



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 12, 2008

S. 1193

A bill to direct the Secretary of the Interior to take into trust two parcels of federal land for the benefit of certain Indian Pueblos in the state of New Mexico

*As passed by the House of Representatives on September 29, 2008,
with a proposed Senate amendment dated October 1, 2008*

SUMMARY

Division A of S. 1193 would authorize the Secretary of the Interior to take into trust certain federal land in Albuquerque, New Mexico, for the benefit of 19 Indian Pueblos in the state. In addition, the proposed amendment to S. 1193 (contained in division B) would authorize a variety of projects to be carried out by land and water management agencies within the Department of Agriculture (USDA) and the Department of the Interior (DOI).

Assuming appropriation of the amounts specifically authorized by the legislation or estimated to be necessary to carry out authorized projects, CBO estimates that implementing S. 1193 would result in discretionary costs of about \$3.4 billion over the 2009-2013 period and a minimum of \$3.7 billion thereafter. Enacting the bill also would increase direct spending by \$15 million over the 2009-2018 period. After 2018, direct spending would increase by more than \$900 million to implement certain water settlements with tribal governments and to undertake certain river restoration projects.

S. 1193 would impose intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) if the Secretary of the Interior acquires property through eminent domain in order to implement the water settlements in title X. The cost of those mandates would be the fair market value of the property and any expenses incurred by the owners in transferring that property to the federal government. CBO expects that the Secretary would use that authority sparingly and that the cost of the mandates would fall below the annual thresholds established in UMRA for intergovernmental and private-sector mandates (\$68 million in 2008 and \$136 million in 2008, respectively, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

Division A of S. 1193 would authorize the Secretary of the Interior to take into trust a total of 18 acres of federal land in Albuquerque for the benefit of 19 Indian pueblos located in New Mexico. The land is part of the former site of the Albuquerque Indian School, which provided training for Indians until 1982. Division A also would authorize the Secretary to make payments of between \$200,000 and \$350,000 annually to the reservation of Colorado River Indian Tribes for a new local energy department.

CBO estimates that transferring the specified federal lands into trust for the Pueblos would have no significant effect on the federal budget. The lands to be transferred do not generate any offsetting receipts (a credit against direct spending) and are not expected to do so in the future. Administrative costs associated with the transfer would be negligible. Assuming the availability of appropriated amounts, CBO estimates that providing the authorized payments for the new local energy department would cost about \$300,000 annually.

Division B of the legislation would authorize a variety of projects carried out by land and water management agencies within the USDA and DOI. CBO estimates that the cost to implement all of the authorizations would be about \$3.4 billion over the 2009-2013 period, and several billion dollars thereafter, primarily for water resource projects.

The estimated budgetary impact of division B is shown in the table below. The costs of division B fall primarily within budget function 300 (natural resources and the environment).

	By Fiscal Year, in Millions of Dollars					2009-2013
	2009	2010	2011	2012	2013	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Title I, National Wilderness Preservation						
Estimated Authorization Level	9	5	4	3	3	24
Estimated Outlays	5	8	4	4	3	24
Title II, Bureau of Land Management Authorizations						
Estimated Authorization Level	1	1	1	1	1	5
Estimated Outlays	1	1	1	1	1	5
Title III, Forest Service Authorizations						
Estimated Authorization Level	2	1	1	1	1	6
Estimated Outlays	2	1	1	1	1	6
						Continued

CHANGES IN SPENDING SUBJECT TO APPROPRIATION Continued

	By Fiscal Year, in Millions of Dollars					2009-2013
	2009	2010	2011	2012	2013	
Title IV, Forest Landscape Restoration						
Estimated Authorization Level	40	40	40	40	40	200
Estimated Outlays	20	48	40	40	40	188
Title V, Rivers and Trails						
Estimated Authorization Level	8	9	9	9	7	42
Estimated Outlays	5	11	9	9	8	42
Title VI, DOI Authorizations						
Estimated Authorization Level	4	7	12	22	22	67
Estimated Outlays	2	7	8	14	22	53
Title VII, National Park Service Authorizations						
Estimated Authorization Level	126	106	108	111	111	562
Estimated Outlays	68	92	111	115	113	499
Title VIII, National Heritage Areas						
Estimated Authorization Level	10	11	11	11	11	54
Estimated Outlays	5	16	11	11	11	54
Title IX, Bureau of Reclamation Authorizations						
Estimated Authorization Level	316	405	446	452	378	1,997
Estimated Outlays	195	340	428	455	409	1,827
Title X, Water Settlements						
Estimated Authorization Level	35	47	52	103	58	295
Estimated Outlays	18	33	44	91	52	238
Title XI, U.S. Geological Survey Authorizations						
Estimated Authorization Level	70	70	67	64	64	335
Estimated Outlays	35	101	68	66	65	335
Title XII, Miscellaneous Provisions						
Estimated Authorization Level	27	27	27	27	27	135
Estimated Outlays	7	17	22	27	27	100
Total Changes						
Estimated Authorization Level	648	729	778	844	723	3,722
Estimated Outlays	363	675	747	834	752	3,371
CHANGES IN DIRECT SPENDING ^a						
Estimated Budget Authority	0	6	6	1	*	13
Estimated Outlays	0	3	5	1	*	13

Notes: * = less than \$500,000; DOI = Department of the Interior.

a. The estimated total change in direct spending from enacting this legislation would be \$15 million over the 2009-2018 period.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted near the beginning of fiscal year 2009 and that amounts specifically authorized or estimated to be necessary will be appropriated for each fiscal year. Estimated outlays are based on information from federal agencies and on historical spending patterns for similar activities.

Spending Subject to Appropriation

The costs of division A are discussed on page 2. The following paragraphs address the costs of division B.

Title I would add federal lands to the national wilderness preservation system. CBO estimates that implementing title I would cost \$24 million over the 2009-2013 period. Most of the cost would be incurred by the Forest Service for one-time planning, surveying, and mapping activities. The costs to other agencies—primarily the Bureau of Land Management (BLM) and the National Park Service (NPS)—would be less significant because they already manage the affected lands to protect wilderness values.

Title II would establish national conservation areas and national monuments on lands managed by BLM. CBO estimates that planning and other one-time costs to implement title II would be about \$5 million over the 2009-2013 period. Because such lands are already managed for conservation purposes, additional ongoing costs to operate the areas would be minimal.

Title III would authorize the Forest Service to carry out programs to enhance the safety of wildland firefighters, withdraw lands from certain types of commercial activities, and convey forest lands to nonfederal entities. CBO estimates that implementing the provisions in title III would cost \$6 million over the 2009-2013 period.

Title IV would establish a program to fund ecological restoration projects on forest lands managed by USDA and DOI. CBO estimates that implementing the title would cost \$188 million over the 2009-2013 period. Those amounts would be used by the Forest Service and BLM to pay the federal share of restoration projects carried out with state, local, and tribal participants.

Title V would add new river segments to the wild and scenic rivers system and add new trail routes to the national trails system. CBO estimates that adding land and river segments to those systems would cost \$42 million over the 2009-2013 period. Most of the funds would be used for mapping and surveying the new areas and administering them as part of the rivers and trails systems.

Title VI would authorize DOI to implement various programs related to managing watersheds, efforts to preserve wildlife and cultural resources, and compensation for ranchers' livestock losses caused by wolves. CBO estimates that implementing those provisions would cost \$53 million over the 2009-2013 period.

Title VII would establish new units of the National Park System, expand existing park units, and authorize feasibility studies for potential park units. This title also would reauthorize funding for NPS grant programs, including Save America's Treasures and Preserve America. CBO estimates that implementing the provisions in title VII would cost about \$500 million over the 2009-2013 period.

Title VIII would establish 10 national heritage areas and would authorize the appropriation of \$10 million for each area over the next 15 years. CBO estimates that implementing title VIII would cost \$54 million over the 2009-2013 period. Most of that amount would be paid to the management entities (usually local nonprofit groups) of the new heritage areas for developing and implementing general management plans.

Title IX would authorize a variety of projects to develop water resources in the United States. CBO estimates that implementing this title would cost about \$1.8 billion over the 2009-2013 period, and, because of the size and scope of the program, a minimum of \$3.4 billion thereafter. Appropriated funds would be used by DOI to conduct feasibility studies on certain proposed projects and to construct municipal, industrial, and irrigation projects in the western United States. Further, DOI would be authorized to carry out a species conservation program, to assess the impact of climate change on water resources across the entire country, and to provide funds and assistance for operation and maintenance of existing water projects.

Title X would ratify two water settlements between the federal government and various state, local, and tribal entities. CBO estimates that approving those settlements and appropriating funds to meet the federal government's obligations under them would cost \$238 million over the 2009-2013 period. The first settlement ratified by title X would lead to the restoration of the San Joaquin River in California and the reintroduction of salmon to that river. The second settlement would secure water rights for the Navajo Nation in New Mexico and provide for construction of a water pipeline in that state.

Title XI would authorize funding for programs carried out by the U.S. Geological Survey. The agency would use the funds to prepare maps and studies. CBO estimates that implementing the provisions contained in title XI would cost \$335 million over the 2009-2013 period.

Title XII would authorize appropriations for a variety of programs related to natural resources and Indian affairs. CBO estimates that implementing those provisions would cost \$100 million over the 2009-2013 period.

Direct Spending

Enacting division B would provide new borrowing authority to the Secretary of the Interior and would grant new spending authority to the Secretaries of the Interior and Energy. Based on information from those agencies, CBO estimates that enacting the proposed amendment would increase net direct spending by \$15 million over the 2009-2018 period and by more than \$900 million after 2018.

Borrowing Authority for Federal Water Projects. Section 9606 of the legislation would authorize the Secretary of the Interior to borrow funds from the public to finance improvements to federally owned water projects. CBO expects that funds obtained and spent under section 9606 would be recorded as an increase in direct spending. CBO estimates that enacting this provision would increase direct spending by \$10 million over the 2009-2018 period.

Hydroelectric Power Assessment. Section 9505 would direct the Secretary of Energy, acting through the federal Power Marketing Administrations, to assess the effects of climate change on the supply of water needed to generate hydroelectric power at federal water projects. Based on information from the Secretary, CBO estimates that the Bonneville Power Administration would spend \$5 million of revenues collected from the sale of electricity to pay for the assessment. Under the legislation, that cost would not be reimbursable from electricity sales.

Reclamation Water Settlements Fund. Title X would establish a new Reclamation Water Settlements Fund to implement water settlements that the United States has entered into. It also would ratify a settlement agreement between the United States, the state of New Mexico, and the Navajo Nation.

The Reclamation Water Settlements Fund would be available to implement future water settlements between the United States and various state, local, tribal, and private entities. Under current law, the government collects fees from water and power contractors and those fees—classified as offsetting receipts—are deposited into the Reclamation Fund and are available to be spent, subject to future appropriation acts. Under the legislation, \$120 million of those receipts would be deposited in the Water Settlements Fund each year over the 2019-2033 period. Those funds would be available for the costs of implementing water settlement agreements without further appropriation.

Ratifying the settlement agreement with the Navajo Nation would authorize the Secretary of the Interior to construct the Navajo-Gallup Water Supply Project. The Bureau of Reclamation would build a pipeline and associated facilities to divert water from the San

Juan River and deliver it to the Navajo Nation, the city of Gallup, and the Jicarilla Apache Nation in New Mexico for drinking water. Funds for the water supply project would come from annual appropriation acts as well as from the Water Settlements Fund that would be established by S. 1193. Based on information from DOI, CBO estimates that constructing the water supply project would increase net direct spending by about \$600 million after 2018.

San Joaquin River Restoration. Title X would implement a judicial settlement between the Bureau of Reclamation's Friant Division of the Central Valley Project (CVP) in California and a coalition of conservation and fishing groups. The bill would direct DOI to design and construct improvements to the San Joaquin River, modify operations of the Friant Dam, acquire water or water rights, and implement terms of the settlement relating to minimizing water supply disruptions to the Friant Dam.

To pay for part of the restoration, the bureau would be authorized to modify contracts and spend certain annual collections that it cannot spend under current law. Based on information from the bureau, CBO estimates that implementing the settlement agreement would increase net direct spending by about \$300 million after 2018.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

If the Secretary of the Interior acquires property through eminent domain to implement the water settlements in title X, the amendment would impose intergovernmental or private-sector mandates as defined in UMRA. The cost of those mandates would be the fair market value of the property and any expenses incurred by the owners in transferring that property to the federal government. CBO expects that the Secretary would use that authority sparingly and that the cost of the mandates would fall below the annual thresholds established in UMRA for intergovernmental and private-sector mandates (\$68 million in 2008 and \$136 million in 2008, respectively, adjusted annually for inflation).

In cases where property is acquired through eminent domain, the Department of the Interior would have to compensate property owners for the fair market value of the property. In addition, the amendment would require that the original property owners get the right of first refusal to repurchase such property if the Secretary determines that it is no longer necessary for implementation of the San Joaquin River Restoration Settlement.

Other provisions would benefit several state, local, and tribal governments. Any costs to those governments for activities authorized in the bill, including matching contributions, would be incurred voluntarily as conditions of federal assistance.

PREVIOUS CBO ESTIMATES

During the 110th Congress, CBO has transmitted cost estimates to the Congress for more than 140 individual pieces of legislation that duplicate nearly all of the provisions included in S. 1193.

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