

At a Glance

H.R. 1884, Save Oak Flat Act

As ordered reported by the House Committee on Natural Resources on April 28, 2021

By Fiscal Year, Millions of Dollars	2021	2021-2026	2021-2031
Direct Spending (Outlays)	0	350	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	350	0
Spending Subject to Appropriation (Outlays)	0	*	not estimated

Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2032?	< \$5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

* = between zero and \$500,000.

The bill would

- Repeal a law authorizing land exchanges between the federal government, Resolution Copper, and the Town of Superior in Arizona

Estimated budgetary effects would mainly stem from

- Forgone government income from the conveyances and forgone spending of that income

Areas of significant uncertainty include

- Estimating land values and the amount of income that the federal government will receive

Detailed estimate begins on the next page.



Bill Summary

H.R. 1884 would repeal the law authorizing conveyances to Resolution Copper, a mining company, and to the Town of Superior in Arizona and would withdraw a federal parcel of 2,422-acres, subject to valid existing rights, from mineral and geothermal leasing and entry under the mining laws.

Estimated Federal Cost

The estimated budgetary effect of H.R. 1884 is shown in Table 1. The costs of the legislation fall within budget function 300 (natural resources and environment).

Table 1. Estimated Budgetary Effects of H.R. 1884													
By Fiscal Year, Millions of Dollars												2021- 2026	2021- 2026
2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031			
Increases or Decreases (-) in Direct Spending													
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	500	-25	-25	-50	-50	-100	-100	-100	-25	-25	350	0

Basis of Estimate

CBO estimates that, absent this legislation, the conveyances will occur in 2022. For this estimate, CBO assumes that the legislation will be enacted late in 2021.

Direct Spending

Current law directs the Forest Service to convey 2,422 acres of federal land in Pinal County, Arizona if Resolution Copper offers to convey roughly 5,400 acres of privately-owned land to the federal government. If the value of the federal land to be exchanged exceeds that of the private land, Resolution Copper will make an equalization payment, which is classified in the budget as an offsetting receipt, or reduction in direct spending, to the Forest Service. Current law also directs the Forest Service to convey roughly 550 acres of federal land to the Town of Superior upon the town's request. The town is required to pay the Forest Service the market value of those parcels; any such payment also is classified in the budget as an offsetting receipt.

Appraisals for the affected parcels are ongoing, and CBO is not aware of any other comprehensive source of information on the land values. However, CBO expects that the value of the federal land, which is mineral in character, exceeds that of the private land. We expect that the appraisal will take into account Resolution Copper's active mining claims on 1,662 acres of the 2,422-acre federal parcel and will reflect the mineral value of the



remaining 760 acres, net of extraction costs. Using preliminary information from the Forest Service, Resolution Copper, and environmental organizations, CBO estimates that the 5,400 acres of private land will be valued between \$5 million and \$25 million and that the federal land to be conveyed to Resolution Copper will be valued, on net, at hundreds of millions of dollars. In addition, based on land values in Pinal County, we estimate that the Forest Service land to be conveyed to the Town of Superior will be valued at several million dollars.

On net, the agency will receive about \$500 million in equalization and fair market value payments in 2022, CBO estimates. The Forest Service is authorized to spend those amounts without further appropriation on land acquisition. Based on historical spending patterns for that activity, CBO estimates that any offsetting receipts will be fully expended by 2031.

H.R. 1884 would repeal the law authorizing those conveyances. As a result, the Forest Service would forgo payments from Resolution Copper and the Town of Superior, but associated spending also would decline. CBO estimates that enacting the bill would have no net effect on direct spending over the 2021-2031 period.

Spending Subject to Appropriation

Based on the costs of similar tasks, CBO estimates that any costs incurred by the Forest Service to implement the withdrawal under H.R. 1884 would be insignificant; any spending would be subject to the availability of appropriated funds.

Uncertainty

The land values and resulting payments are highly uncertain and could differ from CBO's estimate. If the payments are lower than CBO estimates, the net effect of the bill on direct spending over the 2021-2031 period would be the same because the lost receipts would be offset by the foregone spending. However, if the payments are substantially higher than CBO estimates, we expect that the Forest Service would continue spending those amounts after 2031. Accordingly, forgoing the payments and spending under H.R. 1884 would increase net direct spending over the same period because some of the savings from reduced spending would occur after 2031.

Pay-As-You-Go Considerations

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in Table 1.

Increase in Long-Term Deficits

Upon commencement of mineral production, current law requires Resolution Copper to pay royalties, which are classified in the budget as offsetting receipts, to the federal government if the actual quantity of minerals in the 760-acre federal parcel exceeds the appraised amount. CBO cannot predict whether Resolution Copper will pay royalties to the federal government or the amount of those royalties; however, under H.R. 1884, the federal



government would forgo any such receipts. We estimate that enacting H.R. 1884 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2032.

Mandates: None.

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