



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 10, 2000

S. 2873

A bill to provide for all right, title, and interest in and to certain property in Washington County, Utah, to be vested in the United States

*As reported by the Senate Committee on Energy and Natural Resources
on October 2, 2000*

S. 2873 would transfer about 1,550 acres of private property in Washington County, Utah, to the federal government. As compensation for the government's taking of private property, the bill would provide an immediate payment of \$15 million, with a subsequent amount either to be paid to Environmental Land Technology, Ltd., the property owner, or credited for use in obtaining federal surplus property, at a later date. The amount of the second payment would depend, in part, on whether the federal government could negotiate a settlement with the property owner.

Under a negotiated settlement, the second payment would include the difference between the property's appraised value and the initial payment of \$15 million, plus interest accrued from the date the federal government takes title to the property to the date of the final payment and reasonable property-holding expenses from February 1990 to the date of the final payment. Alternatively, if the amount of the second payment is decided in a court of law, it would include the remaining property value as determined by the court, accrued interest, reasonable property-holding expenses, and reasonable court costs and attorneys' fees. The bill would provide the full faith and credit of the United States to make such payments without further appropriation.

CBO estimates that enacting this bill would increase direct spending by \$15 million in fiscal year 2001. The amount of the second payment is uncertain and will probably be determined in court. Based on information from the Bureau of Land Management (BLM), CBO estimates that a second payment of \$43 million would be made in 2002. CBO assumes the property owner would elect to receive a payment of cash rather than surplus property credits. The estimated total compensation of \$58 million is the midpoint between the government's and the property owner's estimates of the property's value (between \$30 million and \$70 million), plus estimated accrued interest and reasonable property and court-related expenses. This estimate assumes that, based on the wide difference in their estimates of the property's value, the two sides would be unable to negotiate an out-of-court settlement. Because S. 2873 would affect direct spending, pay-as-you-go procedures would apply. The changes in direct spending are shown in the following table.

	By Fiscal Year, in Millions of Dollars									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	15	43	0	0	0	0	0	0	0	0
Changes in receipts										Not applicable

In addition, because it is possible that BLM would have purchased the property under current law using funds appropriated from the Land and Water Conservation Fund, implementing the bill could reduce the need for future appropriations.

S. 2873 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. S. 2873 would impose a private-sector mandate, as defined in UMRA, on the property owner who would be required to confer his property to the federal government. CBO estimates that the cost of complying with the mandate would fall below the threshold established in UMRA (\$109 million in 2000, adjusted annually for inflation).

The bill would require, 30 days after enactment, the landowner to confer to the United States all right, title, and interest in and to, his property located within and adjacent to the Red Cliffs Reserve. That requirement would be a mandate as defined in UMRA. The cost of complying with the mandate would be the fair market value of the land, expenses incurred and lost interest in transferring the property to the federal government, and the costs of relocating. Estimates of the value of the property range between \$30 million and \$70 million. Thus, CBO expects that the direct costs of complying with the mandate would fall below the threshold established by UMRA (\$109 million for private-sector mandates in 2000, adjusted annually for inflation). The bill provides that, in exchange for his land, the landowner would receive an initial payment of \$15 million, as well as a subsequent payment to be determined either through a negotiated settlement or through litigation.

On October 10, 2000, CBO transmitted a cost estimate for H.R. 4721, similar legislation passed by the House of Representatives on October 3, 2000. CBO's two cost estimates are identical.

The CBO staff contacts for this estimate are John R. Righter (for federal costs), and Lauren Marks (for the private-sector impact). This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.