



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 6, 2017

### **H.R. 1731** **RECLAIM Act of 2017**

*As ordered reported by the House Committee on Natural Resources on June 27, 2017*

#### **SUMMARY**

H.R. 1731 would require the Secretary of the Interior to disburse \$200 million a year through 2021 from the Abandoned Mine Reclamation fund to certain states and tribes. Those amounts would be in addition to amounts that will already be distributed from that fund to state and tribes under current law. The bill also would increase the minimum payment each eligible state would receive each year from \$3 million to \$5 million. CBO estimates that enacting H.R. 1731 would increase direct spending by \$1.04 billion over the 2018-2027 period; therefore, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

CBO also estimates it would cost \$2 million over the 2018-2022 period to move the headquarters of the Appalachian Regional Commission (ARC), as directed in the bill. Such spending would be subject to the availability of appropriated funds.

CBO estimates that enacting H.R. 1731 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 1731 would impose no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary effect of H.R. 1731 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

By Fiscal Year, in Millions of Dollars												
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018-2022	2018-2027
<b>INCREASES IN DIRECT SPENDING</b>												
Estimated Budget Authority	224	224	224	224	24	24	24	24	24	24	920	1,040
Estimated Outlays	80	156	200	224	168	92	48	24	24	24	828	1,040
<b>INCREASES IN SPENDING SUBJECT TO APPROPRIATION</b>												
Estimated Authorization Level	2	0	0	0	0	0	0	0	0	0	2	2
Estimated Outlays	2	0	0	0	0	0	0	0	0	0	2	2

## BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 1731 will be enacted near the beginning of fiscal year 2018 and that the necessary amounts will be appropriated that year. Estimated outlays are based on historical spending patterns for programs.

## Background

The Surface Mining Control and Reclamation Act (SMCRA) of 1977 established the Abandoned Mine Lands (AML) program to reclaim abandoned coal mines throughout the United States. Under that act, coal producers were charged fees based on the amount of coal they produced each year. Those fees were deposited in the Abandoned Mine Reclamation Fund (or AML fund) and made available, subject to appropriation, to fund grants to states and tribes to perform reclamation activities. Because the annual amount of fees collected exceeded the amounts the Congress appropriated from the fund, unappropriated balances in the fund grew to more than \$1.3 billion by 2007.

The SMCRA Amendments Act of 2006 authorized the Secretary to continue to collect fees from coal producers through 2021 and allowed the Secretary to spend, without further appropriation, 80 percent of the fees collected each year plus amounts necessary to ensure a minimum annual payment to eligible states of \$3 million. Any remaining funds were available, subject to appropriation, for the Office of Surface Mining, Reclamation, and Enforcement (OSMRE) to administer the AML program. Following enactment of the SMCRA Amendments Act, balances in the AML fund continued to accumulate as the full amounts allocated to states and tribes were not immediately spent and the amounts appropriated were less than the amounts available for that purpose.

CBO estimates that the balance in the AML fund at the beginning of fiscal year 2018 will total \$2.4 billion. Over the 2018-2027 period, we estimate that net spending from the

fund, after accounting for fee deposits that will occur over the 2018-2021 period, will reduce that balance to about \$1.4 billion by 2027; the remaining balances will be spent after 2027 under current law. In making those calculations, CBO did not include amounts appropriated from the fund to cover OSMRE's administrative costs because such spending would require future Congressional action.

### **Direct Spending**

H.R. 1731 would direct the Secretary to disburse a total of \$800 million through 2021 from the AML fund to states and tribes with abandoned coal mines within their jurisdictions. Those amounts would be in addition to payments that states and tribes will receive from the fund under current law.

The bill also would increase the minimum annual payment that each eligible state would receive from \$3 million to \$5 million. Based on information regarding historical payments to states and tribes, and CBO's estimates of fee collections over the 2018-2021 period, CBO expects that 13 states would receive the new minimum payment, and we estimate that providing those payments would cost \$240 million over the 2018-2027 period. Two of those states currently receive payments greater than \$3 million.

In total, CBO estimates that enacting H.R. 1731 would increase direct spending from the AML fund by \$1.04 billion over the 2018-2027 period. Because those amounts will be spent under current law after 2027, CBO also estimates that enacting the bill would reduce direct spending by a similar amount in the years following 2027.

### **Spending Subject to Appropriation**

H.R. 1731 would require the ARC to relocate its headquarters from the District of Columbia to somewhere in the Appalachian region. According to the ARC, moving the headquarters would require breaking the Commission's current lease and moving or reacquiring large pieces of office equipment. Based on an analysis of information from the ARC on the cost of those activities, CBO estimates that moving the ARC's headquarters would cost \$2 million over the 2018-2022 period.

### **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 following table.

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**CBO Estimate of Pay-As-You-Go Effects for H.R. 1731 as ordered reported by the House Committee on Natural Resources on June 27, 2017**

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	By Fiscal Year, in Millions of Dollars										2018-	2018-
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2022	2027
<b>NET INCREASE IN THE DEFICIT</b>												
Statutory Pay-As-You-Go Impact	80	156	200	224	168	92	48	24	24	24	828	1,040

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**INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 1731 contains no intergovernmental or private-sector mandates as defined in UMR. The bill would benefit state, local, and tribal governments by authorizing federal funds for surface mining reclamation and environmental restoration projects. Any costs incurred by those entities would result from complying with conditions of federal assistance.

**ESTIMATE PREPARED BY:**

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