



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 7, 2014

S. 1603 **Gun Lake Trust Land Reaffirmation Act**

As ordered reported by the House Committee on Natural Resources on July 30, 2014

S. 1603 would reaffirm the status of lands taken into trust by the Department of the Interior (DOI) for the benefit of the Match-E-Be-Nash-She-Wish Band of Pottawatomi Indians in the state of Michigan. The legislation also would prohibit any lawsuits related to the trust land. In 2012, the Supreme Court ruled that DOI lacked the authority to take nearly 150 acres into trust.

Based on information provided by DOI, CBO estimates that implementing the legislation would have no significant effect on the federal budget. The legislation would not significantly increase the cost of managing tribal trust lands. Enacting S. 1603 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

S. 1603 contains an intergovernmental and private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA) because it would end rights of action for public and private entities that are currently able to pursue legal actions related to the land held in trust for the Match-E-Be-Nash-She-Wish Band of Pottawatomi Indians. The act would prohibit any action relating to the trust land from being brought or maintained in a federal court. The cost of the mandate would be any forgone compensation that would have been awarded through legal actions.

The state of Michigan and several local governments have entered into an agreement with the tribe related to the use of the land, and CBO believes it is unlikely that, absent enactment of S. 1603, any other public entity would bring an action that would result in significant compensation. Therefore, CBO estimates the cost of the intergovernmental mandate would not exceed the annual threshold established in UMRA for such mandates (\$76 million, in 2014, adjusted annually for inflation).

Private entities, however, have no such agreement, and S. 1603 would extinguish all rights to legal actions relating to the trust lands. Awards in such claims are in many cases limited to the value of the land. Because of the commercial properties located on the trust land, the value of awards related to those lands could be significant. However, because both the number of claims that could be barred or terminated and the value of forgone compensation stemming from those claims are uncertain, CBO has no basis for estimating the cost of the

mandate. Therefore, CBO cannot determine whether the cost of the private-sector mandate would exceed the annual threshold established in UMRA for such mandates (\$152 million, in 2014, adjusted annually for inflation).

On June 17, 2014, CBO transmitted a cost estimate for S. 1603 as ordered reported by the Senate Committee on Indian Affairs on May 21, 2014. The versions of the legislation are similar, and the CBO cost estimates are the same.

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