



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 7, 1997

S. 156

Lower Brule Sioux Tribe Infrastructure Development Trust Fund Act

As ordered reported by the Senate Committee on Indian Affairs on October 23, 1997

SUMMARY

S. 156 would provide compensation to the Lower Brule Sioux Tribe for the taking of reservation lands to build the Fort Randall and Big Bend dam projects. The bill would set up an economic recovery fund for the tribe and make interest from the fund available to the tribe for education, social welfare, and economic development programs.

CBO estimates that enacting S. 156 would create new direct spending authority of \$1.2 million in fiscal year 1999, \$2.5 million in 2000, and \$2.6 million for each of fiscal years 2001 and 2002. We estimate that resulting outlays would total about \$5.6 million over the 1999-2002 period. Because S. 156 would affect direct spending, pay-as-you-go procedures would apply. In addition, S. 156 would authorize the appropriation of such sums as may be necessary to carry out this act, including funds necessary to cover the administrative expenses of the economic recovery fund. Based on information from the Bureau of Indian Affairs (BIA), CBO estimates that any increase in discretionary spending would be negligible. S. 156 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The costs of this legislation fall within budget function 450 (community and regional development). The estimated budgetary impact of S. 156 is shown in the following table.

	By Fiscal Year, in Millions of Dollars				
	1998	1999	2000	2001	2002
CHANGES IN DIRECT SPENDING					
Estimated Budget Authority	0	1	2	3	3
Estimated Outlays	0	a	1	2	3

a. Less than \$500,000.

BASIS OF ESTIMATE

S. 156 would establish an economic recovery fund for the Lower Brule Sioux Tribe. Beginning with fiscal year 1998, the bill would direct the Secretary of the Treasury to deposit up to 25 percent of the receipts in the preceding fiscal year from the Pick-Sloan Missouri River basin program into the Lower Brule Sioux Tribe Infrastructure Development Trust Fund in the United States Treasury. Once \$39.3 million is deposited, no further principal deposits would be made. The bill would direct that the fund’s principal be invested in interest-bearing Treasury securities and that the fund’s interest earnings be transferred to a separate account and be made available to the tribe—without fiscal year limitation or the need for further appropriation—beginning in the fiscal year after the fund is capitalized.

Direct Spending

Based on information from the Western Area Power Administration—which markets electricity produced from the Pick-Sloan Missouri River basin—CBO estimates that receipts from the Pick-Sloan project for fiscal year 1997 totaled about \$260 million. Therefore, CBO expects that the fund would be fully capitalized in fiscal year 1998 with a deposit of \$39.3 million. The deposit to the trust fund would be an intragovernmental transfer and there would be no net outlays associated with it.

S. 156 would make the interest on the amounts in the economic recovery fund available to the Lower Brule Sioux Tribe for education, social welfare, and economic development. For the purpose of this estimate, CBO assumes that S. 156 will be enacted in the first quarter of calendar year 1998 and that the \$39.3 million deposit into the fund will be made by March 31, 1998; thus, the deposits would earn interest for one-half of fiscal year 1998 and interest earnings would first become available for spending in fiscal year 1999. We assume

that the principal balance in the fund would earn interest at an annual rate of about 6.2 percent, which is CBO's baseline projection of the interest rate on 10-year Treasury securities. Under S. 156, interest earned on the \$39.3 million principal would be transferred to a separate Treasury account and then made available for spending by the Lower Brule Sioux Tribe. Unspent interest in that account also would earn interest, but at a lower (short-term) rate. We assume that balances in the account would accrue interest at a rate of about 5 percent.

As a result, CBO estimates that interest earnings of \$1.2 million would be made available to the tribe in fiscal year 1999 and interest earnings of between \$2.5 million and \$2.6 million would be made available for each of fiscal years 2000 through 2002. Estimated outlays of this interest are based on historical spending rates for programs with similar goals and activities as those stated in the bill.

Spending Subject to Appropriation

S. 156 would authorize to be appropriated such funds as may be necessary to carry out the legislation. CBO estimates that any increase in discretionary spending would be negligible. The Office of Trust Fund Management within the Department of the Interior would be responsible for the creation and maintenance of the trust fund created by S. 156. According to BIA, it is unlikely that the Office of Trust Fund Management would have to hire any additional employees to manage the new fund.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act of 1985 specifies pay-as-you-go procedures for legislation affecting direct spending or receipts. For purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted. CBO estimates that enacting S. 156 would have no effect on direct spending in 1998, but would result in direct spending of less than \$500,000 in 1999, and gradually increasing amounts in succeeding years, as indicated in the following table.

Summary of Effects on Direct Spending and Receipts

	By Fiscal Year, in Millions of Dollars									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Changes in outlays	0	0	1	2	3	3	3	3	3	3
Changes in receipts	Not applicable									

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 156 contains no intergovernmental mandates as defined in UMRA. As a condition of receiving payments from the federal government, section 5 of the bill would require the Lower Brule Sioux Tribe to prepare a plan for use of those payments and would specify a number of elements to be included in the plan. Based on information provided by the tribe, CBO estimates that the cost of complying with this requirement would be minimal. The annual payments received from the federal government would be used by the tribe to carry out projects included in the plan.

S. 156 would impose no other costs on state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

The bill would impose no new private-sector mandates as defined in UMRA.

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