



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 7, 2004

S. 1438

Spokane Tribe of Indians of the Spokane Reservation Grand Coulee Dam Equitable Compensation Settlement Act

As ordered reported by the Senate Committee on Indian Affairs on September 22, 2004

SUMMARY

S. 1438 would establish and authorize funds to be appropriated to the Spokane Tribe of Indians Settlement Fund (“the Fund”) to compensate the Spokane Tribe of Indians for the use of its land by the Grand Coulee Dam project in Washington. Starting in 2007, the bill would require the Bonneville Power Administration (BPA) to make annual payments to the tribe from receipts generated from the sale of electricity. Those payments to the tribe would be offset by increases in the rates charged to BPA’s customers for electricity sales, and thus would result in no net cost to the government. Under the bill, BPA would be relieved from making certain interest payments to the Treasury for funds borrowed on BPA’s behalf. CBO estimates that provision would reduce receipts collected by BPA by \$12 million over the 2007-2014, and by \$1.3 million a year after 2014. (Those effects constitute an increase in direct spending.)

Assuming appropriation of the necessary amounts, CBO estimates that implementing the bill would add \$56 million to discretionary costs over the 2005-2009 period to fund the Spokane Tribe of Indians Settlement Fund, and an additional \$13 million in 2010. S. 1438 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The payments authorized by this bill would benefit the Spokane Tribe.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1438 is shown in the following table. The costs of this legislation fall within budget functions 450 (community and regional development) and 270 (energy).

By Fiscal, in Millions of Dollars										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014

CHANGES IN SPENDING SUBJECT TO APPROPRIATION

Payments to Spokane Tribe Settlement										
Fund Account										
Authorization Level	0	18	13	13	13	13	0	0	0	0
Estimated Outlays	0	18	13	13	13	13	0	0	0	0

CHANGES IN DIRECT SPENDING

Interest Credits for BPA										
Budget Authority	0	0	3	1	1	1	1	1	1	1
Estimated Outlays	0	0	3	1	1	1	1	1	1	1

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted early in fiscal year 2005 and that the authorized amounts will be appropriated for each year.

Spending Subject to Appropriation

This bill would authorize payments to the Spokane Tribe as compensation for land taken to build the Grand Coulee Dam. The bill would authorize the appropriation of \$18 million in 2006 and \$13 million annually over the 2007-2010 period to a new tribal trust fund. Thus, CBO estimates that implementing the bill would cost \$18 million in 2006 and \$69 million over the 2006-2010 period.

Payments to certain trust funds that are held and managed in a fiduciary capacity by the federal government on behalf of Indian tribes are treated as payments to a nonfederal entity. As a result, CBO expects that the entire amount deposited to the fund in any year would be recorded as budget authority and outlays in that year. Because the trust funds would be nonbudgetary, the subsequent use of such funds by the tribe would not affect federal outlays.

Direct Spending

S. 1436 would require BPA to make annual payments to the Spokane Tribe. Under the bill such payments would be made for many decades—as long as electricity is generated at the Grand Coulee Dam and sold by BPA. Under the bill this payment would be 29 percent of the annual payment BPA currently makes to the Colville Tribe. Such payments would begin in 2007 and would total about \$5 million per year, except in 2007 when BPA would be required to make two payments. BPA is a cost-recovery agency that charges its customers for electricity. Because it is scheduled to change its rates in 2007, this payment to the tribe would become part of BPA's cost structure and would be offset by an increase in the new electricity rates that the agency plans to impose in 2007. Thus, this annual payment to the tribe would result in no net cost to the government.

The bill also would allow BPA reduce the amount of interest costs that it transfers to the U.S. Treasury for funds borrowed to construct BPA's infrastructure. The bill would authorize BPA to forgo interest payments of \$2.6 million in 2007, and \$1.3 million each year thereafter for many decades—as long as electricity is generated at the Grand Coulee Dam and sold by BPA. As a cost-recovery agency, BPA would reduce its annual collections from electricity rate payers by the amount of these forgone interest payments. Thus, CBO estimates that BPA collections, which are recorded in the budget as offsetting receipts, would be reduced by \$2.6 million in 2007 and about \$12 million over the 2007-2014 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1438 contains no intergovernmental or private-sector mandates as defined in UMRA. The payments authorized by this bill would benefit the Spokane Tribe.

ESTIMATE PREPARED BY:

Federal Costs: Lisa Cash Driskill and Mike Waters
Impact on State, Local, and Tribal Governments: Marjorie Miller
Impact on the Private Sector: Selena Caldera

ESTIMATE APPROVED BY:

Peter H. Fontaine
Deputy Assistant Director for Budget Analysis