



## **BASIS OF ESTIMATE**

Title I of S. 203 reduces the federal royalty rate for sodium compounds and related materials produced on federal land over the five-year period following enactment of the bill. Based on information provided by the Minerals Management Service about the amount of royalties expected to be generated by production of those materials, CBO estimates that this legislation will reduce federal receipts by \$6 million in 2007 and by \$30 million over the next five years. Because states receive half of the receipts generated within their borders, the loss of receipts will be partially offset by a corresponding decrease in direct spending for payments to those states, resulting in a net increase in direct spending under S. 203 of \$3 million in 2007 and by \$15 million through 2011.

## **PREVIOUS CBO ESTIMATE**

On February 11, 2005, CBO transmitted a cost estimate for S. 203, the Soda Ash Royalty Reduction Act of 2005, as ordered reported by the Senate Committee on Energy and Natural Resources on February 9, 2005. Provisions in both versions of S. 203 that would reduce the federal royalty rate for sodium compounds and related materials are similar. This new estimate for S. 203 reflects the enactment of S. 203 in 2006, while the earlier estimate assumed that the legislation would be enacted in 2005.

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