



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 7, 2012

### **H.R. 4383** **Streamlining Permitting of American Energy Act of 2012**

*As ordered reported by the House Committee on Natural Resources on May 16, 2012*

#### **SUMMARY**

H.R. 4383 would require the Secretary of the Interior to establish certain fees for activities related to the development of oil and gas on federal lands. Half of the amounts collected from those fees along with half of all receipts from renewable energy projects on federal lands would be available to the Secretary, subject to appropriation, to cover the costs of administering a program aimed at streamlining the approval process for energy projects. The bill also would exempt lawsuits that affect activities related to energy production on federal lands from the Equal Access to Justice Act (EAJA), which requires the federal government to pay attorneys' fees for plaintiffs that prevail in lawsuits against the United States.

Based on information provided by the Bureau of Land Management (BLM), the Government Accountability Office (GAO), and certain environmental groups, CBO estimates that enacting the legislation would increase offsetting receipts (a credit against direct spending) by \$384 million over the 2013-2022 period; therefore, pay-as-you-go procedures apply. In addition, CBO estimates that implementing the legislation would cost \$156 million over the 2013-2017 period, assuming appropriation of the necessary amounts. Enacting the bill would not affect revenues.

H.R. 4383 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 4383 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					2013- 2017
	2013	2014	2015	2016	2017	
<b>CHANGES IN DIRECT SPENDING <sup>a</sup></b>						
Application for Permit to Drill Fees						
Estimated Budget Authority	-33	-36	-36	-36	-36	-176
Estimated Outlays	-33	-36	-36	-36	-36	-176
Protest Fees						
Estimated Budget Authority	-3	-3	-3	-3	-3	-15
Estimated Outlays	-3	-3	-3	-3	-3	-15
Total Changes						
Estimated Budget Authority	-36	-39	-39	-39	-39	-191
Estimated Outlays	-36	-39	-39	-39	-39	-191
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Oil and Gas Administrative Costs						
Estimated Authorization Level	18	19	19	19	19	95
Estimated Outlays	17	19	19	19	19	94
Renewable Energy Administrative Costs						
Estimated Authorization Level	6	9	13	17	19	64
Estimated Outlays	6	9	12	16	19	62
Total Changes						
Estimated Authorization Level	24	28	32	36	38	158
Estimated Outlays	23	28	32	36	38	156

Note: Components may not sum to totals because of rounding.

a. CBO estimates that enacting the bill would increase offsetting receipts by \$39 million a year over the 2018-2022 period, for a total increase of \$384 million over the 2013-2022 period.

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that the legislation will be enacted near the end of 2012 and that the necessary amounts will be appropriated for each fiscal year.

### **Direct Spending**

CBO estimates that enacting H.R. 4383 would increase offsetting receipts by a total of \$384 million over the 2013-2022 period.

**Application for Permit to Drill (APD) Fees.** Title I would require firms to pay a \$6,500 fee each time they apply for a permit to drill on federal oil and gas leases. In 2011, when BLM was authorized to assess a similar fee, the agency processed roughly 5,000 permits and collected about \$31 million. Based on information provided by BLM, CBO expects that the agency will process 5,000 APDs in 2013 and an average of 5,500 APDs each year over the 2014-2022 period. Thus, CBO estimates that enacting title I would increase offsetting receipts by \$354 million over the 2013-2022 period.

**Protest Fees.** Title II would require any entity that files a protest (a formal objection to a BLM decision) against a lease, right of way, or APD, to pay a \$5,000 fee. A protest may result in BLM reversing a decision or delaying the issuance of a decision. Under current law, any entity can file a protest without paying a fee. Based on information provided by BLM regarding the number of protests filed in each of the past five years, CBO expects that, under current law, about 1,200 protests would be filed each year. We expect that the fee required under the bill would deter some and raise additional receipts. CBO estimates that enacting title II would increase offsetting receipts by \$3 million a year over the 2013-2022 period.

**Limitation on Attorneys' Fees.** Title IV would exempt lawsuits that affect energy production on federal lands from EAJA. Based on information from GAO, CBO estimates that over the next 10 years, the U.S. Treasury will make payments totaling less than \$50,000 a year on behalf of the Department of the Interior and the Forest Service as a result of such lawsuits. Thus, we estimate that enacting the bill would result in a small decrease in direct spending from lost attorneys' fees over the 2013-2022 period.

### **Spending Subject to Appropriation**

Title III would establish a Federal Permit Streamlining Project aimed at expediting the approval of new energy projects (including oil and gas drilling and renewable energy development) on federal lands. The bill would authorize the appropriation of 50 percent of all receipts generated under titles I and II of the bill and 50 percent of gross receipts from renewable energy development on federal lands available to the Secretary to administer the project. Most of those funds would be used to hire additional employees to guide new energy projects through the federal approval process. In total, CBO estimates that implementing title III would cost \$156 million over the 2013-2017 period, assuming appropriation of the authorized amounts.

## PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in direct spending that are subject to those pay-as-you-go procedures are shown in the following table.

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**CBO Estimate of Pay-As-You-Go Effects for H.R. 4383, the Streamlining Permitting of American Energy Act of 2012, as ordered reported by the House Committee on Natural Resources on May 16, 2012**

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	By Fiscal Year, in Millions of Dollars											2012-	2012-
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2017	2022
<b>NET INCREASE IN THE DEFICIT</b>													
Statutory Pay-As-You-Go Impact	0	-36	-39	-39	-39	-39	-39	-39	-39	-39	-39	-191	-384

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## INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 4383 contains no intergovernmental or private-sector mandates as defined in UMRA.

### ESTIMATE PREPARED BY:

Federal Costs: Jeff LaFave

Impact on State, Local, and Tribal Governments: Melissa Merrell

Impact on the Private Sector: Amy Petz

### ESTIMATE APPROVED BY:

Theresa Gullo

Deputy Assistant Director for Budget Analysis