



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

October 16, 1998

H.R. 1659

Mount St. Helens National Volcanic Monument Completion Act

As cleared by the Congress on October 7, 1998

SUMMARY

H.R. 1659 would require the Secretary of the Interior to acquire mineral and geothermal interests within the Mount St. Helens National Volcanic Monument using monetary credits. CBO estimates that enacting H.R. 1659 would result in a net increase in direct spending of about \$4 million over the 1999-2003 period.

DESCRIPTION OF THE ACT'S MAJOR PROVISIONS

The Secretary of Agriculture manages the Mount St. Helens National Volcanic Monument within the boundaries of the Gifford Pinchot National Forest. Under Public Law 97-243, the Secretary may acquire mineral and geothermal interests within the boundary of the monument only by exchange. For several years the Forest Service, in cooperation with the Bureau of Land Management (in the Department of the Interior), has negotiated with the owners of about 10,750 acres of subsurface estate within the monument to complete exchanges.

H.R. 1659 would require the Secretary of the Interior to acquire the mineral and geothermal interests within 60 days of enactment. The act would require the Secretary of the Interior to pay for the mineral and geothermal interests by issuing monetary credits totaling \$4.2 million, rather than by exchange as under current law. The monetary credits could be used over a five-year period to pay bonuses, royalties, or rent for mineral, oil and gas, or geothermal leases on federal land, and would be transferrable. H.R. 1659 provides that credits accepted by the Secretary of the Interior for such lease payments be considered as money received for the purpose of calculating payments to states.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1659 is shown in the following table. The costs of this legislation fall within budget functions 300 (natural resources and environment) and 800 (general government).

| | By Fiscal Year, in Millions of Dollars | | | | |
|--|--|------|------|------|------|
| | 1999 | 2000 | 2001 | 2002 | 2003 |
| DIRECT SPENDING (including offsetting receipts) | | | | | |
| Spending Under Current Law | | | | | |
| Estimated Budget Authority | 0 | a | a | a | a |
| Estimated Outlays | 0 | a | a | a | a |
| Proposed Changes | | | | | |
| Estimated Budget Authority | 4 | b | b | b | b |
| Estimated Outlays | 4 | b | b | b | b |
| Spending Under H.R. 1659 | | | | | |
| Estimated Budget Authority | 4 | 0 | 0 | 0 | 0 |
| Estimated Outlays | 4 | 0 | 0 | 0 | 0 |
| a. Costs of less than \$500,000. | | | | | |
| b. Savings of less than \$500,000. | | | | | |

BASIS OF ESTIMATE

CBO assumes that, under current law, the federal government would likely acquire the mineral and geothermal interests in the Mt. St. Helens National Monument through an exchange in which the private parties would obtain the rights to other federal property of equal value. From a budgetary perspective, such an exchange would result in a loss of offsetting receipts from royalties and rental payments that otherwise would have been collected from leasing the federal interests offered in the exchange. Such income is collected over a period of 10 years or more. We estimate that lost income to the government under current law would total less than \$1 million over the 1999-2003 period, net of payments to states.

Under this act, the federal government would award monetary credits of \$4.2 million, which are equivalent to cash, for the property. The value of monetary credits counts as direct. If

the credits displace cash payments that otherwise would have been received by the government, the use of the credits results in a corresponding loss of receipts. For the purposes of this estimate, we assume that the credits would be issued in fiscal year 1999 and redeemed within five years. CBO estimates that such credits would displace an equal amount of cash payments that private parties otherwise would have made for federal leases. Hence, we estimate that implementing this act would increase direct spending by about \$4 million in 1999 and would have no significant budgetary impact in subsequent years.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted. CBO estimates that enacting H.R. 1659 would result in a net increase in direct spending totaling about \$4 million over the 1999-2008 period.

| | By Fiscal Year, in Millions of Dollars | | | | | | | | | |
|---------------------|--|------|------|------|------|------|------|------|------|------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Changes in outlays | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes in receipts | | | | | | | | | | |

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