



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 11, 2016

### **H.R. 3843**

#### **Locatable Minerals Claim Location and Maintenance Fees Act**

*As ordered reported by the House Committee on Natural Resources on June 15, 2016*

#### **SUMMARY**

H.R. 3843 would require holders of certain mining claims on federal lands to pay fees to the Bureau of Land Management (BLM) to establish and maintain those claims. The bill also would authorize appropriations through 2022 to administer certain mining laws and to clean up land with inactive mines. In addition, the legislation would require BLM to transfer funds to the National Academy of Sciences (NAS) to study the effectiveness of certain permitting activities conducted by the Environmental Protection Agency (EPA) related to the cleanup of abandoned mines. Finally, the bill would authorize the EPA to issue permits for the cleanup of pollution at inactive mine sites.

CBO estimates that enacting H.R. 3843 would reduce direct spending by \$319 million over the 2017-2022 period and increase revenues from civil penalties by an insignificant amount; therefore, pay-as-you-go procedures apply. CBO also estimates that implementing the legislation would cost \$261 million over the 2017-2021 period and \$50 million after 2021, assuming appropriation of the authorized and necessary amounts.

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

H.R. 3843 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 effect of H.R. 3843 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										2017-	2017-
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2021	2026
<b>DECREASES IN DIRECT SPENDING</b>												
Estimated Budget Authority	-52	-53	-53	-53	-53	-53	0	0	0	0	-265	-319
Estimated Outlays	-52	-53	-53	-53	-53	-53	0	0	0	0	-265	-319
<b>INCREASES IN SPENDING SUBJECT TO APPROPRIATION</b>												
Mining Law Administration												
Authorization Level	40	40	40	40	40	40	0	0	0	0	200	240
Estimated Outlays	40	40	40	40	40	40	0	0	0	0	200	240
Mine Lands Cleanup												
Authorization Level	17	17	17	17	0	0	0	0	0	0	68	68
Estimated Outlays	5	11	15	17	12	6	2	0	0	0	60	68
National Academy of Sciences Study												
Authorization Level	0	0	0	0	0	2	0	0	0	0	0	2
Estimated Outlays	0	0	0	0	0	1	1	0	0	0	0	2
Permitting Activities												
Estimated Authorization Level	*	*	*	*	*	0	0	0	0	0	1	1
Estimated Outlays	*	*	*	*	*	0	0	0	0	0	1	1
Total Changes												
Estimated Authorization Level	57	57	57	57	40	42	0	0	0	0	269	311
Estimated Outlays	45	51	55	57	52	47	3	0	0	0	261	311

Note: Amounts may not sum to totals because of rounding; \* = less than \$500,000; Enacting the bill would increase revenues by an insignificant amount.

## BASIS OF ESTIMATE

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

### Direct Spending

Existing laws allow BLM to collect several types of fees from those holding mining claims on federal land if the agency is authorized to do so in annual appropriations acts. Under H.R. 3843 BLM would be authorized to collect most of those fees without any subsequent authorization in annual appropriations acts. In 2015, those fees totaled about \$57 million.

H.R. 3843 would require BLM to collect three types of fees from holders of mining claims: an annual fee to maintain any claim that is 20.66 acres or fewer, a one-time fee to locate a new claim, and a certification fee for any claimholder who meets the criteria to have the maintenance fee waived. The agency would be required to charge those fees through 2022. CBO estimates that enacting the legislation would increase offsetting receipts, which are treated as reductions in direct spending, by \$319 million over the 2017-2022 period.

**Maintenance Fees.** CBO estimates that BLM would collect maintenance fees totaling \$313 million over the 2017-2022 period. The bill would require the agency to charge a fee of \$155 a year to maintain any mining claim that covers 20.66 acres or fewer. In 2015, when BLM was authorized to collect a similar fee and gold was valued at \$1,161 per ounce, the agency received payments totaling about \$50 million from 325,000 such claims. CBO expects that the price of gold, will return to its 10-year inflation-adjusted average price of \$1,211 per ounce in 2019. Based on the historical relationship between the value of gold and the number of outstanding mining claims, CBO estimates that annual fee collections under H.R. 3843 would total \$51 million in 2017 and \$52 million a year over the 2018-2022 period.

**Location Fees.** CBO estimates that BLM would collect location fees totaling \$5 million over the 2017-2022 period. The bill would require the agency to charge a one-time fee of \$37 for any new mining claim established on federal land, including claims larger than 20.66 acres. In 2015, when BLM was authorized to collect a similar fee, the agency received payments totaling roughly \$800,000 for 22,000 new claims. CBO estimates that annual fee collections would total around \$1 million a year over the 2017-2022 period.

**Certification Fees.** CBO estimates that BLM would collect certification fees totaling \$1 million over the 2017-2022 period. The bill would require the agency to charge a fee of \$30 for any claimholder seeking to have the annual maintenance fee waived. Based on information provided by BLM, CBO expects that fewer than 8,500 claimholders would request such waivers each year, and we estimate that annual fee collections would total less than \$250,000 each year over the 2017-2022 period.

## **Revenues**

H.R. 3843 would authorize the EPA to issue permits for the cleanup of pollution at inactive and abandoned mine sites. The bill also would establish civil penalties for any person who violates the conditions of a permit. Based on information from the EPA, CBO estimates that any fines collected under this bill would not be significant.

## **Spending Subject to Appropriation**

CBO estimates that implementing H.R. 3843 would cost \$261 million over the 2017-2021 period and \$50 million after 2021, assuming appropriation of the authorized and estimated amounts. Specifically, the bill would:

- Authorize the appropriation of \$40 million a year through 2022 to administer certain mining laws, including a program to collect fees from holders of mining claims. In 2016, BLM received an appropriation of \$40 million to carry out those activities.
- Authorize the appropriation of \$17 million a year through 2020 to carry out a program to clean up inactive coal mining sites. In 2016, BLM received appropriations totaling \$20 million to carry out similar activities.
- Require BLM to transfer up to \$2 million to the NAS to study the effectiveness of EPA activities related to permitting the cleanup of inactive and abandoned mine sites. Under the bill, NAS could not begin the study until five years after enactment.

Finally, the bill would authorize the EPA to issue permits for the cleanup of pollution at inactive mine sites throughout the United States. Those permits would be issued only to people, companies, or agencies with no legal responsibility for cleaning up the site. Once granted a permit, the permit holder would not be liable for any pollution resulting from the remediation efforts at the mine sites under the Clean Water Act or the Comprehensive Environmental Response, Compensation, and Liability Act. The bill also would enable state and tribal environmental programs to issue the same type of permit to private parties if those governments have an EPA-approved permit process in place.

Under H.R. 3843, the EPA would establish regulations for the permit process, approve plans for state programs, and determine eligibility for permits. Based on information from the EPA, CBO expects that states would provide most permits and that minimal oversight would be required by the EPA. As a result, CBO estimates that implementing title III would cost less than \$500,000 annually and would total \$1 million over the 2017-2021 period; such spending would be subject to the availability of appropriated funds.

## **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 that are subject to those pay-as-you-go procedures are shown in the following table.

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**CBO Estimate of Pay-As-You-Go Effects for H.R. 3846, as ordered reported by the House Committee on Natural Resources on June 15, 2016**

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	By Fiscal Year, in Millions of Dollars												2016-	2016-
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2021	2026	
<b>NET DECREASE (-) IN THE DEFICIT</b>														
Statutory Pay-As-You-Go Impact	0	-52	-53	-53	-53	-53	-53	0	0	0	0	-265	-319	

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**INCREASE IN LONG TERM DIRECT SPENDING AND DEFICITS**

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

**INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 3843 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would allow state and tribal governments to administer permit programs to encourage the cleanup of abandoned and inactive mine sites. Any costs that state or tribal agencies might incur to administer such permit programs would result from voluntary commitments. Under the bill, those agencies also would be eligible for federal grants to fund cleanup activities.

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