



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 23, 2000

H.R. 910 **San Gabriel Basin Water Quality Initiative**

*As ordered reported by the House Committee on Transportation and Infrastructure
on March 16, 2000*

SUMMARY

CBO estimates that implementing H.R. 910 would increase discretionary spending by \$122 million over the 2001-2005 period, assuming appropriation of the necessary amounts. The bill could affect direct spending because it would authorize the Corps of Engineers (Corps) to collect and spend funds from nonfederal sources; thus, pay-as-you-go procedures would apply. CBO estimates, however, that the net impact on direct spending would not be significant in any year.

H.R. 910 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Contributions by state or local governments to the restoration fund that would be established by this legislation would be voluntary.

H.R. 910 would authorize the Corps, in coordination with the San Gabriel Basin Water Quality Authority, to implement projects to improve water quality in the San Gabriel groundwater basin. The bill would establish and authorize the appropriation of \$85 million to the San Gabriel Basin Restoration Fund, and would authorize the appropriation of any interest earned on balances in that fund. The Corps could use amounts appropriated to that fund as well as interest earnings for water quality projects. The bill also would authorize the Corps to conduct research on groundwater contamination caused by perchlorates (a primary ingredient in solid rocket fuel) and would authorize the appropriation of \$25 million for that purpose.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 910 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				
	2001	2002	2003	2004	2005
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	43	18	20	20	21
Estimated Outlays	23	31	25	21	22

BASIS OF ESTIMATE

H.R. 910 would authorize the appropriation of \$85 million to an interest-bearing fund and authorize the Corps, in coordination with the San Gabriel Basin Water Quality Authority, to use amounts in that fund, including interest earnings, to implement water quality projects. CBO estimates that allowing the Corps to spend interest earned on the San Gabriel Basin Restoration Fund would increase the total authorization of appropriations under H.R. 910 by \$12 million over the 2001-2005 period. For the purpose of this estimate, CBO assumes that the Congress would appropriate both the principle amount of \$85 million and any interest earned as needed for each year.

The bill would require that nonfederal entities provide at least 35 percent of the funding for water quality projects before the Corps could spend appropriations. Based on information from the authority, CBO estimates that the projects would cost \$18 million in each of fiscal years 2001 and 2002, \$20 million in each of fiscal years 2003 and 2004, and \$21 million in fiscal year 2005, assuming appropriation of the necessary amounts for each of those years.

The bill also would authorize the appropriation of \$25 million to the Corps for research on groundwater contamination caused by perchlorates. Based on information from the Corps, CBO estimates that the activities authorized under this provision would cost \$25 million over the 2001-2005 period, assuming appropriation of the authorized amount in 2001.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. Enacting this legislation would increase offsetting receipts and direct spending because the Corps could collect and spend contributions from nonfederal sources for the costs of water quality projects. Thus, pay-as-you-go procedures would apply, but CBO estimates that any net impact would not be significant over the next 10 years.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 910 contains no intergovernmental or private-sector mandates as defined in UMRA. Contributions by state or local governments to the restoration fund would be voluntary.

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