

Ireland was aimed at increasing lambing rates per ewe. Another goal of sheep research was to satisfy export markets by producing carcasses with the necessary weight, finish, and leanness.

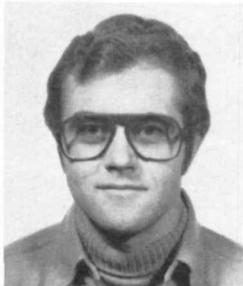
Ireland's Agricultural Future

Our tour showed the progress made in the beef, dairy, and sheep industries since Ireland joined the "European Economic Community." The European Economic Community (France, Belgium, Luxembourg, Netherlands, Germany, Italy, United Kingdom, Ireland, Denmark) has provided considerable support for farm incomes, protected farmers from price variability in international commodity markets, and encouraged prosperity. It has also provided programs on

modernization, farming retirement, and socio-economic guidance.

Our tour showed the small family farms that have dominated this country's past and the research centers that hold the key to its future. We were impressed with the openness and friendliness of the Irish people. The rural scene in Ireland reminded us of small farming communities in America. Part-time help from neighboring farms and part-time laborers added to the spirit of cooperation. Today, many farmers are members of cooperatives, which provide greater efficiency in agriculture and give better service and commodity stability for members and customers. From these organizations, we saw the value of farmer cooperation in achieving better farming, better business, and better living. ●

Net Economic Costs of the Proposed Transfer of Utah's Federal Lands to State Ownership



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Note from the Authors: Although our data is specific to the state of Utah, we think the information will be of interest to most SRM members.

In September, 1979, Utah Governor Scott Matheson commissioned a Utah State University study to estimate the potential economic impacts of transferring Utah federal lands to state ownership. The Governor's request was in response to a bill that had been introduced in the U.S. Senate by Senator Orrin Hatch (R., Utah), and in anticipation of a bill to be introduced in the Utah Legislature by State Senator Ivan Matheson.

Senator Hatch's bill proposes transfer to state ownership of all federal lands west of the 100th Meridian except national parks, monuments, wildlife refuges, and military and Indian reservations. In Utah, passage of the Hatch Bill would add about 8 million acres of Forest Service (FS) lands and 22 million acres of Bureau of Land Management (BLM) lands to the 3.8 million acres currently owned by the state, an increase of nearly 800 percent. State Senator Matheson's

bill, passed in the 1980 budget session of the Utah legislature, proposes the transfer of only BLM lands.

Transfer of Utah FS or BLM lands to state ownership would bring changes in both state revenues and state costs. Revenues currently collected by FS and BLM (mineral lease fees, grazing fees, timber sales, recreation permits, etc.) would instead be received by the state. However, as landlord receiving *all* revenues from federal lands within its borders, Utah would also forgo its current state "revenue share" of federal lease and use fees. Loss of its "public land state" status would also bring the loss of a portion of Utah's federal highway matching funds and if FS lands were included in the ownership transfer, all forest highway funds from the federal aid to highways program would cease. Additionally, state "takeover" of federal lands would bring an end to federal payments to counties in lieu of property taxes. Finally, if Utah successfully assumed ownership of these lands, the state would have to provide the capital equipment and operating budgets required for management of its new holdings.

Based on data obtained from BLM and FS records, the possible economic impacts of a federal lands transfer to state ownership were analyzed in terms of three alternatives: (1) that after transfer, returns, expenditures, and levels of

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management would continue as though the lands were still under federal ownership (Current Management or "high cost" estimate); (2) that returns would continue unchanged but expenditures would follow federal cost trends prevailing prior to recent environmental legislation (Historic or "medium cost" estimate); (3) that returns would continue unchanged but expenditures would be limited to levels proportionate to current budgets for management activities of the Utah Division of State Lands and Forestry (State Land or "low cost" estimate). Results of the analysis are shown in Table 1.

Table 1. Estimated net costs of state ownership of BLM and FS lands in Utah (millions of dollars).

	BLM	FS	Total
Annual Costs			
High cost estimate	12.70	33.80	46.50
Medium cost estimate	3.90	22.40	26.30
Low cost estimate	2.50	7.60	10.10
Capital Costs	5.48	28.08	33.56

State Senator Matheson's bill, passed during the last session of the Utah Legislature, calls for the transfer of *only* BLM lands. Thus the BLM data in Table 1 is of the most interest to Utah. The estimated net annual costs to Utah's economy range from a high of \$12.7 million to a low of \$2.5 million. In addition to these *annual* operating costs, *one-time* capital cost (for housing, office and storage buildings, fleet equipment, recreation sites, etc.) of \$5.48 million would be incurred. Based on the high cost estimate, Utah's *total* first year costs of assuming ownership of BLM lands would amount to \$18.18 million or about \$15 per Utah resident. Since even this high cost estimate represents only about 1% of the current state budget, it appears that Utah could easily afford to take control of BLM lands within its borders.

Expansion of the analysis to accommodate the provisions of the Hatch Bill (transfer of *both* BLM and FS lands) significantly increases estimated net costs. Inclusion of FS lands in the proposed transfer adds from \$7.6 million to \$33.8 million, increasing total net *annual* operating costs to a range of \$10.1 million to \$46.5 million. While it is not possible to predict exactly what the net annual costs would be, our range of estimates adequately brackets the actual costs.

Forest Service land transfer would also entail a substantial *one-time* capital cost of \$28.08 million. Again based on the high cost estimate, first year transfer costs total \$80.06 million or about \$67 per citizen. In this "worst-case" estimate, the first year net costs amount to about 5% of the current state budget. While such an expenditure is within the financial capability of the state, it may be more than Utah citizens are willing to pay for such a transfer. Still, these costs might be viewed as a real estate investment by the state. Thus the \$33.56 million *one-time capital* cost could be considered a "down payment" of \$1.12 per acre for the 30 million acres of BLM and FS lands. Similarly, the \$46.5 million in recurring net *annual* costs (high cost estimate) might be thought of as an "annual mortgage payment" of \$1.55 per acre for the 30 million acres. No matter what reasonable current market price is assigned to these lands (say \$70 to \$150 per acre), such "sale terms" would be extremely favorable to Utah and, like any other real estate investor, the state could conceivably earn high monetary returns from such a venture.

Summary

Utah Governor Scott Matheson's request to Utah State University was a specific one. The USU study team was to investigate the possible economic impacts of transferring Utah BLM and FS lands to state ownership. The study team was not to attempt to assess the biological or management implications of such a transfer nor to offer a recommendation as to what the state's position on the "sagebrush rebellion" should be since this latter question could be answered only in the deliberations of the Utah Legislature.

Results of the study indicate that transfer of BLM and/or FS lands to state ownership would cost Utah from \$5.48 million to \$33.56 million in *one-time capital costs* and from \$2.5 million to \$46.5 million per year in recurring net operating costs. Even the "worst case" costs of transferring both BLM and FS lands are within the financial capability of the state. If the analysis is confined to the transfer of only BLM lands, the projected fiscal impacts are essentially neutral. There may be numerous reasons why citizens of western states either oppose or favor state takeover of federal lands. But positions on this question for the state of Utah should not be based on either fear of high state costs or hope of increased state revenues. ●

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