



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 27, 2017

H.R. 1107 **Pershing County Economic Development and Conservation Act**

*As ordered reported by the House Committee on Natural Resources
on June 27, 2017*

H.R. 1107 would establish a process to sell or exchange up to 400,000 acres of federal land administered by the Bureau of Land Management (BLM) in Pershing County, Nevada, and also would designate 136,000 acres of other federal lands as wilderness.

The bill would require BLM to conduct a mass appraisal of the affected lands. Based on an analysis of information provided by the Department of the Interior's Office of Valuation Services, CBO estimates that conducting the appraisal would cost roughly \$1 million in 2019; that spending would be subject to the availability of appropriated funds.

Title I would direct BLM to work with Pershing County to jointly select parcels from roughly 300,000 acres of federal land that would be conveyed to the county through sale or exchange. Because BLM has already identified those lands for disposal, CBO expects that any lands conveyed in this region eventually will be conveyed under current law. Under the bill, the agency would only be required to sell lands valued at more than \$500 an acre. CBO expects that lands valued at less than \$500 an acre would be exchanged. The bill would authorize the agency to spend any proceeds from the sale of land, which would increase direct spending; however, based on information from BLM regarding the amount of similar lands sold state-wide in Nevada over the last five years (between 1,000 and 3,000 acres) and the value of those lands (between \$100 and \$300 an acre), CBO estimates that any proceeds generated by the sale of the affected lands and the associated direct spending would be insignificant over the 2018-2027 period.

Title II would require BLM to offer mining claims covering roughly 100,000 acres in Pershing County for sale at fair market value. However, CBO expects that few individuals or firms would elect to purchase those lands because under current law they would have the option to patent their mining claims after 2017. Mineral patents allow individuals and firms to acquire title to hardrock minerals and the associated surface rights under a federal mining claim at below-market rates. Each year since 1994, the Congress has included provisions in annual appropriations acts that prohibit BLM from accepting or processing applications for mineral patents. Because patents are prohibited only in the year the appropriations acts are enacted, BLM will be authorized to issue mineral patents beginning

in 2018; the Congress would have to extend that prohibition in subsequent legislation. CBO expects that individuals or firms seeking to acquire title to federal mining claims generally would opt for a patent rather than purchase the claims using the process established under the bill. Thus, CBO estimates that enacting that provision would have no significant budgetary effect.

Title III would designate 136,000 acres of federal land as wilderness. Designating federal land as wilderness could have an effect on the budget if the property generates receipts for the government and collection of those receipts would end under the wilderness designation. Because the bill would preserve existing grazing rights on the affected lands and CBO does not expect those lands to generate any other proceeds over the next 10 years, we estimate that enacting that provision would have no effect on the federal budget.

Because enacting H.R. 1107 would affect direct spending, pay-as-you-go procedures apply; however, CBO estimates that the net effect on direct spending would not be significant. Enacting the bill would not affect revenues.

CBO estimates that enacting H.R. 1107 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 1107 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act. The bill would benefit the governments of Pershing County, Nevada, and the State of Nevada by directing proceeds generated from federal land transactions to support environmental, land management, and education projects for those governments. Any costs incurred by public entities associated with land transactions would result from voluntary commitments.

The CBO staff contact for this estimate is Jeff LaFave. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.