



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 22, 2017

H.R. 1418

A bill to amend the Alaska Native Claims Settlement Act to provide that Alexander Creek, Alaska, is and shall be recognized as an eligible Native village under that Act, and for other purposes

As ordered reported by the House Committee on Natural Resources on July 26, 2017

SUMMARY

H.R. 1418 would amend the Alaska Native Claims Settlement Act of 1971 (ANCSA) to recognize the Alexander Creek community in Alaska as an eligible Native village under the act, which would entitle the community to receive additional federal land in Alaska. Under the bill the Secretary of the Department of the Interior (DOI) would have 13 months following enactment to reach an agreement with the Alexander Creek Native village to settle land and other claims against the federal government.

The cost of a settlement agreement is uncertain because the components of the proposed agreement are unknown. Whether or not such an agreement could become final under H.R. 1418, or if additional legislation would be needed to implement an agreement, is also unknown. CBO expects that DOI would probably propose a monetary settlement with the village with an estimated value of about \$32 million. The settlement of such a monetary claim could be accomplished under the authority provided by H.R. 1418; alternatively, DOI might seek a specific appropriation in subsequent legislation to pay that claim and to enact any other settlement terms into law.

To account for the uncertainty about how the proposed settlement would become final, CBO assumed that there is a 50 percent chance that the claim would be settled directly as a result of this bill, resulting in direct spending of \$16 million over the 2018-2022 period and a 50 percent chance that a settlement would require future appropriations totaling \$16 million over that period.

Because enacting H.R. 1418 would increase direct spending, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

CBO estimates that enacting the bill would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 1418 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. Enacting the bill would benefit the community of Alexander Creek by designating land as a native village and potentially entitle members of Alexander Creek to increased land holdings or other federal benefits.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 1418 is shown in the table below. The costs of this legislation fall within budget functions 450 (community and regional development) and 800 (general government).

	By Fiscal Year, in Millions of Dollars												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2017-2022	2017-2027
INCREASE IN DIRECT SPENDING													
Estimated Budget Authority	0	0	16	0	0	0	0	0	0	0	0	16	16
Estimated Outlays	0	0	16	0	0	0	0	0	0	0	0	16	16
INCREASE IN SPENDING SUBJECT TO APPROPRIATION													
Estimated Authorization Level	0	0	16	0	0	0	0	0	0	0	0	16	16
Estimated Outlays	0	0	16	0	0	0	0	0	0	0	0	16	16

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 1418 will be enacted near the end of 2017, that DOI will reach a monetary settlement with the Alexander Creek village within a year and that any amounts necessary to finalize the settlement will be provided in fiscal year 2019.

Background

ANCSA established a process to classify Native Alaskan communities as Native corporations and withdrew nearly 44 million acres of federal land in Alaska for the purpose of conveying land to those communities. Under ANCSA, Native villages are entitled to receive about 69,000 acres from that withdrawn land, and Native groups can receive up to about 8,000 acres. The Alexander Creek community was classified as a Native group in 1974, and that classification was affirmed and codified in the Alaska National Interest Lands Conservation Act of 1980 (ANILCA). In that agreement, the Alexander Creek community was entitled to receive almost 8,000 acres of the 44 million acres of federal land withdrawn under ANCSA.

Alexander Creek Reclassification

H.R. 1418 would designate the Alexander Creek community as a Native village under ANCSA, which would require DOI, in conjunction with the General Services Administration (GSA), to settle land and other claims with the newly designated Native village. Under the bill, part of the settlement could involve transferring some of the government's excess personal property, such as office equipment and furniture, to Alexander Creek. (The disposition of excess personal property is administered by the GSA.)

Because H.R. 1418 would supersede the ANILCA agreement and classify the Alexander Creek community as a Native village, they would be entitled to receive an additional 61,000 acres of the federal land withdrawn under ANCSA. According to DOI, nearly all of that land has been or is in the process of being conveyed to other Alaska Native corporations. Under the bill, DOI would be required to enter into negotiations with Alexander Creek to settle the community's land claims by providing the community with some combination of other land in the public domain, personal property held by GSA, or other compensation. H.R. 1418 would require the settlement to be reached within 13 months of the bill's enactment.

Based on the value of undeveloped acreage in the vicinity of the Alexander Creek community, CBO estimates that 61,000 acres of land in this area of Alaska would have an appraised value of about \$32 million. Because there is little land available to settle the claim CBO expects that the settlement under H.R. 1418 would be in the form of a monetary settlement to the community. That settlement could come from amounts appropriated to DOI for that purpose; however, if the amounts required to settle the community's claim are not appropriated to DOI, CBO expects the settlement could also be made from the Treasury's Judgment Fund (a permanent, indefinite appropriation available to pay judicially and administratively ordered monetary awards against the United States). A federal agency may request that payment of an award be made on its behalf from the Judgment Fund when no other funds are available to pay an obligation of the government.

The timing and the amount of a settlement are uncertain and would ultimately depend on the terms agreed upon by DOI and the Alexander Creek Native Village. DOI indicates that there are insufficient amounts of land in the region to compensate the village, and GSA notes that there is not enough surplus federal personal property to compensate the village in a reasonable amount of time.

CBO expects that under H.R. 1418 there is a 50 percent chance that a settlement agreement could be reached that would need to be funded and finalized through subsequent legislation (at a discretionary cost of \$16 million) and a 50 percent chance that a settlement could be agreed to directly under H.R. 1418, which would result in direct spending totaling \$16 million that would be paid by the Judgment Fund.

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. 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. 1418, a bill to amend the Alaska Native Claims Settlement Act to provide that Alexander Creek, Alaska, is and shall be recognized as an eligible Native village under that Act, and for other purposes, as ordered reported on July 26, 2017

	By Fiscal Year, in Millions of Dollars												2017-	2017-
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2022	2027	
NET INCREASE IN THE DEFICIT														
Statutory Pay-As-You-Go Impact	0	16	0	0	0	0	0	0	0	0	0	16	16	

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting H.R. 1418 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1418 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. Enacting the bill would benefit the community of Alexander Creek by designating land as a native village and potentially entitle members of Alexander Creek to increased land holdings and other federal benefits.

ESTIMATE PREPARED BY:

Federal Costs: Robert Reese and Matthew Pickford
 Impact on State, Local, and Tribal Governments: Rachel Austin
 Impact on the Private-Sector: Amy Petz

ESTIMATE APPROVED BY:

H. Samuel Papenfuss
 Deputy Assistant Director for Budget Analysis