



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 13, 2004

H.R. 4459 **Llagas Reclamation Groundwater Remediation Initiative**

As ordered reported by the House Committee on Resources on July 14, 2004

SUMMARY

H.R. 4459 would establish an interest-bearing account in the Treasury called the California Basins Groundwater Remediation Fund and would authorize the appropriation of \$25 million to be deposited into the fund. The bill would authorize the Secretary of the Interior through the Bureau of Reclamation to use the fund to provide grants to the Santa Clara Valley Water District for groundwater cleanup projects in the Llagas watershed in Santa Clara County, California. H.R. 4459 would authorize the bureau to pay up to 65 percent of the cost of the groundwater cleanup projects. The bureau, however, would not have the authority to obligate money for a project until the nonfederal share of the costs (35 percent) is either deposited into the account or credited to the account as an in-kind contribution.

Assuming appropriation of the necessary funds, CBO estimates that implementing H.R. 4459 would cost \$20 million over the 2005-2009 period and an additional \$5 million after that period. Enacting this bill would increase direct spending by less than \$500,000 annually over the 2005-2012 period.

H.R. 4459 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 funds authorized by this bill would benefit local governments in California. Any expenditures made by those governments to provide the required matching funds would be made voluntarily.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 4459 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				
	2005	2006	2007	2008	2009
CHANGES IN SPENDING SUBJECT TO APPROPRIATION^a					
Estimated Authorization Level	5	5	5	5	5
Estimated Outlays	2	3	5	5	5

a. Implementing H.R. 4459 also would increase direct spending by less than \$500,000 a year.

BASIS OF ESTIMATE

Spending Subject to Appropriation

For this estimate, CBO assumes that H.R. 4459 will be enacted near the end of fiscal year 2004 and that the necessary funds will be appropriated in equal amounts over the 2005-2009 period to the California Basins Groundwater Remediation Fund. Because the bill would require that the nonfederal cost share be deposited into the fund or in-kind contributions be credited before funds could be obligated, CBO expects that spending on the Santa Clara projects would be somewhat slower than historical federal spending on similar projects. CBO estimates that implementing this bill would cost \$20 million over the 2005-2009 period and an additional \$5 million after that period.

Direct Spending

Under this bill, nonfederal funds equal to 35 percent of the total cost of the project would be required to be either deposited into the account or credited to the account as an in-kind contribution before any funds could be obligated. Currently, it is unknown how much of the nonfederal contributions would be cash and how much would be in-kind donations. According to the bureau, the total cost of the project could be at least \$40 million, which means that the nonfederal share could be at least \$15 million. Any receipt to the fund, however, would be offset by equal amounts of direct spending from the fund over the 2005-2012 period.

In addition, the bill would authorize the bureau to spend interest earned on the California Basins Groundwater Remediation Fund. CBO estimates that provision would increase direct spending by less than \$500,000 annually over the 2005-2012 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 4459 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. The federal funds authorized by this bill would benefit local governments in California. Any expenditures made by those governments to provide the required matching funds would be made voluntarily.

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