



CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE

March 16, 2005

**S. 161**  
**Northern Arizona Land Exchange and Verde River Basin Partnership**  
**Act of 2005**

*As ordered reported by the Senate Committee on Energy and Natural Resources  
on February 16, 2005*

CBO estimates that implementing S. 161 would cost about \$9 million over the 2006-2010 period, assuming appropriation of the necessary amounts. Enacting the bill could affect direct spending, but we estimate that any net effect would be less than \$500,000 in any year. Enacting the bill would have no effect on revenues. S. 161 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no significant costs on state, local, or tribal governments. The federal funds authorized for the Verde River Basin Partnership would benefit the state of Arizona and local governments in that state.

Title I of S. 161 would authorize the U.S. Forest Service to exchange approximately 20,000 acres of federal lands in Arizona for roughly 35,000 acres of privately owned land in that state. Under the bill, the transfer of some of the federal parcels would occur only if the new landowner (the Yavapai Ranch Limited Partnership) is able to negotiate the subsequent sale of those properties to certain local cities and camps. If those parties cannot reach an agreement, the Forest Service would withhold the specified parcels and sell them for fair market value. Any offsetting receipts derived from those sales would be available without further appropriation to acquire additional lands in Arizona.

Based on information obtained from the Forest Service, CBO estimates that the agency would spend about \$1 million over the next two years for appraisals and other administrative costs associated with the land exchange, assuming the availability of appropriated funds. We estimate that managing and developing the acreage to be acquired under the bill, which would be added to the Prescott National Forest, would be minimal. Because neither the federal or private properties to be exchanged are expected to generate significant receipts over the next 10 years, we estimate that completing the proposed transactions would have no significant effect on offsetting receipts (a credit against direct spending).

For this estimate, CBO assumes that the Yavapai Ranch will have reached agreements with the local entities to sell the specified parcels before the exchange would occur. If, however,

some parcels were instead removed from the exchange and sold by the Forest Service, offsetting receipts would increase, but we estimate that any such increase would be less than \$500,000 in any year and would be offset over time by additional spending for land acquisition.

Title II would authorize the appropriation of whatever amounts are necessary over the next four years for the U.S. Department of Agriculture and the Department of the Interior to conduct (in partnership with state and local entities) water resources studies of the Verde River Basin in Arizona. The partnership would be required to present its findings and recommendations for managing the local water supply within four years of the legislation's enactment. Based on information provided by the Forest Service, CBO estimates that the cost of carrying out the studies and related efforts would be around \$8 million over the 2006-2010 period, assuming appropriation of the necessary amounts.

The CBO staff contacts for this estimate are Mike Waters and Julie Middleton. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.