Framework for Economic Analysis of Proposed Transfer of Federal Lands to the State of Idaho

OUTLINE
- A nation divided ...
- Utah Transfer of Public Lands Act (2012)

At statehood the federal government promised all newly created states that it would transfer title to our public lands. Why the difference? (ALC)
More oil than Saudi Arabia...

Amount of land in 13 western states controlled by the federal gov't

90% of all the lands in IL, MO, AL, AR, IN, FL were federally controlled for decades.

52% Amount of land in 13 western states controlled by the federal gov't

4% Average amount of land controlled by the federal gov't in the other 37 states

Of all the lands in IL, MO, AL, AR, IN, FL were federally controlled for decades.
There’s a war on the West that is turning into a war for the West. Western families have been responsible stewards of rural values, traditions and lands for generations. They have supplied the nation with recreational opportunities and the basic needs of modern life, while maintaining a culture that treasures hard work and family. We risk losing all of these things, along with the diversity Westerners provide, if the Washington elite continue to impose their urbanized values on what’s left of the American dream.

What’s different this time is that Western states have a plan to save their economies and rural way of life. Thus far, five Western states have passed laws that either study or outright demand the return of most federal lands to state control.
April 18, 2014
Bunkerville, Nevada

Rancher Cliven Bundy, flanked by armed supporters, speaks at a protest camp.

Westerners are tired of having Uncle Sam for a landlord.

Bundy Ranch Standoff Could Spark New Sagebrush Rebellion

Westemers are tired of having Uncle Sam for a landlord

By William Perry Pendley
Children frolicked in a river, the aroma of barbecue wafted through the air and a has-been rocker creaked his way through a set on a jerry-built stage. Cliven Bundy’s “Patriot Party”, held on April 18th at a cattle ranch 70 miles north-east of Las Vegas, was like any other rural mini-festival, if you ignored the armed men in military fatigues sternly patrolling the grounds.

A week earlier over a thousand such freedom-lovers had answered the call of Mr Bundy, a cattle-rancher with a fondness for online rabble-rousing, to stare down armed officials from the Bureau of Land Management (BLM). The agents were seeking to enforce a court ruling that Mr Bundy should remove, on environmental grounds, his 900-odd cattle from the federal land on which they grazed.

Mr Bundy has been defying the BLM for over 20 years, racking up unpaid fees worth over $1m. His family, he says, has been ranching on the land for longer than the BLM has existed; he also denies the existence of the United States, reserving his allegiance for the state of Nevada. This argument is no stronger on second glance than first, …

Irate westerners have long railed against the federal government’s vast land holdings (see map), the result of America’s 19th-century westward expansion. Yet their anger has mainly sputtered.
The Sagebrush Rebellion, sparked by a 1976 law that established rules for the BLM’s management of federal land, found a fan in Ronald Reagan, but his pledge to sell off swathes of lands fizzled in the 1980s. More recently several states, led by Utah, have passed laws or resolutions urging the transfer of federal land. Mr Bundy’s antics have energised these efforts at the grass roots, but the congressional majorities needed to secure such transactions look as elusive as ever.

The second reason is that the Feds’ opponents are divided among themselves, (a) Economists who fret about inefficient federal management may have little in common with (b) ranchers who pay, by one estimate, less than one-ninth of the market rate for their grazing rights on federal land, or with (c) states’ rights advocates, who instinctively distrust anything bearing federal fingerprints. Such divisions, still strong, have doomed previous insurrections.

Yet there are good arguments to offload federal possessions. The (a) BLM is an opaquely run nightmare; cattle-industry insiders howl at its bureaucratic excesses. (b) Subsidies, which run into the hundreds of millions annually, not only diddle the taxpayer, they encourage overgrazing. (c) Vast energy reserves sit beneath federal lands, not all worth preserving. [CRS] – oil & gas production on federal land down since 2009, while soaring on private property. It should not be left to Mr Bundy and his gun-toting followers to make this case.
The assertion that the Forest Service would enact a science-based managerial ethos for the national forests provoked series of Sagebrush Rebellions. Since the early 20th century, western ranchers, loggers, and livestock operators, and their local, state, and national political representatives, have revolted against the imposition of regulations and user fees associated with their desire to exploit relevant resources on the public lands. (p. 8)

It is not immediately clear that the present configuration of this land-management agency [U.S. Forest Service] offers the best structure for meeting the many challenges of the 21st century. Surely the national forests would benefit from a rethinking of the bureaucratic systems that preceding generations devised to govern their use. (p. 10)
I reject any idea that we today are less imaginative and resourceful than men and women who pressed for the establishment of the national forests, national parks, and grazing districts. We too can innovate; let us try.

**Marion Clawson**  
B.S., M.S., Agriculture, Univ. of Nevada  
Ph.D., Economics, Harvard University  
Director, USDI-BLM (1948-53)  
RFF researcher (1955-1998)

Separately, none of the three scenarios sketched out here — evolution, devolution, revolution — will have much chance of redefining the Forest Service’s 21st century structure or its guiding perspectives. None of these possibilities will be achieved without reference to and/or in combination with the others. The real focus of any such transformation lies in Congress and the executive branch (p. 128).

**Wildfires in 11 Western States**

Increases in wildfire burn areas of 74 to 118% (could double) in the next century seem likely for the western U.S.

The overall importance of climate in wildfire activity underscores the urgency of ecological restoration and fuels management to reduce wildfire hazards to human communities and to mitigate ecological impacts of climate change...


A nation divided ... wildfires in western states

Utah Transfer of Public Lands Act (2012)

FLPMA's formal declaration of a Federal retention policy was nevertheless a significant factor in the “Sagebrush Rebellion,” a campaign by many westerners who still hoped that the substantial Federal presence might be reduced through Federal land transfers to private or State ownership. Begun in 1979 with the Nevada Assembly's passage of a bill calling for State control of BLM lands, the Sagebrush Rebellion had largely run its course by 1981.

Not so! (Jay O'L)
Boise – Sept. 29, 1995

Bills now in both the U.S. House of Representatives and Senate would allow the transfer of all BLM lands to the states. Idaho senators Larry Craig and Dirk Kempthorne are co-sponsors of the Senate bill, and Utah Rep. Jim Hansen is author of the House measure.

J.D. Williams
Office of the State Controller
(1995)

Transferring 32 million acres of public lands in Idaho to state ownership would be “ill-advised and a financial disaster” for the state, Controller J.D. Williams says. Idaho’s congressional delegation has been pushing to allow states to request such transfers.

Williams released an analysis he’s made of the financial impact if Idaho were to take control of lands now administered by the Bureau of Land Management and U.S. Forest Service. He concluded that the state would lose more than $90 million per year – about $187 per year per taxpayer.

If Idaho were free of such federal constraints and could manage the lands as it does state lands now, Idaho could make a lot of money, Williams said. Idaho manages its state lands solely for the benefit of the public school endowment fund.

“It would give us potentially hundreds of millions of dollars that could build schools and create the best educational system in the world,” Williams said. The money would come “primarily from timber sales.”
FINDINGS

• Current processes [1998] result in uncertain decision making, community destabilization, and environmental quality deterioration.
• Significant process changes are necessary; those proposed by USFS & BLM are inadequate.

RECOMMENDATION

• Pilot project(s) testing one or more “action” alternatives

ALTERNATIVES

• Existing plans & directions
  - Ecosystem-based mgmt.
  - Change ownership
  - Sell lands
  - Ownership transfer
• Change rules
  - Economic-based reforms
  - Land leasing
  - Mgmt. commission
  - Local advisory council (collaborative)
  - Trust land mgmt.
  - Cooperative state & federal mgmt.
FINDINGS

• Current processes [1998] result in uncertain decision making, community destabilization, and environmental quality deterioration.

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RECOMMENDATION

• Pilot project(s) testing one or more “action” alternatives

Bills died in committee, but today . . .

A nation divided ...


Utah Transfer of Public Lands Act (2012)


In 2012, the Utah Legislature passed H.B. 148, “Transfer of Public Lands Act and Related Study,” in an effort to develop a new model for public land management and use. Governor Herbert signed the bill into law. H.B. 148 provides a framework for transferring public lands into State ownership. Public lands contemplated by the bill exclude national parks, all national monuments (except the Grand Staircase-Escalante National Monument), specific congressionally designated wilderness areas, Department of Defense areas, and tribal lands.

New American

Hearings in Montana Legislature on Fedgov “Public Lands” Transfer

May 14, 2014

Wyoming committee starts push for state ownership of federal lands

November 21, 2013

CHEYENNE – A select legislative committee Wednesday voted to take the first step in an attempt to transfer federal public lands in Wyoming to state ownership.

Legislators on the Select Federal Natural Resource Management Committee voted for draft legislation to establish a new select committee to conduct further study of federal lands in the state.

Wilderness areas and other specially designated areas approved by Congress were excluded in the legislation.

The state of Utah is working aggressively in the same direction, as are other western states.
September 24, 2013
SANTA FE – It’s not a sagebrush rebellion, but it’s close.
Five western states — Utah, Nevada, Idaho, Montana and Wyoming — have set up legislative studies or task forces to consider transferring immense tracts of federal land to the control of state governments. And there’s talk of exploring the issue here in New Mexico, too.

A nation divided ...
Utah Transfer of Public Lands Act (2012)

Will Federal Lands Be Transferred to Idaho? Legislative Committee Explores The Idea
A group of Idaho lawmakers gathers tomorrow [August 9, 2013] at the Statehouse to begin weighing whether the federal government should transfer public lands to the state to manage.
The all-day meeting will include presentations from Boise National Forest Supervisor Cecilia Seesholtz, Deputy Attorney General Steve Strack and State Forester David Groeschl. He’s with the Idaho Department of lands.

Jay O’Laughlin, Ph.D., Professor of Forestry & Policy Sciences, Director of Policy Analysis Group, College of Natural Resources, University of Idaho:
- PAG Report No. 16 History and Analysis of Federally Administered Lands in Idaho
- A Legal Overview of Utah’s H.B. 148 - The Transfer of Public Lands Act
- The Idaho Constitution and the Founder’s Understanding of State and Federal Authority over Public Lands, Past Efforts to Study or Obtain Transfer, State Constitutional Requirements for the Management of Transferred Federal Lands

Andy Brunelle, Idaho Capital City Coordinator, US Forest Service:
- Responsibilities Associated with Management and Use of National Forests in Idaho

Kurt Wiedenmann, Branch Chief for Resources, Bureau of Land Management Idaho State Office:
- Idaho Public Land Management Challenges and Programs
- Hypothetical Federal Land Transfer and Analysis of Potential Impacts of Legislation Similar to Utah HB 146

Steve Strack, Deputy Attorney General, Natural Resources Division:
- The Idaho Constitution and the Founder’s Understanding of State and Federal Authority over Public Lands, Past Efforts to Study or Obtain Transfer, State Constitutional Requirements for the Management of Transferred Federal Lands
Table of Contents
1. Why is 64% of Idaho federal land?
2. What is the purpose of federal lands?
3. What does the law say about “ownership” of federal lands?
4. What “federalism” issues are relevant?
5. Analysis of alternatives
Problem Statement

Unless reauthorized by Congress, payments to the counties under the Secure Rural Schools and Community Self-Determination Act of 2000 (SRS) and Payments in Lieu of Taxes (PILT) programs are history and would have consequences.

Some counties will be hard pressed to maintain local roads and schools without some form of payment to compensate for tax-exempt federal lands.

National Forest System timber harvests soared through the 1960s until the late 1980s.

Lawsuits in the Pacific Northwest to protect spotted owl habitat, along with suits filed to aid some of the region’s aquatic species, essentially halted timber production on the national forests. (p. 144)

Yet American demand for wood products has increased every year in the past 50. We have accomplished this by a simple expedient — outsourcing demand to Canada, Eastern Europe, southern Africa, and the equatorial band of tropical rainforests, thus exporting our environmental problems to other, often, poorer, parts of the planet. (p. 120)

Federal Lands Interim Committee - ICR 21 (2013)

August 9 Meeting - Presentations:

Jay O'Laughlin, Ph.D., Professor of Forestry & Policy Sciences, Director of Policy Analysis Group, College of Natural Resources, University of Idaho:
- PAG Report No. 16 History and Analysis of Federally Administered Lands in Idaho

Donald J. Kochan, Professor of Law, Chapman University School of Law, Orange, CA:
- A Legal Overview of Utah’s H.B. 148 - The Transfer of Public Lands Act

Steve Strack, Deputy Attorney General, Natural Resources Division:
- The Idaho Constitution and the Founders’ Understanding of State and Federal Authority over Public Lands, Past Efforts to Study or Obtain Transfer, State Constitutional Requirements for the Management of Transferred Federal Lands

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- Idaho Public Land Management Challenges and Programs

David Groeschl, State Forester/Deputy Director, Forestry & Fire, Idaho Department of Lands:
- Hypothetical Federal Land Transfer and Analysis of Potential Impacts of Legislation Similar to Utah HB 148
Hypothetical Federal Land Transfer

Federal Lands Interim Committee
August 9, 2013

16,400,000 acres
= Total number of acres transferred to the State under these assumptions

- 75 percent of the total 34,500,000 acres owned by the federal government in Idaho
Of this, 9,500,000 acres are owned by the BLM and 6,900,000 acres are owned by the Forest Service

What amount of federal lands in Idaho would be transferred to the State under assumptions similar to those of Utah HB 148?

Numerous federal ownerships and special designations of federal lands would be excluded under assumptions similar to Utah HB 148.

Potential costs and revenues under State management

What are the potential costs and revenues associated with managing 16,400,000 acres of federal lands under existing State authorities?

- Rudimentary analysis maintains many assumptions.
- Forest lands bringing approximately 7,000,000 acres of transferred forestlands under State management would take 10-15 years.
- Liabilities
- Legal framework
- Revenues
- Fire protection

Potential Net profit under State management

Using these assumptions and the numbers presented earlier, if the State acquired 16,400,000 acres of federal land, it could generate a

Net Profit of $51-75 million annually for public schools or other public institutions in Idaho

after the lands were brought fully under State management
How did IDL arrive at this estimate?

Fire Suppression

The IDL currently protects 1,500,000 acres and spends an average of $10,000,000 annually for pre-suppression and suppression costs.

If the State had to provide fire protection on 1,500,000 additional acres, the State would have to spend an additional estimated $45 million per year for pre-suppression and suppression costs.

Forest Management

Using a specific cost analysis, the estimated range of foregone revenue the State would generate from timber sales is about $96.120 million.

Federal Lands Interim Committee - HCR 21 (2013)
December 4 Meeting - Written Public Comments:

Jonathan Oppenheimer – Idaho Conservation League

Fiscal Impacts to the State of Idaho from HR 22 Implementation
By Evan Hjerpe, Ph.D. Economist, Conservation Economics Institute

In April 2013, the Idaho Legislature approved a resolution (HR 22) demanding a transfer of 80% of all federally administered public lands in Idaho. This fact sheet summarizes an economic analysis conducted by Evan Hjerpe, Ph.D. Economist with the Conservation Economics Institute. Based on this analysis, implementation of this takeover...

- Would cost the state of Idaho $1.5 billion in the first 10 years and more than $2 billion over 20 years.
- Would immediately cost the state almost 2,500 federal jobs, mostly in rural communities, and more than $11 million in annual state income tax. These jobs and income tax could be offset in the future.
Economic Challenges

Critics have also pointed out the potential direct costs to Idaho taxpayers. A report from the Conservation Economics Institute, commissioned by ICL, found that the proposal could cost taxpayers over $1 billion after 5 years and more than $2 billion after 20 years. Such losses would necessitate the sale of large swaths of land, something Idahoans have routinely objected to.

The attempt by some Idaho legislators to take over 34 million acres of public lands continues to lurch forward. Depending on who you ask however, the controversial proposal is either A) losing steam based on significant questions that have been raised, or B) gaining momentum as neighboring states prepare to wage legal battle in the courts.

A legislative committee continues to ponder the proposal, and will likely hold hearings in communities around the state this summer.

Q. A recent Congressional Research Service report says federal agencies spent $392 million managing federal lands in Idaho in 2011-12 and the state would incur much of these costs if federal lands are transferred to the state. Could the transfer of federal lands prove to be a net loss to the state, and to the endowments supporting K-12 and other beneficiaries?

A. This question asks if the transfer of federal lands could prove to be a net loss to the state and the endowments. There is much discussion on this issue and a variety of economic reviews and opinions. Although at the request of some members of the Idaho Legislature, Idaho Department of Lands Director, Tom Schultz, did a very informal calculation, I do not believe any definitive studies have been completed.

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A. It is possible the transfer of federal lands to the state could prove to be a net economic loss. It is also possible there could be an economic gain. What is certain, however, is that transfer of those lands to Idaho would be a dramatic change in both the economy and character of Idaho and particularly in the public access for much of the lands within Idaho.
Candidates for State Land Board... transfer of federal lands...?

A. Since we cannot get a breakdown of what or how that federal money is spent, I don’t know that you can say that the state would incur much of those costs. What I do know is that the state returns $30 million to $40 million annually to the endowments from managing the 2.4 million acres of endowment land. I cannot see that the return per acre would be much less on very similar land that is currently managed by the federal government if the state of Idaho were in control.

The Economic Value of Energy Resources on Federal Lands in the Rocky Mountain Region

by Dr. Timothy J. Considine

Professor of Energy Economics
School of Energy Resources
Department of Economics & Finance
University of Wyoming

September 17, 2013

Regional impacts of oil and gas projects on federal lands

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<th>Region</th>
<th>Acres</th>
<th>Oil &amp; Gas Wells</th>
<th>Jobs</th>
<th>Gross Regional Product</th>
<th>Revenues for Local, State, Federal</th>
<th>2013-2023</th>
<th>2023-2032</th>
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<td>3,864</td>
<td>2,897</td>
<td>$12.2 billion</td>
<td>$3 billion</td>
<td>December 2017</td>
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In summary, under the medium scenario, oil and gas development on federal lands could generate $12.2 billion per annum in gross regional product over the next decade, support more than 87,000 jobs, and generate more than $3 billion in revenues for local, state, and federal governments.

A nation divided...

Utah Transfer of Public Lands Act (2012)

Western states worry decision on bird’s fate could cost billions in development

By Reid Wilson – May 11, 2014

Environmentalists want the sage-grouse protected under the Endangered Species Act. But rural ranchers, gold miners and energy producers argue that doing so would unnecessarily lock tens of millions of acres off from development, exploration or use.
Sage grouse: The spotted owl of the prairie?

Sage grouse of Western plains seen as next ‘spotted owl’

Are sage grouse the new spotted owl? Listing sage grouse under the Endangered Species Act could mean big limitations for Oregon ranchers

Sage grouse Habitat Conservation Policy and the Wildlife Threat to Home

THANKS FOR LISTENING.