

## CRAIG MUNICIPAL EQUITY ACT OF 1999

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JULY 19, 2000.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. YOUNG of Alaska, from the Committee on Resources,  
submitted the following

### REPORT

together with

### DISSENTING VIEWS

[To accompany H.R. 3182]

[Including cost estimate of the Congressional Budget Office]

The Committee on Resources, to whom was referred the bill (H.R. 3182) to provide for a land conveyance to the city of Craig, Alaska, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

#### PURPOSE OF THE BILL

The purposes of H.R. 3182 are to provide for a land conveyance to the city of Craig, Alaska, and for other purposes.

#### BACKGROUND AND NEED FOR LEGISLATION

H.R. 3182 requires the Secretary of Agriculture to convey 4532 acres of land in the Tongass National Forest to the City of Craig, Alaska. Put in perspective, this bill affects less than three one-hundredths of one percent of the 17 million-acre Tongass National Forest. The City will use the land to produce revenues to fund vital municipal services.

The City of Craig is located in Southeast Alaska on Prince of Wales Island, the third largest island in the country. The community has grown from a mostly Native population of 250 in 1971 to over 2500 residents, most of whom are not Alaska Natives. Craig reports it has no land base upon which to maintain its local services and no ability to utilize many federal programs which are de-

pendent upon a large Alaska Native population for eligibility. Thirty years ago, streets were unpaved, water and sewer services were available for only a lucky few, and the City government provided almost no services. After years of growth, Craig's local government is now responsible for a range of services including police, fire, and emergency medical services, education, zoning, water and sewer, garbage disposal, harbor facilities and others.

The City's problem is that it has no opportunity to expand its land base to support these municipal services. Despite the change in demographics over the years, 93 percent of the land within the Craig city limits is owned by two Alaska Native Village corporations. Under federal law passed in 1987, none of the Native land is subject to taxation so long as the land is not developed. Craig has approximately 300 acres of land owned privately by individuals within its city limits to serve as its municipal tax base. It can annex no other land because the entire land base outside its municipal boundaries is owned by the federal government as part of the Tongass National Forest or by another Alaska Native corporation.

Didn't the Alaska Statehood Act of 1958 reserve a quantity of national forest land for the expansion and development of Alaska communities, including Craig? Yes, but in the 1960s and 1970s the United States Forest Service rebuffed almost every selection made by the State on behalf of Craig. By the end of 1970, the federal government commenced a long string of land freezes to settle Native claims and later to create and expand over 100 million acres of new conservation areas Statewide.

The Alaska Native Claims Settlement Act of 1971 allowed two Native village corporations to acquire 93 percent of the lands within Craig's municipal limits. According to the Mayor, "the City of Craig is the only community in Southeast Alaska which requested the State to select land near it for which no selection has been made." Craig's fortunes were dealt another blow when the Clinton Administration shut down logging in the Tongass National Forest, the City's most valuable economic resource.

In summary, Craig has almost no taxable land base, and as a result of federal actions, no means of raising revenue sufficient to meet its responsibilities. Financially speaking, Craig is nearing the brink of crisis. It is only right and fair that Congress grant land the City was due 40 years ago.

H.R. 3182 identifies and describes the parcel to be conveyed. It is the nearest tract of land to the municipality not owned by Alaska Native Corporations. It is on the local road system, and is not in any wilderness or special status. The land has timber resources that if developed, may create an endowment to fund municipal services.

#### COMMITTEE ACTION

H.R. 3182 was introduced on October 28, 1999 by Congressman Don Young (R-AK). The bill was referred to the Committee on Resources. On February 9, 2000, the Committee held a hearing on the bill. On April 5, 2000, the Full Resources Committee met to consider the bill. No amendments were offered and the bill was ordered favorably reported to the House of Representatives by voice vote.

## COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the rules of the House of Representatives, the Committee on Resources' oversight findings and recommendations are reflected in the body of this report.

## CONSTITUTIONAL AUTHORITY STATEMENT

Article I, section 8, and Article IV, section 3 of the Constitution of the United States grant Congress the authority to enact this bill.

## COMPLIANCE WITH HOUSE RULE XIII

1. Cost of Legislation. Clause 3(d)(2) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out this bill. However, clause 3(d)(3)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974.

2. Congressional Budget Act. As required by clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, this bill does not contain any new budget authority, spending authority, credit authority, or an increase or decrease in revenues or tax expenditures.

3. Government Reform Oversight Findings. Under clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee has received no report of oversight findings and recommendations from the Committee on Government Reform on this bill.

4. Congressional Budget Office Cost Estimate. Under clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for this bill from the Director of the Congressional Budget Office:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, April 19, 2000.*

Hon. DON YOUNG,  
*Chairman, Committee on Resources,  
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3182, the Craig Municipal Equity Act of 1999.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Megan Carroll.

Sincerely,

BARRY B. ANDERSON  
(For Dan L. Crippen, Director).

Enclosure.

*H.R. 3182—Craig Municipal Equity Act of 1999*

CBO estimates that enacting H.R. 3182 would not significantly affect the federal budget. The bill would not affect direct spending

or receipts; thus, pay-as-you-go procedures would not apply. H.R. 3182 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act. The bill would benefit the city of Craig, Alaska, by providing land from which the city may generate new revenues to pay for city services. The budgets of other state, local, and tribal governments would not be affected by this bill.

H.R. 3182 would direct the Secretary of Agriculture to convey approximately 4,500 acres of land within the Tongass National Forest to the city of Craig, Alaska. The Secretary would have to complete the conveyance within 90 days of the bill's enactment. According to the Forest Service, the lands that would be conveyed to the city do not currently generate any significant receipts, and the agency does not expect them to generate any significant receipts in the foreseeable future. The lands that would be conveyed are part of a larger area where the timber was offered for sale in 1999. No bids were received for this timber and the agency does not plan to reoffer it for sale in the near future.

On April 12, 2000, CBO transmitted a cost estimate for S. 1797, similar legislation that was ordered reported by the Senate Committee on Energy and Natural Resources on April 5, 2000. The lands that would be conveyed under each bill are the same, and our estimates of each bill's impact on direct spending are identical. Differences between the two estimates reflect a provision in the Senate version that would increase discretionary spending, assuming appropriation of the necessary amounts.

The CBO staff contact is Megan Carroll. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

#### COMPLIANCE WITH PUBLIC LAW 104-4

This bill contains no unfunded mandates.

#### PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.

#### CHANGES IN EXISTING LAW

If enacted, this bill would make no changes in existing law.

## DISSENTING VIEWS

H.R. 3182 would give away over 4,500 acres of Tongass National Forest lands without compensation. These lands are located over twenty miles away from the community of Craig. The purpose of the transfer would not be for municipal expansion, but rather for the old-growth rain forest lands to be logged to generate municipal revenues. The Forest Service opposes the bill on the grounds that Craig has no legal entitlement to receive these national forest lands and because the United States would not receive anything in return.

Craig's rationale for this land conveyance is that the community is surrounded by lands which have been conveyed to Native village corporations under the Alaska Native Claims Settlement Act of 1971. Three decades later, they are asking for a land handout from Congress.

Craig's real need is for additional revenue, not land. The paradox in Alaska is that, despite tremendous wealth generated by the North Slope oil fields, state funding for municipal services and other government programs has been decreasing. Craig, for example, needs additional funds to operate a recently built \$13 million high school.

But even if Congress were obligated to give something to Craig, this bill provides for a very inefficient and controversial method to fund municipal services. In recent years, the market for Tongass timber has been depressed and Forest Service sales often have no bidders. It is dubious how much net revenue from logging would get to the Craig Municipal treasury.

Congress has provided the state of Alaska with a generous entitlement to 105 million acres of land, in part to provide for municipal needs. There is no compelling justification for using the Tongass National Forest as a land bank when the state has ample land and fiscal resources to take care of its own municipal problems. We urge the House to oppose H.R. 3182.

GEORGE MILLER.

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