CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 23, 2017

H.R. 3279
Helium Extraction Act of 2017

As ordered reported by the House Committee on Natural Resources on July 26, 2017

SUMMARY

H.R. 3279 would allow firms to retain federal oil and gas leases that would otherwise expire for the purpose of extracting helium. Based on information provided by the Bureau of Land Management (BLM) and firms operating in the mineral extraction industry, CBO estimates that enacting the bill would increase offsetting receipts, which are treated as reductions in direct spending, by $9 million over the 2018-2027 period. Because enacting the bill would affect direct spending, pay-as-you procedures apply. Enacting the bill would not affect revenues.

CBO estimates that enacting H.R. 3279 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 3279 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 3279 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
DECREASES IN DIRECT SPENDING												
Estimated Budget Authority	*	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-9
Estimated Outlays	*	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-9

Note: * = between -$500,000 and zero.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 3279 will be enacted near the beginning of fiscal year 2018.

H.R. 3279 would allow firms to retain federal oil and gas leases beyond 10 years to extract helium. Under current law, firms enter into agreements with BLM to extract helium from active oil and gas leases. Those leases expire after 10 years if they are no longer producing commercial quantities of oil or gas, even if commercial quantities of helium are still being extracted. In recent years, BLM has granted waivers that allow firms to continue extracting helium on leases that otherwise would have expired. In 2016, royalties for helium produced on federal oil and gas leases totaled $17 million. All proceeds from the production of helium are deposited in the Treasury.

CBO expects that, under the bill, firms would be more likely to acquire oil and gas leases containing noncommercial quantities of hydrocarbons but high volumes of helium. Based on an analysis of information provided by firms in the mineral extraction industry, we estimate that royalties from helium production on those new leases would average about $1 million a year. Because CBO expects that the number of firms seeking to develop such leases over the next 10 years would be small, we estimate that receipts from bonus bids for those leases would be negligible. Finally, CBO estimates that enacting H.R. 3279 would have no significant effect on production from existing leases because firms extracting helium on leases that may expire would probably obtain permission from BLM to continue their extraction of helium. In total CBO estimates that enacting H.R. 3279 would increase offsetting receipts by $9 million over the 2018-2027 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.

CBO Estimate of Pay-As-You-Go Effects for H.R. 3279 as ordered reported by the House Committee on Natural Resources on July 26, 2017

	By Fiscal Year, in Millions of Dollars											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018-2022	2018-2027
NET INCREASE IN THE DEFICIT												
Statutory Pay-As-You-Go Impact	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-9

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO also estimates that enacting H.R. 3279 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3279 contains no intergovernmental or private-sector mandates as defined in UMRA.

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