



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

April 23, 2007

**H.R. 487**  
**Cheyenne River Sioux Tribe Equitable Compensation**  
**Amendments Act of 2007**

*As introduced in the House of Representatives on January 16, 2007*

**SUMMARY**

H.R. 487 would amend the Cheyenne River Sioux Tribe Equitable Compensation Act, which was enacted in 2000 to resolve a dispute between that tribe and the federal government. That act established a trust fund for the benefit of the tribe and specifies a schedule for federal deposits to that fund. H.R. 487 would change the timing and amount of those deposits. CBO estimates that enacting H.R. 487 would increase direct spending by \$14 million in 2008 but would decrease direct spending by \$9 million over both the 2008-2012 and 2008-2017 periods. Enacting the bill would not affect revenues.

H.R. 487 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. Enacting this legislation would benefit the Cheyenne River Sioux Tribe.

**ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of the bill is shown in the following table. The budgetary impact of this legislation falls within budget function 450 (community and regional development).

By Fiscal Year, in Millions of Dollars

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>CHANGES IN DIRECT SPENDING</b>										
Spending Under Current Law										
Transfers to Cheyenne River Sioux Tribal Recovery Trust Fund										
Estimated Budget Authority	0	0	0	0	443	0	0	0	0	0
Estimated Outlays	0	0	0	0	443	0	0	0	0	0
Proposed Changes										
Transfers to Cheyenne River Sioux Tribal Recovery Trust Fund										
Estimated Budget Authority	0	0	0	0	-152	0	0	0	0	0
Estimated Outlays	0	0	0	0	-152	0	0	0	0	0
Expenditure of Imputed Interest for Transfers										
Estimated Budget Authority	15	19	24	26	30	0	0	0	0	0
Estimated Outlays	14	19	24	26	31	0	0	0	0	0
Expenditure of Interest Earned on Principal										
Estimated Budget Authority	0	3	6	9	11	0	0	0	0	0
Estimated Outlays	0	3	6	9	11	0	0	0	0	0
Total Changes										
Estimated Budget Authority	15	22	30	35	-111	0	0	0	0	0
Estimated Outlays	14	22	30	35	-110	0	0	0	0	0
Spending Under H.R. 487										
Estimated Budget Authority	15	22	30	35	332	0	0	0	0	0
Estimated Outlays	14	22	30	35	333	0	0	0	0	0

## BASIS OF ESTIMATE

By changing the amount and timing of scheduled deposits to the affected tribal trust fund, CBO estimates that enacting H.R. 487 would result in \$434 million in direct spending over the next 10 years—\$9 million less than estimated under current law. For this estimate, CBO assumes that H.R. 487 will be enacted in fiscal year 2007 and that deposits to the trust fund will begin in 2008.

## **Direct Spending Under Current Law**

In 2000, the Congress enacted the Cheyenne River Sioux Tribe Equitable Compensation Act to compensate the tribe for 104,492 acres of land acquired by the federal government for the Oahe Dam and Reservoir Project, which is part of the Pick-Sloan Missouri River Basin program. The act created the Cheyenne River Sioux Tribal Recovery Trust Fund and directs the Secretary of the Treasury to transfer \$291 million into the trust fund plus the amount of interest that would have been accrued if the amount had been deposited in fiscal year 2002. This transfer, which CBO estimates will total approximately \$443 million, is set to occur in 2012 under current law. Once the Secretary completes the transfer, all monetary claims against the United States for the Oahe Dam and Reservoir Project will be extinguished. At that time, consistent with the treatment of similar tribal trust funds, amounts within the trust fund will be considered under tribal ownership.

The federal budget excludes trust funds that are held and managed in a fiduciary capacity by the federal government on behalf of Indian tribes. Because the affected trust fund will be considered nonbudgetary once it is fully capitalized, the scheduled deposit to the trust fund in 2012 will be considered direct spending and a transfer of funds to a nonfederal entity. Thereafter, subsequent cash flows involving the fund will have no effect on the federal budget.

## **Direct Spending Under H.R. 487**

**Transfers to the Cheyenne River Sioux Tribal Fund.** H.R. 487 would direct the Secretary of the Treasury to begin deposits to the trust fund earlier than under current law. For each of five fiscal years beginning in 2008, the bill would direct the transfer of approximately \$58 million to the fund. Because the conditions necessary to remove the fund from the federal budget (i.e., final extinguishment of claims against the federal government) would not be met until the final deposit is made, transfers to the fund during the first four years would be considered intragovernmental and would have no net effect on the federal budget. Following the final deposit in 2012, the trust fund would become nonbudgetary. The trust fund would be reclassified at that time and direct spending of the full balance of the fund, which CBO estimates would total \$291 million, would be recorded on the budget at that time.

By accelerating deposits to the fund, H.R. 487 would eliminate the Secretary's current obligation to transfer the estimated total of \$443 million in 2012. As a result, CBO estimates that enacting the bill would reduce direct spending by \$152 million for the transfer in 2012 (i.e., \$443 million minus \$291 million).

**Expenditure of Imputed Interest for Transfers.** H.R. 487 would direct the Secretary to transfer an amount equal to the interest that would have been earned had each payment of \$58 million been made in 2002 and invested up until the time of actual payment under the bill. This transfer would be deposited into a separate fund that could be immediately expended by the tribe. Based on information from the Department of the Treasury, CBO estimates that such interest payments to the tribe would increase direct spending by \$14 million in 2008 and \$114 million over the 2008-2012 period.

**Expenditure of Interest Income Under H.R. 487.** Current law directs the Secretary to distribute any interest earned by the trust fund to the tribe. Under the current schedule, the fund will carry no balances until 2012 and will generate no interest until it is fully capitalized and reclassified as nonbudgetary. Therefore, under current law, the federal budget does not include any direct spending for the tribe's use of interest. Under H.R. 487, however, interest would accrue on deposits made during the 2008-2011 period, prior to the reclassification of the trust fund in 2012. Because such interest would not be available for expenditure until the following fiscal year, CBO estimates that this provision would have no effect on direct spending in 2008 but would increase direct spending by \$29 million over the 2009-2012 period.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 487 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. Enacting this legislation would benefit the Cheyenne River Sioux Tribe.

### **ESTIMATE PREPARED BY:**

Federal Costs: Daniel Hoople

Impact on State, Local, and Tribal Governments: Marjorie Miller

Impact on the Private Sector: Amy Petz

### **ESTIMATE APPROVED BY:**

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis