system or EPA’s. This new data will also be available to the public, “to promote transparency and accountability by providing communities and citizens with easily accessible information on facility and government performance.”

There are initial (\$77.9 million) and recurring costs (\$20.3 million) for states and regulated entities during the implementation period, but EPA claims that annual savings will still significantly reduce costs. For example, during the first decade, states will incur total burdens of more than \$170 million and regulated entities will bear an additional \$28 million in costs.

One year after the rule's effective date, however, the rule begins to generate savings for regulated entities. During the next ten years, cumulative costs are \$250 million, which are offset by \$406 million in savings, for a net of \$156 million in savings. The gains are less than proposed in the original version (\$221 million) and the decline is not entirely clear. In addition, EPA itself expects to save \$1.2 million annually by switching to electronic reporting.

The rule also greatly expands the universe of permittees. Currently, states provide EPA with a list of major dischargers (6,800) under NPDES and non-major dischargers (40,000). The final rule allows EPA to collect data on a universe of approximately 400,000 permittees.

SMALL BUSINESS IMPACTS

EPA does estimate some facilities could pay \$314 to implement the electronic reporting requirements, with a few paying as little as \$6. One entity could face compliance costs of greater than one percent of operating revenue, but that is not sufficient, according to EPA, to conclude that the rule has a significant economic impact on a substantial number of small businesses. This is especially true for this rule because it will result in cost savings for a vast majority of the regulated entities.

CONCLUSION

Almost any rule that cuts costs and paperwork should be welcomed in the regulatory world. With more than [\\$157 billion](#) in compliance costs this year, the latest rule is hardly going to impact most businesses. For perspective, the NPDES rules boosts total deregulatory activity in 2015 to \$1.1 billion. This rule also arrives on the heels of EPA releasing three other economically significant measures and the pending arrival of a [multi-billion dollar ozone rule](#). This latest deregulatory move is likely to get lost in the shuffle.