



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 6, 1997

S. 1159

Kake Tribal Corporation Land Exchange Act

*As ordered reported by the Senate Committee on Energy and Natural Resources
on September 24, 1997*

CBO estimates that enacting this bill would not have a significant impact on the federal budget. Because the bill could affect offsetting receipts (a form of direct spending), pay-as-you-go procedures would apply, but we estimate that any increase in direct spending would total less than \$500,000 per year. S. 1159 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 and would impose no significant costs on the budgets of state, local, or tribal governments.

S. 1159 directs the Secretary of Agriculture to convey to the Kake Tribal Corporation and Sealaska Corporation the surface and subsurface estate of lands in the Hamilton Bay and Saginaw Bay areas within the Tongass National Forest, to be selected by the two corporations from federal lands depicted on the maps described in the bill dated September 1, 1997. The bill also provides that, in exchange, the Kake Tribal Corporation and Sealaska Corporation convey to the United States the surface and subsurface estates to about 2,400 acres of municipal watershed land. The bill would direct the Secretary of Agriculture to enter into a Memorandum of Agreement with the city of Kake, Alaska, to provide for management of the municipal watershed.

S. 1159 does not specify the federal land to be conveyed to the Kake Tribal Corporation, but it does provide that the exchange be on the basis of equal value, unless the Secretary determines it is in the public interest to make the exchange for other than equal value. For the purpose of this estimate, CBO assumes that the lands exchanged under the bill will be of approximately equal value. Enacting this bill could decrease offsetting receipts to the federal government because, according to the Forest Service, the federal land to be conveyed to the corporation under the exchange would likely include areas with merchantable timber, whereas the land to be acquired from the corporation in the proposed exchange has been partially harvested, and that portion would thus be unavailable for further harvest (for at least several more years). Furthermore, the Forest Service would consider the acquired area unsuitable for future harvesting because it lies within the municipal watershed for the city

of Kake. CBO estimates that any net increase in direct spending from forgoing timber receipts would total less than \$500,000 per year over the 1998-2007 period.

Based on information from the Forest Service, CBO estimates that the agency could incur additional administrative costs to manage the municipal watershed, such as upgrading some roads, obliterating and revegetating other roads, and surveying the area. However, we estimate that such costs would total less than \$500,000 per year, subject to appropriation of the necessary amounts.

The CBO staff contact for this estimate is Victoria V. Heid. This estimate was approved by Paul N. Van de Water, Assistant Director for Budget Analysis.