



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 19, 2004

H.R. 4625
Soda Ash Royalty Reduction Act of 2004

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

SUMMARY

H.R. 4625 would provide royalty relief for producers of sodium compounds and related products on federal land. CBO estimates that enacting H.R. 4625 would increase direct spending by \$3 million in 2005 and \$15 million over the next five years (with no effect after 2009). Enacting the bill would not affect revenues.

H.R. 4625 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The royalty reduction required by the bill would temporarily reduce federal payments to three states—Wyoming, Colorado, and California—by about \$3 million a year over the 2005-2009 period.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 4625 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	2010	2011	2012	2013	2014
CHANGES IN DIRECT SPENDING										
Estimated Budget Authority	3	3	3	3	3	0	0	0	0	0
Estimated Outlays	3	3	3	3	3	0	0	0	0	0

BASIS OF ESTIMATE

H.R. 4625 would reduce the federal royalty rate for sodium compounds and related materials produced on federal land over the 2005-2009 period. Based on information from the Minerals Management Service about the amount of royalties expected to be generated by production of those materials under current law, CBO estimates that this bill would reduce federal receipts by \$6 million in 2005 and \$30 million over the next five years. Those forgone receipts would be partially offset by a corresponding decrease in direct spending for payments to the states in which they are generated. Hence, CBO estimates that the net increase in direct spending under H.R. 4625 would total \$3 million in 2005 and \$15 million over the 2005-2009 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 4625 contains no intergovernmental or private-sector mandates as defined in UMRA. The royalty reduction required by the bill would temporarily reduce federal payments to three states—Wyoming, Colorado, and California—by about \$3 million a year over the 2005-2009 period.

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