



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

May 9, 2003

H.R. 1904
Healthy Forests Restoration Act of 2003

As ordered reported by the House Committee on Agriculture on May 8, 2003

SUMMARY

CBO estimates that H.R. 1904 would authorize the appropriation of \$70 million in 2004 and \$350 million over the 2004-2008 period to research and restore forests on federal, state, and private lands. Assuming appropriation of the necessary amounts, CBO estimates that implementing the bill would cost \$12 million in 2004 and \$278 million over the next five years. Enacting this legislation could affect offsetting receipts (a credit against direct spending), but CBO estimates that any such effects would total less than \$500,000 a year.

H.R. 1904 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. CBO assumes that states' participation in the watershed forestry assistance programs authorized by this bill would be voluntary. Federal funds authorized for these and other programs would benefit state, local, and tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1904 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				
	2004	2005	2006	2007	2008
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	70	70	70	70	70
Estimated Outlays	12	41	61	80	84

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 1904 will be enacted before the end of fiscal year 2003 and that amounts estimated to be necessary to implement the bill will be provided each year. Estimates of outlays are based on historical spending patterns for similar activities. Provisions that would affect spending subject to appropriation and direct spending are described below.

Spending Subject to Appropriation

S. 1904 would specifically authorize the appropriation of \$60 million in 2004 and \$300 million over the 2004-2008 period for the Forest Service and the Department of the Interior (DOI) to support research and restoration of federal, state, and private forests. The bill would authorize those agencies to make grants to eligible entities that use biomass to produce energy, provide states with technical and financial assistance to support watershed management, purchase conservation easements from private landowners, and assess the health of federal and private forests. Based on information from the agencies and historical spending patterns for similar activities, CBO estimates that these programs would cost \$9 million in 2004 and \$230 million over the next five years.

Based on information from the Forest Service and DOI about the level of effort required to investigate infestations of forests by insects and to develop treatments to reduce the risk of infestation, CBO estimates that S. 1904 would authorize the appropriation of \$10 million a year over the 2004-2008 period. We estimate that fully funding these activities would cost \$3 million in 2004 and \$48 million over the next five years.

Direct Spending (Including Offsetting Receipts)

Title I would authorize expedited procedures for planning and conducting certain projects to reduce the risk of wildfires on certain federal lands managed by the Forest Service or the Bureau of Land Management (BLM). Under the bill, those expedited procedures would limit some environmental assessment requirements and shorten administrative and judicial appeals. According to the Forest Service and BLM, the expedited procedures could affect the timing of some projects that generate offsetting receipts, such as timber harvests, that the agencies plan to conduct under current law. Based on information from the agencies, however, CBO estimates that any subsequent change in offsetting receipts would total less than \$500,000 annually.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1904 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. CBO assumes that states participation in the watershed forestry assistance programs authorized by this bill would be voluntary. Federal funds authorized for these and other programs would benefit state, local, and tribal governments.

PREVIOUS CBO ESTIMATE

On May 7, 2003, CBO transmitted a cost estimate for S. 14, the Energy Policy Act of 2003, as introduced on April 30, 2003. A provision in that bill is substantively similar to a provision of H.R. 1904 that would authorize grants to eligible entities that use biomass to produce energy, and our estimates of the cost of such grants (\$25 million a year) are the same under both bills.

ESTIMATE PREPARED BY:

Federal Costs: Megan Carroll

Impact on State, Local, and Tribal Governments: Marjorie Miller

Impact on the Private Sector: Cecil McPherson

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis