



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 19, 2018

S. 995 **Spokane Tribe of Indians of the Spokane Reservation** **Equitable Compensation Act**

As ordered reported by the Senate Committee on Indian Affairs on February 14, 2018

SUMMARY

S. 995 would compensate the Spokane Tribe of Indians for the use of tribal lands in the construction of the Grand Coulee Dam in Washington State. Beginning in 2020, the bill would require the federal Bonneville Power Administration (BPA) to make annual payments to the tribe out of receipts from the sale of electricity. Starting in 2030, BPA could offset a portion of those payments by paying less interest to the Department of the Treasury.

Enacting S. 995 would affect direct spending; therefore, pay-as-you-go procedures apply. CBO estimates that the net costs would be insignificant over the 2019-2028 period but, starting in 2030, would rise to \$2.7 million a year. Enacting the bill would not affect revenues or spending subject to appropriation.

CBO estimates that enacting S. 995 would not increase net direct spending by more than \$2.5 billion or on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2028.

S. 995 would impose an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) by extinguishing the monetary claims of the Spokane Tribe of Indians against the United States for hydropower revenues and for past and continued use of their land. CBO estimates that the cost of the mandate would not exceed the annual threshold established in the act (\$78 million in 2017, adjusted annually for inflation).

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

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The costs of this legislation fall within budget function 270 (energy). Because BPA is a federal entity, its receipts and expenditures are recorded in the federal budget.

BASIS OF ESTIMATE

Beginning in 2020 and extending through 2029, S. 995 would require BPA to make annual payments to the Spokane Tribe of Indians equal to 25 percent of the annual payment that BPA makes under current law to the Confederated Tribes of the Colville Reservation. Beginning in 2030, the annual payment to the Spokane Tribe would increase to 32 percent of the amount paid to the Confederated Tribes.

CBO estimates that those payments would total about \$6 million annually until 2029 and then increase to \$8 million a year, thereafter. Under the bill, those payments would continue as long as electricity is generated by the Grand Coulee Dam. CBO estimates that enacting S. 995 would have no significant net cost over the 2019-2028 period.

Because BPA's operating costs are driven primarily by unpredictable market and environmental conditions, CBO expects that the agency could not offset the costs of the annual payments to the tribe by reducing operating expenses. Instead, CBO anticipates, BPA would raise its rates to cover those costs and, as a result, by 2020, its payments to the tribe would generally be offset by an equivalent increase in receipts from its electricity customers. CBO thus estimates that there would be no net significant effect on the budget through 2029.

Starting in 2030, S. 995 would reduce by \$2.7 million the amount that BPA makes in interest payments to the Treasury each year. CBO anticipates that BPA would reduce rates to mirror that cost reduction and thus create a corresponding drop in BPA's receipts from electricity sales. Because receipts from those sales offset direct spending, starting in 2030, the bill would indefinitely increase annually direct spending by \$2.7 million, CBO estimates.

PAY-AS-YOU-GO CONSIDERATIONS: None.

MANDATES

S. 955 would impose an intergovernmental mandate as defined in UMRA by extinguishing the monetary claims of the Spokane Tribe of Indians against the United States for hydropower revenues and for past and continued use of their land. Eliminating an existing right is a mandate because the right to seek redress and recover damages beyond that what is provided in the bill would be lost. Using information from the tribe, CBO assumes it is unlikely that the tribe would, in the absence of the provision extinguishing claims, pursue such claims if the bill were enacted. Therefore, CBO estimates that the cost of the mandate would not exceed the annual threshold established

in UMRA (\$78 million in 2017, adjusted annually for inflation). Overall, the tribe would benefit from authorized payments from BPA.

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

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting S. 995 would not increase net direct spending by more than \$2.5 billion or on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2028.

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