



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 24, 2014

S. 2188

A bill to amend the Act of June 18, 1934, to reaffirm the authority of the Secretary of the Interior to take land into trust for Indian tribes

As ordered reported by the Senate Committee on Indian Affairs on June 11, 2014

S. 2188 would amend the Indian Reorganization Act to authorize the Secretary of the Interior to take land into trust for all federally recognized Indian tribes. Based on information provided by the Department of the Interior (DOI), CBO estimates that implementing the bill would have no significant effect on the federal budget. Enacting S. 2188 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

Under current law, as clarified by the Supreme Court decision in *Carcieri v. Salazar* (2009), the Secretary of the Interior is authorized take lands into trust for the benefit of Indian tribes if those tribes were federally recognized prior to enactment of the Indian Reorganization Act of 1934. Under the bill, the Secretary would have the authority to take land into trust for all federally recognized Indian tribes, regardless of when those tribes were recognized. S. 2188 also would direct DOI to complete a study on the effect of the court decision. Based on information from DOI, CBO estimates that implementing the legislation would not significantly affect DOI operating costs.

S. 2188 would expand an existing intergovernmental mandate, as defined in the Unfunded Mandates Reform Act (UMRA), that exempts land taken into trust for tribal individuals or tribal governments from state and local taxes. While state and local governments may have the ability to collect taxes on some lands as a result of the *Carcieri v. Salazar* decision, CBO has no data indicating that those governments currently levy taxes on that land. In addition, CBO thinks it is unlikely that any governments would collect taxes on those lands in the next five years. Therefore, CBO estimates that enacting S. 2188 would not result in a loss of revenue for state or local governments.

S. 2188 also would impose intergovernmental and private-sector mandates, as defined in UMRA, by limiting the ability of public and private entities to file legal claims related to trust lands of Indian tribes that were federally recognized after 1934. The cost of the mandate would be the forgone value of awards and settlements of such claims. CBO expects that the annual number of claims involving such land and the value of the awards and settlements in those claims would be small. Consequently, the cost of the mandate to

public and private entities would fall below the annual thresholds established in UMRA for intergovernmental and private-sector mandates (\$76 million and \$152 million in 2014 respectively, adjusted annually for inflation).

The CBO staff contacts for this estimate are Martin von Gnechten (for federal costs), Melissa Merrell (for the state and local impact), and Marian Burnett (for the private-sector impact). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.