CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 10, 2001

S. 1105
Grand Teton National Park Land Exchange Act

As ordered reported by the Senate Committee on Energy and Natural Resources on August 2, 2001

SUMMARY

S. 1105 would direct the Secretary of the Interior to exchange federal lands or assets to acquire about 1,400 acres of state-owned lands and associated interests that lie within the boundaries of the Grand Teton National Park in Teton County, Wyoming. Under the bill, the Secretary and the Governor of Wyoming must agree on the appraised value of the state lands prior to the exchange, and, once such an agreement has been reached, the exchange must occur within 180 days.

CBO estimates that enacting S. 1105 would increase direct spending by $23 million over the next 10 years and by $36 million over the next 20 years. Because the bill would affect direct spending (including offsetting receipts), pay-as-you-go procedures would apply. CBO also estimates that implementing the bill would cost $1 million in 2002, assuming appropriation of the necessary amounts.

S. 1105 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. This exchange would be voluntary on the part of the Wyoming state government.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1105 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars				
	2002	2003	2004	2005	2006
CHANGES IN DIRECT SPENDING					
Estimated Budget Authority	0	2	3	3	3
Estimated Outlays	0	2	3	3	3
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	1	0	0	0	0
Estimated Outlays	1	0	0	0	0

BASIS OF ESTIMATE

S. 1105 does not specify the federal lands or assets to be exchanged for state-owned lands, nor does it provide a definition for federal assets. The bill does specify that the federal lands or assets exchanged must be equal in value to Wyoming's lands. According to Wyoming state officials, the state would prefer to exchange its lands for federal assets that would produce a significant source of income to support schools in the state. According to the Department of the Interior (DOI), federal assets exchanged under S. 1105 could include the federal government's reserved royalty interest in federally owned mineral resources, thereby allowing the state to collect royalty payments due under federal leases. For this estimate, CBO assumes that the Secretary would exchange the reserved royalty interest in one or more oil or gas leases that are expected to produce a stream of royalties with a net present value equal to the estimated value of Wyoming's lands—$42 million. We also assume that the exchange would occur during fiscal year 2003.

Direct Spending (including offsetting receipts)

Based on information from DOI and Teton County, Wyoming, about the potential value of the state lands, CBO estimates that exchanging reserved royalty interests to acquire those lands would reduce federal receipts from mineral leases by a total of $47 million over the 2003-2011 period and by $72 million over the next 20 years. Because Wyoming receives 50 percent of federal mineral receipts generated within its boundaries, those forgone receipts would be partially offset by a corresponding decrease in direct spending of about $23.5 million over the 2003-2011 period, (and $36 million over the next 20 years.) Hence, we estimate that enacting S. 1105 would result in a net increase in direct spending of $23.5 million over the 2003-2011 period. That amount could be less if other assets, such as federal lands, are used to complete the exchange instead of royalty interests.

Spending Subject to Appropriation

Assuming appropriation of the necessary amounts and based on information from DOI, CBO estimates that the department would spend $1 million to implement the exchange authorized by the bill, with most of that spending occurring in 2002, subject to the availability of appropriated funds.

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. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars										
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Changes in outlays	0	0	2	3	3	3	3	3	3	2	2
Changes in receipts	Not applicable										

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1105 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. This exchange would be voluntary on the part of the Wyoming state government.

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