



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 7, 2005

S. 881

Spokane Tribe of Indians of the Spokane Reservation Grand Coulee Dam Equitable Compensation Settlement Act

As ordered reported by the Senate Committee on Indian Affairs on June 29, 2005

SUMMARY

S. 881 would establish and authorize funds to be appropriated to the Spokane Tribe of Indians Settlement Fund to compensate the Spokane Tribe of Indians for the use of its land by the Grand Coulee Dam project in Washington. Starting in 2007, the bill would require the Bonneville Power Administration (BPA) to make annual payments to the tribe from receipts generated from the sale of electricity. Those payments to the tribe would be offset by increases in the rates charged to BPA's customers for electricity sales, and thus would result in no net cost to the government. Under the bill, BPA also would be relieved from making certain interest payments to the Treasury for funds borrowed on BPA's behalf. CBO estimates that provision would reduce receipts collected by BPA by \$13 million over the 2007-2015 period, and by \$1.3 million per year after 2015. (Those effects constitute an increase in direct spending.)

Assuming appropriation of the necessary amounts, CBO estimates that implementing the bill would cost \$69 million over the 2006-2010 period for payments into the Spokane Tribe of Indians Settlement Fund. S. 881 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The payments authorized by this bill would benefit the Spokane Tribe.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 881 is shown in the following table. The costs of this legislation fall within budget functions 450 (community and regional development) and 270 (energy).

By Fiscal, in Millions of Dollars										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015

CHANGES IN SPENDING SUBJECT TO APPROPRIATION

Payments to Spokane Tribe Settlement										
Fund Account										
Authorization Level	18	13	13	13	13	0	0	0	0	0
Estimated Outlays	18	13	13	13	13	0	0	0	0	0

CHANGES IN DIRECT SPENDING

Interest Credits for BPA										
Estimated Budget Authority	0	3	1	1	1	1	1	1	1	1
Estimated Outlays	0	3	1	1	1	1	1	1	1	1

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted by the end of fiscal year 2005 and that the authorized amounts will be appropriated for each year.

Spending Subject to Appropriation

This bill would authorize the appropriation of payments to the Spokane Tribe as compensation for land taken to build the Grand Coulee Dam. The bill would authorize the appropriation of \$18 million in 2006 and \$13 million annually over the 2007-2010 period to a new tribal trust fund. Thus, CBO estimates that implementing the bill would cost \$18 million in 2006 and \$69 million over the 2006-2010 period.

Payments to certain trust funds that are held and managed in a fiduciary capacity by the federal government on behalf of Indian tribes are treated as payments to a nonfederal entity. As a result, CBO expects that the entire amount deposited to the fund in any year would be recorded as budget authority and outlays in that year. Because the trust funds would be nonbudgetary, the subsequent use of such funds by the tribe would not affect federal outlays.

Direct Spending

S. 881 would require BPA to make annual payments to the Spokane Tribe. Under the bill, such payments would be equal to 29 percent of the annual payment BPA currently makes to the Colville Tribe. The payments would begin in 2007 and would total about \$5 million per year, except in 2007 when BPA would be required to make two payments. Payments would continue so long as electricity continues to be generated at the Grand Coulee Dam. Although the bill would require that the payments be offset by commensurate cost reductions, CBO expects that these payments would contribute to an increase in costs to the agency. Because BPA is a cost-recovery agency that charges its customers for the electricity it generates, CBO assumes that these payments to the tribe would become part of BPA's cost structure and would be offset by an increase in the new electricity rates that the agency plans to impose in 2007. Thus, this annual payment to the tribe would result in no net cost to the government.

The bill also would allow BPA to reduce the amount of interest costs that it transfers to the U.S. Treasury for funds borrowed to construct BPA's infrastructure. The bill would authorize BPA to forgo interest payments of \$2.6 million in 2007 and \$1.3 million each year thereafter for as long as payments are made to the tribe. As a cost-recovery agency, BPA would reduce its annual collections from electricity ratepayers by the amount of these forgone interest payments. Thus, CBO estimates that BPA collections, which are recorded in the budget as offsetting receipts, would be reduced by \$2.6 million in 2007 and about \$13 million over the 2007-2015 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 881 contains no intergovernmental or private-sector mandates as defined in UMRA. The payments authorized by this bill would benefit the Spokane Tribe.

PREVIOUS CBO ESTIMATE

On June 16, 2005, CBO transmitted a cost estimate for H.R. 1797, the Spokane Tribe of Indians of the Spokane Reservation Grand Coulee Dam Equitable Compensation Settlement Act, as ordered reported by the House Committee on Resources on May 18, 2005. The two versions of the legislation are similar, and our cost estimates over the 2006-2015 period are the same.

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