



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 5, 2011

S. 897

A bill to amend the Surface Mining Control and Reclamation Act of 1977 to clarify that uncertified States and Indian tribes have the authority to use certain payments for certain noncoal reclamation projects and acid mine remediation programs

As ordered reported by the Senate Committee on Energy and Natural Resources on July 14, 2011

CBO estimates that enacting S. 897 would have no net impact on the federal budget over the 2012-2021 period. Because enacting S. 897 could affect direct spending (increasing it in some years and decreasing it in others), pay-as-you-go procedures apply. Enacting the bill would not affect revenues. S. 897 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

Each year, the Office of Surface Mining (OSM) provides more than \$300 million in grants and payments to states and Indian tribes to reclaim land and water resources that have been degraded by past mining activities. Because such grants and payments are not subject to annual appropriations, they are considered direct spending. States and tribes that currently have backlogs of coal reclamation projects—so-called uncertified states—are obligated under current law to use a portion of those grants exclusively for certain coal projects.

S. 897 would allow uncertified states and tribes to use those funds for other types of reclamation projects not related to coal mining. CBO expects that this change would increase direct spending—by up to \$2 million a year—in the near term by accelerating spending of reclamation grants. However, that short-term increase would be offset by reduced spending in later years. On balance, CBO expects that implementing the legislation would result in no net change in direct spending over the 2012-2021 period.

Under current law, once states and tribes certify that they have completed all outstanding coal reclamation projects, they become eligible for additional payments from OSM. Under S. 897, some states and tribes may substitute noncoal projects for coal projects in the near term and delay their certification status, which would delay certain payments that would increase direct spending under current law. Based on information from OSM and some of

the affected states and tribes, CBO expects that no uncertified states will become certified over the next 10 years, and CBO estimates that any delay in making payments to states that become certified would not affect direct spending over the 2012-2021 period.

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. S. 897 would have no net effect on direct spending over the 2012-2021 period. The bill would increase direct spending from certain payments to states and tribes to reclaim abandoned mines in the near term, but those increases would be offset by decreased direct spending for those activities in later years. The changes in the deficit that are subject to pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for S. 897, a bill to amend the Surface Mining Control and Reclamation Act of 1977 to clarify that uncertified States and Indian tribes have the authority to use certain payments for certain noncoal reclamation projects and acid mine remediation programs, as reported by the Senate Committee on Energy and Natural Resources on July 14, 2011

	By Fiscal Year, in Millions of Dollars											2011-	2011-
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2016	2021
NET INCREASE OR DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	1	2	2	-2	-2	-1	0	0	0	0	1	0

The CBO staff contact for this estimate is Jeff LaFave. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.