



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 31, 2011

S. 703
Helping Expedite and Advance
Responsible Tribal Homeownership Act of 2011

As ordered reported by the Senate Committee on Indian Affairs on July 28, 2011

S. 703 would allow Indian tribes to enter into certain leases of trust lands without approval from the Bureau of Indian Affairs (BIA) and would amend the Indian Reorganization Act to allow the Secretary of the Interior to take land into trust for all federally recognized Indian tribes.¹ Based on information from the Department of the Interior (DOI), CBO estimates that implementing the legislation would have no significant effect on the federal budget. Enacting S. 703 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

Under current law, most tribes can lease trust lands to certain entities for up to 25 years, subject to the approval of the BIA. Under the bill, tribes could enter into leases without BIA approval if those leases were subject to tribal regulations approved by the agency. Any lease granted under that authority would be limited to 25 years for agricultural use and business purposes and 75 years for other purposes. Any lease involving the exploration for or extraction of natural resources would still require approval from the BIA. CBO expects that those provisions would have a negligible effect on BIA's workload.

The bill also would expand the authority of DOI to take land into trust for all federally recognized Indian tribes, not just those recognized prior to the enactment of the Indian Reorganization Act of 1934. That provision might reduce the workload of certain DOI personnel, but CBO expects that any savings resulting from that reduced workload would be small and probably would be used by the agency to carry out other activities related to holding land in trust. As a result, CBO expects that implementing the legislation would have no significant effect on the federal budget.

S. 703 would impose both intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

1. Trust lands are tribally owned lands that are legally held by the federal government for the benefit of tribal governments or individual tribal members.

S. 703 would limit the ability of public and private entities or individuals to file some types of claims in court related to lands taken into trust for Indian tribes. That limitation would be both an intergovernmental and private-sector mandate. The cost of the mandate would be the forgone value of awards and settlements of such claims if they would have been successful under current law. CBO expects that the annual number of claims involving such land and the value of the awards and settlements in those claims would be small.

S. 703 also would impose an intergovernmental mandate by expanding the authority of DOI to take land into trust for tribes that were not under federal jurisdiction in 1934. Land taken into trust would be exempt from state and local taxes. Given the types and amounts of land typically taken into trust, CBO estimates that the forgone tax revenue to state and local governments from that expansion would be small.

CBO estimates that the cost of all mandates in the bill to intergovernmental and private-sector entities would fall below the annual thresholds established in UMRA (\$71 million and \$142 million in 2011, respectively, adjusted annually for inflation).

Enacting this legislation would benefit tribes by allowing land to be taken into trust for some tribes and by streamlining the process for tribes to lease land.

The CBO staff contacts for this estimate are Sarah Puro (for federal costs), Melissa Merrell (for intergovernmental costs), and Amy Petz (for private-sector costs). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.