



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 7, 2002

S. 2556

Fremont-Madison Conveyance Act

*As ordered reported by the Senate Committee on Energy and Resources
on October 4, 2002*

S. 2556 would direct the Secretary of the Interior through the Bureau of Reclamation to convey certain components of a water distribution and drainage system to the Fremont-Madison Irrigation District in Idaho by September 2003. These components include a dam, a canal, and several wells, which are currently operated and maintained by the district and used for irrigation. The transfer would occur after the district meets its outstanding obligations under an existing repayment contract with the federal government. In addition, S. 2556 would require the federal government to pay half of the costs associated with the conveyance, including a review under the National Environmental Policy Act. This bill also would authorize the Bureau to develop a drought management plan for the Henry's Fork watershed.

CBO estimates that enacting S. 2556 would result in an insignificant increase in offsetting receipts to the government. Since 1977, the district has repaid \$225,000 of the cost of constructing several water wells. As a condition of conveyance, CBO estimates that the federal government would receive about \$135,000 from the district in 2003 as the final payment under the existing repayment contract for those wells. This amount represents the net present value of the remaining obligations owed by the district. This near-term cash savings would be offset by the loss of future offsetting receipts of about \$10,000 a year over the 2003-2030 period. CBO also estimates that the Bureau of Reclamation would spend about \$80,000 for its share of the administrative costs associated with this conveyance, assuming the availability of appropriated funds.

S. 2556 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments. This conveyance would be voluntary on the part of the district as would any costs it would incur to comply with the conditions set by the bill.

On August 12, 2002, CBO prepared a cost estimate for H.R. 4708, the Fremont-Madison Conveyance Act, as ordered reported by the House Committee on Resources on

July 24, 2002. The two versions of the legislation are very similar, and our cost estimates are the same. S. 2556 would authorize the bureau to develop a drought management plan for the Henry's Fork watershed, a provision that is not included in H.R. 4708. CBO estimates that this provision would not have a significant impact on the federal budget.

The CBO staff contact for this estimate is Julie Middleton. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.