CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE

November 14, 2000

H.R. 2462
An act to amend the Organic Act of Guam, and for other purposes

As cleared by the Congress on October 31, 2000

H.R. 2462 would make changes to laws affecting the island of Guam, including granting the government of Guam the right of first refusal to certain federal lands declared as excess on Guam. Under current law, the General Services Administration first offers excess real property to other federal agencies, before either donating it to an eligible entity for an approved public use or selling it. Enacting this provision could affect offsetting receipts (a form of direct spending) from the sale of surplus real property, but we think it is unlikely the federal government would sell any excess property on Guam under current law. Therefore, CBO estimates the provision would have a negligible impact, if any, on offsetting receipts.

H.R. 2462 also would clarify that the Republic of the Marshall Islands (RMI), the Federated States of Micronesia (FSM), and the Republic of Palau, and their citizens shall remain eligible for federal programs, services, and assistance while the federal government negotiates a new compact of free association with the foreign countries. Provisions of the United States' current compacts with the RMI and FSM are scheduled to expire in 2001. (The compact with the Republic of Palau runs through 2009.) Consistent with the Budget Enforcement Act, CBO's baseline projections assume that mandatory payments under the compacts to RMI and FSM (which exceed $50 million annually) will continue beyond fiscal year 2001. Therefore, extending eligibility for these payments while new compacts are being negotiated would not increase direct spending relative to CBO's baseline.

Finally, the legislation also would extend these nations' eligibility to receive federal funds that are not provided directly as part of the compacts. According to information provided by the General Accounting Office and the Department of the Interior, most or all of the noncompact assistance comes from agencies' annual appropriations. However, it is possible that the extension could affect eligibility to receive funding under a mandatory program and, thus, result in a small increase in direct spending. Based on the programs and services provided by the federal government to the two countries in the past, as well as the size of their populations, CBO estimates that any such increase in direct spending would average less than $500,000 a year.

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