



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 10, 1999

S. 623

Dakota Water Resources Act of 1999

*As reported by the Senate Committee on Energy and Natural Resources
on November 1, 1999*

SUMMARY

CBO estimates that implementing S. 623 would cost \$131 million over the 2000-2004 period, assuming appropriation of the necessary amounts. Starting in fiscal year 2002, S. 623 would affect direct spending; therefore, pay-as-you-go procedures would apply. CBO estimates, however, that changes in direct spending would not become significant until 2007. S. 623 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The state of North Dakota and local governments in that state would probably incur some costs as a result of the bill's enactment, but these costs would be voluntary.

S. 623 would amend the existing authority for construction of the Garrison Diversion Unit (GDU) of the Pick-Sloan Missouri Basin Program, administered by the Bureau of Reclamation (the Bureau). S. 623 would authorize the appropriation of about \$688 million (in 1999 dollars) for the Bureau to complete the GDU. Adjusting for anticipated cost growth, CBO estimates that implementing this legislation would require the appropriation of \$793 million over the 2000-2017 period. Most of the outlays from such funding would occur after 2004. We estimate that enacting the bill would reduce offsetting receipts (a credit against direct spending) by less than \$200,000 a year between 2002 and 2006, but would result in increased offsetting receipts of about \$7 million a year starting in 2007.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 623 over the next five years is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars				
	2000	2001	2002	2003	2004
CHANGES IN SPENDING SUBJECT TO APPROPRIATION^a					
Estimated Authorization Level	0	24	33	47	51
Estimated Outlays	0	16	27	41	47

a. Most of the costs of implementing S. 623 would occur after 2004. In addition, to the bill's discretionary costs, it would increase direct spending by less than \$200,000 a year over the 2000-2004 period. (That estimated annual effect would continue through 2006, but S. 623 would reduce direct spending by about \$7 million a year after 2006.)

Assuming appropriation of the necessary funds, CBO estimates that implementing S. 623 would cost \$131 million over the 2000-2004 period, \$450 million over the 2000-2009 period, and \$793 million over the 2000-2018 period. Initially, the bill would have no significant impact on direct spending, but after 2006, S. 623 would increase offsetting receipts by about \$7 million a year.

BASIS OF ESTIMATE

Estimates of funds needed to meet design and construction schedules were provided by the Bureau. CBO adjusted those estimates to reflect anticipated cost growth during the construction period, as authorized by the bill. For purposes of this estimate, CBO assumes that S. 623 will be enacted during fiscal year 2000 and that the authorized amounts will be appropriated. Estimates of outlays are based on historical spending patterns for similar projects.

Spending Subject to Appropriation

Red River Valley Water Supply Project. S. 623 would authorize the appropriation of \$200 million (in 1999 dollars) for the Bureau to construct facilities to meet the water quality and quantity needs of the Red River Valley. Based on information from the Bureau, CBO expects that construction would begin during fiscal year 2004 and would be substantially completed in 2007. Assuming appropriation of the necessary amounts, CBO estimates that design and initial construction would cost about \$75 million over the 2000-2004 period.

Municipal, Rural, and Industrial Water Systems. The bill also would authorize the appropriation of \$200 million (in 1999 dollars) for the Bureau to make grants to North

Dakota to construct municipal, rural, and industrial water systems. The bill would authorize the appropriation of an additional \$200 million (in 1999 dollars) for the Bureau to construct, operate, and maintain, on a nonreimbursable basis, municipal, rural, and industrial water systems on certain Indian reservations. CBO estimates that implementing both of these provisions would cost about \$45 million between 2000 and 2004.

Operation and Maintenance. During construction of the Red River Valley Water Supply Project, operation and maintenance costs of the GDU would be covered by using funds appropriated for construction. Once the facility is completed in 2007, S. 623 would authorize the appropriation of amounts necessary for the Bureau to operate and maintain a certain portion of the facility. Based on information from the Bureau, CBO expects the facility to be put into use in 2007. At that time, we estimate that an additional appropriation of about \$3 million would be required each year for operation and maintenance.

S. 623 also would authorize the appropriation of additional amounts necessary for the operation and maintenance of wildlife mitigation and enhancement facilities, including wildlife refuges. Based on information from the Bureau, CBO estimates this work would cost about \$1 million annually starting in 2001.

Natural Resources Trust. S. 623 would authorize the appropriation of \$25 million for the Secretary of the Interior to make annual contributions to the Natural Resources Trust, a nonfederal corporation (currently known as the Wetlands Trust). The amount to be contributed in any fiscal year would equal 5 percent of the amount appropriated in that year for the Red River Valley Water Supply Project and for non-Indian municipal, rural, and industrial water supply systems. CBO estimates this provision would cost \$6 million between 2000 and 2004.

Recreational Projects. The bill would authorize the appropriation of \$6.5 million for the Bureau to construct, operate, and maintain new recreational facilities, provided that the Secretary of the Interior has entered into agreements with nonfederal entities to provide half of the cost of operating and maintaining any such facilities. CBO estimates that implementing this provision would cost about \$1 million between 2000 and 2004.

Oakes Test Area Title Transfer. S. 623 would authorize the Secretary to convey the Oakes Test Area, an experimental irrigation facility in North Dakota, to the local irrigators. The Bureau currently spends less than \$200,000 annually to operate and maintain the facility. These amounts are subject to appropriation and are reimbursed by users of the facility. Reimbursements are deposited in the Treasury as offsetting receipts and are unavailable for spending without appropriation action. Based on information from the Bureau, CBO expects

that the title transfer would occur during fiscal year 2002. Starting in that year, this provision would yield annual discretionary savings of less than \$200,000.

Direct Spending

Offsetting Receipts from Repayment Contracts. Under current law, the GDU water supply features are not expected to be put into service, and thus will not generate offsetting receipts from repayment contracts. According to the Bureau, under S. 623 the unit would be placed into service during 2007 and the agency would start to collect repayments from project beneficiaries in that year. Repayments would be deposited in the Treasury as offsetting receipts and would be unavailable for spending without appropriation. CBO estimates that these receipts would total about \$7 million a year starting in 2007.

Oakes Test Area Title Transfer. CBO estimates that under the bill, the Secretary would transfer ownership of the Oakes Test Area to local users in 2002. This transfer would reduce offsetting receipts that are collected from irrigators under current law to reimburse the Bureau for operating costs. Thus, CBO estimates that this provision would reduce offsetting receipts by less than \$200,000 a year starting in 2002.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Changes in outlays	0	0	0	0	0	0	0	-7	-7	-7
Changes in receipts										

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 623 contains no intergovernmental mandates as defined in UMRA. Under current law, and under the amendments made by this bill, the state of North Dakota and local governments in that state would provide some of the funds necessary to construct and to

operate and maintain the authorized facilities. All such spending would be a condition of federal assistance and would be voluntary.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

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

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