



**CONGRESSIONAL BUDGET OFFICE  
PAY-AS-YOU-GO ESTIMATE**

October 19, 1998

**S. 890**

**Dutch John Federal Property Disposition and Assistance Act of 1998**

*As cleared by the Congress on October 8, 1998*

**SUMMARY**

S. 890 would direct the Secretary of the Interior and the Secretary of Agriculture to dispose of certain lands, structures, and community facilities within or associated with Dutch John, Utah, and transfer responsibility for delivering basic services to the town to Daggett County, Utah. Examples of services that would be transferred include street maintenance and fire-fighting. The Secretaries would retain land, structures, and facilities necessary for supporting their agencies and the Secretary of the Interior would temporarily assist the local government in delivering services.

S. 890 would affect direct spending and receipts; therefore, pay-as-you-go procedures would apply. CBO estimates that enacting S. 890 would yield a net decrease in direct spending of \$544,000 over the 1999-2003 period; the estimated changes in direct spending would amount to less than \$500,000 a year.

Dutch John was founded by the Secretary of the Interior in 1958 to house personnel, administrative offices, and equipment for constructing and operating the Flaming Gorge Dam and Reservoir. The town is part of the Flaming Gorge National Recreation Area and Ashley National Forest, which are in the jurisdiction of the Secretary of Agriculture. Because land and waters in and around Dutch John are also used for managing the Colorado River Storage Project, the Secretary of the Interior administers this area. The act would direct that the Secretary of Agriculture remove Dutch John from the Flaming Gorge National Recreation Area and Ashley National Forest and transfer jurisdiction of the land in and around Dutch John, Utah, to the Secretary of the Interior.

**ESTIMATED COST TO THE FEDERAL GOVERNMENT**

CBO estimates that enacting the bill would result in a net decrease in direct spending of about \$296,000 in each of fiscal years 1999 and 2000, and a net increase in direct spending

of about \$16,000 a year thereafter. The costs of this legislation fall within budget function 300 (natural resources and environment). The specific effects on direct spending are detailed below. (Implementing S. 890 also would affect spending subject to appropriation, but the amounts involved would not be significant.)

### **Asset Sales**

CBO estimates that the sales under S. 890 would yield proceeds of about \$2 million for residences and lots and about \$3 million for undeveloped land. Our estimate of total sale proceeds was derived by assuming that most of the eligible residences and lots and about a quarter of the undeveloped land specified for sale under the bill would be sold and that values for land and property in Dutch John would be similar to those in a comparable, neighboring community. Roughly 30 residences, 20 lots, and 2,000 acres of undeveloped land would be available for sale under the bill. The bill would require that 15 percent of all proceeds be deposited in the general fund of the Treasury and that 85 percent of all proceeds be paid to Daggett County semiannually.

CBO anticipates that sale proceeds would be counted for pay-as-you-go purposes. Under the Balanced Budget Act of 1997, proceeds from nonroutine asset sales (sales that are not authorized under current law) may be counted for pay-as-you-go scorekeeping only if the sale would entail no financial cost to the government. Based on information provided by the Bureau of Reclamation, CBO estimates that the federal government pays more for maintaining these properties than it collects in rental and permit payments; therefore, selling these assets would result in a net savings.

We estimate that, after paying the county, the net impact on the federal budget of the asset sale provisions in S. 890 would be a reduction in direct spending of about \$312,000 in each of fiscal years 1999 and 2000. This estimate is based on our expectation that proceeds from land and property would total about \$5 million over the 1999-2000 period, that these sales revenues would accrue at a constant level over this two-year period, that 15 percent or about \$750,000 of these amounts would be deposited in the general fund of the Treasury, that the balance would earn interest at an annual rate of 6.2 percent, and that the balance, including interest, would be paid to the county semiannually.

### **Permits**

CBO estimates that enacting S. 890 would also increase direct spending by causing a loss of offsetting receipts from outstanding permits totaling about \$16,000 annually beginning in

1999. The Forest Service administers four permits yielding revenues of about \$16,000 a year for land that would be conveyed or sold under this legislation. Currently, the annual proceeds from those permits are not available for spending.

Permit holders that receive or purchase the land for which their permit was issued would no longer pay for use of the land. The legislation would transfer unpurchased land to the county under certain conditions and the county would collect and retain any revenues due the federal government under any lease, permit, right-of-way, easement, or other valid existing right. The Secretary of the Interior would administer outstanding Forest Service permits prior to disposing of the land. Based on information provided by the Bureau of Reclamation, CBO assumes that permit fees that the Secretary collects prior to disposal would be deposited in the Upper Colorado River Basin Fund and would be available for spending without appropriation.

## **Services**

Most of the costs associated with providing services and paying for federal activities in Dutch John, about \$900,000 annually, are paid out of funds that are not subject to appropriation. These funds include fees collected for providing services and receipts derived from selling water and power delivered by the Colorado River Storage Project. CBO estimates that, if S. 890 were enacted, gross spending would decline to about \$800,000 beginning in 2000 and that collections would decline commensurately. The net impact on the budget would be zero. The estimate of gross spending reflects the cost of remaining services and federal activities and, as required under S. 890, a mandatory annual payment to the county of \$300,000 for the 15-year period following enactment.

## **PAY-AS-YOU-GO CONSIDERATIONS**

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. CBO estimates that enacting S. 890 would affect direct spending but that there would be no significant impact in any year. Enacting the legislation would not affect governmental receipts.

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