



**CONGRESSIONAL BUDGET OFFICE  
PAY-AS-YOU-GO ESTIMATE**

November 13, 2001

**H.R. 4  
Securing America's Future Energy Act of 2001**

*As passed by the House of Representatives on August 2, 2001*

**SUMMARY**

H.R. 4 would amend several laws relating to energy production, consumption, research, and development. Tax provisions in H.R. 4 would enhance and create credits for the use and development of energy-efficient technologies, provide greater recovery of assets and credits for businesses that provide energy, and enhance and create credits and deductions for the production of energy.

H.R. 4 also would direct the Secretary of the Interior to implement an oil and gas leasing program for the coastal plain of the Arctic National Wildlife Refuge (ANWR), in addition to offering several types of incentives to companies with leases used to extract resources on federal lands. It would offer flexibility to the Department of the Interior (DOI) in managing proceeds from the sale of oil and gas taken as payment for royalties in lieu of cash.

In addition, the bill would allow federal agencies to enter into contracts for the building of new facilities, if the costs are less than the present value of estimated savings from reduced operations, maintenance, and energy consumption costs.

CBO and the Joint Committee on Taxation (JCT) estimate that H.R. 4 would decrease revenues by \$18.7 billion over the 2002-2006 period, and by \$33.5 billion over the 2002-2011 period. CBO estimates that enacting H.R. 4 would decrease direct spending by about \$1 billion over the 2002-2006 period, but would increase direct spending by \$568 million over the 2002-2011 period.

**ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated effects of H.R. 4 on direct spending and revenues are summarized in the following table. The costs of this legislation fall within budget functions 270 (energy) and 300 (natural resources and environment).

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**ESTIMATED DIRECT SPENDING AND REVENUE EFFECTS OF H.R. 4**

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By Fiscal Year, in Millions of Dollars

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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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**CHANGES IN DIRECT SPENDING <sup>a</sup>**

Expanded Use of Energy Savings Performance Contracts	11	42	77	112	147	196	238	266	308	221
Net Proceeds from Oil and Gas Leasing in ANWR	0	0	-1,250	0	-400	0	0	0	0	0
Royalty Relief for Certain Marginally Producing Wells	1	5	17	28	38	47	53	57	61	63
Reimbursing Nonfederal NEPA Costs through Royalty Credits	26	26	26	26	26	11	11	11	11	11
Royalty Relief on the Outer Continental Shelf	-8	-8	0	0	0	1	3	5	5	6
Geothermal Royalty Relief	5	5	5	5	5	2	2	2	2	3
Authority to Spend Proceeds from Royalty Production Taken In-Kind	1	1	1	1	1	0	0	0	0	0
Changes to Coal Leasing Program	2	-2	0	0	0	0	0	0	0	0
Total Changes in Direct Spending	38	69	-1,124	172	-183	257	307	341	387	304

**CHANGES IN REVENUES**

Estimated Revenues <sup>b</sup>	-1,729	-3,373	-4,209	-4,838	-4,553	-4,057	-3,244	-2,680	-2,422	-2,416
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Note: NEPA=National Environmental Policy Act.

a. This estimate excludes amounts authorized to be appropriated by H.R. 4.

b. Revenue estimates provided by the Joint Committee on Taxation.

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## **PREVIOUS CBO ESTIMATES**

CBO has provided estimates for several provisions in H.R. 4 in cost estimates for other bills:

- Tax provisions can be found in H.R. 2511, the Energy Tax Policy of 2001, for which our cost estimate was transmitted to the Congress on July 24, 2001.
- The cost estimate for H.R. 2436, the Energy Security Act, was transmitted to the Congress on July 27, 2001. It includes estimates for royalty relief for certain marginally producing wells, reimbursing nonfederal National Environmental Policy Act (NEPA) costs through royalty credits, geothermal royalty relief, and the authority for DOI to spend proceeds from royalty production taken in-kind. The cost estimate for H.R. 2436 also includes estimates of net proceeds from oil and gas leasing in ANWR and deepwater royalty relief, but in H.R. 4 those provisions have been changed. This estimate reflects those changes.
- The cost estimate for H.R. 2587, the Energy Advancement and Conservation Act of 2001, was transmitted to the Congress on July 31, 2001. It includes an estimate of the expanded use of energy savings performance contracts.

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