



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

July 24, 2008

S. 2494

**Spokane Tribe of Indians of the Spokane Reservation
Grand Coulee Dam Equitable Compensation Settlement Act**

As ordered reported by the Senate Committee on Indian Affairs on June 19, 2008

SUMMARY

S. 2494 would provide compensation to the Spokane Tribe of Indians for the use of tribal lands to generate hydroelectric power by the Grand Coulee Dam. The bill would require the Bonneville Power Administration (BPA) to make annual payments to the tribe from receipts generated from the sale of electricity. Those payments to the tribe would be offset by increases in the rates charged to BPA's customers for electricity, and thus would result in no net cost to the government. Under the bill, BPA also would be relieved from making certain interest payments to the Treasury. CBO estimates that provision would reduce interest payments received by the Treasury by \$13 million over the 2009-2018 period and by \$1.3 million per year after 2018. (Those effects constitute an increase in direct spending.) Finally, the bill would create the Spokane Tribe of Indians Settlement Fund as compensation for land taken to build the Grand Coulee Dam. CBO estimates that implementing this provision would cost \$76 million over the 2009-2012 period, assuming appropriation of the authorized amounts.

S. 2494 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 impact of S. 2494 is shown in the following table. The costs of this legislation fall within budget functions 450 (community and regional development) and 270 (energy).

By Fiscal, in Millions of Dollars

2009- 2009-
2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2013 2018

CHANGES IN SPENDING SUBJECT TO APPROPRIATION

Payments to Spokane Tribe Settlement

Fund Account

Authorization Level	19	19	19	19	0	0	0	0	0	0	76	76
Estimated Outlays	19	19	19	19	0	0	0	0	0	0	76	76

CHANGES IN DIRECT SPENDING

Interest Credits for BPA

Estimated Budget Authority	1	1	1	1	1	1	1	1	1	1	7	13
Estimated Outlays	1	1	1	1	1	1	1	1	1	1	7	13

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

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted by the beginning of 2009 and that the authorized amounts will be appropriated beginning that year.

Spending Subject to Appropriation

S. 2494 would create the Spokane Tribe of Indians Settlement Fund as compensation for land taken to build the Grand Coulee Dam. The bill would authorize the appropriation of \$18.9 million annually over the 2009-2012 period to that new tribal trust fund. The Secretary of the Interior would be required to invest those amounts in government securities until those funds are expended. CBO estimates that implementing the bill would cost \$76 million over the 2009-2012 period.

Payments to certain tribal trust funds that are held and managed in a fiduciary capacity by the federal government on behalf of Indian tribes are treated as payments to a nonfederal entity. As a result, CBO expects that the entire amount deposited to the fund in any year would be recorded as budget authority and outlays in that year. Subsequently, the trust fund would be nonbudgetary, and any use of such funds and interest payments to the tribes would have no effect on the federal budget.

Direct Spending

S. 2494 would require BPA to make annual payments to the Spokane Tribe. Under the bill, such payments would equal 29 percent of the annual payment BPA currently makes to the Colville Tribe. For this estimate, CBO assumes that payments to the Spokane Tribe would begin in 2009 and would average about \$6 million per year. Payments would continue so long as electricity continues to be generated at the Grand Coulee Dam. Although the bill would require that the payments be offset by commensurate cost reductions, CBO expects that those payments would contribute to an increase in costs to the agency. Because BPA is a cost-recovery agency that charges its customers for the electricity it generates, CBO expects that those payments to the tribe would become part of BPA's cost structure and would be offset by an increase in the new electricity rates that the agency plans to impose in 2009. Thus, this annual payment to the tribe would result in no net cost to the government.

The bill also would allow BPA to reduce the amount of interest that it pays to the U.S. Treasury for funds borrowed to construct BPA's infrastructure. The bill would authorize BPA to forgo interest payments of \$1.3 million a year for as long as payments are made to the tribe. Thus, CBO estimates that enacting this provision would increase the Treasury's outlays for net interest by \$13 million over the 2009-2018 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2494 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. The payments authorized by this bill would benefit the Spokane Tribe.

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