CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 23, 2018

S. 3172
Restore Our Parks Act

As ordered reported by the Senate Committee on Energy and Natural Resources on October 2, 2018

SUMMARY

S. 3172 would require that proceeds from certain leases involving energy resources on public lands be deposited into a new fund in the Treasury. Under the bill, the National Park Service (NPS) could spend amounts in the fund without further appropriation, including interest credited to unspent balances, on deferred maintenance and infrastructure projects. The NPS also could accept and spend any cash or in-kind donations received from the public for such projects. CBO estimates that enacting S. 3172 would increase net direct spending by $6.4 billion over the 2019-2028 period.

The bill also would require the Government Accountability Office to report on the NPS's use of the fund. CBO estimates implementing that provision would cost less than $500,000; such spending would be subject to the availability of appropriated funds.

Because enacting the bill would affect direct spending, pay-as-you-go procedures apply. The bill would not affect revenues.

CBO also estimates that enacting S. 3172 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 2029.

S. 3172 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 S. 3172 is shown in the following table. The costs of the legislation fall within budget function 300 (natural resources and the environment).

	By Fiscal Year, in Millions of Dollars											
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
INCREASES IN DIRECT SPENDING												
Estimated Budget Authority	1,300	1,333	1,373	1,409	1,422	122	92	66	39	19	6,837	7,175
Estimated Outlays	0	26	92	289	622	963	1,221	1,248	1,112	794	1,029	6,397

S. 3172 would require the Government Accountability Office to conduct a study. CBO estimates implementing that provision would cost less than $500,000; such spending would be subject to the availability of appropriated funds.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted near the start of 2019.

CBO estimates that enacting S. 3172 would make $7.2 billion in new budget authority available to the NPS for deferred maintenance and infrastructure projects; resulting outlays would total $6.4 billion over the 2019-2028 period. Those funds would be available to the NPS without further appropriation.

Energy Leases

S. 3172 would establish the National Park Service Legacy Restoration Fund in the Treasury and would deposit 50 percent of the proceeds received from federal offshore and onshore energy leases over the 2019-2023 period into that fund, subject to an annual limit of $1.3 billion. Amounts in the fund would be available to the NPS for infrastructure projects, subject to various conditions, including a requirement that amounts available under current law for revenue sharing with states and other purposes not be affected.

CBO estimates that future proceeds from energy leases would be sufficient to allow $1.3 billion to be deposited into the fund each fiscal year from 2019 through 2023. In CBO's April 2018 baseline, CBO projects that gross offsetting receipts from offshore and onshore leases will total about $40 billion over that five-year period. CBO estimates that approximately 55 percent of the gross receipts collected in 2018 will be distributed to states or allocated for other purposes under current law. Although that percentage could change, CBO anticipates that there will be more than the bill's limit of $1.3 billion available, so that the maximum amount would be deposited each year.[1]

1. The amounts deposited into the fund could be affected by factors (such as the mix of leases for offshore and onshore activities, which are distributed differently under current law) or by policy changes (for example, the authority to transfer certain proceeds from energy leases to the Land and Water Conservation Fund expired at the end of fiscal year 2018).

Intragovernmental Interest

S. 3172 would authorize the NPS to spend any interest credited to unspent balances in the fund. Under the bill, the Department of the Treasury would be authorized to pay interest on any balances that are not needed for current expenditures. Based on the projected spending patterns for the activities authorized by the bill (discussed below) and the economic assumptions underlying CBO's baseline projections, CBO estimates that implementing this provision would increase the amounts added to the fund by $675 million over the 2019-2028 period.

Spendout of Funds

CBO expects that under S. 3172, amounts would be deposited into the fund at the end of a fiscal year and effectively would not be spent until the following year. Accordingly, CBO estimates that there would be no spending in 2019.

Using information from the NPS, CBO expects that initially the agency would hire additional staff for project management, planning, and design work. The bill would require that not less than 65 percent of amounts in the fund to be allocated toward nontransportation projects; however, CBO anticipates that projects funded would include a mix of transportation, water and utility, and restoration and reconstruction projects.[2] According to the NPS, the time from start to completion has ranged from 30 months (for smaller-scale projects) to five years (for transportation projects). Using information from the agency and based on historical spending patterns for similar activities, CBO estimates that spending from the fund would be comparatively slow in the early years and would peak over the 2024-2027 period as larger-scale projects were completed. Most projects would be completed by 2028, however we expect that the NPS would continue to spend any remaining balances in the fund after 2028.

Donations

S. 3172 would authorize the NPS to accept cash and in-kind donations; such collections are treated as reductions in direct spending. The donations would become part of the special fund and would be available to spend without further appropriation. CBO expects that donations would be offset by expenditures and that the net effect on direct spending would be negligible.

---

2. The costs of individual projects depend on type and scale. For example, the NPS estimated the cost of deferred maintenance along the George Washington Memorial Parkway near Washington, D.C., at about $475 million in 2015. (See Government Accountability Office, *National Park Service: Process Exists for Prioritizing Asset Maintenance Decisions, but Evaluation Could Improve Efforts*, GAO-17-136, December 2016, www.gao.gov/products/GAO-17-136.) The estimated cost to rehabilitate a campground at Yosemite National Park is $1 million. More information about the NPS's projects is included in Department of the Interior, *Budget Justifications and Performance Information: Fiscal Year 2019, National Park Service* (February 2018), www.doi.gov/bpp/budget-justifications.

UNCERTAINTY

CBO aims to produce cost estimates that generally reflect the middle of a range of the most likely budgetary outcomes that would result if the legislation was enacted. Spending could be higher or lower for several reasons:

- Prices or quantities of energy resources produced on federal lands could be significantly lower in the future than what CBO estimated in its baseline projections; in that case less money would be available for the infrastructure projects authorized by the bill. (If prices or quantities produced were significantly higher, no more money would be available for infrastructure projects because the amount that can be deposited into the fund is capped at $1.3 billion each year through 2023.)

- The number, type, and scale of projects pursued by the NPS could be different than CBO estimated, so spending from the fund each year could be different.

- Finally, the amount of interest that would be credited to the fund could be different if the amount of deposits and spending as discussed in the first two points were different and if interest rates differ from the projections in CBO's baseline.

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 S. 3172, the Restore Our Parks Act, as ordered reported by the Senate Committee on Energy and Natural Resources on October 2, 2018

	By Fiscal Year, in Millions of Dollars											
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
NET INCREASE IN THE DEFICIT												
Statutory Pay-As-You-Go Impact	0	26	92	289	622	963	1,221	1,248	1,112	794	1,029	6,397

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting S. 3172 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 2029.

MANDATES

S. 3172 contains no intergovernmental or private-sector mandates as defined in UMRA.

PREVIOUS CBO ESTIMATE

On October 12, 2018, CBO transmitted a cost estimate for H.R. 6510, the Restore Our Parks and Public Lands Act, as ordered reported by the House Committee on Natural Resources on September 13, 2018. CBO estimates that enacting H.R. 6510 would increase direct spending by $6.5 billion over the 2019-2028 period. The bills contain similar provisions; however, under H.R. 6510, amounts in the fund would be available for spending by other agencies within the Department of the Interior in addition to the NPS. Because CBO's estimated rate of spending is different for the other agencies, CBO's estimates of direct spending over the 2019-2028 period differ.

ESTIMATE PREPARED BY

Federal Costs: Janani Shankaran (National Park Service)
Kathleen Gramp (energy receipts)

Mandates: Zachary Byrum

ESTIMATE REVIEWED BY

Kim P. Cawley
Chief, Natural and Physical Resources Cost Estimates Unit

H. Samuel Papenfuss
Deputy Assistant Director for Budget Analysis

Theresa Gullo
Assistant Director for Budget Analysis