



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 30, 2000

H.R. 1124 **Fort Peck Reservation Rural Water System Act of 2000**

As ordered reported by the House Committee on Resources on July 26, 2000

SUMMARY

H.R. 1124 would authorize appropriations for a water supply system serving the Fort Peck Indian Reservation and the Dry Prairie Rural Water System in Montana. This bill would authorize a total of \$175 million (in 2000 dollars) over a 10-year period for the construction of the system and would authorize such sums as may be necessary for the operation and maintenance of the facilities on the reservation. It would direct the Secretary of the Interior to enter into cooperative agreements with the Fort Peck Tribal Executive Board and the Dry Prairie Rural Water Association that would allow those entities to implement the project if they comply with certain terms and conditions in the bill. All costs associated with the tribal portion of the project would be the responsibility of the Bureau of Reclamation. The Dry Prairie Rural Water System would be required to pay for operations and maintenance of its portion of the system but would not be obligated to repay the federal contribution to the project.

Adjusting for inflation, CBO estimates that implementing the bill would require appropriations of \$207 million over the 2001-2010 period and additional amounts thereafter. We estimate that \$66 million of this total would be spent over the 2001-2005 period and \$141 million over fiscal years 2006 through 2010. Outlays for operation and maintenance costs in subsequent years would average about \$2 million a year (in 2000 dollars) and would continue over the life of the tribal water system, or through at least fiscal year 2050. Because H.R. 1124 would not affect direct spending or receipts, pay-as-you-go procedures would not apply.

H.R. 1124 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that complying with this mandate would impose no significant costs on state, local, or tribal governments, so the threshold established by that act (\$55 million in 2000, adjusted annually for inflation) would not be exceeded. The bill contains no new private-sector mandates as defined in UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1124 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				
	2001	2002	2003	2004	2005
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	3	5	15	21	22
Estimated Outlays	3	5	15	21	22

BASIS OF ESTIMATE

For this estimate, CBO assumes that appropriations would be provided as needed to design, construct, and operate this water supply system. We also assume that the Secretary would complete the cooperative agreements with the Fort Peck Tribes and the Dry Prairie Rural Water Association in fiscal year 2001.

Our estimate of project costs is based on a preliminary construction schedule prepared by the tribes and the association that is consistent with the amounts and conditions specified in H.R. 1124. CBO adjusted those estimates to reflect the impact of anticipated inflation during the time between the authorization and appropriation of project funding. We expect that outlays would occur as funds are obligated because, under the bill, project implementation would be the responsibility of the tribes and the association.

PAY-AS-YOU-GO CONSIDERATIONS: None.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 1124 contains an intergovernmental mandate as defined in UMRA. CBO estimates that complying with this mandate would impose no significant costs on state, local, or tribal governments, so the threshold established by that act (\$55 million in 2000, adjusted annually for inflation) would not be exceeded.

Mandates

The bill would require the Fort Peck Tribes and the Dry Prairie Rural Water Association (a public entity) to develop a water conservation plan. This requirement would be an intergovernmental mandate as defined in UMRA. Because these organizations have already developed a plan, however, complying with this mandate would result in no significant additional costs.

Other Impacts

The Dry Prairie Rural Water Association and the state of Montana would probably incur some additional costs as a result of this bill's enactment, but these costs would be voluntary. H.R. 1124 would require nonfederal participants to pay part of the cost of constructing the Dry Prairie system and to pay all the costs of operating and maintaining this system.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

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

PREVIOUS CBO ESTIMATES

On October 8, 1999, CBO transmitted a cost estimate for S. 624, the Fort Peck Reservation Rural Water System Act of 1999, as ordered reported by the Senate Committee on Energy and Natural Resources on September 22, 1999. H.R. 1124 and S. 624 are very similar, and the costs of the two versions of the legislation are nearly identical.

On August 30, 2000, CBO transmitted a cost estimate for S. 624 as ordered reported by the House Committee on Resources on July 26, 2000. The House version of S. 624 and H.R. 1124 are identical, as are the cost estimates.

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