CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE

August 20, 1999

S. 507
Water Resources Development Act of 1999

As cleared by the Congress on August 5, 1999

SUMMARY

S. 507, the Water Resources Development Act of 1999 (enacted as Public Law 106-53 on August 17, 1999), contains several provisions that will affect direct spending. They provide for:

- Prepayment or waiver of amounts owed to the federal government;
- Spending of a portion of the fees collected at Army Corps of Engineers recreation sites;
- Free use of sand, gravel, and shell resources from the Outer Continental Shelf (OCS) at eligible projects by state and local governments; and
- Sale of specified federal lands in Washington and Oklahoma.

In total, CBO estimates the act will increase direct spending by $17 million over the 2000-2009 period.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of the provisions of S. 507 that affect direct spending, asset sales, and governmental receipts is shown in the following table. For purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted. The costs of this legislation fall primarily within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Changes in outlays	0	-19	6	6	6	3	3	3	3	3	3
Changes in receipts	Not applicable										

BASIS OF ESTIMATE

Prepayments and Waivers of Payments. S. 507 authorizes the state of Oklahoma to pay the present value of its outstanding obligation to the United States for water supply. CBO estimates that a prepayment of about $20 million will be made in 2000 and that payments forgone will be about $2 million a year over the 2000-2033 period. The act authorizes the Corps to waive payments from the Waurika Project Master Conservancy District and the cities of Chesapeake, Virginia, and Moorefield, West Virginia, for other projects. CBO estimates that, in the absence of this legislation, payments from these entities would total less than $500,000 annually over the 2000-2031 period.

Spending of Recreation Fees. S. 507 authorizes the Corps to retain and spend each year any recreation fees in excess of $34 million over the 1999-2002 period. At present, all recreation fees are deposited as offsetting receipts in the Treasury and are unavailable for spending unless appropriated. By allowing the Corps to spend receipts in excess of $34 million, this provision creates the likelihood of new direct spending. CBO's baseline projection of receipts is $36 million a year. Allowing for the possibilities that receipts could be either more or less than that projected level, we estimate that additional spending will total about $3 million annually over the 2000-2003 period.

Using Outer Continental Shelf Sand and Gravel. S. 507 amends the Outer Continental Shelf Lands Act to allow state and local governments to use—without charge—sand, gravel, and shell resources from the Outer Continental Shelf for shore restoration and protection programs. Prior to enactment of S. 507, the Department of the Interior (DOI) could not charge other federal agencies for the use of these OCS resources. Based on information from DOI, CBO estimates that exempting such projects from fees for OCS sand, gravel, and shell resources would result in forgone receipts of about $1 million each year. Proceeds from the sale of this material are recorded as offsetting receipts to the Treasury; thus, a loss of these receipts would increase direct spending.

Sales of Land. S. 507 directs the Corps to sell at fair market value land that was acquired for the Candy Lake Project in Osage County, Oklahoma, and land that was acquired for storing equipment in Charleston, South Carolina. The lands were acquired in the mid 1970s at a total cost of about $2.4 million. Accounting for inflation, CBO estimates the current value of the land to be about $5 million. CBO anticipates that the lands will be sold in fiscal year 2000. Annual lease payments and other revenues accruing to the federal government from these lands are not significant.

CBO believes that these sale proceeds should be counted for pay-as-you-go purposes. Under the Balanced Budget Act, proceeds from nonroutine asset sales (sales that are not authorized under current law) may be counted for pay-as-you-go purposes only if the sale results in no financial cost to the government.

ESTIMATE PREPARED BY:

Federal Costs: OCS receipts—Victoria Heid Hall
All other costs—Kim Cawley

ESTIMATE APPROVED BY:

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