CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 20, 2000

H.R. 1695
Ivanpah Valley Airport Public Lands Transfer Act

As ordered reported by the Senate Committee on Energy and Natural Resources on July 13, 2000

SUMMARY

H.R. 1695 would direct the Secretary of the Interior to convey to Clark County, Nevada, about 6,400 acres of public land for the purpose of developing an airport facility and related infrastructure. The county would pay fair market value for the land. The legislation would authorize the Secretary to spend the proceeds of the land sale. CBO estimates that implementing H.R. 1695 would result in an increase in offsetting receipts in 2001, but that those receipts would be fully offset by a corresponding increase in direct spending over fiscal years 2005 through 2007. Because H.R. 1695 would affect direct spending (including offsetting receipts), pay-as-you-go procedures would apply. Implementing the legislation also could increase spending subject to appropriation, but CBO estimates that any additional discretionary spending would be less than $500,000 a year.

H.R. 1695 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Clark County would probably incur some costs as a result of this legislation's enactment, but these costs would be voluntary.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1695 is shown in the following table. The legislation also could affect spending subject to appropriation, but CBO estimates that any changes in discretionary spending would be less than $500,000 a year. The costs of this legislation fall within budget function 300 (natural resources and the environment).

	By Fiscal Year, in Millions of Dollars				
	2001	2002	2003	2004	2005
CHANGES IN DIRECT SPENDING					
Asset Sale Proceeds					
Estimated Budget Authority	0	-6	0	0	0
Estimated Outlays	0	-6	0	0	0
Spending of Proceeds					
Estimated Budget Authority	0	6	0	0	0
Estimated Outlays	0	a	0	0	2
Net Changes					
Estimated Budget Authority	0	0	0	0	0
Estimated Outlays	0	-6	0	0	2

a. Less than $500,000.

BASIS OF ESTIMATE

For the purposes of this estimate, CBO assumes that H.R. 1695 will be enacted by the end of fiscal year 2000. Estimates of outlays are based on historical spending patterns for similar activities, and the requirement under this legislation that development of the airport be approved before proceeds from the sale can be spent.

Direct Spending (Including Offsetting Receipts)

H.R. 1695 would direct the Secretary of the Interior to convey about 6,400 acres of public land to Clark County, Nevada, at fair market value. Certain conditions would have to be met before the conveyance could occur. Based on information from the Bureau of Land Management (BLM) and the Department of Transportation, CBO estimates that those requirements would be completed during fiscal year 2002 and that the land would be sold in that year. Under current law, BLM has no plans to sell the land, and the land does not generate any receipts for the federal government. According to BLM, the proceeds from sale of the land are highly uncertain since an appraisal has not been conducted and there are virtually no other comparable land sales in that area. Based on information from the local airport authority and BLM, CBO estimates that sale proceeds would total about $6 million in fiscal year 2002.

Current law provides that states receive 5 percent of the net proceeds of sales of public lands within their limits. Thus, we estimate that payments to the state of Nevada would total about $300,000 in fiscal year 2002 as a result of implementing H.R. 1695.

H.R. 1695 provides that proceeds from sale of the land shall be deposited in a special account in the Treasury created by section 4(e)(1)(C) of the Southern Nevada Public Land Management Act (Public Law 105-263). We assume that such deposits will be net of the payments to Nevada discussed above. The net proceeds would be available to the Secretary of the Interior, without further appropriation, to purchase environmentally sensitive land in Nevada, reimburse agency costs incurred in arranging the land disposal, and for certain other purposes.

Under H.R. 1695, the proceeds from the sale could not be spent until the Secretary of the Interior and the Secretary of Transportation complete all actions required under the National Environmental Policy Act of 1969 (NEPA) and the development of the airport has been approved. Based on information from BLM and the Department of Transportation, CBO expects these requirements would be met by the start of fiscal year 2005 and that the Secretary would spend $2 million a year over the 2005-2007 period for the purposes specified in the legislation.

Spending Subject to Appropriation

H.R. 1695 would make the land conveyance contingent on Clark County conducting an airspace assessment to identify any potential adverse effects on access to the Las Vegas Basin resulting from the construction and operation of an airport on the land to be conveyed. Further, the conveyance would be contingent on the Federal Aviation Administration certifying that the county's assessment is thorough and considers alternatives to any adverse effects identified in the assessment. H.R. 1695 would require the Secretary of the Interior and the Secretary of Transportation to meet the requirements of NEPA prior to constructing and operating the airport. Finally, the legislation would direct the Secretary of Transportation to develop an airspace management plan for the Ivanpah Valley Airport that restricts arrivals and departures over the Mojave Desert Preserve in California. Based on information from the departments, we estimate that the total cost to the federal government of implementing these provisions would be less than $500,000 each year over the 2001-2005 period, assuming appropriation of the necessary amounts.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted. Under the Balanced Budget Act, proceeds from nonroutine asset sales (sales that are not authorized under current law) may be counted for pay-as-you-go purposes only if the sale would entail no financial cost to the government. Based on information provided by BLM, CBO estimates that the sale of the public land specified in H.R. 1695 would result in a net savings to the government, and therefore, the proceeds would count for pay-as-you-go purposes.

	By Fiscal Year, in Millions of Dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	0	0	-6	0	0	2	2	2	0	0	0
Changes in receipts	Not applicable										

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 1695 contains no intergovernmental mandates as defined in UMRA. The conveyance authorized by this legislation would be voluntary on the part of Clark County and any costs they would incur to fulfill the conditions of the conveyance also would be voluntary. This would include paying fair market value for the land and conducting an airspace assessment. The county would benefit from the opportunity to acquire this land, and the state of Nevada would benefit because they would receive a portion of the receipts from the sale.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

The legislation would impose no new private-sector mandates as defined in UMRA.

PREVIOUS CBO ESTIMATE

On November 4, 1999, CBO transmitted a cost estimate for H.R. 1695, as ordered reported by the House Committee on Resources on October 20, 1999. At that time, we assumed that H.R. 1695 would be enacted early in fiscal year 2000 and that the sale would occur during fiscal year 2001. In contrast, we now assume that the legislation will be enacted by the end of fiscal year 2000 and that the sale would occur during fiscal year 2002. In addition, two significant differences between the two versions account for differences in our cost estimates for this legislation.

First, the Senate version includes a provision that would delay the spending of proceeds from the sale of land under H.R. 1695 until certain requirements are met. The House version contains no such provision; hence, we estimated that under that version the increase in offsetting receipts from the sale would be fully offset by a subsequent increase in direct spending of those receipts over the 2001-2004 period. In contrast, we estimate that under the Senate version, such receipts would be only partially offset by subsequent spending over the 2001-2005 period, but that they would be fully offset by 2007.

Second, under the House version of this legislation, interest earned on the proceeds from the sale of land would be available to be spent by the Secretary of the Interior. Hence, we estimated that the House version would have resulted in a net increase in direct spending of about $1 million over five years. The Senate version of H.R. 1695 contains no such provision; thus, we estimate that, over the 2001-2007 period, enacting this legislation would not result in a net change in direct spending.

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