



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

October 9, 2002

S. 2743

Zuni Indian Tribe Water Rights Settlement Act of 2002

As ordered reported by the Senate Committee on Indian Affairs on October 1, 2002, with subsequent amendments provided by the Committee on October 8, 2002

SUMMARY

S. 2743 would approve and ratify a water rights settlement agreement between the Zuni Indian Tribe, the surrounding community, and the state of Arizona. The bill would authorize the appropriation of funds to the Department of the Interior (DOI) to implement the agreement, but most of these funds could not be spent until the agreement is approved by all parties involved and certain other conditions have been met. S. 2743 would create the Zuni Indian Tribe Water Rights Development Fund and would allow the tribe to spend amounts deposited in the fund (including interest earnings) without further appropriation.

Based on information from DOI, CBO estimates that implementing S. 2743 would cost \$19 million over the 2004-2006 period, assuming appropriation of the authorized amounts. Enacting S. 2743 would not affect direct spending or revenues.

S. 2743 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Any costs or duties imposed by this bill upon state, local, or tribal governments would be those assumed by them voluntarily as parties to the settlement agreement.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 2743 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development).

	By Fiscal Year, in Millions of Dollars				
	2003	2004	2005	2006	2007
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Authorization Level	0	9	5	5	0
Estimated Outlays	0	2	2	15	0

BASIS OF ESTIMATE

S. 2743 would authorize the appropriation of a total of \$19 million over the 2004-2006 period to be deposited in the Zuni Indian Tribe Water Rights Development Fund to satisfy a settlement agreement between the Zuni Indian Tribe, the surrounding community, and the state of Arizona. For purposes of this estimate, CBO assumes that the amounts authorized for each year would be appropriated as specified in the bill.

Within that total authorization, S. 2743 would authorize the appropriation of \$5 million each year over the 2004-2006 period to deposit in the Zuni Indian Tribe Water Rights Development Fund to benefit the Zuni tribe. Funds would be used to restore, rehabilitate, and maintain the Zuni Heaven Reservation and could not be spent by the tribe until the settlement is agreed to by all parties and certain conditions are met. Unless all conditions of the settlement are met by December 31, 2006, any funds to implement S. 2743 would be returned to the Treasury.

Trust funds that are held and managed in a fiduciary capacity by the federal government on behalf of Indian tribes are treated as nonfederal entities. As a result, outlays would be recorded on the budget in the year that all funds are provided to the tribe and the settlement agreement is final. Therefore, CBO estimates that this provision would cost \$15 million in fiscal year 2006. Once the settlement is final and those amounts are recorded as outlays, subsequent use by the tribe would be nonbudgetary (that is, it would have no further impact on the federal budget).

S. 2743 also would authorize the appropriation of \$4 million in fiscal year 2004 for the Zuni tribe to purchase water rights and associated land in Arizona. Based on information from the tribe, CBO estimates that tribe would complete this purchase by the end of fiscal year 2005. If the settlement agreement does not go into affect by the deadline, the \$4 million provided for water rights and land acquisition would not be returned to the Treasury. Consequently, CBO estimates that this provision would cost \$4 million over the 2004-2005 period, assuming the appropriation of the specified amounts.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2743 contains no intergovernmental or private-sector mandates as defined in UMRA. Any costs or duties imposed by this bill upon state, local, or tribal governments would be those assumed by them voluntarily as parties to the settlement agreement.

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