

CABIN FEE ACT OF 2011

JULY 17, 2012.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HASTINGS of Washington, from the Committee on Natural Resources, submitted the following

R E P O R T

[To accompany H.R. 3397]

[Including cost estimate of the Congressional Budget Office]

The Committee on Natural Resources, to whom was referred the bill (H.R. 3397) to modify the Forest Service Recreation Residence Program by implementing a simple, equitable, and predictable procedure for determining cabin user fees, 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 purpose of H.R. 3397 is to modify the Forest Service Recreation Residence Program by implementing a simple, equitable, and predictable procedure for determining cabin user fees.

BACKGROUND AND NEED FOR LEGISLATION

H.R. 3397 would establish a new schedule for the fees paid by owners of private cabins that are located on U.S. Forest Service lands. The bill also would establish a transfer fee that would be assessed on owners who sell their cabins. The bill meets the need for a fair, simple and predictable structure for setting fees based on the actual value received, and will moderate the runaway fee hikes occurring under current law. H.R. 3397 will also reduce the administrative burden on the Forest Service and provide a fair return to the U.S. Treasury for the use of public land.

A summer cabin program has existed in National Forests for almost a century, but recent changes in the way permit fees are set for these cabins will put them beyond the reach of many cabin owners. The current system for setting fees for ownership of cabins on National Forest land does not accurately reflect the value of the

limited use-permits involved. A limited and temporary permit is not comparable to the rights of fee-simple ownership. Because the many restrictions and conditions on the permits are not sufficiently considered in the valuations, the fees often go far beyond what average families can afford, forcing many cabin owners to sell or abandon their cabins. Appraisals completed recently under the current Cabin User Fee Fairness Act (CUFFA) law indicate 45 percent of owners have seen fee increases of 200 percent or higher, 20 percent exceed \$5,000, 8.5 percent exceed \$7,000 and 3.7 percent exceed \$10,000.

Unfortunately, the current appraisals do not reflect the difference between the bundle of rights held by an owner of fee simple property and the very limited rights of Forest Service land cabin owners. Cabin fees determined under current law far exceed market rates when compared to similar leased (or permitted) recreation land uses. H.R. 3397 would establish rates that more fairly reflect true market rates and revenues.

The bill establishes a nine tiered fee structure, indexed annually, that is fair to the cabin owner and the U.S. Treasury and will preserve cabin value or the ability to sell the cabin if the current owner cannot pay the fee. Instead of annual fees ranging from \$125 to the clearly unaffordable \$76,000 under current law, fees under the bill will range from \$500 to \$4,500 per year.

The Cabin Fee Act requires the assignment of each permitted lot to one of nine fee tiers, based on the rank order of current appraised values. The lowest 8 percent of appraised lot values are assigned to the \$500 tier. The highest 4 percent are assigned to the \$4,500 tier. Following this process, user fee revenue is projected to be about \$30 million when fully implemented. User fees are to be adjusted annually by a rolling average of the Implicit Price Deflator for Gross National Product index (See Appendix I).

A transfer fee, intended to capture the value influence of the National Forest location would be paid when that value influence is actually realized at the time of sale. The Transfer Fee has two components. First, a flat fee of \$1,000 is collected for all cabin sales and transfers. Second, if the sale price exceeds \$250,000, an additional 5 percent is collected on the sale price exceeding \$250,000 up to \$500,000, and an additional 10 percent on sale amounts exceeding \$500,000.

Cabin marketability is not encumbered, because cabin owners will have full knowledge of the indexed annual user fee and both a seller and buyer can factor the transfer fee into their negotiations at the time of sale. The bill provides cost savings to the Forest Service by the elimination of expensive appraisals and the loss of the substantial revenue from abandoned cabins that will occur if CUFFA stands unchanged.

With the elimination of the appraisal process under CUFFA, the Forest Service will save approximately \$1 million annually. The complexity and expense of the appraisal process will be replaced with a cost-effective fee system and greatly simplified program administration.

COMMITTEE ACTION

H.R. 3397 was introduced on November 10, 2011, by Congressman Doc Hastings (R-WA), and was referred to the Committee on Natural Resources. On September 9, 2011, the Subcommittee on National Parks, Forests and Public Lands held a hearing on a draft version of the bill. On November 17, 2011, the Full Resources Committee met to consider H.R. 3397. No amendments were offered, and the bill was adopted and ordered favorably reported to the House of Representatives by unanimous consent.

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 Natural Resources' oversight findings and recommendations are reflected in the body of this report.

COMPLIANCE WITH HOUSE RULE XIII

1. Cost of Legislation. Clause 3(d)(1) 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)(2)(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. 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:

H.R. 3397—Cabin Fee Act of 2011

Summary: H.R. 3397 would establish a new schedule for the fees paid to the federal government by individuals who own cabins located on Forest Service lands. The bill also would establish a transfer fee that would be assessed on owners who sell their cabins. Based on information provided by the Forest Service, CBO estimates that implementing the legislation would result in a net reduction in offsetting receipts (a credit against direct spending) totaling \$25 million over the 2013–2022 period; therefore, pay-as-you-go procedures apply. Enacting H.R. 3397 would not affect revenues.

H.R. 3397 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 H.R. 3397 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

Basis of estimate: For this estimate, CBO assumes that the legislation will be enacted in 2012.

	By fiscal year, in millions of dollars—													2012– 2017	2012– 2022
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022				
CHANGES IN DIRECT SPENDING															
Cabin Fees:															
Estimated Budget Authority ...	0	3	–2	*	1	3	5	5	5	5	5	5	5	30	
Estimated Outlays	0	3	–2	*	1	3	5	5	5	5	5	5	5	30	
Transfer Fees:															
Estimated Budget Authority ...	0	*	*	*	*	*	–1	–1	–1	–1	–1	–2	–5		
Estimated Outlays	0	*	*	*	*	*	–1	–1	–1	–1	–1	–2	–5		
Total Changes:															
Estimated Budget Authority ...	0	2	–2	*	1	2	4	4	4	5	5	3	25		
Estimated Outlays	0	2	–2	*	1	2	4	4	4	5	5	3	25		

NOTE: Components may not sum to totals because of rounding; * = between –\$500,000 and \$500,000.

CBO estimates that enacting H.R. 3397 would increase net direct spending by \$25 million over the 2013–2022 period. Over that period, fees collected from cabin owners by the Forest Service would total about \$30 million less than would be collected under current law (such losses are shown as an increase in direct spending). In addition, the collection of newly established fees assessed on cabin owners who sell their cabins would increase receipts (thus reducing direct spending) by about \$5 million over that period.

Cabin fees

Section 3 would establish a new schedule for fees assessed on cabins located on Forest Service lands. Under current law, owners of the roughly 14,000 affected cabins pay an annual fee to the federal government equal to 5 percent of the appraised value of the occupied land. Based on information provided by the agency, CBO estimates that fee collections from those cabins will total roughly \$20 million in 2012 and that those collections will increase to \$38 million by 2022. Collections will increase over that period as the agency completes appraisals of the affected Forest Service lands, implements new fees based on those appraisals, and annually adjusts fees on all cabins to account for inflation.

Under the bill, cabin owners would pay specified annual fees ranging from \$500 to \$4,500 per cabin, depending on the appraised value of the occupied land. Those fees would go into effect after the Forest Service completes its current appraisal cycle, which CBO expects will occur in 2013. Once implemented, CBO estimates that new cabin fee collections would total about \$29 million in 2014 and would reach \$33 million by 2022.

Because H.R. 3397 would cap annual cabin fees at \$4,500 and prevent scheduled fee increases from being implemented as they would be under current law, CBO estimates that enacting the bill would, in general, lower annual receipts over the 2013–2022 period. Over the 2014–2015 period, CBO estimates that enacting H.R. 3397 would increase receipts because we expect that cabin fees would be increased more gradually under current law than under the bill over that period. On net, CBO estimates that enacting the new cabin fees required under H.R. 3397 would reduce offsetting receipts (an increase in direct spending) by about \$30 million over the 2013–2022 period.

Transfer fees

Section 4 would require the Forest Service to collect a transfer fee from cabin owners who sell their cabins. The amount of the fee would be based on the sales price. CBO estimates that implementing this provision would increase offsetting receipts (a credit against direct spending) by about \$5 million over the 2013–2022 period, based on information provided by the Forest Service regarding the number of new lease permits issued each year and the values of the affected cabins.

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. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR H.R. 3397 AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON NATURAL RESOURCES ON NOVEMBER 17, 2011

	By fiscal year, in millions of dollars—													2012– 2017	2012– 2022
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022				
	NET INCREASE OR DECREASE (–) IN THE DEFICIT														
Statutory Pay-As-You-Go Impact	0	2	–2	0	1	2	4	4	4	5	5	3	25		

Intergovernmental and private-sector impact: H.R. 3397 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

Estimate prepared by: Federal Costs: Jeff LaFave; Impact on State, Local, and Tribal Governments: Melissa Merrell; Impact on the Private Sector: Amy Petz.

Estimate approved by: Theresa Gullo, Deputy Assistant Director for Budget Analysis.

2. Section 308(a) of 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. Based on information provided by the Forest Service, CBO estimates that implementing the legislation would result in a net reduction in offsetting receipts (a credit against direct spending) totaling \$25 million over the 2013–2022 period; therefore, pay-as-you-go procedures apply. Enacting H.R. 3397 would not affect revenues.

3. General Performance Goals and Objectives. As required by clause 3(c)(4) of rule XIII, the general performance goal or objective of this bill is to modify the Forest Service Recreation Residence Program by implementing a simple, equitable, and predictable procedure for determining cabin user fees.

EARMARK STATEMENT

This bill does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined under clause 9(e),

9(f), and 9(g) of rule XXI of the Rules of the House of Representatives.

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.

APPENDIX I: SCHEDULE OF FEES UNDER THE CABIN FEE ACT OF 2011

Fee Tier	Approximate Percent of Permits Nationally	Fee Amount
1	8%	\$500
2	16%	\$1,000
3	20%	\$1,500
4	20%	\$2,000
5	12%	\$2,500
6	8%	\$3,000
7	6%	\$3,500
8	6%	\$4,000
9	4%	\$4,500