



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 29, 2011

S. 714 **Federal Land Transaction Facilitation Act Reauthorization of 2011**

*As ordered reported by the Senate Committee on Energy and Natural Resources
on July 14, 2011*

SUMMARY

S. 714 would reauthorize the Federal Land Transaction Facilitation Act (FLTFA) to allow certain federal agencies to spend, without further appropriation, proceeds from the sale of land administered by the Bureau of Land Management (BLM) to purchase inholdings (privately held land surrounded by federal land). Based on information provided by BLM, CBO estimates that enacting the legislation would increase both the proceeds from sale of federal property and the spending of sale proceeds. On balance, CBO estimates that enacting the legislation would yield a small net reduction in direct spending of \$5 million over the 2012-2021 period—primarily because the spending of sale proceeds would lag behind such collections over the next 10 years. Because S. 714 would affect direct spending, pay-as-you-go procedures apply. Enacting the legislation would not affect revenues.

S. 714 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 S. 714 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												
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-2016	2017-2021	
CHANGES IN DIRECT SPENDING													
Proceeds from Sale of Property ^a													
Estimated Budget Authority	-2	-3	-4	-5	-6	-8	-10	-12	-14	-16	-20	-80	
Estimated Outlays	-2	-3	-4	-5	-6	-8	-10	-12	-14	-16	-20	-80	
Spending of Sales Proceeds													
Estimated Budget Authority	3	4	5	6	7	9	11	13	15	17	25	90	
Estimated Outlays	2	3	4	5	6	7	9	11	13	15	20	75	
Total Changes													
Estimated Budget Authority	1	1	1	1	1	1	1	1	1	1	5	10	
Estimated Outlays	0	0	0	0	0	-1	-1	-1	-1	-1	0	-5	

a. The amounts of sale proceeds shown in the table reflect expected increases in collections under S. 714. In addition, CBO estimates that the Bureau of Land Management will collect \$10 million over the 2012-2021 period for such sales under current law.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted near the end of 2011.

Under current law, proceeds from the sale of BLM land are deposited in the Treasury as offsetting receipts (a credit against direct spending). CBO estimates that such proceeds will total \$10 million over the 2012-2021 period. Because, under the bill, BLM could spend proceeds from the sale of land to pay for administrative costs associated with future land sales, CBO estimates that implementing the legislation would increase such proceeds (relative to current law) by \$80 million over the next 10 years. Overall, we estimate that gross proceeds from the sale of BLM land would increase to \$90 million over 2012-2021 period, including the \$10 million in collections expected under current law.

CBO estimates that, under the bill, annual proceeds from the sale of BLM land over the next 10 years would be lower (on average) than the historical average under FLTFA. Over the 2001-2011 period, proceeds from the sale of BLM land under the program totaled about \$120 million, with most of that amount generated by sales of land near urban areas in Nevada and Arizona in 2006 and 2007. Because the amount of future proceeds from such land sales is related to prevailing housing market and economic conditions in those areas, we expect that gross proceeds would be lower than in recent years and would increase over the 10-year period as additional sales would take place in those urban areas.

Because the bill would authorize four land-management agencies (BLM, the U.S. Fish and Wildlife Service, the National Park Service, and the Forest Service) to spend, without further appropriation, proceeds from the sale of BLM land, including amounts expected to

be collected under current law, CBO also estimates that implementing the legislation would increase direct spending over the 2012-2021 period. Based on the historical rate of spending for the FLTFA program and for other federal land acquisition activities, CBO expects that those agencies would not spend all of the proceeds (\$90 million) generated from BLM land sales over the next 10 years. We estimate that direct spending of such proceeds would total \$75 million over the 2012-2021 period, resulting in a net reduction in direct spending of \$5 million over that period.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. S. 714 would reduce direct spending; therefore, pay-as-you-go procedures apply. The budgetary changes that are subject to pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for S. 714, the Federal Land Transaction Facilitation Reauthorization Act of 2011, as ordered reported by the Senate Committee on Energy and Natural Resources on July 14, 2011

	By Fiscal Year, in Millions of Dollars											2011-	2011-
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2016	2021
NET INCREASE OR DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	0	0	0	0	0	-1	-1	-1	-1	-1	0	-5

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 714 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

ESTIMATE PREPARED BY:

Federal Costs: Dubary Brea and Jeff LaFave
 Impact on State, Local, and Tribal Governments: Melissa Merrell
 Impact on the Private Sector: Amy Petz

ESTIMATED APPROVED BY:

Peter H. Fontaine
 Assistant Director for Budget Analysis