



CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE

October 20, 2004

**H.R. 3391**  
**Provo River Project Transfer Act**  
*As cleared by the Congress on October 10, 2004*

**SUMMARY**

H.R. 3391 directs the Secretary of the Interior to convey the Provo Reservoir Canal and the Pleasant Grove Property to the Provo River Water Users Association, a nonprofit organization in the state of Utah. The act also directs the Secretary to convey the Salt Lake Aqueduct to the Metropolitan Water District of Salt Lake & Sandy, a political subdivision of the state of Utah. For those conveyances, the association and the district will pay the federal government an amount equal to the net present value of the project’s outstanding debt plus any receipts that the government would collect if those conveyances did not occur.

CBO estimates that H.R. 3391 will decrease direct spending by about \$1 million in fiscal year 2005. This near-term cash savings will be offset by the annual loss of receipts over the 2006-2045 period; however, such loss of receipts would not be significant in any year.

**ESTIMATED COST TO THE FEDERAL GOVERNMENT**

CBO's estimate of the impact of H.R. 3391 on direct spending is shown in the following table. The change in outlays resulting from this legislation falls within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Changes in Outlays	-1	0	0	0	0	0	0	0	0	0	
Changes in Receipts				Not applicable							

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that the conveyance of the facilities under H.R. 3391 will occur late in fiscal year 2005.

In exchange for the conveyances, the Provo River Water Users Association and the Metropolitan Water District of Salt Lake & Sandy together will pay the federal government an amount equal to the net present value of the project's outstanding debt plus any receipts that the government would collect but for the conveyances. Based on information from the Bureau of Reclamation, CBO estimates that the association and the district will pay a total of about \$1 million in 2005 to the federal government for the conveyances.

Under H.R. 3391, the federal government would forgo certain receipts beginning in 2006. The legislation cancels all repayment obligations and interest charges associated with the conveyed facilities. In addition, the federal government will no longer collect certain fees for the use of the conveyed land and facilities. Based on information from the bureau, CBO estimates that those forgone receipts would be less than \$200,000 in each year.

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