CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 13, 2012

H.R. 665
Excess Federal Building and Property Disposal Act of 2012

As provided to CBO by the House Committee on Oversight and Government Reform on February 28, 2012

SUMMARY

H.R. 665 would amend the Federal Property and Administrative Services Act (Property Act) to facilitate the disposal of federal real property by giving the General Services Administration (GSA) new authorities. In addition, the legislation would establish a five-year pilot program to expedite the disposal of excess and surplus federal property.

CBO estimates that implementing H.R. 665 would cost $2 million over the 2012-2017 period for additional administrative and reporting costs related to property disposal, assuming the availability of appropriated funds.

Enacting the bill would affect direct spending by increasing both receipts from property sales and spending of those receipts; therefore, pay-as-you-go procedures apply. CBO estimates, however, that any net change in direct spending would not be significant in any year. Enacting the legislation would not affect revenues.

H.R. 665 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.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 665 will be enacted in fiscal year 2012, that the necessary funds will be provided for each year, and that spending will follow historical patterns for similar programs.

Provisions of the Bill

Under the Property Act, GSA currently manages the disposal of surplus federal property for most agencies. The act allows GSA to retain 12 percent of the proceeds from public sales to cover its direct costs, such as auction fees and appraisals. H.R. 665 would allow GSA to retain and use additional proceeds from property sales to help pay for the direct and indirect costs of other agencies' disposal activities. Such costs would include market research, cost/benefit analyses, and other activities to identify and prepare properties for disposal that have not yet been declared excess to the government's needs. Any net proceeds from sales under the bill would be available, subject to future appropriation, to cover the costs of the other property management activities.

The legislation would establish a five-year pilot program and authorize the expedited disposal of excess and surplus federal property. The Director of the General Services Administration, in consultation with the Office of Management and Budget (OMB) and using recommendations from affected agencies, would be required to identify 15 federal properties to be disposed of through this new program; additional properties would be added to the program as other properties were sold, and the program would terminate five years after enactment. In addition, the legislation would require GSA, within one year, to create an online searchable database of federal real property for use by federal agencies and the public.

In addition, the legislation would require GSA and the Government Accountability Office to prepare additional reports, and would require GSA to improve its real property database.

Direct Spending

CBO expects that GSA and other federal agencies would use the new authorities provided in this bill to make more properties available for disposal than would be available under current law. The number of additional properties made available would be modest, however, because we assume that many of the largest federal agencies that manage significant numbers of properties would probably opt to continue using their enhanced-use leasing authorities rather than GSA's services to leverage value from underused real property. In addition, any new properties that would be made available for disposal under the bill would be evaluated for possible public benefit conveyances—for homeless shelters, or for educational or recreational uses—before those properties could be offered for sale. Consequently, CBO expects that the number of properties sold for cash under this bill would be small, and that any net change in direct spending and offsetting receipts would be insignificant.

Spending Subject to Appropriation

CBO estimates that implementing H.R. 665 would increase the workload of GSA and other agencies to expedite the process for evaluating and disposing of federal properties. Based on information from GSA and some landholding agencies, CBO estimates that those activities would cost $2 million over the 2013-2017 period, assuming the availability of appropriated funds.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. CBO estimates that enacting H.R. 665 would affect direct spending, but any such affects would be insignificant. Enacting the legislation would have no effect on revenues.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 665 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On February 24, 2012, CBO transmitted a cost estimate for H.R. 665, the Excess Federal Building and Property Disposal Act of 2102, as ordered reported by the House Committee on Oversight and Government Reform on November 17, 2011. On February 1, 2012, CBO transmitted a cost estimate for H.R. 1734, the Civilian Property Realignment Act, as transmitted to the Congressional Budget Office on January 24, 2012. On December 8, 2011, CBO transmitted a cost estimate for H.R. 1734, as ordered reported by the House Committee on Transportation and Infrastructure on October 13, 2011. All four pieces of legislation address federal property, but because the bills differ in terms of their comprehensiveness and general approach to property management and disposal, CBO's estimates of their budgetary impacts are different.

ESTIMATE PREPARED BY

Federal Spending: Matthew Pickford
Impact on State, Local, and Tribal Governments: Paige Piper/Bach
Impact on the Private Sector: Elizabeth Cove Delisle

ESTIMATE APPROVED BY

Theresa Gullo
Deputy Assistant Director for Budget Analysis