



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 23, 2015

H.R. 1644
STREAM Act

*As ordered reported by the House Committee on Natural Resources
on September 10, 2015*

H.R. 1644 would authorize the appropriation of \$1 million a year over the 2016-2017 period for the National Academy of Sciences (NAS) to study the effectiveness of an existing rule governing coal mining activities near streams. The bill also would prevent the Office of Surface Mining Reclamation and Enforcement (OSMRE) from issuing any final rules related to such activities until one year after NAS completes the study.

CBO estimates that implementing the bill would cost \$2 million over the 2016-2017 period, assuming appropriation of the authorized amounts for NAS to complete the study. In addition, CBO estimates that enacting the bill would increase net offsetting receipts, which are treated as reductions in direct spending, by roughly \$1 million over the 2020-2023 period; therefore, pay-as-you-go procedures apply. Enacting H.R. 1644 would not affect revenues.

Under current law, OSMRE plans to fully implement a proposed rule governing coal mining activities near streams by 2020. Based on information from the agency, CBO expects that if the proposed rule is implemented it will increase operating costs for the coal industry and reduce coal production. The rule will mainly affect coal mining activities in eastern states, which, in 2014, accounted for a very small portion of the gross receipts from coal production on federal lands.

Based on information from OSMRE, CBO estimates that implementing the proposed rule also will reduce coal production on federal lands in western states by about two-tenths of a percent. Based on CBO's projection of federal royalties from the affected areas over the 2020-2025 period (roughly \$650 million a year), we estimate that implementing the proposed rule will reduce gross offsetting receipts from federal coal leases by \$1.3 million a year over that period. Because the federal government distributes about half of those receipts to states, CBO estimates that under current law implementing the proposed rule will reduce net receipts by \$650,000 a year over the 2020-2025 period.

Under the bill, CBO expects that OSMRE would be prohibited from finalizing that proposed rule for at least three years after enactment of the bill (one year after the

completion of the NAS study). Thus, the higher operating costs and reduced production that will result from implementing the rule would not occur until 2023. As result, CBO estimates that, over the 2020-2023 period, net offsetting receipts from federal coal leases under the bill would be about \$650,000 a year higher than those expected under current law. However, there is some probability that OSMRE may not finalize the proposed rule under current law. After accounting for the uncertainty regarding implementation of the proposed rule, CBO estimates that enacting the bill would increase net offsetting receipts, relative to current law, by \$325,000 a year over the 2020-2023 period, for a total savings of \$1 million.

H.R. 1644 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not impose costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Jeff LaFave. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.