CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

February 24, 2012

H.R. 665
Excess Federal Building and Property Disposal Act of 2011

As ordered reported by the House Committee on Oversight and Government Reform on November 17, 2011

SUMMARY

H.R. 665 would amend the Federal Property and Administrative Services Act (Property Act) to facilitate the disposal of federal real property. The legislation would establish a five-year pilot program to expedite the disposal of excess and surplus federal property.

CBO estimates that enacting the bill would increase net direct spending by $100 million over the 2012-2022 period because it would authorize the General Services Administration (GSA) and other federal agencies to spend proceeds from the sale of federal property that are expected to be collected under current law. Enacting H.R. 665 would not affect revenues. Because the legislation would affect direct spending, pay-as-you-go procedures apply. In addition, CBO estimates that implementing the legislation would cost $2 million over the 2012-2017 period, assuming the availability of appropriated funds.

H.R. 665 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.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 665 is shown in the following table. The costs of this legislation fall within budget function 800 (general government) and all budget functions that contain landholding agencies, except 050 (national defense).

	By Fiscal Year, in Millions of Dollars											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-2017	2013-2022
CHANGES IN DIRECT SPENDING [a]												
Estimated Budget Authority	20	20	20	20	20	0	0	0	0	0	100	100
Estimated Outlays	20	20	20	20	20	0	0	0	0	0	100	100

a. In addition to the costs shown above, CBO estimates that implementing H.R. 665 would cost $2 million over the 2013-2017 period for administrative and reporting costs related to property disposal, assuming the availability of appropriated funds.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 665 will be enacted in fiscal year 2012, that the necessary funds will be provided for each year, and that spending will follow historical patterns for similar programs.

The Federal Property and Administrative Services Act governs the disposition of most federal properties. That act and other statutes that govern real estate transactions of specific agencies and programs generally require agencies to allocate excess property to other public purposes before offering it for sale. As a result, in most years, only a small portion of excess federal property is typically sold to the public. The remaining properties are transferred to public agencies and institutions through public benefit conveyances. The act also allows GSA to retain 12 percent of the proceeds from sales to cover the costs of auction fees and appraisals. The net proceeds from such sales are deposited in the Treasury as offsetting receipts. Under current law, proceeds from such transactions usually cannot be spent without further Congressional action. Under current law, CBO estimates that net receipts from the sale of surplus property governmentwide will total about $20 million per year.

The legislation would establish a five-year pilot program to authorize the expedited disposal of excess and surplus federal property. The Director of the General Services Administration, in consultation with the Office of Management and Budget (OMB) and using recommendations of affected executive agencies, would be required to always have 15 federal properties available to participate in the program; the program would terminate five years after enactment. Under the pilot program properties could be sold without some of the administrative reviews and determinations that must occur under current law. Agencies and GSA would be reimbursed for certain expenses related to properties disposed of under this program. Any remaining proceeds from those sales would be divided between two accounts: 98 percent would be deposited in the Treasury as miscellaneous receipts, while 2 percent would be spent for homeless assistance grants.

Based on information from OMB and GSA regarding the status of property governmentwide, CBO expects that that the pilot program would not significantly increase the number of properties sold above the number anticipated under current law. In addition, receipts from sales of properties participating in the pilot program would be spent by GSA and other agencies to reimburse them for their expenses associated with the sales. As a result, CBO estimates that the reimbursement of expenses would increase direct spending of sales proceeds expected under current law by about $20 million annually over the 2013-2017 period.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table. Enacting the legislation would have no effect on revenues.

CBO Estimate of Pay-As-You-Go Effects for H.R. 665, the Excess Federal Building and Property Disposal Act of 2011, as ordered reported by the House Committee on Oversight and Government Reform on November 17, 2011.

	By Fiscal Year, in Millions of Dollars												
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012-2017	2012-2022
NET INCREASE OR DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	20	20	20	20	20	0	0	0	0	0	100	100

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 665 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On February 1, 2012, CBO transmitted a cost estimate for H.R. 1734, the Civilian Property Realignment Act, as transmitted to the Congressional Budget Office on January 24, 2012. On December 8, 2011, CBO transmitted a cost estimate for H.R. 1734, as ordered reported by the House Committee on Transportation and Infrastructure on October 13, 2011. All three pieces of legislation address federal property but have

different provisions. Both versions of H.R. 1734 would establish a commission to sell and dispose of federal property, but the version of that legislation reported by the House Committee on Transportation and Infrastructure would provide the commission with broad authorities to sell and dispose of federal properties (without future Congressional actions). H.R. 665 would not establish a commission but would provide additional authorities to GSA to help facilitate the sale and disposal of federal properties. Those differences are reflected in the estimated cost of the bills.

ESTIMATE PREPARED BY

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