

### At a Glance

## H.R. 2640, Buffalo Tract Protection Act

As ordered reported by the House Committee on Natural Resources on January 15, 2020

By Fiscal Year, Millions of Dollars	2020	2020-2025	2020-2030
Direct Spending (Outlays)	0	*	1
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	*	1
Spending Subject to Appropriation (Outlays)	*	*	not estimated

Statutory pay-as-you-go procedures apply?	Yes	<b>Mandate Effects</b>	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2031?	< \$5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

\* = between zero and \$500,000.

#### The bill would

- Withdraw roughly 4,300 acres of federal land in New Mexico from entry under hardrock mining laws, disposal under mineral materials laws, and from mineral and geothermal leasing

#### Estimated budgetary effects would primarily stem from

- Forgone government income resulting from prohibiting sand and gravel production on the affected land

**Detailed estimate begins on the next page.**



## Bill Summary

H.R. 2640 would withdraw roughly 4,300 acres of federal land in New Mexico from entry under hardrock mining laws, disposal under mineral materials laws, and from mineral and geothermal leasing, subject to valid existing rights. That is, the bill would not allow new extraction of materials from that land, which is managed by the Bureau of Land Management (BLM).

## Estimated Federal Cost

The costs of the legislation fall within budget function 300 (natural resources and environment).

## Basis of Estimate

For this estimate, CBO assumes that the legislation will be enacted in 2020.

## Background

Businesses interested in extracting materials, including sand, gravel, crushed rock, and other materials typically used in construction, from land managed by BLM may execute contracts with the agency for disposal of those materials. Under those contracts, operators pay BLM the in-place value, a royalty equal to the value of the material in the ground before it is extracted, as determined by an analysis of its fair market value. Those payments are classified in the budget as offsetting receipts, or reductions in direct spending. Counties where any such production is located receive 5 percent of those receipts. In 2018, BLM collected roughly \$2 million in gross receipts from mineral materials produced in New Mexico, mostly from calcium.

The agency also issues free-use permits to government entities and nonprofit organizations for the extraction of mineral materials; however, such permits do not generate any income to the federal government.

Using information from BLM, CBO expects that the affected land has high potential for sand and gravel extraction and minimal potential, if any, for extraction of all other minerals. According to the agency, the affected land contains an estimated 36 million cubic yards of sand and gravel. Based on the typical timeframe for processing expressions of interest and contracts, we expect that production of those materials could commence in 2024.

In recent years, operators on BLM land in New Mexico have produced, on average, 370,000 cubic yards annually of sand and gravel.<sup>1</sup> CBO estimates that annual production on the affected land will average between 60 percent and 80 percent of that amount. Using

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1. See Bureau of Land Management, *Public Land Statistics* (issues 2014 to 2018), accessed February 12, 2020, [www.blm.gov/about/data/public-land-statistics](http://www.blm.gov/about/data/public-land-statistics).





## **Increase in Long-Term Deficits**

CBO estimates that enacting H.R. 2640 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2031.

**Mandates:** None.

## **Previous CBO Estimate**

On February 19, 2020, CBO transmitted a [cost estimate for S. 526](#), the Buffalo Tract Protection Act, as reported by the Senate Committee on Energy and Natural Resources on December 17, 2019. The two pieces of legislation are similar, and CBO's estimates of their budgetary effects are the same.

## **Estimate Prepared By**

Federal Costs: Janani Shankaran

Mandates: Andrew Laughlin

## **Estimate Reviewed By**

Kim P. Cawley

Chief, Natural and Physical Resources Cost Estimates Unit

H. Samuel Papenfuss

Deputy Director of Budget Analysis