



# CONGRESSIONAL BUDGET OFFICE PAY-AS-YOU-GO ESTIMATE

November 6, 2000

## H.R. 2884 Energy Act of 2000

*As cleared by the Congress on October 24, 2000*

### SUMMARY

H.R. 2884 would authorize and make changes to several Department of Energy programs. The act's provisions on establishing a National Oilheat Research Alliance and a Northeast Home Heating Oil Reserve would affect direct spending and receipts; however, CBO estimates that increases in annual receipts of about \$14 million would be matched by similar outlay increases so that the net impact on the federal budget would not be significant in any year.

### ESTIMATED PAY-AS-YOU-GO IMPACT

CBO's estimate of the impact of H.R. 2884 on direct spending and revenues is shown in the following table. The costs of this legislation fall within budget function 270 (energy).

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	By Fiscal Year, in Millions of Dollars									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	0	14	14	14	14	0	0	0	0	0
Changes in receipts	0	14	14	14	14	0	0	0	0	0

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### BASIS OF ESTIMATE

H.R. 2884 would authorize the creation of a National Oilhead Research Alliance and a Northeast Home Heating Oil Reserve, which would affect direct spending and governmental receipts; however, CBO estimates there would be no net significant effect on the federal budget.

## **National Oilheat Research Alliance**

H.R. 2884 would authorize the National Association for Oilheat Research and Education to conduct a referendum among retail marketers and wholesale distributors to determine if an industry research organization should be established. If there is sufficient industry support, the National Oilheat Research Alliance would be established for a four-year period to enhance consumer and employee safety and training; provide for research, development, and demonstration of oilheat equipment; and educate consumers. The alliance would be funded through an annual assessment of two-tenths of one cent per gallon of No. 1 and No. 2 dyed distillate fuel oil sold in the retail market and used for nonindustrial commercial or residential space or hot water heating. Funds collected through this assessment would be available to fund the alliance's programs without further appropriation by the Congress.

Assuming that the industry will choose to establish the alliance, CBO estimates that H.R. 2884 would increase both governmental receipts and outlays from direct spending by about \$14 million in each of the fiscal years 2002 through 2005.

The estimates of annual assessments are based on the bill's fixed rate of two-tenths of one cent per gallon and on recent industry data on the amount of distillate sold in the United States retail market. The authority to collect such assessments would expire four years after the National Oilheat Research Alliance is established. Thus, there would be no budgetary effects after 2005.

## **Northeast Home Heating Oil Reserve**

Title II would authorize the Secretary of Energy to establish a heating oil reserve in the northeast containing no more than 2 million barrels of heating oil. The Secretary could release heating oil from the reserve only under specific circumstances. Any offsetting receipts from the sale, exchange, or other disposition of heating oil from the reserve could be spent without further appropriation for activities related to the Northeast Home Heating Oil Reserve.

In July of this year, the Department of Energy used its authority under the Energy Policy and Conservation Act to establish a 2-million barrel Northeast Home Heating Oil Reserve. In the event that offsetting receipts from the sale of heating oil were collected, we expect that such receipts would be spent on refilling or maintaining the reserve. Thus, any increase in receipts would be matched by similar outlay increases so that the net impact on the federal budget would not be significant in any year.

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