CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 7, 2017

H.R. 2936
Resilient Federal Forests Act of 2017

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

SUMMARY

H.R. 2936 would increase the share of proceeds from timber sales that the Bureau of Land Management (BLM) pays to certain counties in Oregon. CBO estimates that enacting the bill would increase the amounts the federal government pays to certain counties in Oregon by $6 million over the 2019-2027 period. Those payments are considered direct spending; therefore, pay-as-you-go procedures apply. Enacting the legislation would not affect revenues.

The bill also would change the way the Forest Service conducts various activities related to forest management. Finally, the bill would exempt lawsuits challenging certain forest management activities from the Equal Access to Justice Act (EAJA). Based on information provided by the Forest Service, CBO estimates that implementing the bill would cost $10 million over the 2017-2022 period, assuming appropriation of the necessary amounts.

CBO also estimates that enacting H.R. 2936 would not increase net direct spending or on-budget deficits by more than $5 billion in any of the four consecutive 10-year periods beginning in 2028.

H.R. 2936 would impose intergovernmental and private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA) on plaintiffs, including public and private entities, that seek judicial review of some forest management projects on federal lands. CBO estimates that the cost of the mandate would fall below the annual thresholds established in UMRA for intergovernmental and private-sector mandates ($78 million and $156 million in 2017, respectively, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 2936 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												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2017-2022	2017-2027
INCREASES IN DIRECT SPENDING													
Payments to Counties in Oregon													
Estimated Budget Authority	0	0	1	1	1	1	1	1	1	1	1	3	6
Estimated Outlays	0	0	1	1	1	1	1	1	1	1	1	3	6
INCREASES IN SPENDING SUBJECT TO APPROPRIATION													
Administrative Costs													
Estimated Authorization Level	0	2	2	2	2	2	2	2	2	2	2	20	20
Estimated Outlays	0	2	2	2	2	2	2	2	2	2	2	20	20

Note: Amounts may not sum to totals because of rounding.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 2936 will be enacted near the end of 2017 and that the necessary amounts will be appropriated for each fiscal year. Estimates of outlays are based on historical spending patterns for the affected programs.

Direct Spending

H.R. 2936 contains several provisions that would affect direct spending. The bill would increase the amount of payments that BLM makes to certain counties in Oregon, which CBO estimates would increase direct spending by $6 million over the 2019-2027 period. Various other provisions also would affect net direct spending, but CBO estimates those effects would not be significant over the 2017-2027 period.

Payments to Counties in Oregon. Under current law, BLM receives proceeds from timber sales that occur on lands administered by the agency. A portion of those proceeds is paid to the counties where those sales occurred. The remaining proceeds are deposited in the U.S. Treasury. Under H.R. 2936, the amount of proceeds that would be paid to counties from sales on about 385,000 acres of BLM lands would increase from four percent to 75 percent beginning in 2019 (Proceeds are disbursed the year after they are collected.) Based on information provided by BLM, CBO expects that the affected lands would generate proceeds totaling about $900,000 a year over the next 10 years, and we estimate that enacting the bill would increase payments to Oregon by about $640,000 a year (from $36,000 to $675,000) over the 2019-2027 period.

Expedited Environmental Reviews and Salvage Operations. H.R. 2936 would expedite certain activities related to managing forests, including environmental assessments and harvesting of salvage timber after natural disasters or certain other events. Based on information provided by the Forest Service, CBO expects that enacting those provisions could affect the timing of certain salvage timber sales; however, we estimate that expediting those sales would have no significant net effect on offsetting receipts in any year.

Stewardship Contracting. The bill would allow the Forest Service and BLM to determine the amount of appropriated funds they reserve to pay for the costs of canceling certain stewardship contracts. Under the Antideficiency Act, federal agencies cannot spend funds in excess of amounts specifically made available to the agency. Because, under the bill, the agencies might reserve insufficient funds to cover all the costs of canceled contracts, the legislation would effectively allow them to obligate sums greater than the appropriations they have available when they enter into the contracts—thus creating direct spending authority. However, the amount of funds set aside to cover cancellation costs for all multi-year stewardship contracts over the last 10 years averaged less than $200,000 a year, and no contracts were cancelled over that period. We expect the agencies to continue to administer the stewardship contracting program in a similar way in the future; therefore, CBO estimates that enacting this provision would have a negligible effect on direct spending.

The legislation also would amend the Healthy Forests Restoration Act to allow proceeds from activities conducted under stewardship contracts to be spent for various purposes, including providing certain direct payments to counties. The Forest Service has the authority under current law to retain and spend those proceeds; therefore, CBO estimates that enacting those provisions would have no net effect on direct spending.

Elimination of Certain Restrictions on Timber Harvesting. The bill would prohibit the Forest Service from enforcing provisions in existing land use plans that limit timber harvesting in certain areas to trees less than 21 inches in diameter. Because CBO expects that under the bill the Forest Service would shift certain timber sales from areas with low-value timber to areas with higher-value timber, enacting this provision would probably increase offsetting receipts from timber sales relative to current law. However, based on information provided by the agency, CBO estimates that any increase in receipts would not be significant in any year.

Lawsuits Related to Certain Activities Related to Forest Management. H.R. 2936 would exempt lawsuits related to certain forest management activities from EAJA, which requires the federal government to pay attorneys' fees for certain plaintiffs that prevail in lawsuits against the United States. Based on information from the Forest Service regarding the number of plaintiffs likely to be affected, CBO estimates that enacting those provisions would reduce direct spending by a negligible amount each year.

Spending Subject to Appropriation

H.R. 2936 contains several provisions that could affect discretionary spending. The bill would prohibit the Forest Service from using amounts in the Knutson-Vandenberg Trust Fund (K-V Fund) to cover certain administrative costs and would make funds available, subject to appropriation, for forest management and firefighting activities. In total, CBO estimates that implementing the legislation would cost $10 million over the 2017-2022 period, assuming appropriation of the necessary amounts.

Limit on the Use of Certain Funds for Administrative Costs. The K-V Fund consists of amounts generated by timber sales that can be retained and spent by the Forest Service to carry out activities related to forest management. The bill would prohibit the agency from using amounts in the K-V Fund to cover administrative costs for personnel working outside of ranger districts where those funds were generated. Under current law, the Forest Service spends, without annual appropriation, about $2 million a year from the K-V Fund for that purpose. If those amounts were no longer available for administrative purposes, CBO expects additional appropriations would be necessary to cover the cost of those activities. Based on information from the Forest Service, CBO expects this provision would not change total spending from the K-V Fund and thus have no effect on direct spending.

State-supported Forest Management. H.R. 2936 would allow states to contribute money to a new federal fund and, subject to appropriation of those contributions, direct the Forest Service to use the funds to carry out certain activities related to managing forests. Any proceeds generated by those activities also would be deposited in the fund. CBO expects that states would not contribute to the fund until the Congress provided authority in future appropriations acts to spend amounts in the fund; therefore, we estimate that enacting this provision would not affect the federal budget.

Arbitration Pilot Program. The bill would require the Secretary of Agriculture and the Secretary of the Interior to establish pilot programs to settle disputes over forest management activities through arbitration. Under the bill, each secretary would be allowed to use arbitration up to 10 times each year. Based on the small number of disputes that would be handled using arbitration, CBO estimates that implementing the pilot program would have no significant effect on the federal budget.

Major Disaster Declarations for Wildfires. H.R. 2936 would authorize the Secretary of Agriculture and the Secretary of the Interior to declare a major disaster if the amounts available for fighting wildfires would not be sufficient to fund those operations for the entire fiscal year. If either secretary makes such a declaration, funds provided to a special account in an appropriations bill would be available to transfer to the affected agencies to supplement funding to fight wildfires. Because CBO assumes that the amounts provided to the affected agencies through appropriations would be sufficient to fund wildfire suppression activities each year, we estimate that enacting this provision would have no effect on the federal budget.

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.

CBO Estimate of Pay-As-You-Go Effects for H.R. 2936 as ordered reported by the House Committee on Natural Resources on June 27, 2017

	By Fiscal Year, in Millions of Dollars												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2017-2022	2017-2027
NET INCREASE IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	0	1	1	1	1	1	1	1	1	1	3	6

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2936 would impose intergovernmental and private-sector mandates as defined in UMRA because it would prohibit or restrict plaintiffs, including public and private entities, from seeking a preliminary injunction to temporarily stop activities, such as salvage logging, on federal lands. Consequently, the bill would eliminate a right of action for some entities to challenge proposed forest management projects. The cost of a mandate that eliminates a right of action would be the forgone income and value of awards in such cases. Because such losses would generally not occur for the types of cases involved, CBO estimates the mandate costs, if any, would fall below the annual thresholds established in UMRA for intergovernmental and private-sector mandates ($78 million and $156 million in 2017, respectively, adjusted annually for inflation).

The bill would benefit public entities, such as state and local fire agencies, by authorizing federal grants and other forms of assistance to manage forests on federal and non-federal lands. Any costs incurred by public entities, including cost-sharing contributions, would result from participation in voluntary federal programs.

ESTIMATE PREPARED BY:

Federal Costs: Jeff LaFave
Impact on State, Local, and Tribal Governments: Jon Sperl
Impact on the Private Sector: Amy Petz

ESTIMATE APPROVED BY:

Theresa Gullo
Assistant Director for Budget Analysis