CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 19, 2009

H.R. 1275
Utah Recreational Land Exchange Act of 2009

As ordered reported by the House Committee on Natural Resources on June 10, 2009

H.R. 1275 would authorize a land exchange between the federal government and the state of Utah. The bill would specify certain procedures for equalizing the values of lands and interests exchanged and other conditions on the transaction. In particular, under the bill, the federal government would reserve an interest in any oil shale resources conveyed to the state.

CBO estimates that enacting H.R. 1275 would have no significant net impact on discretionary or mandatory spending and no effect on revenues. The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

Based on information provided by the Bureau of Land Management (BLM), CBO estimates that the approximately 36,000 acres of federal lands to be conveyed under H.R. 1275 currently generate net offsetting receipts (a credit against direct spending) totaling less than $50,000 annually, primarily for grazing. Although some of those lands have the potential for mineral development, CBO expects that they are unlikely to be leased over the next 10 years; therefore, we estimate that forgone net receipts under the bill over the 2010-2019 period would be minimal, as would any new receipts that might be earned on the approximately 46,000 acres that would be received from the state.

Also, under H.R. 1275, the federal government would reserve a 50 percent interest in future royalties, bonus bids, and other payments that Utah might receive if the lands to be transferred to it are ever developed for oil shale. Because BLM typically retains half of any receipts from mineral leasing on federal land under current law, CBO expects that this provision would, on average, have no significant effect on the federal budget.

The CBO staff contacts for this estimate are Deborah Reis and Megan Carroll, who can be reached at 226-2860. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.