



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 16, 2002

H.R. 5319

Healthy Forests and Wildfire Risk Reduction Act of 2002

As ordered reported by the House Committee on Resources on October 8, 2002

SUMMARY

H.R. 5319 would establish procedures to be followed by the Department of the Interior and the Department of Agriculture in carrying out certain hazardous fuels reduction projects. These are projects undertaken to reduce the risks from catastrophic wildfires through controlled burning or other methods. The bill also would authorize the appropriation of whatever amounts are necessary to implement the bill's new procedures and to plan and conduct the projects to reduce wildfire risks.

Assuming appropriation of the amounts necessary to carry out the hazardous fuels reduction program, CBO estimates that implementing the bill would cost about \$80 million in fiscal year 2003 and nearly \$1.3 billion over the 2003-2007 period. Enacting this legislation could reduce offsetting receipts (a credit against direct spending), but CBO estimates that any such changes would be less than \$500,000 a year.

The bill 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.

MAJOR PROVISIONS

H.R. 5319 would authorize expedited procedures for planning and conducting projects to reduce the risk of wildfires on certain high-priority federal lands managed by the Forest Service or the Bureau of Land Management (BLM). These procedures, which would limit some environmental assessment requirements and shorten administrative and judicial appeals, would apply to projects necessary to reduce risks to human life, property, water supplies, and wildlife. The expedited procedures authorized by the legislation would expire after September 30, 2005.

The legislation also would authorize the Forest Service and BLM to carry out the hazardous fuels reduction projects by entering into stewardship contracts or other agreements similar to those currently used by the Forest Service. The two agencies would be allowed to enter into a total of 41 new multiyear contracts through September 30, 2005.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 5319 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				
	2003	2004	2005	2006	2007
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Hazardous Fuels Reduction Projects ^a					
Estimated Authorization Level	410	420	430	450	460
Estimated Outlays	80	170	250	340	430

a. In 2002, \$395 million was appropriated for similar activities.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 5319 will be enacted early in fiscal year 2003 and that the amounts estimated to be necessary to carry out the hazardous fuels reduction program are appropriated for each fiscal year. The estimated costs are based on the amounts appropriated to the Forest Service and BLM for similar activities in 2002, including adjustments for anticipated inflation. (No appropriations have yet been enacted for this purpose in 2003.) Outlays are estimated on the basis of historical spending patterns for this activity.

Section 11 of the bill would expand and extend the authority provided for a pilot stewardship contract program in Public-Law 105-277, the Department of the Interior and Related Agencies Appropriations Act, 1999. Under the new authority, both agencies could contract out hazardous fuels reduction projects and reduce payments to their contractors by the value of timber and other vegetation that a contractor retained. Because the new contracts could apply to lands that may otherwise have been the subject of future timber sales, offsetting

receipts could be reduced by the value of removed vegetation that otherwise would have been sold. CBO estimates that the effect on such receipts would be less than \$500,000 a year because most of the projects authorized by the bill would not be conducted on commercially valuable timberlands anyway.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 5319 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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