



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 4, 2010

S. 2830

A bill to amend the Surface Mining Control and Reclamation Act of 1977 to clarify that uncertified States and Indian tribes have the authority to use certain payments for certain noncoal reclamation projects

*As ordered reported by the Senate Committee on Energy and Natural Resources
on June 21, 2010*

CBO estimates that enacting S. 2830 would reduce direct spending by about \$5 million over the 2011-2020 period; therefore, pay-as-you-go procedures would apply. Enacting the legislation would not affect revenues. S. 2830 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

Each year, the Office of Surface Mining (OSM) provides more than \$300 million in grants and payments to states and Indian tribes to reclaim land and water resources that have been degraded by past mining practices. Because such grants and payments are not subject to annual appropriation, they are considered direct spending. States and tribes that currently have backlogs of coal reclamation projects—so-called noncertified states—are obligated, under current law, to use those grants exclusively for those specific coal projects.

S. 2830 would allow those noncertified states and tribes to use those funds for other types of reclamation projects not related to coal mining. CBO expects this change would increase direct spending in the near term by accelerating spending of reclamation grants. However, that short-term increase would be more than offset by reduced spending in later years because enacting the bill would prolong the certification process for some states. On balance CBO expects that this change would reduce the amount of direct spending by the federal government over the next 10 years.

Under current law, once states and tribes certify that they have completed all outstanding coal reclamation projects, they become eligible for additional payments from OSM. Under S. 2830, if some states and tribes substitute noncoal projects for coal projects in the near term and delay their certification status by at least one year, total direct spending over the next 10 years would be less than anticipated under current law. The number of states and tribes that would be affected and the extent to which they would delay certification are

uncertain. However, based on information from OSM and some of the affected states and tribes, CBO estimates that enacting the legislation would reduce direct spending by about \$5 million over the 2011-2020 period. Under current law direct spending for these grants and payments is expected to total about \$4 billion over that period.

The Statutory Pay-As-You-Go Act of 2010 establishes budget reporting and enforcement procedures for legislation affecting direct spending or revenues. S. 2830 would reduce direct spending from certain payments to states and tribes to reclaim abandoned mines. The changes in the deficit 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. 2830, a bill to amend the Surface Mining Control and Reclamation Act of 1977 to clarify that uncertified States and Indian tribes have the authority to use certain payments for certain noncoal reclamation projects, as reported by the Senate Committee on Energy and Natural Resources on June 21, 2010

	By Fiscal Year, in Millions of Dollars												2010- 2015	2010- 2020
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020			
NET INCREASE OR DECREASE (-) IN THE DEFICIT														
Statutory Pay-As-You-Go Impact	0	1	2	2	-2	-2	-2	-1	-1	-1	-1	1	-5	

The CBO staff contact for this estimate is Jeff LaFave. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.