



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 30, 1998

S. 2136

Interstate 90 Land Exchange Act of 1998

*As reported by the Senate Committee on Energy and Natural Resources on
September 25, 1998*

CBO estimates that implementing S. 2136 would not have a significant impact on the federal budget. Because enacting S. 2136 would affect offsetting receipts (a form of direct spending), pay-as-you-go procedures would apply to the bill. CBO estimates that completing the proposed land exchange under the bill would result in forgone offsetting receipts of less than \$500,000 a year over the 1999-2000 period. Because a similar land exchange is likely to occur under current law, but at a later date than the exchange under S. 2136, we estimate that S. 2136 would have a negligible impact on receipts after fiscal year 2000. S. 2136 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.

S. 2136 provides that if Plum Creek Timber Company conveys about 62,000 acres of land to the Secretary of Agriculture, then the Secretary shall convey to Plum Creek about 17,000 acres of federal land. The land that would be exchanged is within or adjacent to three national forests in the state of Washington: Mt. Baker-Snoqualmie, Wenatchee, and Gifford Pinchot. The exchange would be completed within one year of enactment.

S. 2136 would require the exchanged land to be of equal value, or if not equal that the values would have to be equalized through the deletion of federal or private offered lands until the values are equal. Once the values are equalized to the maximum extent practicable through such deletions, any balance due the Secretary or Plum Creek would be made through cash payments. The bill would authorize the Secretary to use any cash equalization payments received to purchase other land in the state of Washington.

The Forest Service (within the U.S. Department of Agriculture) is currently considering a land exchange with Plum Creek Timber Company that would be completed administratively. The exchange now under consideration would involve about 27,000 acres of federal land and about 62,000 acres of Plum Creek land. The Forest Service expects to publish an environmental impact statement on the administrative exchange in October 1998, but any such exchange under current law is not likely to be completed until fiscal year 2000 or later.

S. 2136 would modify the proposed administrative exchange by specifying that about 17,000 acres of federal land be conveyed to Plum Creek, rather than 27,000 acres as currently planned. According to the Forest Service, the smaller number of federal acres in S. 2136 is unlikely to be of sufficient value to equal the approximately 62,000 acres of Plum Creek land. In that case, completing the exchange under S. 2136 would require deleting certain Plum Creek offerings in the order specified by the bill. S. 2136 also would be likely to accelerate the exchange with Plum Creek by precluding any appeals or other delays that might occur in an administrative exchange.

Based on information from the Forest Service, CBO estimates that completing the administrative exchange with Plum Creek will likely result in reduced receipts from harvesting timber from federal lands. According to the Forest Service, both the federal land and the Plum Creek land has harvestable timber on it, but the timber on federal land is generally of a higher quality than the timber on Plum Creek land. Because the Forest Service has been managing federal land in the area primarily for wildlife rather than commercial harvesting, the decrease in federal offsetting receipts would total less than \$500,000 a year. Because an exchange with Plum Creek under S. 2136 would probably be completed a year or two sooner than an administrative exchange under current law, enacting the bill would result in forgone receipts beginning in fiscal year 1999. However, enacting the bill also would likely result in less forgone receipts than the administrative exchange because less federal timber is likely to be conveyed to Plum Creek under the bill. In any case, CBO estimates that the net change in offsetting receipts would total less than \$500,000 each year over the 1999-2008 period.

The CBO staff contact is Victoria V. Heid. This estimate was approved by Paul N. Van de Water, Assistant Director for Budget Analysis.