CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 8, 1999

H.R. 1442
Law Enforcement and Public Safety Enhancement Act of 1999

As ordered reported by the House Committee on Government Reform on May 19, 1999

H.R. 1442 would make permanent the General Services Administration's (GSA's) authority to transfer surplus real and related property at no cost to state governments for use by law enforcement or emergency response services. Public Law 105-119 authorizes such transfers through December 31, 1999. Because enacting this legislation would increase direct spending by reducing offsetting receipts from the sale of federal real property, pay-as-you-go procedures would apply. Based on the number and value of federal properties transferred to state and local governments under other public purpose authorities, as well as the number and type of properties for which applications currently are pending before the Department of Justice (DOJ), CBO estimates that the amount of forgone receipts from enacting H.R. 1442 would total $3 million a year over the 2000-2004 period. If the federal government's inventory of excess and surplus properties increases significantly over that of recent years, the amount of forgone receipts could be higher than $15 million over the next five years. H.R. 1442 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on the budgets of state, local, or tribal governments.

Under the Federal Property and Administrative Services Act, which governs the disposal of most federal real property, GSA first offers property excess to the needs of an agency to other federal agencies. If no further federal interest exists in the property, it is declared surplus to the needs of the federal government. GSA has several options for disposing of surplus property including: (1) transferring the property to a state or local government or to an eligible nonprofit organization at little or no cost under several restricted public-purpose uses, (2) negotiating a sale with a state or local government, or (3) selling the property to the public under competitive bidding procedures.

H.R. 1442 would permanently add law enforcement and emergency response to the list of authorized public-purpose programs, which includes education, public health, correctional facilities, public parks and recreation areas, and public airports. Under the public purpose program, eligible recipients must seek a sponsoring agency (in this case, DOJ, for law enforcement, and the Federal Emergency Management Agency, for emergency response services), which then works with GSA in determining the property's "highest and best use." With the exception of properties conveyed under title V of the Stewart B. McKinney Homeless Assistance Act, GSA has the final say in determining whether a property is to be sold or conveyed under a public-purpose authority. In most cases, properties approved as meeting a recognized public purpose are transferred to the requesting entity.

CBO expects that permanently adding law enforcement and fire and rescue to the list of eligible activities would result in the transfer of additional federal properties to state and local governments. According to DOJ, to date only one property—a Naval air station in Memphis, Tennessee—has been transferred to a state or locality under the temporary authority, although at least five other transfers are imminent (and should occur before December 31, 1999). In total, the department is processing 13 applications from state and local governments to acquire parcels of surplus property.

In some instances, properties transferred under H.R. 1442 probably would have been conveyed anyway under one of the existing public purpose authorities. In fiscal year 1998, for instance, GSA transferred 49 properties with an estimated value of $90 million to state and local governments and eligible nonprofit organizations. In other instances, properties that would have been sold under existing law would instead be conveyed at no cost, resulting in an increase in direct spending. CBO expects that enacting the bill would result in the federal government transferring additional properties to state and local governments, resulting in a loss of offsetting receipts of about $3 million a year.

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										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Changes in outlays	0	3	3	3	3	3	3	3	3	3	3
Changes in receipts	Not applicable										

The CBO staff contact is John R. Righter. This estimate was approved by Paul N. Van de Water, Assistant Director for Budget Analysis.