CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 1, 1998

S. 2106
Arches National Park Expansion Act of 1998

As ordered reported by the Senate Committee on Energy and Natural Resources on July 29, 1998

CBO estimates that enacting this bill would have no significant impact on the federal budget. Because S. 2106 would likely affect direct spending, pay-as-you-go procedures would apply; however, CBO estimates that such effects would total less than $100,000 each year. S. 2106 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would have no significant impact on the budgets of state, local, or tribal governments. The exchange authorized by this bill would be voluntary on the part of the state of Utah, and any impact on state receipts would be insignificant.

S. 2106 would expand Arches National Park in Utah to include an additional 3,140 acres. Most of that land is currently managed by the Bureau of Land Management (BLM), but about 32 acres is owned by the state of Utah as school trust land. To implement the expansion, the bill provides that if Utah offers to convey about 640 acres of state school trust land, including the 32 acres within the proposed addition, to the United States, then the Secretary of the Interior must accept the offer and, in exchange, transfer to the state 639 acres of federal land elsewhere in the same county. Once the exchange between BLM and the state is completed, the bill would direct the Secretary to transfer jurisdiction over the 3,140 acres from BLM to the National Park Service (NPS). BLM would manage the 608 acres of land conveyed by the state that is not part of the proposed addition to Arches National Park. The Department of the Interior (DOI) estimates that the lands to be exchanged are of approximately equal value.

Because the federal budget is on a cash basis, the budgetary impact of the land exchange is measured by its effect on the government's cash flow, such as changes in offsetting receipts from grazing or oil and gas development. S. 2106 would direct the Secretary to continue any current grazing permits in the proposed addition for the life of the permittee and his or her direct descendants. The bill would allow permittees to sell such grazing permits only if the purchaser permanently retires the permit. Those provisions could affect grazing fee receipts from land in the proposed addition, but according to DOI, current receipts from grazing on the land total less than $1,000 annually. Therefore CBO estimates that any changes in grazing fee receipts, which are categorized as direct spending, would be insignificant.

S. 2106 could also affect offsetting receipts from oil and gas leases. According to DOI, the federal government currently receives less than $2,000 in rental fees each year from oil and gas leases on the 639 acres of BLM land to be conveyed to Utah under the bill. The 640 acres of state land to be conveyed to the United States in the exchange also include leases generating receipts from rental fees each year. None of the affected leases in the proposed exchange is currently producing oil or gas, but there is a much higher probability of development on the federal land that would be conveyed to the state than there is on the state land that would be acquired by the federal government. Based on information from BLM and NPS, CBO estimates that any forgone federal receipts from oil and gas leases resulting from the exchange between Utah and the federal government under this bill would total less than $100,000 each year over the 1999-2003 period.

On November 5, 1997, CBO prepared a cost estimate for H.R. 2283, the Arches National Park Expansion Act of 1997, as ordered reported by the House Committee on Resources on October 22, 1997. S. 2106 is similar to that bill. Because drilling permits have been approved recently on federal land adjacent to the federal land that would be conveyed to the state in this exchange, it now appears more likely that implementing the proposed exchange will result in forgone receipts to the Treasury, but CBO estimates that the bills would affect direct spending by less than $100,000 each year. Neither bill would have a significant impact on discretionary outlays.

The CBO staff contacts for this estimate are Victoria V. Heid (for federal costs), and Marjorie Miller (for the state and local impact). This estimate was approved by Paul N. Van de Water, Assistant Director for Budget Analysis.