



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 26, 2010

S. 1703

A bill to amend the act of June 18, 1934, to reaffirm the authority of the Secretary of the Interior to take land into trust for Indian tribes

*As ordered reported by the Senate Committee on Indian Affairs
on December 17, 2009*

S. 1703 would amend the Indian Reorganization Act to allow the Secretary of the Interior to take land into trust for all federally recognized Indian tribes. Based on information from the Department of the Interior (DOI), CBO estimates that implementing the legislation would have no significant cost. Enacting S. 1703 would not affect direct spending or revenues; therefore, pay-as-you-go procedures would not apply.

Under current law, as established by the Supreme Court decision in *Carcieri v. Salazar* (2009), the Secretary of the Interior's authority to take land into trust for Indian tribes is limited to those tribes that were federally recognized prior to the enactment of the Indian Reorganization Act of 1934. Under the bill, the Secretary would have the authority to take land into trust for all federally recognized Indian tribes, regardless of when those tribes became federally recognized. Because current law requires DOI personnel to determine which tribes would be eligible to have lands taken into trust, CBO expects that implementing S. 1703 could reduce the workload of DOI staff. CBO expects that any savings due to the reduced workload would be used by the agency to carry out other activities related to holding land in trust. Thus, we expect that implementing the legislation would have a negligible effect on the federal budget.

S. 1703 would expand an existing intergovernmental mandate, as defined in the Unfunded Mandates Reform Act (UMRA), that exempts from state and local taxes land taken into trust for tribal individuals or tribal governments. While state and local governments may have the ability to collect taxes on some lands as a result of the *Carcieri v. Salazar* decision, CBO has no data indicating that those governments currently levy or have plans to levy taxes on that land. Therefore, CBO estimates that enacting S. 1703 would not result in a loss of revenue for state or local governments.

S. 1703 also would impose intergovernmental and private-sector mandates as defined in UMRA by limiting the ability of public and private entities or individuals to file claims in court related to lands taken into trust for Indian tribes federally recognized after 1934. The cost of the mandate would be the forgone value of awards and settlements of such claims. CBO expects that the annual number of claims involving such land and the value of the awards and settlements in those claims would be small. Consequently, the cost of the mandate to public and private entities would fall below the annual thresholds established in UMRA for intergovernmental and private-sector mandates (\$70 million and \$141 million in 2010 respectively, adjusted annually for inflation).

The CBO staff contacts for this estimate are Jeff LaFave (for federal costs), Melissa Merrell (for state, local, and tribal costs), and Marin Randall (for the private-sector impact). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.