



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

August 21, 2006

**S. 1535
Cheyenne River Sioux Tribe Equitable Compensation
Amendments Act of 2006**

As ordered reported by the Senate Committee on Indian Affairs on August 2, 2006

SUMMARY

S. 1535 would amend the Cheyenne River Sioux Tribe Equitable Compensation Act, which was enacted in 2000 to resolve a dispute between that tribe and the federal government. That act established a trust fund for the benefit of the tribe and specifies a schedule for federal deposits to the fund. S. 1535 would change the timing and amount of those deposits. CBO estimates that enacting S. 1535 would increase direct spending by \$446 million over the 2007-2011 period (with most of that increase in 2011), but would decrease direct spending by \$442 million in 2012, for a net change in direct spending of \$4 million over the 2007-2016 period. Enacting the bill would not affect revenues.

S. 1535 contains no new intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. Enacting this legislation would benefit the Cheyenne River Sioux Tribe.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

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

		By Fiscal Year, in Millions of Dollars									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
CHANGES IN DIRECT SPENDING											
Spending Under Current Law											
Transfers to Cheyenne River Sioux Tribal Recovery Trust Fund											
Estimated Budget Authority		0	0	0	0	0	442	0	0	0	0
Estimated Outlays		0	0	0	0	0	442	0	0	0	0
Proposed Changes											
Transfers to Cheyenne River Sioux Tribal Recovery Trust Fund											
Estimated Budget Authority		0	0	0	0	407	-442	0	0	0	0
Estimated Outlays		0	0	0	0	407	-442	0	0	0	0
Expenditure of Interest Income											
Estimated Budget Authority		4	8	12	15	0	0	0	0	0	0
Estimated Outlays		4	8	12	15	0	0	0	0	0	0
Total Changes											
Estimated Budget Authority		4	8	12	15	407	-442	0	0	0	0
Estimated Outlays		4	8	12	15	407	-442	0	0	0	0
Spending Under S. 1535											
Estimated Budget Authority		4	8	12	15	407	0	0	0	0	0
Estimated Outlays		4	8	12	15	407	0	0	0	0	0

BASIS OF ESTIMATE

By changing the amount and timing of scheduled deposits to the affected tribal trust fund, CBO estimates that enacting S. 1535 would reduce net direct spending by \$35 million over the 2007-2016 period. We also estimate that allowing the tribe to spend interest earned on balances in the trust fund would increase direct spending by \$4 million in 2007 and \$39 million over the 2007-2016 period. Thus, CBO estimates that enacting the bill would increase net direct spending by \$4 million over the next 10 years. For this estimate, CBO assumes that S. 1535 will be enacted before the end of fiscal year 2006 and that deposits to the trust fund would begin in 2007.

Transfers to the Trust Fund Under Current Law

In 2000, the Congress enacted the Cheyenne River Sioux Tribe Equitable Compensation Act to compensate the tribe for 104,492 acres of land acquired by the federal government for the Oahe Dam and Reservoir Project, which is part of the Pick-Sloan Missouri River Basin program. The act created the Cheyenne River Sioux Tribal Recovery Trust Fund and directs the Secretary of the Treasury to transfer into the trust fund \$291 million plus the amount of interest that would be accrued if the amount had been deposited in fiscal year 2002. This total transfer, which CBO estimates at approximately \$442 million, is set to occur in 2012 under current law. Once the Secretary completes the transfer, all monetary claims against the United States for the Oahe Dam and Reservoir Project will be extinguished. At that time, consistent with the treatment of similar tribal trust funds, amounts within the trust fund will be considered under tribal ownership.

The federal budget excludes trust funds that are held and managed in a fiduciary capacity by the federal government on behalf of Indian tribes. Because the affected trust fund will be considered nonbudgetary once it is fully capitalized, the scheduled deposit to the trust fund in 2012 will be considered direct spending for a transfer of funds to a nonfederal entity. Thereafter, subsequent cash flows related to the fund will have no effect on the federal budget.

Transfers to the Trust Fund Under S. 1535

S. 1535 would direct the Secretary of the Treasury to begin deposits to the trust fund earlier than under current law. For each of the five years following enactment, the bill would direct the Secretary to transfer to the fund \$58 million plus the amount of interest that would have accrued had such a deposit been made in 2001. CBO estimates such transfers would total \$407 million over the 2007-2011 period—\$290 million for principal and \$117 million for forgone interest.

Because the conditions necessary to remove the fund from the federal budget (i.e. final extinguishment of claims against the federal government) would not be met until the final deposit is made, transfers to the fund during the first four years would be considered intragovernmental and would have no net effect on the federal budget. Upon the final deposit in 2011, however, the trust fund would become nonbudgetary. Reclassifying the trust fund at that time would be recorded in the budget as direct spending of the full balance of the fund—\$407 million.

By accelerating the schedule of payments to the trust fund, S. 1535 would eliminate the Secretary's current obligation to capitalize the trust fund in fiscal year 2012. As a result,

CBO estimates that proposed changes to federal transfers would reduce direct spending by \$442 million in that year and by \$35 million over the 2007-2016 period.

Expenditure of Interest Income Under S. 1535

Current law directs the Secretary to distribute any interest earned by the trust fund to the tribe. Under the current schedule, the fund will carry no balances and, therefore, will generate no interest until it is fully capitalized and reclassified as nonbudgetary in 2012. Therefore, under current law, the federal budget does not include any direct spending for the tribe's use of interest. Under S. 1535, interest would accrue on deposits made in each of the four years prior to the reclassification of the trust fund in 2011. CBO estimates that distributing interest to the tribe in those years would increase direct spending by \$4 million in 2007 and \$39 million over the 2007-2016 period.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 1535 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal government. Enacting this legislation would benefit the Cheyenne River Sioux Tribe.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

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

ESTIMATE PREPARED BY:

Federal Costs: Daniel Hoople

Impact on State, Local, and Tribal Governments: Marjorie Miller

Impact on the Private Sector: Carla-Marie Ulerie

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis