



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

December 7, 2018

H.R. 5727 **Emery County Public Land Management Act of 2018**

*As ordered reported by the House Committee on Natural Resources
on September 26, 2018*

SUMMARY

H.R. 5727 would establish the San Rafael Swell Western Heritage and Historic Mining National Recreation Area and the Jurassic National Monument in Emery County, Utah. The bill also would designate roughly 530,000 acres of federal land as wilderness areas. CBO estimates that implementing the bill would cost \$5 million over the 2019-2023 period; any spending would be subject to the availability of appropriated funds.

CBO also estimates that enacting the bill would increase direct spending by \$1 million over the 2019-2028 period; therefore, pay-as-you-go procedures apply. The bill would not affect revenues.

CBO estimates that enacting H.R. 5727 would not significantly increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 5727 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 5727 is shown in the following table. The costs of the legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars					2019-2023
	2019	2020	2021	2022	2023	
INCREASES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	2	2	*	*	*	5
Estimated Outlays	2	2	*	*	*	5

Components do not sum to totals because of rounding; * = between zero and \$500,000.

CBO also estimates that enacting H.R. 5727 would increase direct spending by \$1 million over the 2019-2028 period.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted near the start of 2019, and that the necessary amounts will be appropriated in each year.

Spending Subject to Appropriation

CBO estimates that implementing H.R. 5727 would cost \$5 million over the 2019-2023 period; any spending would be subject to the availability of appropriated funds.

Recreation Area. Title I would designate roughly 340,000 acres in Emery County, Utah, as the San Rafael Swell Western Heritage and Historic Mining National Recreation Area, and would direct the Bureau of Land Management (BLM) to develop a management plan for the area. Based on the cost of developing similar plans, CBO estimates that developing the management plan would cost \$2 million over the 2019-2020 period. Using information from BLM, CBO estimates that any change in costs to manage the area would be insignificant over the 2019-2023 period.

Jurassic National Monument. Section 402 would establish the Jurassic National Monument on roughly 850 acres of federal land and would require BLM to develop a management plan for the monument. CBO estimates that implementing those provisions would cost \$2 million over the 2019-2023 period, mostly for additional staff to manage the monument.

Wilderness Area Trail Plan. Section 202 would direct BLM to develop a trail plan for certain wilderness areas designated under the bill. Based on the costs of developing similar plans, CBO estimates that developing the plan would cost \$1 million over the 2019-2020 period.

Other Costs. H.R. 5727 also would establish an advisory council for the recreation area, designate 530,000 acres of federal land as part of the National Wilderness Preservation System, make several wild and scenic river designations, and authorize certain land exchanges. CBO estimates that any costs to implement those provisions would not be significant.

Direct Spending

On net, CBO estimates that enacting H.R. 5727 would increase direct spending by \$1 million over the 2019-2028 period.

Wilderness Areas. Section 201 would designate roughly 530,000 acres of federal land as wilderness areas and would withdraw that land from mining laws and mineral and geothermal leasing, subject to valid existing rights. That is, the bill would not allow new mining or other related activities on that land. According to BLM, some of that land has a high potential for coal extraction over the next 10 years.

Using information from the Utah Geological Service, CBO estimates that the affected land contains 10 million tons of coal. Based on the value of recent coal leases on federal land in Utah, CBO estimates that firms would pay 40 cents per ton to lease the affected land. We estimate that bonus bids (which are considered offsetting receipts and treated as reductions in direct spending) would total \$1 million, and that any receipts from rents would be negligible. Using information provided by firms operating in the coal industry, CBO expects that, under current law, there is a 50 percent chance that the federal government will lease out land containing up to half of that coal (or 2.5 million tons) starting in 2022. Based on information from BLM about the expected annual production, CBO estimates that the federal government would forego about \$250,000 annually in royalties (or offsetting receipts) beginning in 2024 when production would start. Under the Mineral Leasing Act, 49 percent of all royalties, bonus bids, and rents would be paid to the state of Utah. Thus, CBO estimates that on net, designating those wilderness areas would reduce offsetting receipts by about \$1 million over the 2019-2028 period.

Other Provisions. Section 404 would direct BLM to convey certain parcels of land without consideration. Using information from BLM, CBO estimates that as a result of those conveyances, the federal government would forego less than \$100,000 in offsetting receipts from issuing grazing permits over the 2019-2028 period.

Section 405 would authorize a land exchange between BLM and the state of Utah. CBO has no information on which parcels would be exchanged or whether the federal parcel to be exchanged generates any offsetting receipts from mineral production, grazing, or other activities. In addition, if the parcels are not of equal value, CBO expects that the values would be equalized through a cash equalization payment. A cash equalization payment to BLM would be recorded in the budget as offsetting receipts, whereas a cash equalization

payment to the state would be recorded in the budget as direct spending. Given the uncertainty about which parcels would be exchanged, CBO estimates that the net effect on direct spending would be insignificant.

UNCERTAINTY

In estimating the budgetary effects of section 201, CBO had to account for several sources of uncertainty. CBO cannot foresee future coal prices with certainty. CBO also cannot predict with certainty if or when firms would lease federal land in Emery County for coal extraction, or the amount of annual production. Those factors would affect the amount and timing of bonus bids, rents, and royalties paid to the federal government. Thus, direct spending could be higher or lower.

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. 5727, the Emery County Public Land Management Act of 2018, as Ordered Reported by the House Committee on Natural Resources on September 26, 2018

	By Fiscal Year, in Millions of Dollars											2019- 2023	2019- 2028	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028				
NET INCREASE IN THE DEFICIT														
Statutory Pay-As-You-Go Effect	0	0	0	0	0	0	0	0	0	0	0	0	0	1

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting H.R. 5727 would not significantly increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

MANDATES

H.R. 5727 contains no intergovernmental or private-sector mandates as defined in UMRA.

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