



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 19, 2002

H.R. 1811 **PILT and Refuge Revenue Sharing Permanent Funding Act**

As ordered reported by the House Committee on Resources on September 12, 2002

SUMMARY

H.R. 1811 would provide new direct spending authority for the Secretary of the Interior to make payments to states and counties under the payment in lieu of taxes (PILT) program and the refuge revenue sharing program. CBO estimates that enacting H.R. 1811 would increase direct spending by \$157 million in 2002 and by \$3.9 billion over the 2002-2012 period. Because the bill would affect direct spending, pay-as-you-go procedures would apply.

By making PILT and refuge revenue sharing payments fully available without appropriation action, H.R. 1811 could create savings in discretionary spending. Assuming that annual appropriations are reduced accordingly, CBO estimates potential discretionary savings of \$228 million in fiscal year 2003 and about \$1.4 billion over the 2003-2007 period.

H.R. 1811 contains no 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 probably would benefit local governments that receive payments under these two programs.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1811 is shown in the following table. The costs of this legislation fall within budget function 800 (general government).

	By Fiscal Year, in Millions of Dollars					
	2002	2003	2004	2005	2006	2007
DIRECT SPENDING						
Mandatory Spending Under Current Law for PILT and Refuge Revenue Sharing ^a						
Estimated Budget Authority	7	7	8	8	8	8
Estimated Outlays	7	7	8	8	8	8
Proposed Changes						
Estimated Budget Authority	157	273	278	286	296	305
Estimated Outlays	157	273	278	286	296	305
Mandatory Spending Under H.R. 1811 for PILT and Refuge Revenue Sharing						
Estimated Budget Authority ^a	164	280	286	294	304	313
Estimated Outlays	164	280	286	294	304	313
CHANGES IN SPENDING SUBJECT TO APPROPRIATION^b						
Estimated Authorization Level	0	-228	-233	-238	-242	-248
Estimated Outlays	0	-228	-233	-238	-242	-248

a. These figures represent the estimated mandatory portion of annual funding for refuge revenue sharing payments under current law.

b. The changes in spending subject to appropriation represent discretionary savings that could occur under H.R. 1811 beginning in 2003, when all PILT and refuge revenue sharing payments would become mandatory spending. A total of \$224 million was appropriated for these payments in 2002, including \$210 million for PILT and \$14 million for refuge revenue sharing.

BASIS OF ESTIMATE

CBO estimates that enacting H.R. 1811 would increase direct spending for PILT and refuge revenue sharing payments by \$157 million in 2002, \$273 million in 2003, and about \$3.7 billion over the 2003-2012 period. Enacting this legislation would reduce the need for future appropriations for these programs, but any resulting savings would depend on future appropriation actions. In 2002, funds provided in appropriations acts for these payments totaled nearly \$230 million. The total estimated cost to fully fund the PILT and refuge revenue sharing program in 2002 is \$391 million.

This estimate is based on information provided by the Department of the Interior and on CBO baseline assumptions regarding future payments to local governments under certain other payment programs as well as continuing land acquisitions and increases in the fair market value of public lands. For this estimate, CBO assumes that H.R. 1811 will be enacted before the end of fiscal year 2002, and that payments would be made in this fiscal

year. If the legislation were enacted in fiscal year 2003, we expect that amounts authorized for 2002 PILT payments would be made in 2003.

Permanent Funding for PILT

PILT is a payment program that compensates local governments for losses in their tax bases due to the presence of certain federal lands within their jurisdictions, which are exempt from state and local taxation. The Bureau of Land Management (BLM) calculates the PILT payment authorized for each local jurisdiction based on population, the number of federal acres present, and other federal payments received by the jurisdiction. H.R. 1811 would provide permanent funding for PILT payments, which under current law are subject to appropriation. According to BLM, the full authorization level for PILT payments in fiscal year 2002 is \$351 million, and the agency already has received appropriations totaling \$210 million for those payments. Hence, CBO estimates that fully funding the program this year would create direct spending of \$141 million. We also estimate that H.R. 1811 would create PILT direct spending of \$241 million in 2003 and about \$3.3 billion over the 2003-2012 period.

Refuge Revenue Sharing Payments

The Refuge Revenue Sharing Act authorizes the U.S. Fish and Wildlife Service (USFWS) to make payments to counties where national wildlife refuges and other USFWS-administered land is located. Generally, the authorized level of such payments for each county is equal to the greater of: (1) \$0.75 per acre of USFWS land located in the county, (2) 25 percent of net offsetting receipts (if any) earned from commercial activities on such land, or (3) three-fourths of 1 percent of the land's fair market value. The annual payments are funded by a combination of direct spending authority and discretionary appropriations. In the last 20 years, those two sources have not been sufficient to fully fund the entire authorized level of refuge revenue sharing payments, and each county's payment has been reduced proportionately. Beginning in fiscal year 2002, H.R. 1811 would make available without further appropriation the entire amount necessary to fund all payments to counties at the authorized level. CBO estimates that the bill would increase direct spending by \$16 million in 2002, by \$32 million in 2003, and by \$442 million over the 2003-2012 period.

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 through fiscal year 2006 are counted.

	By Fiscal Year, in Millions of Dollars										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Changes in outlays	157	273	278	286	296	305	315	465	478	492	507
Changes in receipts						Not applicable					

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1811 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. Enacting this legislation probably would benefit local governments that receive payments under these two programs.

PREVIOUS CBO ESTIMATE

On June 20, 2002, CBO transmitted a cost estimate for S. 454 as ordered reported by the Senate Committee on Energy and Natural Resources on June 5, 2002. The two bills are very similar, and our cost estimates are the same.

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