CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

November 7, 2001

H.R. 1913
A bill to require the valuation of nontribal interest in ownership of subsurface rights within the boundaries of the Acoma Indian Reservation, and for other purposes

As ordered reported by the House Committee on Resources on October 17, 2001

CBO estimates that enacting H.R. 1913 would increase direct spending by as much as $1.7 million in 2002, which could be offset by a corresponding decrease in direct spending in later years. Because the bill would affect direct spending (including offsetting receipts), pay-as-you-go procedures would apply. H.R. 1913 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

H.R. 1913 would direct the Secretary of the Interior to estimate the value of about 67,000 acres of privately owned subsurface rights and then acquire those rights in exchange for cash, mineral leasing or bidding credits, or interests in other federal lands of approximately equal value. The NZ Corporation, which specializes in the development and sale of real estate, owns those subsurface rights, which lie beneath lands located within the boundaries of the Acoma Indian Reservation in New Mexico. Under the bill, once the Secretary acquires the corporation's subsurface rights, they would be taken into trust on behalf of the Pueblo of Acoma.

The corporation's subsurface rights are estimated to be worth between $1 million and $1.7 million. For this estimate, we assume that the Secretary would use cash to purchase the subsurface rights in 2002. According to Department of Interior (DOI), doing so would require the department to reprogram existing funds allocated to other land acquisition projects that are not expected to proceed this year. Hence, CBO estimates that using such funds to implement H.R. 1913 would increase direct spending by up to $1.7 million in 2002 as shown in the following table. That increase might be offset in subsequent years, but any such effects would likely depend on future legislation.

	By Fiscal Year, in Millions of Dollars				
	2002	2003	2004	2005	2006
CHANGES IN DIRECT SPENDING					
Estimated Budget Authority	0	0	0	0	0
Estimated Outlays	2	0	0	0	0

Alternatively, DOI could compensate the corporation with mineral leasing or bidding credits, which would result in forgone offsetting receipts from bonus bids when those credits are used to pay a winning bid to secure a federal oil or gas lease. CBO estimates that granting such credits as an alternative method to acquire the subsurface rights would result in a loss of offsetting receipts from bonus bids of up to $1.7 million in 2002—and this cost would not be offset in later years.

The CBO staff contact for this estimate is Megan Carroll. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.