



FACT SHEET ENVIRONMENT AND ENERGY PROPOSALS IN PRESIDENT BUSH'S FY 2006 BUDGET

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FY 2006 Budget Cuts Environment and Energy Priorities

President Bush's FY 2006 Budget would cut environmental and energy priorities. The budget provides \$28 billion in discretionary spending for environment and natural resources (Function 300), representing a cut of \$3.3 billion, or 11 percent, below CBO's baseline – the level needed to maintain current services. Similarly, the budget provides \$3.7 billion in discretionary spending for non-defense energy programs (Function 270), representing a cut of \$978 million, or 21 percent, below CBO's baseline.

Environment and Natural Resources Discretionary Proposals

Army Corps of Engineers. The budget provides \$4.3 billion for the Army Corps of Engineers – a cut of \$456 million, or 10 percent, below CBO's baseline.

Bureau of Reclamation. The budget provides \$694 million for water resources at the Bureau of Reclamation – a cut of \$89 million, or 11 percent, below CBO's baseline.

Land Acquisition. The budget substantially cuts funds used by various federal agencies to acquire and preserve parks, forests, and other recreational lands. Specifically, the budget provides \$148 million for land acquisition at the Forest Service, National Park Service, Bureau of Land Management, and Fish & Wildlife Service – a cut of \$115 million, or 44 percent, below CBO's baseline. As part of this cut, the budget eliminates a program at the National Park Service which provides grants to state and local parks.

Environmental Protection Agency. The budget provides \$7.6 billion for the Environmental Protection Agency (EPA) – a cut of \$641 million, or 8 percent, below CBO's baseline.

- *Clean Water State Revolving Fund.* The budget provides \$730 million for the EPA's Clean Water State Revolving Fund – a cut of \$373 million, or 34 percent, below CBO's baseline. The fund provides grants to states and local governments to improve water quality.
- *Superfund.* The budget provides \$1.3 billion for the EPA's Superfund program – a slight increase of \$1 million above CBO's baseline.

Payments in Lieu of Taxes (PILT). The budget includes \$200 million for PILT – a cut of \$31 million, or 13 percent, below CBO's baseline. The PILT program provides compensation to local governments for lost tax revenue due to federal land in their jurisdiction. In 2004, the Department

of Interior made PILT payments to nearly 1,900 local governments. (The PILT program is funded from Function 800 – the General Government portion of the budget – and is not included in the totals described above for Function 300.)

Table 1 – Environment / Natural Resources Funding in Bush FY 2006 Budget Discretionary Budget Authority (\$ in millions)				
Agency or Program	2006 Request	2006 CBO Baseline	Request vs. Baseline	Percent
Army Corps of Engineers	4,332	4,788	-456	-10%
Bureau of Reclamation– Water Resources	694	783	-89	-11%
Land Acquisition	148	263	-115	-44%
Environmental Protection Agency	7,571	8,212	-641	-8%
Clean Water State Revolving Fund	730	1,103	-373	-34%

Energy Discretionary Proposals

Fossil Energy Research and Development. The budget includes \$491 million for fossil energy research and development, a program which funds research to develop techniques for using oil, gas, and other fossil fuels in cleaner and more efficient ways. This represents a cut of \$94 million, or 16 percent, below CBO's baseline.

Energy Conservation. The budget includes \$847 million for energy conservation, representing a cut of \$36 million, or 4 percent, below CBO's baseline.

Energy Supply. The budget includes \$903 million for energy supply activities, representing a cut of \$52 million, or 5 percent, below CBO's baseline. The energy supply program promotes the development and use of new energy sources which could ultimately reduce our dependence on foreign sources of energy.

Table 2 – Energy Funding in Bush FY 2006 Budget Discretionary Budget Authority (\$ in millions)				
Program	2006 Request	2006 CBO Baseline	Request vs. Baseline	Percent
Fossil Energy Research and Development	491	585	-94	-16%
Energy Conservation	847	883	-36	-4%
Energy Supply	903	955	-52	-5%

Energy and Environment Mandatory Spending Proposals

Drilling in the Arctic National Wildlife Refuge (ANWR). The budget assumes \$3.2 billion in receipts over ten years from permitting oil and gas drilling in ANWR. Half of the \$3.2 billion would go into the Treasury and the other half would go to the state of Alaska.

Power Marketing Administration (PMA) Rate Increase. The budget includes a proposal that calls for PMAs to annually raise electricity rates to bring them closer to market levels, providing \$12.4 billion in savings over ten years.

No Spending for an Energy Bill. While the budget includes a number of energy tax incentives, it does not assume any new mandatory spending for an energy bill. Last year's energy bill conference report (H.R. 6) would have increased mandatory spending by \$5.4 billion over ten years.

Nevada Land Sales. The budget assumes \$5.8 billion in savings over ten years from a proposal to redirect a portion of the proceeds from land sales in Nevada to the Treasury.

NOTE: The President's budget is compared to CBO's baseline excluding funding provided in the 2005 disaster supplemental.

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