CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 18, 2017

H.R. 825
Public Land Renewable Energy Development Act of 2017

As ordered reported by the House Committee on Natural Resources on July 26, 2017

SUMMARY

H.R. 825 would direct the Secretary of the Interior to spend, without further appropriation, all proceeds from geothermal, wind, and solar energy production on federal lands. Under current law, most of the proceeds from those activities are deposited in the general fund of the Treasury. The bill also would require the Secretary to identify priority areas on federal lands for the development of geothermal and wind energy.

CBO estimates that enacting the bill would increase direct spending by $415 million over the 2018-2027 period; therefore, pay-as-you-go procedures apply. Enacting the bill would not affect revenues. In addition, CBO estimates that implementing H.R. 825 would cost $5 million over the 2018-2022 period; such spending would be subject to the availability of appropriated funds.

CBO estimates that enacting H.R. 825 would not increase net direct spending or on-budget deficits by more than $5 billion in any of the four consecutive 10-year periods beginning in 2028.

H.R. 825 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.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 825 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												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2017-2022	2017-2027
INCREASES IN DIRECT SPENDING													
Spending of Wind and Solar Proceeds													
Estimated Budget Authority	0	22	32	35	40	42	44	45	46	47	48	171	399
Estimated Outlays	0	17	27	32	37	40	43	44	45	46	47	153	378
Spending of Geothermal Proceeds													
Estimated Budget Authority	0	3	3	3	4	4	4	4	4	4	4	17	37
Estimated Outlays	0	3	3	3	4	4	4	4	4	4	4	17	37
Total Changes													
Estimated Budget Authority	0	25	35	38	44	46	48	49	50	51	52	188	436
Estimated Outlays	0	20	30	35	41	44	47	48	49	50	51	170	415
INCREASES IN SPENDING SUBJECT TO APPROPRIATION													
Estimated Authorization Level	0	1	1	1	1	1	0	0	0	0	0	5	5
Estimated Outlays	0	1	1	1	1	1	0	0	0	0	0	5	5

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

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted in 2018 and that the necessary amounts will be available for each fiscal year. Estimated outlays are based on historical spending patterns for similar activities.

Direct Spending

CBO estimates that enacting H.R. 825 would increase direct spending by $415 million over the 2018-2027 period.

Spending of Wind and Solar Proceeds. The bill would direct the Secretary to spend all proceeds from the development of wind and solar energy on federal lands. Under current law, CBO estimates that those proceeds will total roughly $400 million over the 2018-2027 period and under current law will be deposited in the general fund of the Treasury and become available to be spent only if appropriated.

Under the bill, the state and the county where the energy is produced would each receive a payment equal to 25 percent of the total proceeds. CBO estimates that those payments would total $197 million over the next 10 years. The remaining 50 percent of the proceeds would be split evenly between two funds established under the bill. One fund would be used to process permits for the development of renewable energy. CBO estimates that spending from that fund would total $97 million over the next 10 years. The other fund (the Renewable Energy Resource Conservation Fund) would be used to restore and protect fish and wildlife habitat, water resources, and recreational access in areas affected by renewable energy development. CBO estimates that spending from that fund would total $84 million over the next 10 years; those outlays would include the spending of a portion of the interest credited to unspent amounts in that fund.

Spending of Geothermal Proceeds. CBO estimates that proceeds from geothermal energy leases on federal lands will total $148 million over the 2018-2027 period. Under current law, the Secretary distributes payments equal to 75 percent of those amounts to the states and counties where the geothermal resource is developed. The remaining 25 percent of proceeds are deposited in the Treasury and can be spent only if appropriated. Under the bill, the Secretary would be authorized to spend that remaining 25 percent of the proceeds to cover administrative costs associated with leasing federal lands for the development of geothermal resources. Thus, CBO estimates that enacting the bill would increase direct spending by $37 million over the next 10 years.

Spending Subject to Appropriation

H.R. 825 would require the Secretary of the Interior to identify priority areas for the development of geothermal and wind energy. Based on information regarding the cost of conducting similar activities, CBO estimates that implementing the bill would cost $5 million over the 2018-2022 period.

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 outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 825, as ordered reported by the House Committee on Natural Resources on July 26, 2017

	By Fiscal Year, in Millions of Dollars												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2017-2022	2017-2027
NET INCREASE IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	20	30	35	41	44	47	48	49	50	51	170	415

INCREASE IN LONG TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits by more than $5 billion in any of the four consecutive 10-year periods beginning in 2028.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 825 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would benefit state and local governments because it would require the federal government to share revenues generated by renewable energy production with state and local governments. Any costs incurred by public entities would result from voluntary commitments.

ESTIMATE PREPARED BY:

Federal Costs: Jeff LaFave
Impact on State, Local, and Tribal Governments: Jon Sperl
Impact on the Private Sector: Amy Petz

ESTIMATE APPROVED BY:

H. Samuel Papenfuss
Deputy Assistant Director for Budget Analysis