



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

February 13, 2007

H.R. 799

Appalachian Regional Development Act Amendments of 2007

*As ordered reported by the House Committee on Transportation and Infrastructure
on February 7, 2007*

SUMMARY

H.R. 799 would authorize the appropriation of \$65 million for the Appalachian Regional Commission (ARC) for 2007. (The commission is currently funded at an annual rate of \$35 million in Public Law 109-383, a joint resolution making further continuing appropriations for fiscal year 2007.) The bill also would authorize \$398 million over the 2008-2011 period for the ARC to make grants to state and local governments that support economic development within the Appalachian region. CBO estimates that implementing H.R. 799 would cost \$280 million over the 2007-2012 period.

H.R. 799 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. 799 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development). For this estimate, CBO assumes that the bill will be enacted in fiscal year 2007 and that the amounts authorized by the bill will be appropriated for each fiscal year.

	By Fiscal Year, in Millions of Dollars					
	2007	2008	2009	2010	2011	2012
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for the Appalachian Regional Commission ^a						
Budget Authority	35	0	0	0	0	0
Estimated Outlays	64	54	37	21	12	4
Proposed Changes						
Economic Development Grants						
Authorization Level	30	80	85	90	95	0
Estimated Outlays	3	14	33	55	71	73
Energy Grants						
Authorization Level	0	12	12	12	12	0
Estimated Outlays	0	1	4	7	9	10
Total						
Authorization Level	30	92	97	102	107	0
Estimated Outlays	3	15	37	62	80	83
Spending Under H.R. 799 for the Appalachian Regional Commission						
Authorization Level	65	92	97	102	107	0
Estimated Outlays	67	69	74	83	92	87

a. The 2007 level is the amount provided under the current continuing resolution (Public Law 109-383). A full-year appropriation for this agency has not yet been enacted for fiscal year 2007. H.R. 799 would authorize the appropriation of \$65 million for 2007.

BASIS OF ESTIMATE

H.R. 799 would authorize the appropriation of \$65 million in fiscal year 2007 for the ARC to make grants to the 13 states of the Appalachian region. The ARC is currently funded at an annual rate of \$35 million for fiscal year 2007 under the continuing resolution (Public Law 109-383) in effect through February 15. Thus, enacting this legislation would authorize the appropriation of an additional \$30 million to the ARC in 2007.

H.R. 799 also would authorize the appropriation of \$350 million over the 2008-2011 period for the ARC and would increase the maximum percentage of funds available for projects within counties determined to be the most at risk of becoming economically distressed. In addition, H.R. 799 would authorize the appropriation of \$48 million over the 2008-2011

period for the ARC to establish a grant program promoting energy efficiency and increased use of renewable energy resources and alternative fuels in the Appalachian region. Based on historical spending patterns, CBO estimates that implementing H.R. 799 would cost \$3 million in 2007 and \$280 million over the 2007-2012 period, assuming appropriation of the authorized sums.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 799 contains no intergovernmental or private-sector mandates as defined in UMRA. Assuming the appropriation of the authorized amounts, counties in the Appalachian region would receive more than \$380 million over the next several years for a variety of grant programs. In addition, this bill would increase the funding available to certain counties that are at risk of becoming economically distressed. Any costs to those governments would be incurred voluntarily as conditions of receiving federal assistance. This bill would not affect the budgets of other state, local, or tribal governments.

ESTIMATE PREPARED BY:

Federal Costs: Daniel Hoople

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

Impact on the Private Sector: Craig Cammarata

ESTIMATE APPROVED BY:

Robert A. Sunshine

Assistant Director for Budget Analysis