

At a Glance

H.R. 2348, Advancing Conservation and Education Act

As ordered reported by the House Committee on Natural Resources on May 5, 2021

By Fiscal Year, Millions of Dollars	2022	2022-2026	2022-2031
Direct Spending (Outlays)	0	0	70
Revenues	0	0	70
Increase or Decrease (-) in the Deficit	0	0	70
Spending Subject to Appropriation (Outlays)	1	8	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

The bill would

- Authorize land exchanges between the Department of the Interior and 13 western states

Estimated budgetary effects would mainly stem from

- Federal income forgone after land is transferred from federal to state ownership

Areas of significant uncertainty include

- Estimating the amount of forgone federal income
- Determining specific locations and values of parcels exchanged

Detailed estimate begins on the next page.



Bill Summary

H.R. 2348 would authorize 13 western states to exchange state land located in eligible areas for federal land managed by the Department of the Interior (DOI).¹ The bill would direct DOI to establish a process by which states can request an exchange. Any conveyances would be subject to valid existing rights.

Estimated Federal Cost

The estimated budgetary effect of H.R. 2348 is shown in Table 1. The costs of the legislation fall within budget functions 300 (natural resources and environment) and 800 (general government).

Table 1.
Estimated Budgetary Effects of H.R. 2348

	By Fiscal Year, Millions of Dollars										2022-2026	2022-2031
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031		
Increases in Direct Spending												
Estimated Budget Authority	0	0	0	0	0	0	10	15	20	25	0	70
Estimated Outlays	0	0	0	0	0	0	10	15	20	25	0	70
Increases in Spending Subject to Appropriation												
Estimated Authorization	1	1	2	2	2	n.e.	n.e.	n.e.	n.e.	n.e.	8	n.e.
Estimated Outlays	1	1	2	2	2	n.e.	n.e.	n.e.	n.e.	n.e.	8	n.e.

n.e. = not estimated.

Basis of Estimate

For this estimate, CBO assumes that the legislation will be enacted by the end of calendar year 2021.

Background

H.R. 2348 would authorize 13 western states to relinquish their rights to some of the land that the federal government granted them at statehood. In exchange, upon relinquishment, the states would be allowed to select DOI land of generally equal value or make an equalization payment to the federal government if the value of the federal parcel exceeds that of the state parcel.

The bill would require DOI, within 540 days of enactment, to establish a process for exchanging the land. Once that process is in place, states could submit applications and DOI

1. Those states are Alaska, Arizona, California, Colorado, Idaho, Montana, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming.



would have three years to make a final determination. During that period, the agency would complete appraisals, environmental analyses, and other administrative activities. If a determination is issued to approve or modify a proposed exchange, DOI would enter into a final agreement with the affected state and, within one year, convey the federal land. Any exchanges would be subject to valid existing rights.

Direct Spending

CBO estimates that enacting H.R. 2348 would reduce offsetting receipts, thus increasing direct spending, by \$70 million over the 2022-2031 period.

CBO expects that most of the land that the states would relinquish over the next 10 years is surrounded by federal land that is designated for conservation—for example, national monuments, wilderness areas, or national parks—and that the land would not generate significant income for the federal government. CBO also expects that most of the federal land selected by states would otherwise have generated income for the federal government from a variety of activities, such as mineral development, renewable-energy development, and timber sales. Income generated from those activities is classified in the budget as offsetting receipts and recorded as reductions in direct spending. Although lands exchanged would generally be of equal value, we expect that the federal government would relinquish smaller parcels that will generate significant receipts for larger parcels that would be designated for conservation. Based on timeframes specified under H.R. 2348, the first exchanges would be completed in 2028 and the transactions would continue for several years.

Using information from DOI, CBO projects that the federal land eligible for selection by states will generate an average of \$1.25 billion in annual net receipts over the 2021-2031 period; most of that amount is from mineral leasing.² CBO estimates that enacting H.R. 2348 would reduce those receipts by a small amount—less than 2 percent each year—starting in 2028, as land is transferred out of federal ownership. (That net amount is inclusive of any equalization payments from states.) CBO estimates that, in total, enacting the legislation would reduce offsetting receipts by \$70 million over the 2022-2031 period.

Spending Subject to Appropriation

Based on the costs of similar activities, CBO estimates that developing the process for exchanging the land would cost \$1 million in 2022 and \$1 million in 2023. Under the bill, either DOI or the states could assume responsibility for covering administrative costs associated with the land exchanges. CBO expects that states would submit applications to complete a total of 10 to 20 land exchanges over the 2024-2026 period; that in most cases DOI would cover the associated administrative costs; that the costs of completing 75 percent

2. In many cases, a portion of the receipts generated from activities on federal land is paid to the state or county where the activities occur. In other cases, agencies can spend all or a portion of any receipts generated. This projection represents only the portion of receipts that will be deposited into the Treasury.



of those exchanges would total about \$100,000 per exchange; and that the costs of completing larger, more complex exchanges would average about \$1 million each. In total, CBO estimates, implementing H.R. 2348 would cost \$8 million over the 2022-2026 period; such spending would be subject to the availability of appropriated funds.

Uncertainty

CBO's estimate of forgone receipts is uncertain; actual amounts could be higher or lower. CBO cannot predict which specific parcels of federal land states would select and cannot accurately project the income those parcels will generate over the next 10 years. However, because state land selections are intended to generate funding for state schools, CBO assumes that most of the federal land selected by states would have a high potential to generate receipts.

In addition, CBO has no information on the quantity, configuration, or location of state land that would be conveyed to the federal government under the bill because those decisions have not been made yet and would probably not happen until after the bill is enacted. Thus, CBO has no basis for estimating land values or identifying the factors the government might consider in making a valuation.

Finally, the budgetary effects of the bill would depend on decisions made by officials in the affected states and at DOI. Likewise, because decisions about which land would be transferred have not been made, CBO has no basis for determining whether or to what extent nonfinancial factors would affect the decisions made by state governments. CBO also has no basis for determining how DOI might exercise its broad authority to reject applications.

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 2.

Table 2.
CBO's Estimate of the Statutory Pay-As-You-Go Effects of H.R. 2348, the Advancing Conservation and Education Act, as Ordered Reported by the House Committee on Natural Resources on May 5, 2021

	By Fiscal Year, Millions of Dollars										2022-2026	2022-2031
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031		
	Net Increase in the Deficit											
Pay-As-You-Go Effect	0	0	0	0	0	0	10	15	20	25	0	70



Increase in Long-Term Deficits

CBO estimates that enacting H.R. 2348 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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