



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 18, 2014

H.R. 4350 **Northern Cheyenne Lands Act**

As ordered reported by the House Committee on Natural Resources on May 29, 2014

SUMMARY

H.R. 4350 would require the Bureau of Land Management (BLM) to convey 9,400 acres of land containing coal deposits to Great Northern Properties, a private company, if the company conveys certain mineral rights to the Northern Cheyenne Tribe. The land conveyances would not be finalized unless the tribe waived all claims related to the failure of the United States to acquire certain mineral rights underlying the tribe's reservation land.

Based on information provided by BLM, the tribe, and firms operating in the coal industry, CBO estimates that enacting the legislation would reduce net offsetting receipts (thus increasing direct spending) by \$2 million in 2024; therefore, pay-as-you-go procedures apply. Enacting the bill would not affect revenues and would have no significant impact on discretionary spending.

H.R. 4350 would preempt the authority of state and local governments to tax land and mineral interests conveyed to the Northern Cheyenne Tribe of Montana. Those requirements would be mandates as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates that the costs of the mandates would be minimal. The bill contains no private-sector mandates as defined in UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 4350 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2015-2019	2015-2024
CHANGES IN DIRECT SPENDING												
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	2	0	2
Estimated Outlays	0	0	0	0	0	0	0	0	0	2	0	2

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted near the end of fiscal year 2014.

Forgone Receipts from Bonus Bids

H.R. 4350 would require BLM to convey 9,400 acres of federal land containing coal deposits to Great Northern Properties.

Based on information provided by BLM and firms operating in the coal industry, CBO estimates that the affected lands contain 113 million tons of coal. CBO expects that, under current law, the federal government will lease lands containing up to 90 percent of that coal as early as 2024. Based on information regarding recent bonus bids paid for federal lands in western states containing coal, CBO expects that firms would pay between 30 and 40 cents per ton to lease the affected land, and we estimate that the bonus bids for those leases would total about \$18 million. Because firms generally pay bonus bids on coal leases in five equal installments over a five-year period, CBO estimates that gross proceeds from bonus bids (before making payments to states) would be about \$3 million in 2024. CBO also estimates that conveying the affected lands would not affect offsetting receipts from royalties because any production on those lands will not occur until after 2024 under current law.

Because BLM would distribute 49 percent of those proceeds to the state of Montana and CBO expects that the federal government would receive payment for those leases in equal installments over five years beginning in 2024, we estimate that enacting the bill would reduce net offsetting receipts by \$2 million in 2024. That estimate reflects the expected value of offsetting receipts taking into account various scenarios regarding the quantity and value of the coal deposits and the timing of lease sales.

Waiver of Claims

The Northern Cheyenne Tribe asserts claims against the federal government because the government did not acquire mineral rights on lands that were added to the reservation in 1900. Under the bill, the tribe would waive those claims. CBO expects that any litigation related to the claims would not be completed or settled within the next 10 years. Therefore, we estimate that the waiver of those claims would not affect direct spending during the next decade.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. H.R. 4350 would reduce the amount of offsetting receipts that would be deposited in the Treasury from certain coal leases; therefore, pay-as-you-go procedures apply. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You Go Effects for H.R. 4350, the Northern Cheyenne Lands Act, as ordered reported by the House Committee on Natural Resources on May 29, 2014

By Fiscal Year, in Millions of Dollars													
2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2014-	2014-	
											2019	2024	
NET INCREASE OR DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	0	0	0	0	0	0	0	0	0	2	0	2

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 4350 would preempt the authority of state and local governments to tax land and mineral interests conveyed to the Northern Cheyenne Tribe of Montana. Those requirements would be mandates as defined in UMRA, but CBO estimates that the costs of the mandates would be minimal. The bill would benefit the Northern Cheyenne Tribe of Montana. The bill contains no private-sector mandates as defined in UMRA.

ESTIMATE PREPARED BY:

Federal Costs: Jeff LaFave and Martin von Gnechten
Impact on State, Local, and Tribal Governments: Jon Sperl
Impact on the Private Sector: Amy Petz

ESTIMATE APPROVED BY:

Theresa Gullo
Deputy Assistant Director for Budget Analysis