

**PROVIDING FOR THE CONSERVATION AND DEVELOPMENT OF WATER  
AND RELATED RESOURCES AND THE IMPROVEMENT AND REHABILITA-  
TION OF THE NATION'S WATER RESOURCES INFRASTRUCTURE**

SEPTEMBER 16, 1985.—Ordered to be printed

Mr. UDALL, from the Committee on Interior and Insular Affairs,  
submitted the following

**REPORT**

[To accompany H.R. 6]

[Including the cost estimate of the Congressional Budget Office]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H.R. 6) to provide for the conservation and development of water and related resources and the improvement and rehabilitation of the Nation's water resources infrastructure, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments (as reported by the Committee on Public Works and Transportation) are as follows:

Page 23, after line 11, insert the following:

**SAIPAN HARBOR, COMMONWEALTH OF THE NORTHERN  
MARIANA ISLANDS**

The project for navigation and harbor modification, Saipan Harbor, Commonwealth of the Northern Mariana Islands: Report of the Secretary of the Interior, pursuant to P.L. 96-597, prepared by the Army Corps of Engineers dated July 22, 1981 at an estimated cost of \$14 million.

Page 223, after line 16, insert the following:

SEC. 781. The project for navigation and power generation, Fort Peck, Montana, authorized by the Act entitled "An Act to authorize the completion, maintenance, and operation of the Fort Peck project for navigation, and for other purposes", approved May 18, 1938 (16 U.S.C. 833), shall include recreation as a purpose of such project.

Page 236, after line 20, insert the following:

SEC. 714. Amend section 401(d) of the Act of October 5, 1984 (98 Stat. 1732) by striking "in fiscal" and inserting in lieu thereof "effective fiscal".

Page 308, strike all of lines 21, 22 and line 23 through the word "Secretary." and insert the following in lieu thereof:

(c)(1) Non-Federal interests shall agree, by contract, to contribute 50 percent of the cost of any feasibility report for any water resources study prepared by the Secretary or the Secretary of the Interior during the period of such study.

Page 310, lines 8 through 16, strike all of section 1105, and renumber subsequent sections accordingly.

Page 323, line 6, after "to enter into" insert "negotiations for".

Page 323, line 13, change the period to a colon and insert the following:

*Provided*, That the agreements shall become final only after ratification by an Act of Congress.

Page 389, strike all of section 1199E, lines 9 through 16, and insert in lieu thereof the following:

SEC. 1199D. In order to restore and preserve the Acequia irrigation ditch systems in New Mexico and their cultural and historic values, the Secretary shall: (1) undertake such measures as may be necessary to protect and restore the river diversion structures and associated canals attendant to the operations of such systems, at a Federal share of 80 percent of the cost of such measures; and, (2) study the feasibility of constructing flood storage reservoirs to enhance the overall effectiveness of the acequia water delivery system in San Miguel, Taos, Colfax, and Mora Counties in New Mexico. There are authorized to be appropriated to carry out the purposes of this section \$40,000,000.

Page 396, after line 9, insert the following:

SEC. 1199H. (1) The Secretary shall waive local cost-sharing requirements up to \$200,000 for all studies and projects in American Samoa, Guam, the Northern Mariana Islands, the Virgin Islands, and the Trust Territory of the Pacific Islands.

(2) The Secretary may approve the construction of projects in American Samoa, Guam, and the Northern Mariana Islands, the Virgin Islands, and the Trust Territory of the Pacific Islands which may have a benefit to cost ratio of less than 1.0 if the chief executive of the government involved states in writing that the intangible benefits may be significant to the economic and social development of the insular area concerned.

Page 396, line 10, through page 408, line 24, strike all of title XII and renumber subsequent titles accordingly.

Page 413, line 3, change the period to a colon and insert the following:

*Provided*, that for the purposes of Section 1301 the term "United States" means the 50 states and the District of Columbia.

## INTRODUCTION

H.R. 6, as reported by the Committee on Public Works and Transportation (H. Rpt. 99-251, Pt. I), included a number of provisions which amend statutes under the jurisdiction of the Committee on Interior and Insular Affairs. Accordingly, the Committee requested on March 26, 1985 that the bill be sequentially referred in accordance with Rule X, Sec. 5. This request was granted and the bill was referred to the Committee through September 16, 1985.

### EXPLANATION OF AMENDMENTS TO H.R. 6 APPROVED BY COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

#### COST-SHARING FOR FEASIBILITY STUDIES

Section 1101 of H.R. 6, as reported by the Committee on Public Works and Transportation, provided that non-Federal interests must contribute at least 50 percent of the cost of feasibility studies for Corps of Engineers projects. The Committee has included an amendment which extends this requirement to water resources project feasibility studies prepared by the Bureau of Reclamation. The Committee would also require that cost-sharing arrangements with non-Federal entities by the Corps or Bureau be set forth in a contract and that payment be received by the Federal government during the period of the study.

At the present time, the Interior Department has a policy of requiring at least 50 percent cost-sharing for feasibility studies undertaken by the Bureau of Reclamation for water resources projects. However, in many instances, this policy has not been followed. For example, in fiscal year 1985, the Bureau is undertaking 14 plan formulation studies. The non-Federal cost-sharing for these projects varies between zero percent to sixty-six percent, with the average being twenty-six percent. This amendment will equalize this wide disparity in contributions by non-Federal entities, and help insure greater equity in the planning program.

The Committee amendment would also require the Secretaries to formalize their cost-sharing agreements with non-Federal entities in the form of a contract. The Committee believes this will place all parties on notice as to terms and conditions of any cost-sharing arrangement. In addition, it will place the entire process on a business-like basis.

The Committee amendment also requires that non-Federal entities contribute their 50 percent of the study's cost "during the period of such study." This will insure the timely contribution and active participation in feasibility studies by non-Federal interests.

The Committee recognizes that some water resources projects confer significant benefits on nonlocal interests. Some obvious examples are projects designed to enhance downstream water quality or maintain downstream flow regimes, and projects for flood control. Therefore, the Committee observes that in some circumstances it would be appropriate for some part of the local share of feasi-  
 bility-

ty study costs to be borne by other than the immediate local beneficiaries of a proposed project. In the event that diligent efforts by project sponsors or planning entities are unable to secure participation by downstream entities, the Committee would be willing to consider a separate authorization for a particular feasibility study with an adjusted level of local cost-sharing. The Committee wishes to emphasize, however, that in almost all cases it should be possible for local interests to arrange to share such costs among local and downstream interests, and it is therefore likely that requests for separate authorization would be granted only in very unusual circumstances.

The Committee believes these cost-sharing amendments are important because they will insure greater consistency between the planning programs of the Corps of Engineers and the Bureau of Reclamation. The amendment will help insure that non-Federal entities seeking assistance will be treated equally, no matter which agency assists them. Equally important, the amendment will insure that non-Federal entities pay a fair share of the cost of feasibility studies in a timely manner.

#### DELETION OF RIVER BASIN STUDIES

The Committee would amend H.R. 6 by deleting Section 1105 of the bill as reported by the Committee on Public Works and Transportation. Section 1105 would authorize the Secretary of Army, working in consultation with the Secretary of the interior, to study the water resource needs of river basins and regions of the United States. The study would have been due October 1, 1987.

The Committee notes that Section 1105 would duplicate existing law authorizing the study of the water resources needs of the Nation's river basins and regions. Given this existing authority, the Committee recommends the deletion of Section 1105.

No specific amount was authorized to be appropriated for this study. Therefore, it was apparently the intention of the drafters of this provision not to place any limit on the amount which could be spent for these studies. This is directly contrary to the custom and practice of this Committee.

#### UPPER MISSISSIPPI RIVER COMPACT

Section 1122(d)(1) of H.R. 6 as reported by the Committee on Public Works and Transportation would give the consent of the Congress to the States of Illinois, Iowa, Minnesota, Missouri and Wisconsin, or any two or more of such States, to enter into agreements, not in conflict with any law of the United States, for cooperative efforts and mutual assistance in the comprehensive planning for the use, protection, growth, and development of the Upper Mississippi River system.

In 1978, the Congress authorized and directed the Upper Mississippi River Basin Commission to prepare a comprehensive master plan for the development and management of the upper Mississippi River (P.L. 85-502, 92 Stat. 1693, 42 U.S.C. 1962b-3). The Commission completed that plan and transmitted it to Congress on January 1, 1982. This plan included a number of recommendations critical to protecting the riverine environment and wildlife habitat, and

in meeting the commercial navigation needs of the upper Mississippi River states.

The Committee amendment would authorize the aforementioned States to enter into negotiations for an interstate water compact or agreement. Any agreement or compact developed by the States would become final only after ratification by an act of Congress.

The Committee believes it is inappropriate for the Congress to give prior consent to any interstate water compact or agreement without full knowledge of the contents of the agreement. Compacts or agreements between the States involve matters of direct concern to the States themselves, as well as the Federal government. It has been consistent policy that such agreements or compacts are approved only after they have been submitted to the Congress as required by Article I, Section 10 of the Constitution, see, e.g., Act of August 11, 1955, 69 Stat. 654 (Red River Compact) and Act of August 11, 1955, 69 Stat. 631 (Arkansas River Compact).

Therefore, the Committee recommends that Section 1122(d)(1) be amended to authorize these States to enter into negotiations for such compacts or agreements, but requires their submission to Congress for final approval. The Committee emphatically states that this amendment should not be interpreted to mean that the Committee opposes any agreement, compact or understanding already reached by these States. In addition, the Committee is prepared to give any compacts or agreements expeditious consideration when and if they are submitted.

#### AUTHORIZING RECREATION AS A PROJECT PURPOSE AT THE FORT PECK PROJECT, MONTANA

The Committee adopted an amendment which adds a new Section 781 to the bill. This section would modify the authorization of the Fort Peck Project, Montana (Act of May 18, 1938, 16 U.S.C. 833a), to include recreation as a project purpose.

The Fort Peck Project, located on the Missouri River in north-eastern Montana, was constructed in the late 1930's to improve navigation on the river, and for the production of hydroelectric power.

Public demand for water-based recreation in this area has increased significantly in recent years. Adding recreation as a project purpose would permit the construction of facilities such as boat ramps, picnic areas, and campgrounds under the provisions of applicable existing law.

The Committee notes that this amendment in no way affects the other authorized project purposes of navigation and the production of hydroelectric power at the Fort Peck Project as they have been implemented and managed in the past.

#### TITLE XII—WATER RESOURCES POLICY ACT

As reported by the Committee on Public Works and Transportation, H.R. 6 included a title which would enact the "Water Resources Policy Act of 1985." This Act would make two important changes in existing law.

### *National Water Policy Board*

The title would establish a National Board on Water Resources Policy composed of seven members, including: Secretaries of Army, Interior, Agriculture; Administrator, Environmental Protection Agency; two members appointed by the President (with the advice and consent of the Senate, one from nominations made by the Speaker, and one from among nominations made by the President pro tempore of the Senate); and, a chairman who shall be appointed by the President with the advice and consent of the Senate.

The Board would have two broad sets of duties and responsibilities. First, the Board would be the agency charged with the responsibility to coordinate Federal water resources policies and programs, including water resources research. Second, the Board would perform studies and assessments of the adequacy of the Nation's water supplies on both a national and regional basis.

The Board is also directed to establish, by rule, principles, standards and procedures for the formulation and evaluation of Federal water and related land resources projects. H.R. 6 provides that the objectives of enhancing regional economic development, environmental quality, national well-being, and national economic development shall be the objectives to be included in water resources projects. These principles and standards would require that every report relating to a water resources project include information on the benefits and costs attributable to each of these objectives.

Section 1228 would also require the Board to report to the House and Senate, no later than 15 days after the President had submitted his budget, on the projects not included in the budgets of Bureau of Reclamation, Corps of Engineers, and Department of Agriculture for which feasibility studies or construction has previously been authorized, and the construction of which has not been completed.

### *Assistance for State water planning and management*

The second important change in existing law concerns assistance to the States for planning and management. Title XII of H.R. 6 would authorize the Board to make grants to States to assist them in the development, implementation, and modification of programs and plans for the use, development, conservation and management of state and regional water resources. Grants made under these sections are based on population, land area, and the need for assistance. Each state shall receive not less than \$100,000 for fiscal years 1986 through 1990. A total of \$100 million is authorized to be appropriated for fiscal year 1986 through 1990 for these planning assistance grants.

### *Committee amendment*

The Committee appreciates the efforts of the Committee on Public Works and Transportation to fashion a bill to gain the strong support of those interested in reforming water resources policy. The Committee understands why the National Water Resources Policy Board and the State grant program were included in H.R. 6. However, the Committee does not believe either of these proposals merit enactment at this time.

### *Historical background*

The Water Resources Council was established in 1965 to serve as a focal point for Federal activities on water resources policy. The Council was composed of the Secretaries or heads of the nine Federal agencies with important water resources responsibilities. For over fifteen years, the Council served as a forum through which water resource issues could be discussed, greater consistency developed, and liaison with the States could take place.

However, in 1981, the Administration terminated funding for the Council, as well as for the river basin commissions which also were established in 1965 (Executive Order 12319, September 9, 1981). At the same time, the Principles and Standards, which had been implemented as rules in 1980, were substantially revised and reissued as guidelines. Moreover, authorization of appropriations for grants to the States for water planning and management was not extended.

The Committee notes that the authority for the Water Resources Council has not been repealed. However, the Administration has chosen not to fund the Council or the river basin commissions. The Committee has received no indication from the Administration that it would be any more willing to fund a new National Water Resources Policy Board than it was to fund the old Water Resources Council. The Committee does not believe it is necessary to set up a confrontation over funding this new Board which could jeopardize enactment of H.R. 6.

Moreover, the Committee doubts whether creating another agency of the Federal government will, in fact, lead to genuine water resource policy reform. The Water Resources Council was created to provide leadership and improvement in Federal water resources activities. However, the Council was ineffective in implementing reforms and providing leadership on such issues as eliminating uneconomic projects, tightening project evaluation criteria, reducing Federal expenditures on water projects, and promoting less expensive and environmentally damaging solutions to water problems. The Committee does not believe that another Board, even though the membership is different, will result in genuine reforms to correct these problems.

The Committee notes that the President has made several recent changes to improve Federal agency coordination. A recent Executive Order has placed greater responsibility for coordinating federal policies with the Office of Management and Budget (OMB). Thus, the coordination responsibilities given to the National Board are already in substance being carried out by OMB in a manner approved by the President. At the same time, future Presidents will retain the flexibility to establish different coordination mechanisms to carry out their views on Federal water resources policies. This flexibility would be substantially hampered by the proposed Board.

The proposed National Water Resources Board is an effort to restructure the organization of the Executive Branch with respect to basic policy decisionmaking on water resources development. This effort proceeds from the mistaken premise that a paper reorganization of this Executive Branch function can introduce an element of

“objectivity” or “scientific expertise” into what is inherently both a political and an economic resource allocation process. This premise is fundamentally flawed. In fact, water resources policy reform flows from changes in the basic rules governing water resources development, and changes in these rules in turn flow from a shared consensus between the branches of government that changes are necessary or desirable. The Board is an effort to substitute a paper reorganization of activity for the development of the necessary consensus and is, therefore, at best ineffective and at worst positively undesirable because it will hamper the efficient formulation of policy by this and future Administrations.

The Committee wishes to clearly state that there are sound reasons why the federal government has historically deferred to the states in the management of water resources. The proposed Board would be given authority to centralize and control federal action in the field of water resources, and would be given very significant funding to use as a “carrot” to convince states to follow its proposals. The Board will not be directly accountable for its actions, since it is a quasi-independent body. A number of states have seen to it that their water resources will be substantially excluded from control of the Board (see, e.g., Sections 622 and 1185 of H.R. 6). Many members of the Committee are deeply concerned about the creation of such a Board, and oppose it as a practical dilution of the right of their states to manage water resources. Many Members believe there has been no serious demonstration of a need to depart from Congress’ historical policy of conscious and prudent federalism in water resources, which historically has been implemented through flexible executive action.

The Committee appreciates the effort to achieve uniformity in federal planning efforts by requiring the Board to promulgate, by rule, new planning principles, standards and procedures (hereafter “Principles and Standards”). It is important to note that the Principles and Standards were issued as rules in 1979. However, they were reissued as guidelines in 1981. The important distinction between “rules” and “guidelines” is that rules are third party enforceable through court action. Thus, if the Principles and Standards were issued as rules, any deviation from the rules by federal planners could lead to court action and further delay in the completion of projects.

It should also be noted that H.R. 6, as reported by the Public Works and Transportation Committee, requires that the new Principles and Standards include a new “regional economic development” objective for each project. The effect of this requirement will be to artificially enhance the benefits of many otherwise uneconomic projects. The Committee believes that the Principles and Standards should provide a fair evaluation of water projects and result in worthy projects, not open the door to uneconomic projects.

The Committee amendment would also delete \$100 million in authorization for 50-50 grants to the states, over five years, to assist in water resource planning and management. This Committee first authorized funds for this purpose in 1965. That authorization provided a state grant program of \$5 million per year, and appropriations were enacted until fiscal year 1981 when the authorization



lapsed. Since 1981, no funds have been appropriated for the state granted program.

The Committee recognizes the need for the states to undertake water resource planning and management activities. However, the Committee does not see a compelling need to authorize \$100 million in federal funds at this time. The original 1965 funds greatly assisted the states in the establishment and development of their planning programs. The Federal government continued this assistance for over 15 years. For the last five years, no federal funds have been authorized or appropriated for this program. Given the need to reduce federal expenditures, and the fact that no funds have been made available for five years, the Committee sees no justification for reestablishing a \$100 million program.

#### U.S. INSULAR AREAS

The Committee adopted four amendments affecting the territories and commonwealths of the United States and the Trust Territory of the Pacific Islands.

1. *Northern Mariana Islands water system.*—A new Section 814 is recommended, which would amend the 1984 Omnibus Territories Act (P.L. 98-454). The amendment clarifies that the authorization of \$15 million in that Act for development of the Northern Mariana Islands water system continues past fiscal year 1986.

The deficiencies of the water system of the Northern Mariana Islands are so serious that they present a clear danger to public health as well as an impediment to the economic growth of the newest member of the American political family. The Committee initiated an authorization for the necessary improvements and \$2 million was appropriated from funds authorized for health care needs last year. The Committee on Appropriations has recommended a grant of an additional \$1.5 million for the project for fiscal year 1986.

The unappropriated balance of the \$15 million authorization could expire after fiscal year 1986, however, because of changes made by the Senate to the original authorizing language. Those changes may have unintentionally limited the authorization to fiscal year 1986.

2. *Waiver of certain requirements.*—The Committee adopted an amendment which would add a new Section 1199J to the bill, providing for waivers of certain cost-sharing and economic feasibility requirements for projects in the smaller insular areas.

The first section of the amendment provides that, consistent with existing law for all other federal programs, the Corps of Engineers shall waive cost-sharing requirements up to \$200,000 for studies and projects in American Samoa, Guam, the Northern Mariana Islands, the Virgin Islands, and the Trust Territory of the Pacific Islands.

Current law provides for the waiver of any matching funding requirements up to \$200,000 in all federal programs for the smaller U.S. territories and commonwealths.

A primary reason for the waiver is the inability of the local governments to meet cost-sharing requirements, thus preventing them from participating in essential federal programs. An additional

reason is that direct and indirect federal assistance accounts for a majority of the revenue of these governments. "Cost-sharing" thus often means that federal contributions are matched by federal contributions.

The Corps of Engineers does not believe the waiver applies to its project study and construction cost-sharing requirements. Also, the Corps has identified a number of relatively small Pacific Islands projects that it says should—but cannot—be undertaken because of the inability of local governments to meet cost-sharing requirements.

The second section of the amendment authorizes the Secretary of the Army to construct projects in American Samoa, Guam, the Northern Mariana Islands, the Virgin Islands, and the Trust Territory of the Pacific Islands which may have a benefit-cost ratio of less than 1.0 if the chief executive of the government involved states in writing that the intangible benefits may be significant to the economic and social development of the insular area concerned.

Benefit-cost ratio tests for evaluating the economic feasibility of projects are based on circumstances not always present in the smaller insular areas and, therefore, may be inappropriate. Extraordinary costs imposed by the remoteness of sparsely populated islands, underdevelopment of basic infrastructure, the lack of important federal programs, and general socio-economic conditions are factors which enhance the benefits of projects in the insular areas beyond what their value would be in the States. Adjustment for unique insular needs and circumstances is warranted.

*3. Exemption from harbor use tax.*—This provision would amend Section 1304 to exempt the insular areas from the proposed harbor use tax.

Distant from supplies and markets, with limited natural and human resources, at varying levels of development, the insular areas are far more dependent upon expensive ocean shipping than are other areas of the United States.

Most consumer goods and business materials must be imported. As much as 98 percent of all incoming cargo arrives by ship. Unlike the mainland, alternative transportation by truck or train is not possible and the cost of shipping most items by plane is prohibitive.

Further, transportation costs already account for a much greater portion of the cost of most articles than they do on the mainland. Ocean freight over the long distances involved is expensive, particularly because disparate locations with small populations must be served.

The impacts of a new tax on ocean cargo would, therefore, be significantly more adverse in the insular areas than in the States. The states have much larger populations served by their ports and the insular areas often have inadequate infrastructure and per capita incomes a fraction of the national average.

Additionally, a fundamental provision of the federal fiscal relationship with each of the territories and commonwealths is that the insular areas are either exempt from federal taxes or, if federal taxes apply, the collections are covered into insular treasuries. In this case, the Committee believes that the insular areas should be exempt from the proposed tax because of the impacts upon insular

areas—their consumers and their businesses, including manufacturing.

4. *Saipan Harbor improvements.*—This Committee amendment to Section 102 authorizes improvements to the Saipan, Northern Mariana Islands harbor pursuant to a study directed by the 1980 Omnibus Territories Act (P.L. 96-597).

The 1980 Omnibus law included a directive to the Secretary of the Interior to report on the need to repair, improve, and replace port facilities in the Northern Mariana Islands, and on the amount of federal assistance such work would require.

The study was completed in May, 1981 for the Secretary by the Corps of Engineers. According to then Under Secretary Donald Hodel, it concluded, “that port and harbor facilities in Saipan, Tinian, and Rota are generally in a state of disrepair and that improvements are necessary to adequately meet existing demands and near-term growth. . . In particular, the report points out that the physical limitations of the Saipan Harbor have precluded the use of larger, but common-sized cargo vessels. . . The report presents tentative recommendations and cost estimates for improving Saipan’s commercial port, including deepening the entrance channel and enlarging the turning basin.”

The report did not recommend an authorization for the project because the results of a further study were not due until August, 1981 and because of domestic spending considerations at the time. Based on its further study, the government of the Northern Mariana Islands requested a grant of \$15 million for the project earlier this year.

The Committee amendment would provide \$14 million for the project. The increase from the \$11.5 million estimate of the cost by the Corps in May, 1981 is attributable to inflation.

## BUDGET EFFECTS OF THE BILL

### COMMITTEE ESTIMATE

In compliance with clause 7(a) of Rule XIII of the Rules of the House of Representatives, the following statement is made: The Committee agrees with the cost estimate prepared by the Congressional Budget Office which is included below.

#### STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX EXPENDITURES

With respect to clause 2(1)(3)(B) of Rule XI of the Rules of the House of Representatives,, the Committee advises that the Congressional Budget Office cost estimate included below indicates the new budget authority that would result from these amendments to the bill.

#### COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

In compliance with clause 2(1)(3)(C) of Rule XI of the Rules of the House of Representatives requiring a cost estimate prepared by the Congressional Budget Office (CBO), the following report prepared by CBO is provided:

## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 6.
2. Bill title: Amendments to the Water Resources Conservation, Development, and Infrastructure Improvement and Rehabilitation Act of 1985, as reported by the House Committee on Public Works and Transportation, August 1, 1985.
3. Bill status: As ordered reported by the House Committee on Interior and Insular Affairs, September 11, 1985.
4. Bill purpose: The amendments to H.R. 6 would modify the reported bill's cost sharing provisions Title XI. Specifically, the amendments would require that feasibility studies undertaken for Bureau of Reclamation projects be subject to the same non-federal cost-sharing requirements that apply to Corps of Engineer projects. The amendments would also require the Corps of Engineers to waive cost-sharing requirements up to \$200,000 for studies and projects undertaken in certain U.S. territories.  
An amendment to Title XIII of the bill would exempt the U.S. territories from the .04 percent commercial cargo tax. An amendment to Title I would authorize improvements to the Saipan Harbor in the Northern Mariana Islands.  
Other amendments would eliminate the bill's Title XII, which would establish a National Board on Water Resources Policy and authorize total appropriations of \$100 million for state water resources planning and management.
5. Changes in the estimated cost to the Federal Government: The following table indicates the incremental budget impact of the Committee's amendments, relative to H.R. 6 as reported by the House Committee on Public Works and Transportation.

[By fiscal years, in millions of dollars]

	1986	1987	1988	1989	1990
Estimated authorization level .....	-20	-17	-17	-22	-23
Estimated outlays .....	-14	-16	-18	-21	-23

The remaining costs of H.R. 6 are described in the CBO cost estimate for the Committee on Public Works and Transportation, dated July 17, 1985.

The costs of this bill fall within budget function 300.

Basis of estimate: For purposes of this estimate, it is assumed that the full amounts authorized are appropriated for each fiscal year. Authorizations for the Saipan Harbor project have been lagged in accordance with the methodology used in CBO's July 17 cost estimate for H.R. 6. Associated outlays have been estimated on the basis of information obtained from the Corps and have been lagged and adjusted for inflation consistent with the methodology discussed previously.

The deletion of Title XII would decrease the authorization level by \$23 million a year through 1990. The reduction in federal outlays would be \$16 million in fiscal year 1986, growing to \$23 million a year by 1990.

It is estimated that the exemptions from the commercial cargo tax would have no significant effect on estimated revenues. Similarly, the waiver of non-federal matching requirements is not expected to result in any significant increase in outlays.

6. Estimated cost to State and local governments: The Committee's amendments are expected to reduce the state and local governments budget impact relative to H.R. 6 as reported by \$13 million in outlays in fiscal year 1986, \$18 million in fiscal year 1987, and \$20 million in each of fiscal years 1988 through 1990. These reductions are expected to result from the deletion of Title XII.

7. Estimate comparison: None.

8. Previous CBO estimate: On July 17, 1985, CBO prepared a cost estimate for H.R. 6, as ordered reported by the House Committee on Public Works and Transportation. This cost estimate reflects only amendments ordered reported by the House Committee on Interior and Insular Affairs.

9. Estimate prepared by: Teri Gullo and Deb Reis.

10. Estimate approved by: James L. Blum, Assistant Director for Budget Analysis.

#### OTHER MATTERS REQUIRED TO BE DISCUSSED THE RULES OF THE HOUSE OF REPRESENTATIVES

##### VOTE OF THE COMMITTEE

In compliance with clause 2(1)(2)(B) of Rule XI of the Rules of the House of Representatives, the following statement is made: these amendments to H.R. 6 were ordered favorably reported to the House of Representatives by voice vote.

##### OVERSIGHT FINDINGS

In compliance with clause 2(1)(3)(A) of Rule XI of the Rules of the House of Representatives, the Committee reports that the need for this legislation has been confirmed by oversight findings as a result of hearings held over the last three years by the full Committee (insular affairs) and the Subcommittee on Water and Power Resources (water resource matters).

##### OVERSIGHT BY COMMITTEE ON GOVERNMENT OPERATIONS

In compliance with clause 2(1)(3)(D) of Rule XI of the Rules of the House of Representatives, the Committee states that no oversight findings and recommendations have been submitted to the Committee by the Committee on Government Operations with respect to the subject matter contained in the amendments to this bill.

##### INFLATION IMPACT

In compliance with clause 2(1)(4) of Rule XI of the House of Representatives, with regard to the inflationary impact of the reported bill, the Committee believes that the amendments to the bill will not have an inflationary impact on national prices or costs.

## CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

ACT OF OCTOBER 5, 1984

(98 Stat. 1732, 1735)

\* \* \* \* \*

SEC. 401. To further the rehabilitation, upgrading, and construction of public facilities in the territories of the United States—

(a) Section 1(a)(1) of the Act of August 18, 1978 (92 Stat. 487), as amended, is further amended by adding “effective October 1, 1985, \$16,300,000,” before the words “such sums”.

(b)(1) There are authorized to be appropriated \$600,000 in fiscal year 1985 (to remain available until expended) to the Secretary of the Interior who, in consultation with and with the assistance of the Secretary of Transportation shall use said funds exclusively for planning improvements for the Alexander Hamilton Airport in St. Croix, Virgin Islands.

(2) Section 303 of the Act of October 19, 1982 (96 Stat. 1705), as amended, is further amended by inserting after “water and power” the words “and improvements for the Alexander Hamilton Airport in St. Croix, Virgin Islands”.

(c) The Secretary of the Interior is authorized and directed, in consultation with and with the assistance of the Secretary of Housing and Urban Development, to study the desirability and feasibility of initiating a program for the development of housing in American Samoa and including the territory in existing Federal housing programs and to submit such recommendations (such recommendations to include, but are not limited to, any changes or modifications which would be necessary to such existing Federal housing programs to adapt them to the culture and traditions of American Samoa) as he may deem appropriate to the Committee on Interior and Insular Affairs of the House of Representatives and to the Committee on Energy and Natural Resources of the Senate of the United States within one year of the date of enactment of this Act.

(d) There are authorized to be appropriated \$15,000,000 [in fiscal] *effective fiscal* year 1986 (to remain available until expended) to the Secretary of the Interior for grants to the government on Northern Mariana Islands for improvements in the production and distribution of water.

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