CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 17, 2008

H.R. 1423
Dorothy Buell Memorial Visitor Center Lease Act

As ordered reported by the House Committee on Natural Resources on June 11, 2008

SUMMARY

H.R. 1423 would authorize the National Park Service (NPS) to enter into a capital lease for a portion of the Dorothy Buell Memorial Visitor Center, located outside the boundary of the Indiana Dunes National Lakeshore in Indiana, and to construct exhibits in the leased space at a cost of up to $1.5 million.

Assuming appropriation of the necessary amounts, CBO estimates that the NPS would spend $1.5 million over the 2009-2013 period for exhibits in the new visitor facility. CBO also estimates that the leasing provisions of the bill would create budget authority of about $2 million in 2009 for a capital lease that would be executed with the Porter County Convention, Recreation, and Visitor Commission (PCCRVA, the owner of the visitor center). We estimate that annual lease payments under the new contract would increase direct spending by about $1 million over the 2009-2018 period. Enacting the bill would not affect revenues.

H.R. 1423 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.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1423 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											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2009-2013	2009-2018
CHANGES IN SPENDING SUBJECT TO APPROPRIATION												
Estimated Authorization Level	2	*	*	*	*	*	*	*	*	*	2	1
Estimated Outlays	1	1	*	*	*	*	*	*	*	*	2	1
DIRECT SPENDING												
Estimated Budget Authority	2	*	*	*	*	*	*	*	*	*	2	2
Estimated Outlays	*	*	*	*	*	*	*	*	*	*	*	1

Note: * = between -$500,000 and $500,000.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 1423 will be enacted near the end of fiscal year 2008 and that $1.5 million will be appropriated for fiscal year 2009 for exhibits at the visitor center. Estimated outlays are based on historical spending patterns for similar NPS projects.

H.R. 1423 would authorize the NPS and the PCCRVA to execute a new lease, which would replace an existing operating lease that the agency first entered into in 2005 under authority delegated by the General Services Administration (GSA). The existing agreement with the commission can be automatically extended for 25 years but requires an annual review of lease payments and other conditions. Unlike the existing agreement, the new lease would not have to comply with those terms or other GSA leasing policies. Discontinuing the existing lease would reduce spending subject to appropriation by around $600,000 over the 2009-2018 period.

CBO expects that, under the bill, the NPS would enter into a capital lease with the PCCRVA for an indefinite period of time. Because the new lease could obligate the federal government to make lease payments over the life of the new agreement, the full cost of the lease should be recorded as new budget authority at the time that the agreement is signed. That budget authority—estimated to be about $2 million (including contract termination costs)—is determined by calculating the discounted present value of the anticipated lease payments. Spending would occur over the term of the lease—assumed to be 50 years. Based on information provided by the NPS, CBO estimates that payments under the new lease would total about $60,000 a year, adjusted annually for inflation.

Finally, the bill would authorize the NPS to accept donations of land separated from the existing park by a road or other right-of-way. Based on information provided by the agency, CBO expects that the cost of administering any property that may be added to the park as a result of this provision would be minimal.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1423 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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