



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 26, 2018

S. 2560 **Reclamation Title Transfer Act of 2018**

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

S. 2560 would authorize the Bureau of Reclamation (BOR) to convey the title to federal water infrastructure facilities to nonfederal entities if the entity has assumed responsibility from BOR for operating the facility before enactment of the bill and if certain criteria are met. Using information from BOR, CBO estimates that implementing S. 2560 would cost about \$1 million over the 2019-2023 period for staff to establish criteria for conveying a title under the bill and to carry out the work for completing title transfers, including negotiating agreements and coordinating National Environmental Policy Act reviews and surveys. Such spending would be subject to the availability of appropriated funds.

Enacting S. 2560 also would affect direct spending because nonfederal entities seeking title to a facility would pay BOR for a portion of the costs to carry out the title transfer. CBO estimates that the net effect on direct spending would be insignificant because BOR would spend any amounts collected to perform the work. Because enacting the bill would affect direct spending, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

Over the past two decades, titles to 30 facilities were conveyed from BOR to nonfederal entities. In each of those cases, after BOR and the nonfederal entity negotiated the required agreements and completed the reviews and surveys, the Congress enacted legislation to convey each title to the nonfederal entity because under current law the title transfer cannot occur without an act of the Congress.

S. 2560 would authorize BOR to transfer titles administratively in certain cases. BOR would notify the Congress of the proposed conveyance and the rationale for the conveyance. Unless the Congress passed a joint resolution disapproving the conveyance within 90 days of the notification, the transfer would proceed.

CBO expects that removing the need for Congressional action to transfer the title of BOR facilities would increase the number of nonfederal entities seeking title transfers. Across the 17 western states where BOR operates, hundreds of nonfederal entities and associated

facilities could be eligible for title transfer under the bill. Currently, about 15 nonfederal entities are pursuing title transfers. CBO expects that under the bill another 15 entities would seek title transfer in the year after enactment, as well as a few more each year thereafter.

Using information from BOR, CBO estimates that BOR would need about five additional employees to implement the bill—one employee for each of BOR’s five regions—which would roughly double the number of employees working on title transfers. At an average annual cost of \$90,000 per employee, those additional costs would total \$2 million in the first five years after enactment. However, CBO estimates that because about half of those costs would be covered by payments from participating nonfederal entities, implementing the legislation would cost the federal government about \$1 million over the 2018-2023 period.

CBO estimates that enacting the bill would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

S. 2560 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

On August 29, 2017, CBO transmitted a cost estimate for H.R. 3281, the Reclamation Title Transfer and Non-Federal Infrastructure Incentivization Act, as ordered reported by the House Committee on Natural Resources on July 26, 2017. The two pieces of legislation are similar, and CBO’s estimates of their budgetary effects are the same.

The CBO staff contact for this estimate is Aurora Swanson. The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.