CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

Revised October 1, 1999

H.R. 2389

County Schools Funding Revitalization Act of 1999

As ordered reported by the House Committee on Agriculture on September 23, 1999

SUMMARY

H.R. 2389 would require additional payments to those states and counties that received a portion of the receipts from the sale of resources on certain federal lands during fiscal years 1986 through 1999. The bill specifies a formula for the amount of these additional payments in 2000, and would require continuing such payments through 2005, including annual adjustments for inflation. H.R. 2389 specifies that the additional payments required by this bill would be made either from receipts from the use of certain federal lands, or from funds appropriated for the Forest Service or the Bureau of Land Management (BLM). CBO estimates that enacting H.R. 2389 would increase direct spending by $173 million in fiscal year 2000 and by about $1.1 billion over the 2000-2004 period. Because enactment of H.R. 2389 would affect direct spending, pay-as-you-go procedures would apply. We estimate that implementing the bill would increase discretionary spending by less than $500,000 in each of fiscal years 2000 through 2002, assuming appropriation of the necessary amounts.

H.R. 2389 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. The increased payments guaranteed by this bill would benefit eligible states and counties.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2389 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					
	1999	2000	2001	2002	2003	2004
CHANGES IN DIRECT SPENDING						
Spending Under Current Law[a]						
Estimated Budget Authority	298	289	276	265	258	258
Estimated Outlays	298	289	276	265	258	258
Proposed Changes						
Estimated Budget Authority	0	173	198	222	241	254
Estimated Outlays	0	173	198	222	241	254
Spending Under H.R. 2389						
Estimated Budget Authority	298	462	474	487	499	512
Estimated Outlays	298	462	474	487	499	512
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	0	b	b	b	0	0
Estimated Outlays	0	b	b	b	0	0

a. Payments under current law include receipt-sharing and guaranteed payments to states and counties from lands administered by the Forest Service and BLM.

b. Less than $500,000.

BASIS OF ESTIMATE

CBO estimates that, relative to current law, enacting H.R. 2389 would increase direct spending by $173 million in fiscal year 2000 and a total of $1.4 billion over the 2000-2005 period. Because we do not expect that there will be sufficient receipts to fully fund the additional payments, some of the payments would likely be made from amounts appropriated to the Forest Service and BLM. In addition, we estimate implementing the bill would require an increase in discretionary spending to operate the advisory committee created by the bill; such spending would total less than $500,000 in each of fiscal years 2000 through 2002.

Direct Spending

Receipt-Sharing and Guaranteed Payments Under Current Law. Offsetting receipts generated from the sale of resources on federal land result in payments to states and counties based on formulas specific to the type of federal land involved and are known as receipt-sharing payments. H.R. 2389 would affect receipt-sharing payments from three types of federal land: National Forest System (NFS) lands, which are managed by the Forest Service; Oregon and California Railroad grant lands, which are managed by BLM or the Forest Service; and Coos Bay Wagon Road (CBWR) grant lands, which are managed by BLM.

Eligible states and counties receive 25 percent of the receipts from the sale of resources on NFS land, and 50 percent of receipts from the use of Oregon and California grant lands and Coos Bay Wagon Road grant lands are distributed to eligible counties. However, a different payment process is temporarily in effect for certain counties where federal land is affected by decisions related to the northern spotted owl. Under the Omnibus Budget Reconciliation Act of 1993 (OBRA-93), those counties receive a special guaranteed payment (also called a safety net payment) through fiscal year 2003 based on the historic levels of their receipt-sharing payments from the federal government.

Additional Payments. The bill would repeal the current safety net payments created by OBRA-93 and replace them with the new payment required by this bill. For fiscal year 2000, H.R. 2389 would require the Secretary of the Treasury to pay each eligible state and county the higher of either the receipt-sharing payment currently applicable to the federal land in that jurisdiction, or an amount equal to the average of the three highest receipt-sharing payments (or safety net payments) that the jurisdiction received between 1986 and 1999. After fiscal year 2000, this payment would continue to be made to each eligible state and county through 2005, with an annual adjustment for inflation. Based on information from the Forest Service and BLM, we estimate that the payments required by H.R. 2389 would increase federal payments to states and counties by $173 million in fiscal year 2000 and a total of about $1.4 billion over the 2000-2005 period.

Potential Effect on Receipts. Additional payments required by H.R. 2389 would be funded either from revenues received on the relevant federal land, or from appropriations to the Forest Service and BLM. Enacting H.R. 2389 may create an incentive to generate additional receipts in order to finance the additional payments required. However, based on information from the Forest Service and BLM, we estimate the agencies would not raise significant additional receipts as a result of enacting this bill.

Spending Subject to Appropriation

H.R. 2389 would establish an advisory committee, to be known as the Forest Counties Payments Committee, to develop recommendations regarding methods to ensure that states and counties in which federal lands are located receive adequate federal payments. The bill would authorize the appropriation of such sums as necessary for the committee, which would terminate three years after enactment. We estimate that implementing this provision would cost less than $500,000 for each of fiscal years 2000 through 2002, assuming appropriation of the necessary amounts.

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										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Changes in outlays	0	173	198	222	241	254	265	0	0	0	0
Changes in receipts	Not applicable										

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2389 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. The increased payments guaranteed by this bill would benefit eligible states and counties.

PREVIOUS CBO ESTIMATE

On September 30, 1999, CBO provided a cost estimate for the County Schools Funding Revitalization Act of 1999, as ordered reported by the House Committee on Agriculture on September 23, 1999. This estimate supersedes that previous estimate. Specifically, it corrects an error in the calculation of inflation adjustments in 2002 through 2005 for the payments required under the bill. The previous estimate overstated the increase in state and county payments based on inflation. The estimate has been corrected accordingly. The estimated outlays in 2000 and 2001 resulting from enactment of H.R. 2389 are not affected by this change.

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