



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 7, 2002

S. 2975

A bill to authorize the project for hurricane and storm damage reduction, Morganza, Louisiana, to the Gulf of Mexico, Mississippi River and Tributaries

*As ordered reported by the Senate Committee on Environment and Public Works
on September 26, 2002*

SUMMARY

S. 2975 would authorize the Secretary of the Army through the U.S. Army Corps of Engineers to construct a system of levees, locks and floodgates designed to protect coastal Louisiana from storm damage. This project also would include the creation and protection of tidal wetlands. The bill would authorize a total project cost of \$680 million (in 2001 dollars) that could be adjusted for inflation. Under this bill, the federal share of the cost would be \$442 million and the nonfederal share of the cost would be \$238 million.

Assuming appropriation of the necessary amounts, including adjustments for anticipated inflation, CBO estimates that the federal costs for implementing S. 2975 would total about \$48 million over the 2003-2007 period, and an additional \$523 million after that period. Enacting S. 2975 would not affect direct spending or revenues.

S. 2975 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. The federal assistance authorized by this bill would benefit any state and local governments choosing to participate in this project. Any costs they would incur to comply with the conditions of this assistance, including matching requirements, would be voluntary.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 2975 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^a					
Estimated Authorization Level	5	12	12	13	13
Estimated Outlays	3	8	11	13	13

a. Most of the federal government's \$571 million in costs for this storm damage project would occur after 2007.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 2975 will be enacted near the beginning of fiscal year 2003 and that amounts will be appropriated to meet the anticipated construction schedule for the project. Based on information from the Army Corps of Engineers, CBO estimates that constructing this storm damage reduction project would cost about \$48 million over the 2003-2007 period, including adjustments for anticipated inflation, and an additional \$523 million after that period. (Those amounts represent the federal share of the project's cost.)

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2975 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. The federal assistance authorized by this bill would benefit any state and local governments choosing to participate in this project. Any costs they would incur to comply with the conditions of this assistance, including matching requirements, would be voluntary.

ESTIMATE PREPARED BY:

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