



**CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE**

December 28, 2000

S. 1694

An act to direct the Secretary of the Interior to conduct a study on the reclamation and reuse of water and wastewater in the state of Hawaii, and for other purposes

*As cleared by the Congress on December 7, 2000,
and signed into law by the President on December 23, 2000*

SUMMARY

S. 1694 (enacted as Public Law 106-566) contains several provisions that will affect direct spending. Those provisions authorize the Secretary of the Interior, acting through the Bureau of Reclamation, to:

- Convey the Sugar Pine Dam to Foresthill Public Utility District in California;
- Convey the Clear Creek Distribution System to the Clear Creek Community Services District in Shasta County, California;
- Convey certain lands to the Greater Yuma Port Authority of Yuma County, Arizona; and
- Accept a one-time payment from the city of Dickinson, North Dakota in lieu of its scheduled repayments for bascule gates at Dickinson Dam.

CBO estimates that the act will increase direct spending by \$50 million over the 2001-2010 period and by another \$100 million over the following 20 years.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

CBO's estimate of the impact of S. 1694 on direct spending is shown in the following table. Only the estimated changes in the budget year and the succeeding four years are counted for

pay-as-you-go purposes. 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	2006	2007	2008	2009	2010
Changes in outlays	5	5	5	5	5	5	5	5	5	5
Changes in receipts	Not applicable									

BASIS OF ESTIMATE

Conveyance of Sugar Pine Dam. S. 1694 directs the Secretary to convey the Sugar Pine Dam to the Foresthill Public Utility District under certain conditions. Sugar Pine Dam is currently a part of the Central Valley Project in California. As a condition of this conveyance, the district must pay the bureau about \$2.8 million. Once the conveyance is completed, the district and all other participants in the Central Valley Project will be relieved of their obligation to repay a portion of the costs to construct Sugar Pine Dam.

CBO estimates that this conveyance will reduce offsetting receipts from the project by about \$5 million annually, beginning in 2001 and continuing through 2030. Under the Balanced Budget Act of 1997 (BBA), proceeds from nonroutine asset sales may be counted for pay-as-you-go purposes only if the sale would entail no financial cost to the government. CBO estimates that selling the Sugar Pine Dam under the terms in S. 1694 will not satisfy the conditions of the BBA; therefore, the \$2.8 million payment from the district should not count for pay-as-you-go purposes.

Conveyance of the Clear Creek Distribution System. Under S. 1694, the Secretary will convey the Clear Creek Distribution System to the Clear Creek Community Services District. This conveyance will absolve the federal government of potential liabilities associated with the distribution system, including the cost of repairing an installation defect that has resulted in frequent breaks in the water delivery system.

CBO estimates that this provision will reduce federal spending by about \$1 million over the 2001-2010 period; however, such savings could take the form of a reduction in either discretionary or mandatory spending. In the absence of this legislation, the federal government could have funded the repairs with appropriated funds. In that case, S. 1694 would result in discretionary savings. Alternatively, it is possible that the district would have

taken legal action against the United States to compel the federal government to pay those costs. S. 1694 eliminates the possibility of such direct spending.

Conveyance of land to the Greater Yuma Port Authority. S. 1694 authorizes the Secretary to convey certain lands to the Greater Yuma Port Authority for the construction and operation of an international port of entry. As a condition of the conveyance, the port authority must pay the fair market value of the land as of the date of enactment, which is currently estimated to total about \$300,000. CBO estimates that this legislation will accelerate the timing of the sale of this property, but that the net effect on direct spending will not be significant over the 2001-2010 period.

Dickinson Dam Bascule Gates Settlement. S. 1694 directs the Secretary to accept a one-time payment from the city of Dickinson as settlement of the city's remaining obligations to the bureau for the construction of bascule gates on the Dickinson Dam. CBO estimates that the net budgetary effect of these transactions will total less than \$200,000 in any single year.

ESTIMATE PREPARED BY: Rachel Milberg

ESTIMATE APPROVED BY:

Robert A. Sunshine
Assistant Director for Budget Analysis