



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 12, 2018

H.R. 6510 **Restore Our Parks and Public Lands Act**

*As ordered reported by the House Committee on Natural Resources
on September 13, 2018*

SUMMARY

H.R. 6510 would require that proceeds from certain leases involving energy resources on public lands be deposited into a new fund in the Treasury. Under the bill, the Department of the Interior (DOI) could spend amounts in the fund without further appropriation, including interest credited to unspent balances, on deferred maintenance and infrastructure projects administered by the National Park Service (NPS), U.S. Fish and Wildlife Service (USFWS), Bureau of Land Management (BLM), and Bureau of Indian Education. The department also could accept and spend any cash or in-kind donations received from the public for such projects.

CBO estimates that enacting H.R. 6510 would increase net direct spending by \$6.5 billion over the 2019-2028 period; therefore, pay-as-you-go procedures apply. The bill would not affect revenues.

CBO also estimates that enacting H.R. 6510 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 2029.

H.R. 6510 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 6510 is shown in the following table. The costs of the legislation fall within budget functions 300 (natural resources and the environment) and 450 (community and regional development).

	By Fiscal Year, in Millions of Dollars											2019-	2019-
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2023	2028	
INCREASES IN DIRECT SPENDING													
Estimated Budget Authority	1,300	1,333	1,371	1,398	1,407	112	81	56	32	16	6,809	7,106	
Estimated Outlays	0	78	218	449	753	1,045	1,197	1,130	947	655	1,498	6,472	

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted near the start of 2019.

CBO estimates that enacting H.R. 6510 would make \$7.1 billion in new budget authority available to DOI for deferred maintenance and infrastructure projects; resulting outlays would total \$6.5 billion over the 2019-2028 period. Those funds would be available to DOI without further appropriation.

Energy Leases

H.R. 6510 would establish the National Park Service and Public Lands Legacy Restoration Fund in the Treasury and would deposit 50 percent of the proceeds received from federal offshore and onshore energy leases over the 2019-2023 period into that fund, subject to an annual limit of \$1.3 billion. Amounts in the fund would be available to DOI for infrastructure projects, subject to various conditions, including a requirement that amounts available under current law for revenue sharing with states and other purposes not be affected.

CBO estimates that future proceeds from energy leases would be sufficient to allow \$1.3 billion to be deposited into the fund each fiscal year from 2019 through 2023. In CBO's April 2018 baseline, CBO projects that gross offsetting receipts from offshore and onshore leases will total about \$40 billion over that five-year period. CBO estimates that approximately 55 percent of the gross receipts collected in 2018 will be distributed to states or allocated for other purposes under current law. Although that percentage could change, CBO anticipates that there will be more than the bill's limit of \$1.3 billion available, so that the maximum amount would be deposited each year.¹

1. The amounts deposited into the fund could be affected by factors (such as the mix of leases for offshore and onshore activities, which are distributed differently under current law) or by policy changes (for example, the authority to transfer certain proceeds from energy leases to the Land and Water Conservation Fund expired at the end of fiscal year 2018).

Intragovernmental Interest

H.R. 6510 would authorize the department to spend any interest credited to unspent balances in the fund. Under the bill, the Department of the Treasury would be authorized to pay interest on any balances that are not needed for current expenditures. Based on the projected spending patterns for the activities authorized by the bill (discussed below) and the economic assumptions underlying CBO's baseline projections, CBO estimates that implementing this provision would increase the amounts added to the fund by \$606 million over the 2019-2028 period.

Spendout of Funds

CBO expects that under H.R. 6510, amounts would be deposited into the fund at the end of a fiscal year and effectively would not be available for spending until the following year. Accordingly, CBO estimates that there would be no spending in 2019. As specified in the bill, amounts in the fund would be allocated to agencies to address deferred maintenance and infrastructure needs as follows: 80 percent for the NPS; 10 percent for USFWS; 5 percent for BLM; and 5 percent for the Bureau of Indian Education. The bill would cap overall administrative spending at 10 percent.

Using information from the NPS and the USFWS, CBO expects that initially the agencies would hire additional staff for project management, planning, and design work. CBO anticipates that projects funded would include a mix of transportation, water and utility, and restoration and reconstruction projects.² According to the NPS, the time from start to completion has ranged from 30 months (for smaller-scale projects) to five years (for transportation projects). Using information from the agencies, and based on historical spending patterns for similar activities, CBO estimates that spending from the fund would be comparatively slow in the early years and would peak over the 2024-2027 period as larger-scale projects were completed. Most projects would be completed by 2028, however we expect that DOI would continue to spend any remaining balances in the fund after 2028.

2. The costs of individual projects depend on type and scale. For example, the NPS estimated the cost of deferred maintenance along the George Washington Memorial Parkway near Washington, D.C., at about \$475 million in 2015. (See Government Accountability Office, *National Park Service: Process Exists for Prioritizing Asset Maintenance Decisions, but Evaluation Could Improve Efforts*, GAO-17-136, December 2016, www.gao.gov/products/GAO-17-136.) The estimated cost to rehabilitate a flood protection levee at the Don Edwards San Francisco Bay National Wildlife Refuge is about \$4 million, and the estimated cost to rehabilitate a campground at Yosemite National Park is \$1 million. More information about DOI's projects is included in Department of the Interior, *Budget Justifications and Performance Information: Fiscal Year 2019, U.S. Fish and Wildlife Service* (February 2018), and *Budget Justifications and Performance Information: Fiscal Year 2019, National Park Service* (February 2018), www.doi.gov/bpp/budget-justifications.

Donations

H.R. 6510 would authorize DOI to accept cash and in-kind donations; such collections are treated as reductions in direct spending. The donations would become part of the special fund and would be available to spend without further appropriation. CBO expects that donations would be offset by expenditures and that the net effect on direct spending would be negligible.

UNCERTAINTY

CBO aims to produce cost estimates that generally reflect the middle of a range of the most likely budgetary outcomes that would result if the legislation was enacted. Spending could be higher or lower for several reasons:

- Prices or quantities of energy resources produced on federal lands could be significantly lower in the future than what CBO estimated in its baseline projections; in that case less money would be available for the infrastructure projects authorized by the bill. (If prices or quantities produced were significantly higher, no more money would be available for infrastructure projects because the amount that can be deposited into the fund is capped at \$1.3 billion each year through 2023.)
- The number, type, and scale of projects pursued by DOI could be different than CBO estimated, so spending from the fund each year could be different.
- Finally, the amount of interest that would be credited to the fund could be different if the amount of deposits and spending as discussed in the first two points were different and if interest rates differ from the projections in CBO's baseline.

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. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 6510, the Restore Our Parks and Public Lands Act, as Ordered Reported by the House Committee on Natural Resources on September 13, 2018

	By Fiscal Year, in Millions of Dollars										2019-	2019-
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2023	2028
NET INCREASE IN THE DEFICIT												
Statutory Pay-As-You-Go Impact	0	78	218	449	753	1,045	1,197	1,130	947	655	1,498	6,472

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting H.R. 6510 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 2029.

MANDATES

H.R. 6510 contains no intergovernmental or private-sector mandates as defined in UMRA.

ESTIMATE PREPARED BY

Federal Costs: Janani Shankaran (Department of the Interior)
Kathleen Gramp (energy receipts)

Mandates: Zachary Byrum

ESTIMATE REVIEWED BY

Kim P. Cawley
Chief, Natural and Physical Resources Cost Estimates Unit

H. Samuel Papenfuss
Deputy Assistant Director for Budget Analysis

Theresa Gullo
Assistant Director for Budget Analysis