



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

August 28, 2002

**H.R. 3407  
Indian Financing Act Reform Amendment**

*As ordered reported by the House Committee on Resources on July 24, 2002*

H.R. 3407 would allow lenders of loans guaranteed or insured under the Indian Financing Act of 1974 to sell such loans to the secondary market. CBO estimates that implementing this bill would have no significant budgetary impact. Because the legislation could affect direct spending, pay-as-you-go procedures would apply, but CBO estimates that such effects would be insignificant.

Under this bill, loans transferred from lenders to secondary markets would continue to be guaranteed and insured by the federal government. Based on information from the Department of the Interior (DOI), CBO estimates that the annual cost of administering such transfers would be negligible over the 2003-2007 period. Any costs incurred by DOI to administer the program would be subject to the availability of appropriated funds.

H.R. 3407 also would authorize the Secretary of the Interior to collect a fee for any guaranteed or insured loan being transferred. Allowing the Secretary to impose fees on such transfers could reduce the subsidy cost of the guarantees and insurance that DOI has provided for existing loans under the Indian Financing Act. Based on information from DOI, CBO estimates that the change in direct spending would be negligible, however, because it is unlikely that the department would collect these fees.

H.R. 3407 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

On August 27, 2002, CBO transmitted a cost estimate for S. 2017, the Indian Financing Amendments Act of 2002, as ordered reported by the Senate Committee on Indian Affairs on August 1, 2002. The two bills are very similar and our cost estimates are identical.

The CBO staff contact for this estimate is Lanette J. Walker. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.