

At a Glance

H.R. 215, Working to Advance Tangible and Effective Reforms for California Act

As ordered reported by the House Committee on Natural Resources on April 28, 2023

By Fiscal Year, Millions of Dollars	2024	2024-2028	2024-2033
Direct Spending (Outlays)	5	42	200
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	5	42	200
Spending Subject to Appropriation (Outlays)	3	18	264
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Statutory pay-as-you-go procedures apply?	Yes
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Mandate Effects	Yes, Cannot Determine Costs
		Contains intergovernmental mandate?	
		Contains private-sector mandate?	No

Estimates are relative to the May 2023 baseline; effects for 2034 were not estimated.

The bill would

- Advance the construction of the Shasta Dam and Reservoir Enlargement Project
- Require the Bureau of Reclamation to streamline the permitting process for water storage projects
- Require federal agencies to report on water shortages and on endangered fish species in California
- Impose intergovernmental mandates on the state of California and preempt certain state laws

Estimated budgetary effects would mainly stem from

- Spending of appropriations that were previously provided to advance construction under the bill

Areas of significant uncertainty include

- Predicting whether the project would be completed under the bill

Detailed estimate begins on the next page.



Bill Summary

H.R. 215 would direct the Bureau of Reclamation (BOR) to use appropriations that were previously provided to complete the Shasta Dam and Reservoir Enlargement Project. The bill also would eliminate several impediments to that project's completion that exist under current law by:

- Authorizing BOR to enter into partnerships with private-sector entities to pay 50 percent of the project's costs (under current law, such partnerships are restricted to public-sector entities);
- Reauthorizing until December 31, 2028, the water storage program under the Water Infrastructure Improvements for the Nation Act, which expired in 2021; and
- Asserting that state laws cannot prohibit public agencies' assistance with the Shasta project.

H.R. 215 also would require the operations of California's Central Valley Project and State Water Project to be conducted in accordance with an alternative plan to maximize water supplies for agricultural, municipal, and industrial contractors and to account for the biological opinions of the National Oceanic and Atmospheric Administration (NOAA) and the U.S. Fish and Wildlife Service (USFWS).¹ (Biological opinions consider whether a federal action is likely to jeopardize the existence of an endangered species or result in damage to critical habitat.) The alternative plan is defined in the environmental impact statement for the long-term operation of the two projects, issued by BOR in December 2019. The agencies and the state also would be required to prepare joint reports projecting water shortages in California.

Finally, H.R. 215 would require BOR to streamline the permitting process and would allow BOR to accept and spend contributions from nonfederal sponsors to accelerate permit approvals for water storage projects in 17 western states.

Estimated Federal Cost

The estimated budgetary effect of H.R. 215 is shown in Table 1. The costs of the legislation fall within budget function 300 (natural resources and environment).

1. The Central Valley Project is owned by BOR and the State Water Project is owned by the state of California. Those water storage and delivery systems operate jointly to supply water to customers in California.



Basis of Estimate

For this estimate, CBO assumes that H.R. 215 will be enacted early in calendar year 2024, that the estimated amounts will be appropriated in each year, and that outlays will follow historical spending patterns.

Table 1.
Estimated Budgetary Effects of H.R. 215

	By Fiscal Year, Millions of Dollars											2024-2028	2024-2033
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034		
Increases or Decreases (-) in Direct Spending													
Budget Authority ^a	0	0	0	0	0	0	0	0	0	0	n.e.	0	0
Estimated Outlays	5	12	18	-3	10	35	42	48	25	8	n.e.	42	200
Increases in Spending Subject to Appropriation													
Estimated Authorization	3	2	2	2	22	67	67	72	38	8	n.e.	31	283
Estimated Outlays	3	2	2	2	9	31	50	67	59	39	n.e.	18	264

Estimates are relative to the May 2023 baseline; effects for 2034 were not estimated; n.e. = not estimated.

H.R. 215 would authorize the Bureau of Reclamation to collect and spend funds from nonfederal entities. CBO estimates that any amounts collected would be spent soon thereafter; thus, the net effect on direct spending would be negligible.

a. Enacting the bill would not affect budget authority because the funds that would be used were provided in previous appropriations for water storage projects.

Background

The Shasta Dam located on the Sacramento River in Northern California is 602 feet high, and its reservoir can hold 4.55 million acre-feet of water. In 2015, BOR published a feasibility report for a plan that would increase the height of the dam by 18.5 feet, thereby increasing the amount of water that could be stored in the reservoir. BOR estimated that the project would cost \$1.3 billion.

In 2018, lawmakers authorized BOR to complete the construction plan in cooperation with a nonfederal sponsor. However, BOR halted the project in 2019, during preconstruction, because the agency’s nonfederal sponsor, the Westlands Water District, stopped participating in the project after the California Supreme Court ruled that enlarging the dam would violate the state’s environmental laws.

Direct Spending

CBO estimates that enacting H.R. 215 would increase direct spending by \$200 million over the 2024-2033 period.

Spending of Previously Appropriated Amounts. The bill would direct BOR to complete the Shasta Dam project using annual appropriations provided over the 2017-2021 period for



water storage activities and appropriations provided in the Infrastructure Investment and Jobs Act (IIJA) for the 2022-2026 period.

CBO estimates that the cost to complete the project would be about \$2.2 billion. That amount results from adjusting BOR's initial estimate of \$1.3 billion to account for actual and anticipated inflation. The federal government would be responsible for half of that cost (\$1.1 billion) and, both under current law and under the bill, a nonfederal sponsor would need to agree to pay the remaining \$1.1 billion up front.

Using information from BOR, CBO expects that \$170 million of the federal share of the project's costs would come from amounts previously provided in annual appropriation acts for the water storage program and that \$400 million would come from funds provided in IIJA. The rest of the federal share would come from future appropriations (see "Spending Subject to Appropriation" below). The costs stemming from previously appropriated funds are treated as direct spending.

Funds From Annual Appropriation Acts. Under the bill, CBO estimates that spending of amounts from annual appropriation acts would increase outlays through 2026 and would then decrease outlays by an equal amount from 2027 through 2031. CBO expects that spending would net to zero over the 2024-2033 period because we project that all of those funds would be spent under current law before 2033.

Funds From IIJA. Under H.R. 215, CBO estimates that amounts allocated to the Shasta project from IIJA appropriations would increase spending by \$200 million over the 2024-2033 period. The Congress provided \$1.2 billion for water storage projects in IIJA; CBO projects that \$800 million of that amount will be spent by the end of 2033; some will be spent after 2033 and some will not be spent. Therefore, CBO estimates that using IIJA funds to construct the Shasta project would increase outlays of those funds by \$400 million over the 2024-2033 period. That \$400 million would be partially offset by decreased outlays in years after 2033.

The project could not proceed at all, however, unless BOR finds a nonfederal sponsor willing to pay at least half of the total cost. CBO has no basis for estimating the likelihood that BOR will find such a partner. Because of that uncertainty, CBO has used a 50 percent probability that the Shasta project will be completed under the bill. Accordingly, CBO estimates that enacting H.R. 215 would increase direct spending by \$200 million over the 2024-2033 period.

CBO estimates that the interaction between the decreased spending that would begin in 2027 from funds previously provided in annual appropriation acts and the acceleration of spending from IIJA funds would result in savings of \$3 million in 2027.



Spending Subject to Appropriation

Using information from BOR, and assuming appropriation of the estimated amounts, CBO estimates that implementing H.R. 215 to complete the Shasta project and cover administrative costs would require appropriations totaling \$283 million over the 2024-2033 period (see Table 2). Based on historical spending patterns, appropriating that much would increase outlays by \$264 million over the same period.

Table 2.
Estimated Increases in Spending Subject to Appropriation Under H.R. 215

	By Fiscal Year, Millions of Dollars											2024-2028	2024-2033
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034		
Shasta Project													
Estimated Authorization	0	0	0	0	20	65	65	70	35	5	n.e.	20	260
Estimated Outlays	0	0	0	0	7	29	48	65	56	36	n.e.	7	241
Administrative Costs													
Estimated Authorization	3	2	2	2	2	2	2	2	3	3	n.e.	11	23
Estimated Outlays	3	2	2	2	2	2	2	2	3	3	n.e.	11	23
Total Increases													
Estimated Authorization	3	2	2	2	22	67	67	72	38	8	n.e.	31	283
Estimated Outlays	3	2	2	2	9	31	50	67	59	39	n.e.	18	264

Estimates are relative to the May 2023 baseline; effects for 2034 were not estimated; n.e. = not estimated.

The Shasta Project. CBO estimates that completing the Shasta project would require additional appropriations totaling \$260 million to cover the remaining federal share of costs to construct the Shasta project.

As described above, CBO estimates that BOR would need \$520 million (in addition to the \$570 million allocated from previous appropriations) for the federal share of construction costs. Applying a 50 percent probability that the project would be constructed, CBO estimates that the authorization would be \$260 million and that the resulting outlays would total \$241 million over the 2024-2033 period.

Administrative Costs. CBO estimates that implementing the bill’s administrative provisions would total \$23 million over the 2024-2033 period.

H.R. 215 would require BOR to act as the lead federal agency for coordinating with the state of California and relevant agencies to issue construction permits for new water storage projects. Using information from BOR and other federal agencies, CBO estimates that implementing those provisions would cost \$12 million over the 2024-2033 period for staff to



coordinate agency reviews, consolidate project data and documentation, review projects, and review permits.

The bill also would require BOR to report to the Congress on projected water shortages and to recommend infrastructure projects to mitigate those shortages. NOAA, USFWS, and the state of California would be required to prepare a joint report twice each year on the progress of conservation hatchery programs and on the endangered fish species they are designed to protect. CBO estimates that collecting, analyzing, and reporting on the data would cost \$11 million over the 2024-2033 period.

Uncertainty

This estimate is subject to uncertainty because completing the Shasta Dam and Reservoir Enlargement Project would require BOR to engage a nonfederal partner willing to pay half of the costs up front. Because of the uncertainty surrounding BOR’s ability to find such a partner, CBO applied a 50 percent probability that the project would be completed; thus, only half of the estimated federal costs for completing the project are shown. The cost of the bill would be about twice as much as shown in this estimate if BOR entered into a partnership with a nonfederal entity and significantly lower if BOR did not find such a partner.

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. 215, the Working to Advance Tangible and Effective Reforms for California Act, as Ordered Reported by the House Committee on Natural Resources on April 28, 2023

	By Fiscal Year, Millions of Dollars											2024-2028	2024-2033
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034		
	Net Increases or Decreases (-) in the Deficit												
Total Change in Deficits	5	12	18	-3	10	35	42	48	25	8	n.e.	42	200
Minus Amounts Designated as an Emergency Requirement ^a	0	0	0	2	20	45	50	50	25	8	n.e.	22	200
Pay-As-You-Go Effect	5	12	18	-5	-10	-10	-8	-2	0	0	n.e.	20	0

Estimates are relative to the May 2023 baseline; effects for 2034 were not estimated; n.e. = not estimated.

a. H.R. 215 would increase direct spending from budget authority originally designated as an emergency requirement under the Infrastructure Investment and Jobs Act. In keeping with section 4(g) of the Statutory Pay-As-You-Go Act of 2010, such amounts are excluded from estimates of that law’s direct spending effects.



Increase in Long-Term Net Direct Spending and Deficits

CBO estimates that enacting H.R. 215 would not increase net direct spending or deficits in any of the four consecutive 10-year periods beginning in 2034.

Mandates

H.R. 215 would impose intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would require California's State Water Project to be operated in keeping with standards defined in a 2019 environmental impact statement and in biological opinions issued by NOAA and USFWS. Information from the California Department of Water Resources indicates significant uncertainty concerning the implementation schedule, what scope of changes would be required for the project to comply with the 2019 environmental standards, and whether there would be legal challenges to the required changes. Therefore, CBO cannot determine whether the cost of the mandates would exceed the annual threshold established in UMRA for intergovernmental mandates (\$100 million in 2024, adjusted annually for inflation.)

The bill also would preempt California's laws by prohibiting the state from:

- Imposing recreational size and catch restrictions for certain species of fish,
- Restricting the use of water rights held by individual people,
- Restricting the operation of the State Water Project in a way that would directly or indirectly result in the involuntary reduction of water supply, and
- Precluding a public water agency in the state from assisting or cooperating in any project related to enlarging the Shasta Dam.

Those preemptions are intergovernmental mandates under UMRA. Although enacting the bill would limit the application of potential future state laws, it would impose no duty on the state that would result in additional spending or loss of revenues.

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



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A handwritten signature in black ink, appearing to read "Phillip L. Swagel". The signature is fluid and cursive, with a long, sweeping tail.

Phillip L. Swagel
Director, Congressional Budget Office