



# CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 31, 2010

## **S. 3313** **Sloan Hills Withdrawal Act**

*As ordered reported by the Senate Committee on Energy and Natural Resources  
on July 21, 2010*

### **SUMMARY**

S. 3313 would withdraw about 800 acres of federal land in southern Nevada from disposal, mining, and mineral-leasing activities. Based on information from the Bureau of Land Management (BLM) and the mining industry, CBO estimates that implementing the legislation would increase direct spending by \$11 million over the 2011-2020 period; therefore, pay-as-you-go procedures apply.<sup>1</sup> Enacting the legislation would not affect revenues.

S. 3313 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of S. 3313 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

|                                   | By Fiscal Year, in Millions of Dollars |      |      |      |      |      |      |      |      |      | 2011- | 2011- |
|-----------------------------------|--|------|------|------|------|------|------|------|------|------|-------|-------|
|                                   | 2011                                   | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2015  | 2020  |
| <b>CHANGES IN DIRECT SPENDING</b> |  |      |      |      |      |      |      |      |      |      |       |       |
| Estimated Budget Authority        | 0                                      | 0    | *    | 1    | 1    | 1    | 2    | 2    | 2    | 2    | 2     | 11    |
| Estimated Outlays                 | 0                                      | 0    | *    | 1    | 1    | 1    | 2    | 2    | 2    | 2    | 2     | 11    |

Note: \* = less than \$500,000.

1. Different time periods apply in the Senate for its pay-as-you-go rule. CBO estimates that enacting S. 3313 would increase direct spending by \$1 million over the 2011-2014 period and by \$9 million over the 2011-2019 period.

## **BASIS OF ESTIMATE**

S. 3313 would withdraw certain lands near Henderson, Nevada, from disposal, mining, and mineral-leasing activities. Currently, BLM is analyzing the environmental impacts of two proposed mineral sales on the affected lands. Upon conclusion of that analysis, the agency will determine whether to sell the rights to extract those materials to private mining companies.

Under current law, if BLM approved those sales, CBO expects that mineral production would begin around 2013 and that the federal government would begin receiving annual payments from mining companies for those mineral materials at that time. Under the bill, if firms could not extract minerals from the lands near Henderson, CBO expects that the mining industry would seek mineral materials on other BLM lands; however, based on information from BLM and the mining industry, we expect that production of those materials (and the corresponding payments to the federal government) would begin several years after 2013. In addition, based on information from those entities, CBO estimates that BLM would receive lower payments for minerals extracted from alternative sites than for those extracted from the lands that would be affected under the bill because of differences in the quality of the materials and the cost of transporting those materials.

Because production of mineral materials on BLM lands could be delayed and proceeds from the sale of those materials could be lower under S. 3313, CBO estimates that implementing the legislation would increase direct spending by about \$11 million over the 2011-2020 period. That estimate includes an adjustment for the possibility that mineral sales may not occur at the site near Henderson under current law. It also includes an adjustment for the possibility that mineral sales may not occur at alternative BLM-managed sites under the bill. For this estimate, CBO assumes that the legislation will be enacted in calendar year 2010.

## **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. S. 3313 would delay and reduce offsetting receipts from the sale of mineral materials on federal land. The changes in the deficit that are subject to those pay-as-you-go procedures are shown in the following table.

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**CBO Estimate of Pay-As-You-Go Effects for S. 3313, the Sloan Hills Withdrawal Act, as ordered reported by the Senate Committee on Energy and Natural Resources on July 21, 2010**

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|  | By Fiscal Year, in Millions of Dollars |      |      |      |      |      |      |      |      |      |      | 2010- | 2010- |
|--|--|------|------|------|------|------|------|------|------|------|------|-------|-------|
|  | 2010                                   | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2015  | 2020  |
| <b>NET INCREASE OR DECREASE (-) IN THE DEFICIT</b> |  |      |      |      |      |      |      |      |      |      |      |       |       |
| Statutory Pay-As-You-Go Impact                     | 0                                      | 0    | 0    | 0    | 1    | 1    | 1    | 2    | 2    | 2    | 2    | 2     | 11    |

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## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

S. 3313 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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