CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE

December 27, 2000

H.R. 5528
Omnibus Indian Advancement Act

As cleared by the Congress on December 11, 2000, and subsequently amended by S. Con. Res. 161 on December 14, 2000

SUMMARY

H.R. 5528 would ratify a settlement agreement entered into by the Department of Justice (DOJ), the Imperial Irrigation District, the Coachella Valley Water District, and the Torres-Martinez Dessert Cahuilla Indian Tribe. It also would eliminate the requirement to repay loans for expert assistance made by the federal government to the Red Lake Band of the Chippewa Indians and the Minnesota Chippewa Tribes. In addition, the act would establish certain civil penalties, transfer federal land, and establish the American Indian Education Foundation. CBO estimates that implementing H.R. 5528 would increase direct spending by about $8 million in 2001.

ESTIMATED PAY-AS-YOU-GO COST

The estimated pay-as-you-go cost of H.R. 5528 is shown in the following table. The costs of this legislation fall within budget functions 450 (community and regional development) and 800 (general government).

	By Fiscal Year, in Millions of Dollars									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	8	0	0	0	0	0	0	0	0	0
Changes in receipts	Not applicable									

BASIS OF ESTIMATE

CBO estimates that two provisions of this act would increase direct spending by a total of $8 million in 2001. Those provisions would ratify a settlement agreement between DOJ and an Indian tribe and forgive certain loans made to Indian tribes.

The Torres-Martinez settlement agreement

Title VI would ratify a settlement agreement entered into by DOJ, the Imperial Irrigation District, the Coachella Valley Water District, and the Torres-Martinez Dessert Cahuilla Indian Tribe. Under the agreement, the tribe would receive a total of $10 million from the federal government to compensate the tribe for the flooding of reservation lands and relief against further inundation of those lands—$6 million would be authorized to be appropriated and $4 million would be paid from the Judgment Fund. In addition, the Department of the Interior would take into trust up to 11,800 acres of land acquired by the tribe, and the tribe would be permitted to conduct gaming on this land.

Under the settlement agreement, the federal government would transfer $4 million into the tribe's trust funds from the Judgment Fund. The amounts deposited into the trust funds would become the tribe's property. Because the settlement agreement requires the approval of the Congress, enacting this title would result in additional direct spending of $4 million in 2001. This settlement would extinguish any future claim that the tribe may have against the United States, so it is possible that the amount paid to the tribe under the act would be offset by a reduction in payments that would be made from the Judgment Fund in future years. However, CBO cannot estimate either the likelihood or the magnitude of such an offset because there is no basis for predicting either the outcome of possible litigation against the United States or the amount of compensation, if any.

Elimination of requirement to repay expert assistance loans

Title VIII would eliminate the requirement to repay loans for expert assistance made by the federal government to the Red Lake Band of Chippewa Indians and the Minnesota Chippewa Tribes. Under current law, the tribes would be required to pay back such loans in the event they win a judgment sufficient to cover the amount of the loans. Enacting H.R. 5528 would eliminate that requirement so that such loans would not be paid back in the event of either a favorable or unfavorable judgment. The current amount of principal and interest owed to the federal government for these loans is about $7 million.

Based on information from the Bureau of Indian Affairs, CBO expects that all court cases that have lead to loans for expert assistance should be completed by 2007. Under current law, CBO assumes that there is a 50 percent chance that the loans will be paid back by 2007. By eliminating the probability of this repayment, the act would increase the cost of these outstanding loans by about $4 million. That cost would be recorded in 2001 because any change in a federal loan program is governed by the Federal Credit Reform Act, which requires that the cost of such a change be calculated on a present value basis and recorded in the year that the change is effective.

Other Provisions

Various other provisions of H.R. 5528 would result in minor increases in civil penalties collected by the federal government, decreases in certain revenue collected from leasing federal land, and a transfer of certain donations from the Department of the Interior to the American Indian Education Foundation. CBO estimates that the effects of those provisions on direct spending would not be significant in any year.

ESTIMATE PREPARED BY: Lanette J. Walker

ESTIMATE APPROVED BY:

Robert A. Sunshine
Assistant Director for Budget Analysis