

of the interest. If, however, the Secretary decides to convey such interest within 2 years after he acquired the property, the bill requires that the last owner of record be given an opportunity to acquire such interest by matching the highest bid.

Under section 2(a) of the bill the land acquired for national park and recreation areas, which is not needed for public facilities or actual public use, could be returned to private ownership or use with the assurance that the land will not be used in a manner detrimental to the park or recreation area. The sell-back and lease-back transactions will enable the Federal Government to recoup funds spent initially for land acquisition and return them to the Land and Water Conservation Fund. Under such transactions the Federal Government will receive the benefit from the increase in the fair market value of the land after its acquisition. As a preliminary estimate, we believe the sell-back program may yield from 40 to more than 100 percent of the initial acquisition cost. Lease-back transactions should yield from 4 to 7 percent of the initial land acquisition cost per year.

The language of the printed bill requires the Secretary, in exercising the lease-back and sell-back authority, to allow the last owner of record an opportunity to match the highest bid price. A number of persons, however, may have been the former owners of either individual portions of the property or of undivided interests therein. In such cases the Secretary will need authority to prescribe by regulation procedures for an equitable division of the property, as well as authority to impose time limits within which the payments for the property must be made. The language of the printed bill does not require a former owner to pay for the property within any specified period of time.

We recommend, therefore, the following perfecting amendment of section (2) of the bill:

On page 3, line 18, after "owner" insert "or owners"; on line 19, change "he is" to "they are"; on line 21, change "owner wishes" to "owners wish"; and on line 23, after "person" insert "or persons, in accordance with such regulations as the Secretary may prescribe,".

Section 2(b) of S. 1401, which authorizes the exchange of certain Federal property for certain non-Federal property, is intended to provide the Secretary of the Interior with another tool to avoid the land price escalation problem. Exchanges do not lessen the economic cost of acquisition, although they do reduce the money amounts needed to be appropriated for acquisition and they can be effected in advance of appropriations for the project. The section as written, however, would not be of substantial value because it authorizes only the exchange of Federal property located within the boundaries of the park unit involved. There is a limited amount of Federal property within a park boundary that could be utilized for exchange purposes.

It should be understood that the narrow language of this section does not restrict the specific authority granted for individual park system units. See, for example, the Act of September 21, 1965 (79 Stat. 824), authorizing the Assateague Island National Seashore; the Act of March 10, 1966 (80 Stat. 33), authorizing the Cape Lookout National Seashore; and the Act of October 15, 1966 (80 Stat. 922), authorizing the Pictured Rocks National Lakeshore.

Section 2(b) contains an ambiguity which should be removed if the section is retained in its present form. The authority to convey Federal property in exchange for private property should be restricted to Federal property under the jurisdiction of the Secretary of the Interior. This can be made clear by the following amendment:

On page 4, line 7, after "therein" insert "under his jurisdiction".

The Bureau of the Budget has advised that there is no objection to the presentation of this report, and that enactment of S. 1401, if amended as recommended herein, would be consistent with the Administration's objectives.

Sincerely yours,

STEWART L. UDALL,
Secretary of the Interior.