



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 19, 2018

S. 569

Land and Water Conservation Authorization and Funding Act

*As ordered reported by the Senate Committee on Energy and Natural Resources
on October 2, 2018*

SUMMARY

S. 569 would permanently authorize the annual deposit of at least \$900 million from various federal sources into the Land and Water Conservation Fund (LWCF). The current authorization to make those deposits expired on October 1, 2018. The bill also would make the amounts deposited into the LWCF available to spend without further appropriation by the Department of the Interior (DOI) and the Forest Service to acquire land and to make grants to states to support outdoor recreation.

CBO estimates that enacting S. 569 would increase direct spending by \$7.2 billion over the 2019-2028 period; therefore, pay-as-you-go procedures apply. The bill would not affect revenues or spending subject to appropriation.

CBO estimates that enacting S. 569 would increase net direct spending and on-budget deficits by more than \$5 billion in each of the four consecutive 10-year periods beginning in 2029.

S. 569 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 S. 569 is shown in the following table. The costs of the legislation fall within budget function 300 (natural resources and the environment).

	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	22,482	900	900	900	900	900	900	900	900	900	26,082	30,582
Estimated Outlays	275	500	675	750	775	800	825	850	875	900	2,975	7,225

BASIS OF ESTIMATE

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

CBO estimates that enacting S. 569 would make \$30.6 billion in new budget authority available to DOI and the Forest Service for land acquisition, state grants for outdoor recreation, and other purposes; resulting outlays would total \$7.2 billion over the 2019-2028 period.

Background

Until October 1, 2018, the LWCF was authorized to receive annual deposits of at least \$900 million from various federal sources. Most of those deposits are proceeds from offshore oil and gas leases; other sources include federal motorboat fuel taxes and proceeds from certain surplus property sales. Under current law, the LWCF is permanently authorized to spend amounts deposited into the fund only if they are subsequently appropriated. In 2018, the Congress appropriated a total of \$425 million from the LWCF to DOI and the Forest Service.¹ Since the LWCF was established in 1965, about \$18.4 billion has been appropriated from the fund, unadjusted for inflation.

In addition, under the Gulf of Mexico Energy Security Act of 2006 (GOMESA), 12.5 percent of proceeds from certain offshore oil and gas leases are deposited into the LWCF and are available to spend without further appropriation for a state grant program administered by the National Park Service (NPS). In CBO's April 2018 baseline, CBO projects that about \$125 million will be deposited annually over the 2019-2028 period from lease proceeds under GOMESA. Those amounts are in addition to amounts that would be made available under S. 569.

1. Carol Hardy Vincent, *Land and Water Conservation Fund: Overview, Funding History, and Issues*, Report for Congress RL33531 (Congressional Research Service, August 17, 2018), <https://go.usa.gov/xP7af>.

Deposits into the LWCF

S. 569 would permanently authorize the annual deposit of at least \$900 million into the LWCF. Amounts in the fund would be available to DOI and the Forest Service for land acquisition, state grants, and other purposes. CBO expects that under the bill, the balance of unobligated funds credited to the LWCF at the start of 2019, which we estimate totals about \$21.6 billion, also would be available for spending. That amount excludes funds credited and spent under GOMESA. Thus, CBO estimates that enacting S. 569 would make \$22.5 billion in new budget authority available in 2019—the balance of unobligated funds, plus \$900 million—and \$900 million each year thereafter.

Spendout of Funds

S. 569 would require the President to submit a proposed allocation of spending from the LWCF as part of the annual budget submission. Under the bill, the Congress could provide for alternate allocations in appropriations acts. If the Congress does not provide for alternate allocations within 120 days of the start of the applicable fiscal year, amounts in the LWCF would be allocated by the President. CBO expects that any changes in allocations by the Congress could affect the amount of direct spending. However, because any such changes would result from subsequent legislation, for this estimate, CBO does not assume any Congressional changes to the allocations.

CBO has no information on how the President would allocate amounts in the LWCF for spending. CBO contacted DOI, the Bureau of Land Management, the NPS, The U.S. Fish and Wildlife Service, and the Forest Service to collect information on current land acquisition needs and backlogs, demand for state grants, and historical appropriations.² Using information from those agencies, and based on historical spending patterns for similar activities, CBO estimates that the federal government would spend, on average, about \$720 million annually under the bill. That estimate reflects an increase of 70 percent over the amount of funding provided in recent years for those purposes. In addition, CBO expects that the government would continue to spend from the LWCF after 2028.

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. In preparing this estimate, CBO accounted for several sources of uncertainty.

2. For example, according to the NPS, the current estimated cost to acquire the backlog of lands identified for acquisition is about \$2.1 billion. For more information, see National Park Service, Land and Water Conservation Fund, “Land Acquisition Status” (January 12, 2016), <https://go.usa.gov/xP7C8>.

In CBO's view, whether the unobligated balance credited to the LWCF would be available to spend under the bill is not clear. If those amounts are determined to be unavailable, the budget authority for 2019 would be reduced by \$21.6 billion.

In addition, there is some uncertainty about how the allocation process would be implemented. Whether the bill would require the President to allocate a minimum or maximum amount in any year is not clear. The President could allocate more or less than the amounts included in this estimate. However, if the Congress enacts legislation that establishes alternate allocations, S. 569 would direct the President to allocate the difference between the budget authority made available in each year and the amount allocated by the Congress. Thus, CBO expects that any subsequent legislation that alters the allocations could increase the potential for direct spending from the LWCF, relative to this estimate.

Direct spending also could be higher or lower for the following reasons:

- Shifts in agencies' land acquisition projects and priorities, which may affect the pace of future spending are hard to predict;
- Certain factors outside of the government's control—including the identification and availability of willing sellers, or land values—could affect the rate of acquisitions; and
- States' demand for land acquisition and recreation grants is hard to foresee. Shifts in state policies or fiscal climates could affect the demand for such grants and the resulting 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. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the table on page 5.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting S. 569 would increase net direct spending and on-budget deficits by more than \$5 billion in each of the four consecutive 10-year periods beginning in 2029.

CBO Estimate of Pay-As-You-Go Effects for S. 569, the Land and Water Conservation Authorization and Funding Act, as Ordered Reported by the Senate Committee on Energy and Natural Resources on October 2, 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	275	500	675	750	775	800	825	850	875	900	2,975	7,225

MANDATES

S. 569 contains no intergovernmental or private-sector mandates as defined in UMRA.

PREVIOUS CBO ESTIMATE

On September 25, 2018, CBO transmitted a cost estimate for H.R. 502, the Land and Water Conservation Fund Reauthorization and Fairness Act, as ordered reported by the House Committee on Natural Resources on September 13, 2018. Both bills would permanently authorize the annual deposit of at least \$900 million into the fund; however, S. 569 would make those amounts available to spend without further appropriation. Accordingly, CBO’s estimates of their budgetary effects differ.

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