



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 5, 2016

### **S. 1983**

#### **Pechanga Band of Luiseno Mission Indians Water Rights Settlement Act**

*As ordered reported by the Senate Committee on Indian Affairs on February 3, 2016*

#### **SUMMARY**

S. 1983 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 S. 1983 would cost \$33 million over the 2017-2021 period, assuming appropriation of the authorized amounts. Pay-as-you-go procedures do not apply because enacting S. 1983 would not affect direct spending or revenues.

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.

S. 1983 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) because it would require the tribe to enact a water policy. 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 S. 1983 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development).

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

## **BASIS OF ESTIMATE**

CBO assumes that S. 1983 will be enacted near the start of 2017. 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.

S. 1983 would establish the Pechanga Settlement Fund and would authorize the appropriation of about \$33 million for 2017 to be deposited into the fund to construct a storage pond, build interim and permanent capacity for water storage, and pay connection fees.

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**

S. 1983 would require the tribe to enact water policies that would govern the use of 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**

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

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