

At a Glance

H.R. 3794, Public Land Renewable Energy Development Act of 2019

As ordered reported by the House Committee on Natural Resources on November 20, 2019

By Fiscal Year, Millions of Dollars	2020	2020-2025	2020-2030
Direct Spending (Outlays)	12	157	307
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	12	157	307
Spending Subject to Appropriation (Outlays)	*	5	not estimated
Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2031?	< \$5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

* = between zero and \$500,000.

The bill would

- Authorize the Bureau of Land Management (BLM) to spend income from renewable-energy projects located on federal land without further appropriation
- Reduce the rates charged for certain wind and solar energy projects located on federal land
- Direct BLM to establish priority areas on federal land for renewable-energy projects

Estimated budgetary effects would primarily stem from

- Spending of income from renewable-energy projects
- Forgone government income resulting from reduced rates

Detailed estimate begins on the next page.



Bill Summary

H.R. 3794 would authorize the Bureau of Land Management (BLM) to spend income received from renewable-energy projects located on federal land without further appropriation. The bill also would reduce the rates charged for certain wind and solar energy projects located on federal land, and would direct the BLM to establish priority areas on federal land for renewable energy projects.

Estimated Federal Cost

The estimated budgetary effect of H.R. 3794 is shown in Table 1. The costs of the legislation fall within budget functions 300 (natural resources and environment) and 800 (general government).

Table 1.
Estimated Budgetary Effects of H.R. 3794

	By Fiscal Year, Millions of Dollars						2020-2025
	2020	2021	2022	2023	2024	2025	
	Increases in Direct Spending						
Estimated Budget Authority	27	30	31	27	28	29	172
Estimated Outlays	12	25	29	30	32	29	157
	Increases in Spending Subject to Appropriation						
Estimated Authorization	*	1	1	1	1	1	5
Estimated Outlays	*	1	1	1	1	1	5

* = between zero and \$500,000.

Basis of Estimate

For this estimate, CBO assumes that the legislation will be enacted in 2020 and that the necessary amounts will be provided in each year. Estimated outlays are based on historical spending patterns for similar activities.

Background

Under current law, businesses that seek to develop wind and solar energy projects on federal land apply to BLM for a right-of-way grant. After obtaining a grant, businesses pay the federal government annual rent based on land values and a megawatt capacity fee. (If multiple businesses are interested in the same parcel, BLM may issue a right-of-way grant to the highest bidder.) Those payments, which totaled \$28 million in 2019, are classified in the budget as offsetting receipts, which are recorded as reductions in direct spending. CBO projects that under current law, the government will collect \$341 million in receipts from wind and solar energy projects over the 2020-2030 period. Spending of those receipts is subject to appropriation.



BLM also administers geothermal leasing on federal land. For all executed leases, lessees pay the federal government a bonus bid (the amount that a business is willing to pay for the right to extract geothermal resources), annual rent to retain the lease, and royalties based on the value of any geothermal resources produced. Those payments, which totaled \$16 million in 2019, are recorded in the budget as offsetting receipts. CBO projects that the government will collect gross receipts of \$176 million from geothermal leasing over the 2020-2030 period. Under current law, states and counties receive 75 percent of those amounts; thus, net federal receipts will total \$44 million over that same period.

Direct Spending

CBO estimates that enacting H.R. 3794 would increase direct spending by \$307 million over the 2020-2030 period (see Table 2).

Table 2.
Increases in Direct Spending Under H.R. 3794

	By Fiscal Year, Millions of Dollars											2020-2025	2020-2030	
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030			
Rate Reductions for Certain Wind and Solar Projects														
Estimated Budget Authority	2	6	6	6	6	6	6	6	6	6	6	6	32	62
Estimated Outlays	2	6	6	6	6	6	6	6	6	6	6	6	32	62
Spending of Wind and Solar Proceeds														
Estimated Budget Authority	17	20	21	21	22	23	23	24	24	25	25	25	124	245
Estimated Outlays	10	16	19	20	22	22	23	23	24	25	25	25	109	229
Spending of Geothermal Proceeds														
Estimated Budget Authority	8	4	4	0	0	0	0	0	0	0	0	0	16	16
Estimated Outlays	*	3	4	4	4	1	0	0	0	0	0	0	16	16
Total Changes														
Estimated Budget Authority	27	30	31	27	28	29	29	30	30	31	31	31	172	323
Estimated Outlays	12	25	29	30	32	29	29	29	30	31	31	31	157	307

* = between zero and \$500,000.

Rate Reductions for Certain Wind and Solar Projects. In December 2016, BLM issued a rule that increased rents and megawatt capacity fees for wind and solar energy projects on federal land. Operators that submitted right-of-way applications or already had projects before BLM issued the rule began to pay new rates in 2018. Section 8 would allow those operators to pay the rates in effect before the rule. Using information from BLM, CBO



estimates that enacting the section would reduce offsetting receipts by \$6 million annually and by \$62 million over the 2020-2030 period.

Spending of Wind and Solar Proceeds. Effective January 1, 2020, section 10 would make 90 percent of bonus bids, rents, and capacity fees from wind and solar energy projects available to spend without further appropriation. CBO estimates that under the bill, the government would collect, on average, \$25 million annually in receipts over the 2020-2030 period. Fifty percent of receipts would be paid to states and counties where those projects are located; 25 percent would be deposited into a conservation fund for restoration activities; and 15 percent would be available for processing permits. CBO assumes that payments to states and counties would be made in the same year that the receipts are collected.

H.R. 3794 would authorize the Department of the Treasury to pay interest on any balances in the conservation fund that are not needed for current expenditures; those amounts also would be available to spend without further appropriation. CBO estimates that enacting section 10 would increase direct spending by \$229 million over the 2020-2030 period; about \$2 million of that amount would stem from interest credited to the conservation fund.

Spending of Geothermal Proceeds. Section 11 would authorize BLM to spend, without further appropriation, 25 percent of gross receipts collected from geothermal leasing over the 2019-2022 period. Those amounts would be available for administering the program. CBO estimates that enacting the section would increase direct spending by \$16 million over the 2020-2030 period.

Other Provisions. Section 12 would allow an operator with a federal oil and gas lease to noncompetitively acquire the rights to coproduce geothermal resources under that lease. Section 13 of the bill would permit an operator with a federal geothermal lease to noncompetitively lease land adjoining that lease. CBO expects that allowing businesses to acquire such rights noncompetitively would reduce bonus bids as some businesses would now acquire leases without bidding for them. However, the bill also could increase royalties from geothermal leasing if businesses obtain noncompetitive leases on the land they would not otherwise bid on. Using information from BLM, CBO expects that enacting this provision would affect few leases and that the net effect on direct spending would be negligible.

Spending Subject to Appropriation

Section 4 would direct BLM to establish priority areas on federal land for solar, wind, and geothermal energy projects. Based on the costs of similar tasks, CBO estimates that implementing the provision would cost less than \$500,000 in 2020 and about \$1 million annually over the 2021-2025 period. That amount reflects six additional employees at an average annual cost of \$150,000 each.



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 Table 3.

Table 3.
CBO’s Estimate of the Statutory Pay-As-You-Go Effects of H.R. 3794, the Public Land Renewable Energy Development Act of 2019, as Ordered Reported by the House Committee on Natural Resources on November 20, 2019

	By Fiscal Year, Millions of Dollars											2020-2025	2020-2030
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030		
	Net Increase in the Deficit												
Pay-As-You-Go Effect	12	25	29	30	32	29	29	29	30	31	31	157	307

Increase in Long-Term Deficits

CBO estimates that enacting H.R. 3794 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2031.

Mandates: None.

Estimate Prepared By

Federal Costs: Janani Shankaran

Mandates: Lilia Ledezma

Estimate Reviewed By

Kim P. Cawley

Chief, Natural and Physical Resources Cost Estimates Unit

H. Samuel Papenfuss

Deputy Director of Budget Analysis