



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 31, 2016

H.R. 5984

Pechanga Band of Luiseno Mission Indians Water Rights Settlement Act

As ordered reported by the House Committee on Natural Resources on September 22, 2016

SUMMARY

H.R. 5984 would ratify the Pechanga Settlement Agreement among the Pechanga Band of Luiseno Mission Indians in California, the federal government, and local water districts. The legislation also would establish the Pechanga Settlement Fund to pay for the development and maintenance of water infrastructure for the tribe and would authorize the appropriation of funds for those purposes.

CBO estimates that enacting H.R. 5984 would cost \$33 million over the 2017-2021 period, assuming appropriation of the necessary amounts. Enacting H.R. 5984 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

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. 5984 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) because it would require the tribe to enact a tribal water code. CBO estimates that the cost of the mandate would be small and well below the threshold established in UMRA for intergovernmental mandates (\$77 million in 2016, adjusted annually for inflation).

The bill contains no private-sector mandates as defined in UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 5984 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development) and 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars					2017- 2021
	2017	2018	2019	2020	2021	
INCREASES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	33	0	0	0	0	33
Estimated Outlays	33	0	0	0	0	33

BASIS OF ESTIMATE

CBO assumes that H.R. 5984 will be enacted before the end of calendar year 2016. The legislation would ratify the Pechanga Settlement Agreement among the tribe, the federal government, and the Rancho California and Eastern Municipal water districts in Riverside County, California.

H.R. 5984 would establish the Pechanga Settlement Fund and authorize the appropriation of about \$3 million to be deposited into the fund to construct a storage pond. The bill also would authorize the appropriation of about \$26 million plus an adjustment for the increase in construction costs over the 2009-2017 period to build interim and permanent capacity for water storage, and for other purposes. CBO estimates that the adjustment for increases in construction costs would be about \$4 million. Thus, in total the bill would authorize the appropriation of \$33 million to be deposited into the settlement fund.

Payments to certain tribal trust funds that are held and managed in a fiduciary capacity by the federal government on behalf of Indian tribes are treated as payments to a nonfederal entity. As a result, CBO expects that the entire amount deposited into this trust fund would be recorded as budget authority and outlays at the time of the deposit. The Secretary of the Interior would be required to invest the funds in government securities until those funds are expended by the tribe. Those subsequent expenditures would not be considered budgetary transactions.

PAY-AS-YOU-GO CONSIDERATIONS: None

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.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 5984 would require the tribe to enact water policies that would govern tribal water rights as detailed in the agreement. That requirement would be an intergovernmental mandate as defined in UMRA because it would place a statutory requirement on the tribe that is separate from provisions of the agreement. CBO estimates that the cost of the mandate would be small and well below the threshold established in UMRA for intergovernmental mandates (\$77 million in 2016, adjusted annually for inflation).

Other provisions of the bill would benefit the tribe. Any costs to the tribe from those provisions would be incurred voluntarily as a result of entering into the settlement agreement.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

The bill contains no private-sector mandates as defined in UMRA.

PREVIOUS CBO ESTIMATE

On July 5, 2016, CBO transmitted a cost estimate for S. 1983, the Pechanga Band of Luiseno Mission Indians Water Rights Settlement Act, as ordered reported by the Senate Committee on Indian Affairs on February 3, 2016. The two pieces of legislation are similar and CBO's estimates of their budgetary effects are the same.

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