



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 22, 2002

S. 2475

A bill to amend the Central Utah Project Completion Act to clarify the responsibilities of the Secretary of the Interior with respect to the Central Utah Project, to redirect unexpended budget authority for the Central Utah Project for wastewater treatment and reuse and other purposes, to provide for prepayment of repayment contracts for municipal and industrial water delivery facilities, and to eliminate a deadline for such prepayment

*As reported by the Senate Committee on Energy and Natural Resources
on October 8, 2002*

SUMMARY

S. 2475 would make several amendments to the Central Utah Project Completion Act (CUPCA). These amendments include provisions that would make certain federal planning and development costs nonreimbursable and remove a deadline for the prepayment of water project construction costs under existing authority. In addition, this bill would authorize the Secretary of the Interior to sell water from the Provo River in Utah into localities for municipal and industrial uses.

Based on information from the Department of the Interior, CBO estimates that enacting this bill would result in a loss of offsetting receipts (a credit against direct spending) of nearly \$1 million each year, totaling about \$43 million over the 50-year period beginning in 2005. S. 2475 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. 2475 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 DIRECT SPENDING ^a					
Estimated Budget Authority	0	0	1	1	1
Estimated Outlays	0	0	1	1	1

a. The costs of enacting the bill would continue at about \$1 million a year for 50 years.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 2475 will be enacted in fiscal year 2003. Two provisions of the bill could impact the federal budget. First, it would make certain federal planning and development costs for the Central Utah Project nonreimbursable. It also would remove the current 2002 deadline for the project beneficiaries to prepay certain construction costs for a portion of the Central Utah Project that is not yet completed. The other provisions of S. 2475 would have no significant impact on the federal budget.

Based on information from the Department of the Interior, CBO estimates that about \$26 million in previously expended investigative costs would become nonreimbursable by project beneficiaries under this bill. For this estimate, CBO assumes that the loss of these receipts would occur over a typical 50-year repayment period starting in 2005. Including both principal and interest payments, CBO estimates that this provision would result in the loss of about \$1 million in receipts each year over that period. S. 2475 would authorize the Secretary of the Interior to sell water from the Provo River in Utah to localities for municipal and industrial uses. Based on information from the Department of the Interior, CBO estimates that such sales would result in less than \$100,000 in receipts to the federal government each year depending on the availability of water in the Provo River Project and local demand.

S. 2475 also would remove a deadline of September 30, 2002, for the federal government to receive the final payment for a water project contract under CUPCA. Under current law, the local water district was supposed to pay the final installment of the contract of about \$276 million by the end of fiscal year 2002. That deadline has already passed and no final payment was made. The district, however, did make a payment of about \$41 million on September 30, 2002, to repay the cost of the portion of the project that was recently completed. Because construction of the water project is not complete, the district has not generated adequate operating income to make the final lump-sum payment. The Department

of the Interior expects that the water project will be completed in 2005, assuming adequate funds are appropriated each year to complete construction. Eliminating the deadline would not have a budgetary impact because the deadline has already passed.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2475 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On July 1, 2002, CBO prepared a cost estimate for H.R. 4129, similar legislation, as ordered reported by the House Committee on Resources on May 22, 2002. These pieces of legislation are similar and our cost estimates are the same.

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