



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Revised December 3, 2004

S. 1530 **Tribal Parity Act**

As ordered reported by the Senate Committee on Indian Affairs on July 14, 2004

SUMMARY

S. 1530 would increase the total amounts to be transferred from the Treasury into two existing Indian tribal trust funds. Those funds were created to compensate the Crow Creek Sioux and Lower Brule Sioux tribes for damages caused by the Pick-Sloan water projects along the Missouri River. CBO estimates that enacting S. 1530 would increase direct spending by \$93 million over the 2005-2014 period. Enacting the bill would not affect revenues.

S. 1530 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. 1530 is shown in the table below. The costs of this legislation fall within budget function 450 (community and regional development).

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted early in fiscal year 2005 and that payments to the two tribes will begin that fiscal year.

By Fiscal Years, in Millions of Dollars

2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

CHANGES IN DIRECT SPENDING

Interest on Crow Creek Sioux Tribe Infrastructure Development Trust Fund										
Estimated Budget Authority	1	3	4	6	7	7	7	7	7	7
Estimated Outlays	1	3	4	6	7	7	7	7	7	7
Interest on Lower Brule Sioux Tribe Infrastructure Development Trust Fund										
Estimated Budget Authority	1	3	4	4	4	4	4	4	4	4
Estimated Outlays	1	3	4	4	4	4	4	4	4	4
Total Payments from Both Funds										
Estimated Budget Authority	3	6	8	10	11	11	11	11	11	11
Estimated Outlays	3	6	8	10	11	11	11	11	11	11

NOTE: Components may not sum to totals because of rounding.

The Crow Creek Sioux Tribe Infrastructure Development Trust Fund (Crow Creek Fund) and the Lower Brule Sioux Tribe Infrastructure Development Trust Fund (Lower Brule Fund) were created by the Congress in 1996 and 1997. The interest from those funds is used to compensate the Crow Creek and Lower Brule Sioux tribes for damages caused by the Pick-Sloan water projects along the Missouri River. The Crow Creek Fund was fully capitalized to its authorized size with one payment of \$28 million in 1997. The Lower Brule Fund was fully capitalized to its authorized size with one payment of \$39 million in 1998.

S. 1530 would increase the maximum size of each fund, with the additional deposits to be derived from proceeds from the sale of electric power from the Pick-Sloan Missouri River Basin project. Each fund would receive an amount equal to 25 percent of the annual proprietary receipts from that project until deposits reach the new maximum levels specified in the bill. Under this bill, the Crow Creek Fund would increase by \$78 million (for a new maximum of \$106 million), and the Lower Brule Fund by \$148 million (for a new maximum of \$187 million).

According to the Western Area Power Administration (WAPA), the agency that administers the Pick-Sloan project, receipts from the Pick-Sloan project are likely to total \$110 million in 2005 and average about \$119 million a year thereafter. CBO estimates that up to \$30 million would be deposited in each fund each year until the new ceilings are met. At those levels, CBO estimates that it would take about three years to reach the new maximum level for the Crow Creek fund and five years for the Lower Brule Fund.

Because the payments to the trust funds would be considered to be intragovernmental transfers, they would have no net effect on the federal budget. However, the interest earned by the funds that would be distributed to the tribes would increase each year under this bill and would have a budgetary effect. CBO assumes that the interest earned by the two funds will be about 5 percent per annum. CBO estimates that direct spending of interest earnings under the bill would total \$38 million over the 2005-2009 period and \$93 million over the 2005-2014 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1530 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. Enacting this legislation would benefit the two tribes.

PREVIOUS CBO ESTIMATE

On August 25, 2004, CBO transmitted a cost estimate for S. 1530, the Tribal Parity Act of 2004, as ordered reported by the Senate Committee on Indian Affairs on July 14, 2004. This revised cost estimate supersedes that previous estimate, and it reflects new information on the correct budgetary treatment of the tribal trust funds involved. Previously, we believed that the two tribal funds were not part of the federal budget—as is the case for many tribal funds. We have since learned from the Bureau of Indian Affairs that these two particular funds are on-budget. As a result, instead of estimating the proposed deposits into the funds as net budget outlays, we now treat those deposits as intragovernmental transfers.

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