



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 23, 2010

### **H.R. 5892** **Water Resources Development Act of 2010**

*As ordered reported by the House Committee on Transportation and Infrastructure  
on July 29, 2010*

#### **SUMMARY**

H.R. 5892 would authorize the Army Corps of Engineers to study and participate in the construction of more than 200 new water projects. Assuming appropriation of the authorized and necessary amounts, CBO estimates that implementing H.R. 5892 would cost \$1.3 billion over the 2011-2015 period.

The bill also would allow the Corps to collect and spend funds contributed by private firms to expedite the evaluation of permit applications. Because the legislation would affect direct spending, pay-as-you-go procedures apply. However, based on information from the Corps, CBO estimates that amounts collected and spent for such purposes would total less than \$500,000 annually and that the net budgetary impact would be negligible. Enacting the legislation would not affect revenues.

H.R. 5892 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). Any costs to state, local, or tribal governments to comply with conditions of federal assistance would be incurred voluntarily.

H.R. 5892 would impose a private-sector mandate as defined in UMRA if the Army Corps of Engineers acquires any real estate interests by means of condemnation. CBO estimates that the cost of the mandate, if imposed, would fall well below the annual threshold established in UMRA for private-sector mandates (\$141 million in 2010, adjusted annually for inflation).

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

The estimated budgetary impact of H.R. 5892 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- 2015
	2011	2012	2013	2014	2015	
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Title I – Water Resource Projects						
Estimated Authorization Level	55	56	46	47	51	255
Estimated Outlays	17	31	34	38	42	162
Title III – Project-related Provisions						
Estimated Authorization Level	280	291	285	288	286	1,430
Estimated Outlays	84	157	192	221	241	895
Title IV - Studies						
Estimated Authorization Level	26	5	5	0	0	36
Estimated Outlays	16	13	5	2	0	36
Title V – Miscellaneous						
Estimated Authorization Level	63	63	64	65	67	322
Estimated Outlays	18	35	43	49	55	200
Total Changes						
Estimated Authorization Level	424	415	400	400	404	2,043
Estimated Outlays	135	236	274	310	338	1,293

Note: Components may not sum to totals because of rounding.

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that H.R. 5892 will be enacted in 2010 and that the necessary amounts will be appropriated for each fiscal year. Estimated outlays are based on information from the Corps of Engineers and historical spending patterns for similar water resource projects.

H.R. 5892 would authorize the Corps to conduct about 240 new studies to determine the feasibility of specific projects. Those individual projects are related to reducing damage from floods, protecting streambanks and shorelines, improving navigation, restoring aquatic ecosystems, controlling aquatic plants, and conserving water. The bill also would authorize the Corps to participate in the construction of several new projects as well as increase the federal cost-share for about 30 construction and resource projects authorized in previous legislation. Assuming appropriation of the necessary funds, CBO estimates that implementing H.R. 5892 would cost \$1.3 billion over the 2011-2015 period and an additional \$2.2 billion in the decade following 2015.

## **Water Resource Projects**

Title I would authorize appropriations for three new projects aimed at ecosystem restoration, coastal improvements, and shoreline restoration. Those authorizations include just over \$1 billion for the Mid-Chesapeake Bay Island Ecosystem Restoration Project in Maryland and \$747 million for the Mississippi Coastal Improvements Program. To protect the coasts of the West Onslow Beach and the New River Inlet in North Carolina from future hurricanes and storms, the bill would authorize the appropriation of \$21 million for construction of a beach berm, with an additional \$57 million for beach nourishment over the 50-year life of the North Carolina projects. CBO expects that the amounts authorized for those projects would be appropriated as needed. (The Corps expects that those large projects would be implemented over the next 40 to 50 years.) CBO estimates that implementing those projects would cost about \$160 million over the 2011-2015 period, assuming appropriation of the necessary amounts.

Title I also would direct the Corps to prepare 80 studies on specific water projects. If the Corps determines that those projects are feasible, the legislation would authorize them to be implemented. No costs are included in this estimate for those studies or construction activities because the Corps already has specific authority to study and implement those types of projects.<sup>1</sup>

## **Project-related Provisions**

Title III would increase the federal share of costs for about 30 water resource projects authorized under current law. The projects focus on flood control and reducing damage from floods, navigation, water conservation, and ecosystem and environmental restoration.

CBO estimates that implementing those provisions would increase federal costs for those projects by about \$900 million over the 2011-2015 period, assuming appropriation of the necessary amounts.

Title III also would withdraw the authority of the Corps to build 16 projects authorized in previous legislation. Based on information from the Corps, CBO does not expect that the agency would begin work on those projects over the next five years, either because they do not have a local sponsor, do not meet certain criteria for economic viability, or do not pass certain environmental tests. Consequently, CBO estimates that cancelling the authority to build those projects would not yield significant savings over the next several years.

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1. Several provisions of current law (the Flood Control Act of 1946 and 1948, the River and Harbor Act of 1958 and 1960, an act authorizing federal participation in the cost of protecting the shores of publicly owned property, and the Water Resources Development Act of 1986 and 1996) authorize appropriations totalling \$240 million a year to pursue projects for reducing flood damage, navigation, streambank and shoreline protection, aquatic ecosystem and estuary restoration, and aquatic plant control. In fiscal year 2010, more than \$100 million was appropriated for such projects.

## **Studies**

Title IV would authorize the Corps to prepare approximately 160 studies that focus on reducing damages from floods, hurricanes, and storms, environmental restoration, shoreline protection, and streambank stabilization. Based on information from the Corps, CBO estimates that carrying out such studies would cost \$36 million over the 2011-2015 period.

## **Miscellaneous**

Title V would authorize the appropriation of \$25 million a year for ecosystem restoration projects in the Northeast coastal region. Under the bill, the Corps would develop a general coastal management plan in coordination with the Environmental Protection Agency, the Governors of the coastal states, nonprofit organizations, and other interested parties. Individual projects carried out under the plan would focus on the restoration of aquatic habitats, wetlands, migratory fish corridors, natural rivers and streams, and improving water quality. The nonfederal share for each project's cost would be 35 percent, with the federal share limited to \$10 million for individual projects. CBO estimates that implementing this provision would cost \$80 million over the 2011-2015 period.

This title also would authorize the appropriation of \$25 million a year over the 2011-2015 period for the Corps to participate in comprehensive shoreline restoration projects and an additional \$50 million for operation, maintenance, repair, and rehabilitation of the Saint Lawrence Seaway. In addition, smaller amounts would be authorized to implement the Anacostia River Restoration Plan and Chesapeake Bay Environmental and Ecosystem Restoration. CBO expects that amounts authorized under the title would be appropriated in the year they are needed, and CBO estimates that implementing those projects would cost \$120 million over the 2011-2015 period.

## **General Provisions**

H.R. 5892 also would require that funds appropriated from the Harbor Maintenance Trust Fund (HMTF) each year be equal to the level of receipts plus the interest credited to the fund for that fiscal year. Over the past five years, appropriations from the HMTF have averaged around \$800 million a year—or about \$600 million a year less than the revenues and interest credited to the fund. Because current law authorizes the appropriation of such sums as are necessary from the HMTF, CBO assumes that enacting this bill would not effectively increase the amounts authorized to be appropriated.

**PAY-AS-YOU-GO CONSIDERATIONS:** None.

## **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

H.R. 5892 contains no intergovernmental mandates as defined in UMRA. Water resource projects and activities authorized in the bill would benefit state, local, and tribal governments. Governments that choose to participate in the projects would incur costs, including cost-sharing requirements, but those costs would be incurred voluntarily as conditions of federal assistance.

## **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

H.R. 5892 would authorize the Army Corps of Engineers to acquire any real estate interests necessary for the construction, operation, and maintenance of fish dispersal barriers in the Chicago Sanitary and Ship Canal. If the Corps acquires any of those real estate interests by means of condemnation, H.R. 5892 would impose a private-sector mandate as defined in UMRA on owners of those real estate interests. The cost of the mandate would be equal to the fair-market value of those interests. CBO estimates that the cost of the mandate, if imposed, would be small and would fall well below the annual threshold established in UMRA for private-sector mandates (\$141 million in 2010, adjusted annually for inflation).

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