CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

December 8, 2015

H.R. 3382
Lake Tahoe Restoration Act of 2015

As ordered reported by the House Committee on Natural Resources on October 8, 2015

SUMMARY

H.R. 3382 would authorize the appropriation of $6 million a year through 2025 to carry out activities related to protecting the ecological health of the Lake Tahoe Basin in California and Nevada. Most of those funds would be used to reduce risks posed by fires and invasive species. The bill also would authorize the Secretary of Agriculture to convey certain parcels of federal land.

Assuming appropriation of the amounts authorized in the bill, CBO estimates that implementing H.R. 3382 would cost $29 million over the 2016-2020 period and an additional $30 million after 2020. Enacting the legislation would increase offsetting receipts from land sales, which are treated as reductions in direct spending, by $64 million over the 10-year period and revenues from civil penalties by an insignificant amount. Because enacting the bill would affect direct spending and revenues, pay-as-you-go procedures apply.

CBO estimates that enacting H.R. 3382 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2026.

H.R. 3382 would impose an intergovernmental and private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA) on owners and operators of watercraft launched in the waters of the Lake Tahoe Basin. It also would impose a private-sector mandate on individuals seeking judicial review of some forest management activities on federal lands. CBO estimates that the cost of the mandates would fall below the annual thresholds established in UMRA for intergovernmental and private-sector mandates ($77 million and $154 million in 2015, respectively, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 3382 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											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
CHANGES IN DIRECT SPENDING												
Estimated Budget Authority	0	0	-8	-8	-8	-8	-8	-8	-8	-8	-24	-64
Estimated Outlays	0	0	-8	-8	-8	-8	-8	-8	-8	-8	-24	-64
CHANGES IN REVENUES												
Estimated Revenues	*	*	*	*	*	*	*	*	*	*	*	*
CHANGES IN SPENDING SUBJECT TO APPROPRIATION												
Authorization Level	6	6	6	6	6	6	6	6	6	6	30	60
Estimated Outlays	5	6	6	6	6	6	6	6	6	6	29	59

Note: * = less than $500,000

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted in 2016 and the authorized amounts will be appropriated each fiscal year. Estimated outlays are based on historical spending patterns for similar activities.

Changes In Direct Spending and Revenues

CBO estimates that enacting H.R. 3382 would increase offsetting receipts, which are treated as reductions in direct spending, by $64 million over the 2018-2025 period. Those receipts would stem from provisions in the bill that would authorize the sale of certain parcels of federal land near Lake Tahoe. Other provisions in the bill would have negligible net effects on direct spending and revenues.

Land Conveyances. Section 9 would authorize the Secretary of Agriculture to sell up to 3,500 acres of federal land located in populated areas near Lake Tahoe. CBO estimates that the value of the affected lands could range from $300,000 per acre to several million dollars per acre. On average, we expect that the land would sell for about $800,000 an acre. Based on information regarding the number of parcels sold by other agencies with similar authority to sell lands, CBO estimates that, if the agency elected to sell the affected lands, it would dispose of about 20 acres a year beginning in 2018 and collect proceeds totaling $16 million annually. However, CBO expects that the agency would be equally likely to retain or exchange the affected lands rather than sell them. Applying a probability distribution to those scenarios, CBO estimates that enacting section 9 would increase offsetting receipts by $8 million a year over the 2018-2025 period (or 50 percent of the potential proceeds).

Section 9 also would authorize the Secretary to convey about 2,000 acres of federal lands to the state of California in exchange for a similar amount of state-owned lands. The affected federal lands comprise a portion of the lands mentioned in the previous paragraph that could be sold under the bill. The bill also would authorize the Secretary to convey, without consideration, about 40 acres of federal lands in Nevada to that state. Because none of the affected lands are expected to generate receipts over the next ten years under current law, CBO estimates that conveying the affected lands would not affect direct spending.

Inspection Fees and Penalties. Section 5 would require the U.S. Fish and Wildlife Service (USFWS) to ensure that watercraft are inspected prior to launching in waters of the Lake Tahoe Basin to prevent organisms from other bodies of water from contaminating the basin. The bill would authorize the agency to certify nonfederal entities to operate inspection and decontamination stations within the basin. The bill also would allow entities performing those activities to collect and spend fees to cover the cost of operating those facilities. CBO expects that the USFWS would certify the Tahoe Regional Planning Agency and other local entities to conduct inspections and collect fees under the bill. Thus, we estimate that enacting that provision would have no significant effect on the federal budget.

Section 5 also would establish civil penalties of less than $5,000 per infraction for individuals who launch watercraft in the Lake Tahoe Basin that have not been inspected and decontaminated in accordance with standards established by the USFWS. Any penalties collected would be recorded as revenues in the budget and deposited in the general fund of the U.S. Treasury. Based on information from the USFWS, CBO estimates that annual revenues from those civil penalties would not be significant.

Cooperative Agreements. Section 4 would authorize the Secretary to enter into agreements with states to conduct forest management activities, including fuel reduction activities, in the Lake Tahoe Basin. The bill would allow the Secretary to retain any proceeds from the sale of any commercial products harvested under those agreements, which CBO expects would consist primarily of timber. Amounts retained could not be spent until the Congress appropriated those funds. CBO expects that any activities carried out using cooperative agreements would replace work that the agency would have conducted under current law. Because, under current law, a portion of receipts collected from those activities would be spent, CBO estimates that enacting this provision would reduce direct spending; however, based on information regarding total receipts from activities within the basin, we estimate that any such effect would be negligible.

Legal Challenges. Section 4 also would prohibit any person seeking to challenge a forest management activity from obtaining a restraining order or injunction that would prevent or delay the performance of the activity. Because under current law those activities, some of which may generate offsetting receipts, could be stopped or delayed, enacting this provision could affect the timing and amount of offsetting receipts collected by the Forest Service. However, based on information regarding the amount of receipts generated by forest management activities in the basin and the number of court challenges that affect such activities, CBO estimates that any effect on offsetting receipts would be negligible.

Spending Subject to Appropriation

Section 8 would authorize the appropriation of $6 million a year over the 2016-2025 period for several agencies, including the Forest Service, the USFWS, the Environmental Protection Agency, and the U.S. Army Corps of Engineers, to promote the ecological health of the Lake Tahoe Basin. CBO estimates that implementing the bill would cost $29 million over the 2016-2020 period and $30 million after 2020, assuming appropriation of the authorized amounts.

Of the amounts authorized under section 8, roughly $4 million would be available annually for the Forest Service to carry out activities to reduce the risk of fire and to restore areas in the basin damaged by fire. An additional $1 million would be available each year to support USFWS activities to protect against invasive species. Finally, $150,000 a year would be available to the Forest Service to oversee various programs in the basin. The remaining funds would be available to supplement the activities described above or to carry out other activities under the Lake Tahoe Restoration Act.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays and revenues that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 3382, as ordered reported by the House Committee on Natural Resources on October 8, 2015

	By Fiscal Year, in Millions of Dollars											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
NET INCREASE OR DECREASE (-) IN THE DEFICIT												
Statutory Pay-As-You-Go Impact	0	0	-8	-8	-8	-8	-8	-8	-8	-8	-24	-64

INCREASE IN LONG TERM DIRECT SPENDING AND DEFICITS:

CBO estimates that enacting H.R. 3382 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2026.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3382 would impose an intergovernmental and private-sector mandate as defined in UMRA on owners and operators of watercraft. It also would impose a private-sector mandate on individuals seeking judicial review of some forest management activities on federal lands. CBO estimates that the cost of the mandates would fall below the annual thresholds established in UMRA for intergovernmental and private-sector mandates ($77 million and $154 million in 2015, respectively, adjusted annually for inflation).

The bill would require owners and operators of watercraft to submit their watercraft for inspection prior to launch in waters of the Lake Tahoe Basin. Because the regional agency for the Lake Tahoe Basin currently subjects watercraft to inspection requirements, most owners and operators would already be in compliance with the bill's requirements. Therefore, CBO estimates that the cost to comply with the mandate would be minimal.

Additionally, the bill would impose a private-sector mandate by prohibiting plaintiffs from seeking a preliminary injunction to temporarily stop activities, such as logging, on federal lands near Lake Tahoe. The purpose of a preliminary injunction is to protect a plaintiff from irreparable harm or damage that would occur if the activity continued. The cost of a mandate that eliminates a right to seek redress from harm is the forgone value of monetary awards in such cases. Because such awards would generally not occur for the types of cases involved, CBO expects that the mandate would probably impose no costs.

The bill also would benefit state, local, and tribal governments in California and Nevada by authorizing federal grants and technical assistance for fire prevention, forest management activities, and environmental improvement projects located in the Lake Tahoe Basin. Any associated costs, including matching contributions, would be incurred voluntarily.

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