



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 28, 2000

H.R. 2348

An act to authorize the Bureau of Reclamation to provide cost sharing for the endangered fish recovery implementation programs for the Upper Colorado River and San Juan River basins

As passed by the House of Representatives on July 25, 2000

SUMMARY

H.R. 2348 would authorize the Secretary of the Interior to participate in fish recovery programs in the Upper Colorado River and the San Juan River basins. For planning, construction, and other capital projects, the act would authorize the appropriation of \$46 million to the Bureau of Reclamation. The act also would allow the use of up to \$17 million from states participating in these programs. It would authorize the Western Area Power Administration (WAPA) to borrow an additional \$17 million from the state of Colorado to help fund these projects, and it would authorize the use of about \$6 million annually from certain proceeds from WAPA's electricity sales to fund specified operations and maintenance activities. Finally, the act would authorize WAPA to repay the loan from Colorado by increasing electricity sales rates over the 2012-2057 period.

Assuming appropriation of the authorized amounts, CBO estimates that implementing H.R. 2348 would cost \$40 million over the 2001-2005 period. In addition, CBO estimates that enacting H.R. 2348 would increase direct spending by \$44 million over the 2001-2005 period and \$78 million over the 2001-2010 period. (Some of those costs would be offset over the 2012-2057 period by increases in the rates WAPA charges to electricity customers.) Because enacting H.R. 2348 would affect direct spending, pay-as-you-go procedures would apply.

H.R. 2348 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). State and local governments would probably incur some costs as a result of the bill's enactment, but these costs would be voluntary.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2348 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	10	10	10	10	6
Estimated Outlays	8	8	8	8	8
CHANGES IN DIRECT SPENDING					
Estimated Budget Authority	23	6	6	6	7
Estimated Outlays	8	8	10	9	9

BASIS OF ESTIMATE

For this estimate, CBO assumes H.R. 2348 would be enacted by early in fiscal year 2001. Outlay estimates are based on information from the Bureau of Reclamation and historical spending patterns for similar programs. In addition to the \$46 million that the act would authorize to be appropriated, the legislation would authorize three other sources of funds for fish recovery programs: up to \$17 million in contributions from states that are participating in this fish recovery program, up to \$17 million in a loan from the state of Colorado (that is subject to repayment), and about \$6 million annually from certain receipts from WAPA's electricity sales.

CBO estimates that the receipt and spending of funds contributed by participating states would have no significant net effect on the budget. But over the 2001-2005 period, CBO estimates that funding from the loan and spending some of the receipts from WAPA's electricity sales would increase direct spending by \$44 million. Direct spending would increase by \$78 million over the 2001-2010 period. Over the 2012-2057 period, some of these costs would be offset as WAPA would increase its electricity rates to repay the loan from Colorado.

Contributions From States

CBO expects that the participating states (Colorado, Wyoming, Utah, and New Mexico) will contribute the full \$17 million that would be authorized by the act for the construction of capital projects for fish recovery. We expect that states would contribute funds at approximately the same rate that they are needed to complete capital projects, so that net spending and receipts from this provision would not be significant in any year.

Borrowing From Colorado

H.R. 2348 would authorize WAPA to borrow and spend up to \$17 million from the Colorado Water Conservation Board Construction Fund (a fund of the state government). We expect these funds would be borrowed in 2001 and that outlays would total \$13 million over the 2001-2005 period, with the remaining \$4 million spent over fiscal years 2006 and 2007. Under the provisions of the act, the \$17-million loan would be repaid to the state of Colorado, with interest, starting in 2012. (The receipt of these funds and the subsequent loan principal repayment to Colorado would be treated in the budget as a means of financing, and would not affect spending.) The act would direct WAPA to raise electricity rates for certain customers by a sufficient amount to repay this loan over the 2012-2057 period. Therefore, this provision would cause a small net annual change in direct spending beginning in 2012 as funds are collected and interest payments are made to repay this loan over a 45-year period.

Spending Certain WAPA Electricity Receipts

H.R. 2348 would authorize the Secretary of the Interior to spend about \$6 million a year from the proceeds of certain WAPA electricity sales to pay for the operations and maintenance costs, and other noncapital costs of endangered fish recovery programs in the Upper Colorado and San Juan River basins. The act would authorize the Secretary to adjust such spending for increases in inflation, and to continue this spending until 2011. After this date, spending would be authorized to continue, but only for operations and maintenance costs. CBO estimates this provision would increase direct spending by \$31 million over the 2001-2005 period and by \$61 million over the 2001-2010 period. Under the act, this spending would not be offset by increases in the price of electricity sold by WAPA.

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 in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	0	8	8	10	9	9	8	8	6	6	6
Changes in receipts											

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2348 contains no intergovernmental or private-sector mandates as defined in UMRA. Under the terms of this act, part of the costs of the authorized capital projects would be paid by state governments and by water and power users, some of which are public entities. These costs would be voluntary.

PREVIOUS COST ESTIMATE

On July 28, 2000, CBO transmitted a cost estimate for S. 2239, a bill to authorize the Bureau of Reclamation to provide cost sharing for the endangered fish recovery implementation programs for the Upper Colorado River and San Juan River basins, as ordered reported by the Senate Committee on Energy and Natural Resources on June 7, 2000. The two versions of the legislation are very similar and the estimated costs are the same.

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