



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 17, 2016

S. 1724

Lake Tahoe Restoration Act of 2015

*As ordered reported by the Senate Committee on Environment and Public Works
on January 20, 2016*

SUMMARY

S. 1724 would authorize appropriations totaling \$415 million to restore the ecological health of the Lake Tahoe Basin. Those funds would be available to the Forest Service, the U.S. Fish and Wildlife Service (USFWS), and several other agencies for projects to reduce the risk of fire, manage storm water, restore various watersheds, and protect against invasive species. The bill also would authorize the Forest Service to convey certain federal lands to California and Nevada.

Assuming appropriation of the authorized amounts, CBO estimates that implementing S. 1724 would cost \$193 million over the 2017-2021 period and \$222 million after 2021. Enacting the legislation could increase offsetting receipts (from inspection fees) and associated direct spending, as well as revenues (from civil penalties); therefore, pay-as-you-go procedures apply. However, CBO estimates that the net effects of new offsetting receipts, direct spending, and revenues would be negligible each year.

CBO also estimates that enacting S. 1724 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

S. 1724 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. 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 2016, respectively, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of S. 1724 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- 2021
	2017	2018	2019	2020	2021	
INCREASES IN SPENDING SUBJECT TO APPROPRIATION^a						
Forest Service Programs						
Estimated Authorization Level	24	24	24	24	24	119
Estimated Outlays	17	23	24	24	24	110
Multi-agency Programs						
Estimated Authorization Level	11	11	11	11	11	57
Estimated Outlays	8	10	11	11	11	52
U.S. Fish and Wildlife Service Programs						
Estimated Authorization Level	7	7	7	7	7	33
Estimated Outlays	5	7	7	7	7	31
Total Increases						
Estimated Authorization Level	42	42	42	42	42	208
Estimated Outlays	30	39	42	42	42	193

Notes: Components may not sum to totals because of rounding.

a. Additional spending of \$222 million would occur after 2021.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted in 2016 and the authorized amounts will be appropriated over the 2017-2026 period. Outlays are estimated based on historical spending patterns for ongoing and similar activities.

Spending Subject to Appropriation

Section 8 would authorize the appropriation of \$415 million over the 10-year period beginning after the enactment of the bill for several federal agencies to perform ecological restoration activities in the Lake Tahoe Basin. Because the bill does not specify a specific authorization amount by year (only the total amount for the period), CBO assumes that the \$415 million would be appropriated evenly over the 10-year period—amounting to about \$42 million a year and \$208 million over the 2017-2021 period.

The amounts authorized under section 8 would be allocated as follows:

- For Forest Service programs, \$237 million (\$24 million a year) to reduce the risk of fire, conduct restoration projects, fund environmental research in the Lake Tahoe Basin, carry out certain land conveyances, and oversee and coordinate certain multi-agency activities.
- For multi-agency programs at the Forest Service, the Environmental Protection Agency, and several other agencies, \$113 million (\$11 million a year) to make grants to state and local governments for certain water management projects.
- For the USFWS, \$65 million (\$7 million a year) to protect against invasive species and restore Lohontan cutthroat trout to the Lake Tahoe Basin.

Assuming appropriation of the authorized amounts, CBO estimates that implementing those provisions would cost \$193 million over the 2017-2021 period and \$222 million after 2021.

Direct Spending and Revenues

S. 1724 would require the USFWS to ensure that watercraft are inspected prior to launching in the 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 establish inspection and decontamination stations within the basin and to certify nonfederal entities to operate similar facilities. The bill also would allow any entity 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 to conduct inspections and collect fees under the bill; we estimate that the collection and expenditure of such fees would have a negligible effect on net direct spending in any year.

The bill also would establish civil penalties 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 into the general fund of the U.S. Treasury. Based on information obtained from the USFWS, CBO estimates that annual revenues from those civil penalties would be negligible.

Finally, the bill would authorize the Secretary to convey 2,000 acres of federal lands to the state of California in exchange for a similar amount of state-owned lands and 130 acres to the state of Nevada without consideration. 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.

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. S. 1724 could increase offsetting receipts (from inspection fees) and associated direct spending. The bill also could increase revenues (from civil penalties); therefore, pay-as-you-go procedures apply. However, CBO estimates that any increase in offsetting receipts would be offset by similar increases in direct spending and any new revenues from penalties would be negligible.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting S. 1724 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

S. 1724 would impose an intergovernmental and private-sector mandate as defined in UMRA on owners and operators of watercraft. The bill would require those owners and operators to submit their watercraft for inspection prior to launching 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 and would fall below the annual thresholds established in UMRA for intergovernmental and private-sector mandates (\$77 million and \$154 million in 2016, respectively, adjusted annually for inflation).

The bill 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. The bill also would authorize conveyances of federal land to California and Nevada. Any costs incurred by those entities, including matching contributions, would be incurred voluntarily.

PREVIOUS CBO ESTIMATE

On December 8, 2015, CBO transmitted a cost estimate for H.R. 3382, the Lake Tahoe Restoration Act of 2015, as ordered reported by the House Committee on Natural Resources on October 8, 2015. S. 1724 and H.R. 3382 would provide funding for similar activities; however, the amounts authorized to be appropriated would be different. In addition, H.R. 3382 would authorize the Secretary of the Interior to sell certain lands in

California. S. 1724 would authorize the Secretary to exchange those lands for nonfederal lands. CBO's cost estimates reflect those differences.

ESTIMATE PREPARED BY:

Federal Costs: Jeff LaFave

Impact on State, Local, and Tribal Governments: Jon Sperl

Impact on the Private Sector: Amy Petz

ESTIMATE APPROVED BY:

H. Samuel Papenfuss

Deputy Assistant Director for Budget Analysis