



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 28, 2014

S. 2442

Northern Cheyenne Lands Act

As ordered reported by the Senate Committee on Indian Affairs on July 30, 2014

SUMMARY

S. 2442 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. The bill also would direct the Secretary of the Interior to compile an inventory of land interests held in trust by the federal government for the benefit of the tribe.

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 effect on discretionary spending.

S. 2442 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 would benefit the Northern Cheyenne Tribe of Montana. The bill contains no private-sector mandates as defined in UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of S. 2442 is shown in the following table. The costs of this legislation fall within budget functions 300 (natural resources and environment) and 450 (community and regional development).

	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

S. 2442 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 starting by 2024 or possibly later. Based on information regarding recent bonus bids paid for federal lands in western states containing coal, CBO expects that firms would pay about 35 cents per ton to lease the affected land, and we estimate that the bonus bids for those leases would total about \$36 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 the government pays states their share) would be about \$7 million a year. We assess a 50 percent chance that the lease sale would occur in 2024 and an equal chance that it would not occur until later. Therefore, accounting for that uncertainty, we project a loss of receipts (before payouts to states) of \$3 million to \$4 million per year. Because BLM would distribute 49 percent of those proceeds to the state of Montana, we estimate that enacting the bill would reduce net offsetting receipts by \$2 million in 2024.

CBO also estimates that conveying the lands would not affect offsetting receipts from royalties because any production on those lands would not occur until after 2024 under current law.

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. S. 2442 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 S. 2442, 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-	2014-
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	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

S. 2442 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.

PREVIOUS CBO ESTIMATE

On July 18, 2014, CBO transmitted a cost estimate for H.R. 4350, the Northern Cheyenne Lands Act, as ordered reported by the House Committee on Natural Resources on May 29, 2014. The two bills are similar, and the CBO cost estimates are the same.

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