

LLAGAS RECLAMATION GROUNDWATER REMEDIATION  
INITIATIVE

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SEPTEMBER 7, 2004.—Committed to the Committee of the Whole House on the State  
of the Union and ordered to be printed

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Mr. POMBO, from the Committee on Resources,  
submitted the following

R E P O R T

[To accompany H.R. 4459]

[Including cost estimate of the Congressional Budget Office]

The Committee on Resources to whom was referred the bill (H.R. 4459) to authorize the Secretary of the Interior, acting through the Bureau of Reclamation and in coordination with other Federal, State, and local government agencies, to participate in the funding and implementation of a balanced, long-term groundwater remediation program in California, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

The purpose of H.R. 4459 is to authorize the Secretary of the Interior, acting through the Bureau of Reclamation and in coordination with other federal, State and local government agencies, to participate in the funding and implementation of a balanced, long-term groundwater remediation program in California.

BACKGROUND AND NEED FOR LEGISLATION

The communities of Morgan Hill and San Martin in Santa Clara County, California, have been forced to close wells due to perchlorate contamination in the groundwater. Perchlorate is both a naturally occurring and man-made chemical. Most of the perchlorate manufactured in the United States is used as the primary ingredient of solid rocket propellant. Perchlorate is also used in the manufacture of pyrotechnics and roadside flares. Research indicates that perchlorate interferes with iodide uptake into the thy-

roid gland. Since iodide is an essential component of thyroid hormones, perchlorate disrupts how the thyroid functions. In adults, the thyroid helps to regulate metabolism. In children, the thyroid plays a major role in proper development in addition to metabolism.

Perchlorate has been detected in more than 500 water wells in Santa Clara County, stemming from a nine-mile long plume of the chemical in the Llagas Groundwater Subbasin. As a result, more than 1,000 residences have been supplied with bottled water. The Santa Clara Valley Water District is working to address the problem and develop a long-term plan for remediation of the basin. Near-term solutions, such as point-of-use drinking water treatment systems and residential wellhead treatment systems, are being considered.

H.R. 4459 establishes the “California Basins Groundwater Remediation Fund” within the U.S. Treasury. The Fund, subject to annual appropriations and administered by the Bureau of Reclamation, would provide up to \$25 million in federal funding to remediate groundwater in the service area of the Santa Clara Valley Water District. The bill requires a local cost share of 35 percent. Perchlorate is the chemical compound of primary concern, although funds will be available to remediate other groundwater challenges in the area.

#### COMMITTEE ACTION

H.R. 4459 was introduced by House Resources Committee Chairman Richard Pombo (R-CA) on May 20, 2004. The bill was referred to the Committee on Resources and within the Committee to the Subcommittee on Water and Power. On June 23, 2004, the Subcommittee held a hearing on the bill. On July 8, 2004, the Subcommittee met to mark up the bill. No amendments were offered and the bill was forwarded to the Full Resources Committee by unanimous consent. On July 14, 2004, the Full Resources Committee met to mark up the bill. No amendments were offered and the bill was ordered favorably reported to the House of Representatives by unanimous consent.

#### SECTION-BY-SECTION ANALYSIS

##### *Section 1. Short title*

The bill may be cited as the “Llagas Reclamation Groundwater Remediation Initiative.”

##### *Section 2. Definitions*

This section defines various terms used in the bill.

##### *Section 3. California basins remediation*

This section establishes the “California Basins Groundwater Remediation Fund” within the Treasury of the United States. The Fund will be administered by the Secretary of the Interior, through the Bureau of Reclamation, and in cooperation with the local water authority. The section requires that the Fund shall be used for reimbursing the local water authority for the federal share of the costs for the planning, design, and construction of groundwater remediation projects. An authorization of \$25 million would be avail-

able to carry out the purposes of the bill. The section requires that the local non-federal cost share be no less than 35 percent. Non-federal funding sources may include State or local government agencies and private entities.

The section also states that the bill shall not affect other federal and State authorities being used for remediation and protection of the groundwater in the natural watersheds of the Llagas groundwater subbasin in California. Furthermore, no funds used for activities and projects pursuant to this section shall be counted against federal authorization ceilings established for previously authorized federal activities and projects.

#### COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Resources' oversight findings and recommendations are reflected in the body of this report.

#### CONSTITUTIONAL AUTHORITY STATEMENT

Article I, section 8 of the Constitution of the United States grants Congress the authority to enact this bill.

#### COMPLIANCE WITH HOUSE RULE XIII

1. **Cost of Legislation.** Clause 3(d)(2) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out this bill. However, clause 3(d)(3)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974.

2. **Congressional Budget Act.** As required by clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, this bill does not contain any new budget authority, credit authority, or an increase or decrease in revenues or tax expenditures. According to the Congressional Budget Office, enactment of this bill would result in increased direct spending of less than \$500,000 per year annually from 2005–2012.

3. **General Performance Goals and Objectives.** As required by clause 3(c)(4) of rule XIII, the general performance goal or objective of this bill is to authorize the Secretary of the Interior, acting through the Bureau of Reclamation and in coordination with other federal, State and local government agencies, to participate in the funding and implementation of a balanced, long-term groundwater remediation program in California.

4. **Congressional Budget Office Cost Estimate.** Under clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for this bill from the Director of the Congressional Budget Office:

*H.R. 4459—Llagas Reclamation Groundwater Remediation Initiative*

Summary: H.R. 4459 would establish an interest-bearing account in the Treasury called the California Basins Groundwater Remediation Fund and would authorize the appropriation of \$25 million to be deposited into the fund. The bill would authorize the Secretary of the Interior through the Bureau of Reclamation to use the fund to provide grants to the Santa Clara Valley Water District for groundwater cleanup projects in the Llagas watershed in Santa Clara County, California. H.R. 4459 would authorize the bureau to pay up to 65 percent of the cost of the groundwater cleanup projects. The bureau, however, would not have the authority to obligate money for a project until the nonfederal share of the costs (35 percent) is either deposited into the account or credited to the account as an in-kind contribution.

Assuming appropriation of the necessary funds, CBO estimates that implementing H.R. 4459 would cost \$20 million over the 2005–2009 period and an additional \$5 million after that period. Enacting this bill would increase direct spending by less than \$500,000 annually over the 2005–2012 period.

H.R. 4459 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. The federal funds authorized by this bill would benefit local governments in California. Any expenditures made by those governments to provide the required matching funds would be made voluntarily.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 4459 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—				
	2005	2006	2007	2008	2009
CHANGES IN SPENDING SUBJECT TO APPROPRIATION <sup>1</sup>					
Estimated Authorization Level .....	5	5	5	5	5
Estimated Outlays .....	2	3	5	5	5

<sup>1</sup> Implementing H.R. 4459 also would increase direct spending by less than \$500,000 a year.

*Basis of estimate*

*Spending subject to appropriation*

For this estimate, CBO assumes that H.R. 4459 will be enacted near the end of fiscal year 2004 and that the necessary funds will be appropriated in equal amounts over the 2005–2009 period to the California Basins Groundwater Remediation Fund. Because the bill would require that the nonfederal cost share be deposited into the fund or in-kind contributions be credited before funds could be obligated, CBO expects that spending on the Santa Clara projects would be somewhat slower than historical federal spending on similar projects. CBO estimates that implementing this bill would cost \$20 million over the 2005–2009 period and an additional \$5 million after that period.

*Direct spending*

Under this bill, nonfederal funds equal to 35 percent of the total cost of the project would be required to be either deposited into the account or credited to the account as an in-kind contribution before any funds could be obligated. Currently, it is unknown how much of the nonfederal contributions would be cash and how much would be in-kind donations. According to the bureau, the total cost of the project could be at least \$40 million, which means that the non-federal share could be at least \$15 million. Any receipt to the fund, however, would be offset by equal amounts of direct spending from the fund over the 2005–2012 period.

In addition, the bill would authorize the bureau to spend interest earned on the California Basins Groundwater Remediation Fund. CBO estimates that provision would increase direct spending by less than \$500,000 annually over the 2005–2012 period.

Intergovernmental and private-sector impact: H.R. 4459 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. The federal funds authorized by this bill would benefit local governments in California. Any expenditures made by those governments to provide the required matching funds would be made voluntarily.

Estimate prepared by: Federal Costs: Julie Middleton; Impact on State, Local, and Tribal Governments: Marjorie Miller; Impact on the Private Sector: Karen Raupp.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

## COMPLIANCE WITH PUBLIC LAW 104–4

This bill contains no unfunded mandates.

## PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.

## CHANGES IN EXISTING LAW

If enacted, this bill would make no changes in existing law.

