



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 19, 2005

S. 1295

National Indian Gaming Commission Accountability Act of 2005

As ordered reported by the Senate Committee on Indian Affairs on June 29, 2005

SUMMARY

S. 1295 would amend the Indian Gaming Regulatory Act (IGRA) to increase the fees paid to the National Indian Gaming Commission (NIGC) by tribal gaming operators. The legislation would also require the NIGC to comply with the requirements of the Government Performance and Results Act of 1993.

CBO estimates that implementing S. 1295 would increase direct spending by \$7 million in 2006 and about \$230 million over the 2006-2015 period. CBO also estimates that enacting the legislation would increase revenues by \$7 million in 2006 and about \$230 million over the 2006-2015 period.

S. 1295 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) because it would increase the amount of fees that gaming tribes must pay to the NIGC. CBO estimates that the cost of this mandate would be well below the threshold established in UMRA (\$62 million in 2005, adjusted annually for inflation) for at least the next five years. The bill contains no private-sector mandates as defined in UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1295 is shown in the following table. The costs of the legislation fall within budget function 800 (general government).

By Fiscal Years, in Millions of Dollars

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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CHANGES IN REVENUES

NIGC Fees										
Estimated Revenues	7	14	16	19	22	25	27	30	32	35

CHANGES IN DIRECT SPENDING

Spending of NIGC Fees										
Estimated Budget Authority	7	14	16	19	22	25	27	30	32	35
Estimated Outlays	7	14	16	19	22	25	27	30	32	35

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted near the end of fiscal year 2005 and that spending will follow historical patterns for NIGC and its programs.

The IGRA established the NIGC to monitor and regulate gaming activity on Indian lands. The legislation authorizes the commission to collect and expend an annual fixed assessment on tribal gaming operators based on tribal gambling revenues. The current limitation is \$12 million annually in fiscal years 2005 and 2006, and \$8 million in each subsequent year. The legislation would amend the current fixed limitation and allow the NIGC to collect up to 0.080 percent (80 cents per \$1,000) of all gaming revenues subject to NIGC regulation.

CBO expects that fixing the assessment to a percentage of total tribal gambling revenues would lead to a significant increase in the amount of fees collected. Over the 2000-2004 calendar year period, annual tribal gaming revenues increased by an average of 14 percent a year to about \$19 billion in fiscal year 2004. If the revenue increases continue at the same rate, the amount of fees generated annually would increase to almost \$20 million in fiscal year 2006 and to about \$62 million in fiscal year 2015. However, CBO expects that future growth in Indian gaming revenues will slow relative to recent history over the 2006-2015 fiscal year period. We estimate that the amount of fees generated in fiscal year 2006 would be almost \$20 million and rise to \$43 million by fiscal year 2015.

CBO estimates that NIGC fees and spending would increase by \$7 million in 2006. We estimate that fees and spending would continue to grow with gaming revenues and reach an additional \$35 million a year by 2015.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1295 contains an intergovernmental mandate as defined in UMRA because it would increase the amount of fees that gaming tribes must pay to the NIGC. Under an existing mandate, tribes must pay fees that are capped at \$12 million in each of fiscal years 2005 and 2006. CBO estimates that enacting this bill would increase the cost of that mandate by less than less than \$10 million in 2006. Because the bill would replace a fixed dollar cap with a cap set as a percent of gaming revenues, these incremental costs would increase as tribal gaming revenues increase, but we expect that they would remain well below the threshold established in UMRA (\$62 million in 2005, adjusted annually for inflation) for at least the next five years. The bill would impose no other costs on state, local, or tribal governments. The bill contains no private-sector mandates as defined in UMRA.

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