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January 15, 2016

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Dear Colleagues:

I write to request a change in the scorekeeping rules that control the Congressional Budget Office's ("CBO") cost estimates for legislation authorizing or mandating the sale, exchange, or transfer of federal lands. CBO cost estimates should provide Congress all relevant information regarding the budget consequences of enacting proposed legislation. Under current scoring rules, cost estimates for disposing of public lands fail to capture the full impact.

In 2014, then-Chairman Ryan requested information about CBO's "general approach to estimating the budgetary impacts of legislation authorizing or requiring the federal government to dispose of land and associated natural resources through sale, exchange, or transfer."<sup>1</sup> In response, CBO explained that under current scoring rules,<sup>2</sup> legislation authorizing the sale, exchange, or transfer of federal lands currently generating net receipts in excess of any net cash proceeds from the sale, exchange, or transfer would be considered a cost, or loss, to the government.<sup>3</sup> Receipts are generated through extraction of resources, the sale of leases or permits for use of the land, or if the land management agency plans to sell the land under existing authority. The CBO will take into consideration the existing management plan and whether receipts may be generated within the next ten years.

<sup>1</sup> Congressional Budget Office, *Letter to the Honorable Paul Ryan Regarding Estimating the Budgetary Effects of Disposing of Land and Associated Natural Resources*, December 2, 2014, p. 1.

<http://www.cbo.gov/sites/default/files/cbofiles/attachments/49811-FederalLands.pdf>

<sup>2</sup> Congressional Budget Office, *Compilation of Laws and Rules Relating to the Congressional Budget Process*, August 3, 2013, p. 317. <https://www.gpo.gov/fdsys/pkg/CPRT-112HPRT75001/pdf/CPRT-112HPRT75001.pdf>

<sup>3</sup> Ref. 1, p. 1.

As CBO's letter clearly states, a proposed bill mandating the sale, exchange, or conveyance of land not currently generating receipts, or not expected to generate receipts over a ten-year period, is not considered a cost, or a loss, to the federal government, "regardless of the potential property value of the property or related resources." This rule means that CBO is not able to "score" the sale of public land as a loss to the American people unless the land is being leased, grazed upon, or mined for its natural resources. By failing to account for the value of land beyond what it generates in receipts, CBO is saying the land is worthless and its loss from the federal estate has no budgetary effect.

Requiring CBO to assume that all federal land not currently being developed is worthless is absurd. Legislation divesting taxpayers of their land is scored as a loss only if timber, coal, or oil are being extracted, but not if the sale of that same land means the loss of a sacred site, a serene and iconic view shed, critical habitat, or public access to historic landmarks. Perversely, legislation expanding protections for existing federal land would "score" as increasing spending, while a bill simply giving the land away for free would not. Rather than providing neutral information, current scoring rules incentivize divestiture and disincentivize conservation.

We can fix this. Both the Office of Valuation Services within the Department of Interior and the Forest Service conduct land appraisals whenever there is a legislative proposal for a land conveyance, sale, or transfer. Appraisers determine what the market value of the proposed parcel is and that information is provided to the CBO.<sup>4</sup> CBO may take that value into consideration when assessing an exchange but, per their scorekeeping rules, CBO estimates only assign "cost" to the sale of land that generates receipts, regardless of its market or other values.

The way this rule is written is wrong and should be remedied. At the very least, directed scoring should be required for any land sale, exchange, or transfer to ensure that CBO estimates assign a cost to the sale of all public lands. Under CBO's current rules, land that provides unparalleled recreational opportunity or exceptional ecosystem services is held to be valueless. Even remote wilderness, the kind championed by Ansel Adams and John Muir, is only worth something if it is being harvested from or grazed upon. This is wrong but easily fixed. Let's fix it.

Peace,



Raul M. Grijalva  
Ranking Member  
Committee on Natural Resources

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<sup>4</sup> Ref. 1, p. 4.