CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 26, 1998

H.R. 2756
Kake Tribal Corporation Land Exchange Act

As ordered reported by the House Committee on Resources on August 5, 1998

CBO estimates that enacting this bill would not have a significant impact on the federal budget. Because the bill would affect offsetting receipts (which are classified as direct spending), pay-as-you-go procedures would apply, but we estimate that any increase in direct spending would total less than $500,000 per year. H.R. 2756 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no significant costs on the budgets of state, local, or tribal governments.

H.R. 2756 provides for an exchange of surface and subsurface lands between the federal government and the Kake Tribal Corporation and Sealaska Corporation. If the two corporations convey to the United States the surface and subsurface estates of about 2,425 acres of land specified in the bill, the Secretary of Agriculture would be required to convey to the corporations in exchange the surface and subsurface estate of about 2,425 acres of federal land within the Tongass National Forest. The bill provides that the exchange would be made without any consideration other than that provided for in the bill. According to the Forest Service, the federal land that would be conveyed under H.R. 2756 has a higher fair market value than the land that would be acquired.

Because the federal budget is on a cash basis, CBO estimates the budgetary impact of such land exchanges on the basis of estimated changes in the government's cash flow. CBO estimates that enacting this bill would result in a loss of offsetting receipts to the federal government because, according to the Forest Service, the federal land that would be conveyed to the corporations under the exchange includes areas with timber that is salable under an existing timber contract. In contrast, the land that would be acquired is unlikely to generate offsetting receipts over the next five years. Past logging activities have limited the resources available for harvesting. In addition, the Forest Service considers much of the area unsuitable for harvesting because it lies within the municipal watershed for the city of Kake. CBO estimates that the net increase in direct spending resulting from this exchange would total less than $500,000 a year over the 1999-2003 period.

According to the Forest Service, the agency could incur additional administrative costs to manage the municipal watershed, including upgrading some roads, obliterating and revegetating other roads, and surveying the area. Based on information from the Forest Service, CBO estimates that such costs would total less than $500,000 a year, subject to appropriation of the necessary amounts.

H.R. 2756 contains no intergovernmental mandates as defined in UMRA and would impose no significant costs on the budgets of state, local, or tribal governments. In any event, the costs to the tribal corporations for transferring ownership would be voluntary. The state of Alaska may lose some revenue sharing from decreased timber sales, but CBO estimates this to be a minimal amount.

On October 6, 1997, CBO prepared a cost estimate for S. 1159, the Kake Tribal Corporation Land Exchange Act, as ordered reported by the Senate Committee on Energy and Natural Resources on September 24, 1997. H.R. 2756 is similar to S. 1159, but H.R. 2756 more specifically identifies the federal land proposed for conveyance to the corporations. We do not expect that either bill will affect mandatory or discretionary spending by more than $500,000 a year.

The CBO staff contacts for this estimate are Victoria V. Heid (for federal costs), and Leo Lex (for the state and local impact). This estimate was approved by Paul N. Van de Water, Assistant Director for Budget Analysis.