



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

February 26, 2010

### **S. 1759**

### **Water Transfer Facilitation Act of 2009**

*As ordered reported by the Senate Committee on Energy and Natural Resources  
on December 16, 2009*

#### **SUMMARY**

S. 1759 would facilitate voluntary transfers of water supplies between certain users of the Central Valley Project (CVP) in California. Based on information from the Bureau of Reclamation (the Bureau) and assuming the availability of appropriated funds, CBO estimates that implementing S. 1759 would increase discretionary spending by \$4 million over the 2011-2015 period. In addition, CBO estimates that the bill would increase offsetting receipts (a credit against direct spending) by \$7 million over the 2011-2015 period and \$12 million over the 2011-2020 period. Enacting this legislation would not affect revenues.

Pay-as-you-go procedures apply because enacting the legislation would reduce direct spending.

S. 1759 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of S. 1759 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											2011-	2011-
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015	2020	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION													
Estimated Authorization Level	4	0	0	0	0	0	0	0	0	0	4	4	
Estimated Outlays	2	1	1	0	0	0	0	0	0	0	4	4	
CHANGES IN DIRECT SPENDING													
Estimated Budget Authority	-2	-2	-1	-1	-1	-1	-1	-1	-1	-1	-7	-12	
Estimated Outlays	-2	-2	-1	-1	-1	-1	-1	-1	-1	-1	-7	-12	

## BASIS OF ESTIMATE

For this estimate, CBO assumes that this legislation will be enacted in fiscal year 2010. Under current law, CVP contractors pay certain fees to the Reclamation Fund for water they consume. Amounts in the Reclamation Fund are available to federal agencies subject to provisions in appropriation acts. Contractors who are not able to consume all the water they are entitled to under their contracts with the CVP may transfer water to other contractors, subject to review and approval by the Bureau. Such transfers often result in additional payments to the Reclamation Fund.

In 2009, about 600,000 acre-feet of water—about 10 percent of the water supplied in the CVP that year—was transferred among water users. Those transfers generally occurred under an expedited process using streamlined procedures for environmental reviews. (The expedited process allows certain water transactions to be automatically deemed to meet necessary requirements for transfers.) However, under current law, that expedited process is not available to all contractors in the CVP.

S. 1759 would expand the number of contractors eligible to participate in transfers using the expedited process and CBO estimates that the volume of water voluntarily transferred would increase. Based on information from the Bureau, CBO estimates that developing streamlined procedures would cost \$4 million, assuming appropriation of the necessary amounts. Information from the Bureau also indicates that voluntary transfers would increase by between 200,000 and 300,000 acre-feet of water a year. In 2008 (the last year detailed information is available), the Reclamation Fund received incremental revenue of about \$7 per acre-foot of water from transfers. (Most transfers result in some incremental payment, but occasionally result in a loss of receipts.) On balance, CBO estimates that under S. 1759, the Reclamation Fund would receive an additional \$1 million to \$2 million more per year.

## 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. CBO estimates that enacting S. 1759 would reduce direct spending.

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**CBO Estimate of Pay-As-You-Go Effects for S. 1759, the Water Transfer Facilitation Act of 2009, as Ordered Reported by the Senate Committee on Energy and Natural Resources on December 16, 2009**

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	By Fiscal Year, in Millions of Dollars												2010-	2010-
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015	2020	
<b>NET INCREASE OR DECREASE (-) IN THE DEFICIT</b>														
Statutory Pay-As-You-Go Impact	0	-2	-2	-1	-1	-1	-1	-1	-1	-1	-1	-7	-12	

## INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1759 contains no intergovernmental or private-sector mandates as defined in the UMRA and would impose no costs on state, local, or tribal governments.

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