CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

February 11, 2005

S. 203
Soda Ash Royalty Reduction Act of 2005

As ordered reported by the Senate Committee on Energy and Natural Resources on February 9, 2005

SUMMARY

S. 203 would provide temporary royalty relief for producers of sodium compounds and related products on federal land. CBO estimates that enacting this legislation would increase direct spending by $1 million in 2005 and by $14 million over the following five-year period. Enacting S. 203 would not affect revenues.

S. 203 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 $1 million in fiscal year 2005 and a total of $15 million over the 2005-2010 period.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 203 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	2015
CHANGES IN DIRECT SPENDING											
Estimated Budget Authority	1	3	3	3	3	2	0	0	0	0	0
Estimated Outlays	1	3	3	3	3	2	0	0	0	0	0

BASIS OF ESTIMATE

S. 203 would reduce the federal royalty rate for sodium compounds and related materials produced on federal land over the five-year period following enactment of the bill. Based on information provided by 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 $2 million in 2005 and by $30 million over a five-year period. The loss of receipts would be partially offset by a corresponding decrease in direct spending for payments to the states in which they are generated, resulting in a net increase in direct spending under S. 203 of $1 million in 2005 and by $15 million through 2010, asuming that S. 203 is enacted by June 1, 2005.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 203 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 $1 million in fiscal year 2005 and a total of $15 million over the 2005-2010 period.

ESTIMATE PREPARED BY:

Federal Costs: Megan Carroll and Deborah Reis
Impact on State, Local, and Tribal Governments: Marjorie Miller
Impact on the Private Sector: Paige Piper/Bach

ESTIMATE APPROVED BY:

Peter H. Fontaine
Deputy Assistant Director for Budget Analysis