



What's in the Government's Attic

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In a 1988 news conference, Pres. Ronald Reagan said, *I have a map. I wish everyone could see it. It's a map of the United States. And land owned by the government is in red, and the rest of the map is white. West of the Mississippi River, your first glance at the map, you think the whole thing is red, the government owns so much property ... I don't know any place other than the Soviet Union where the government owns more land than ours does.*

Today, just 16 years later, the Soviet Union is gone and President Reagan has passed on. But the land holdings of the United States government increase year by year. The point that President Reagan made is still relevant today—that in a nation built on the concept of private property rights, it is astonishing how much land is owned by the national government.

BACKGROUND

The government estimates that it owns more than 600,000,000 acres of land. What is not known is where that

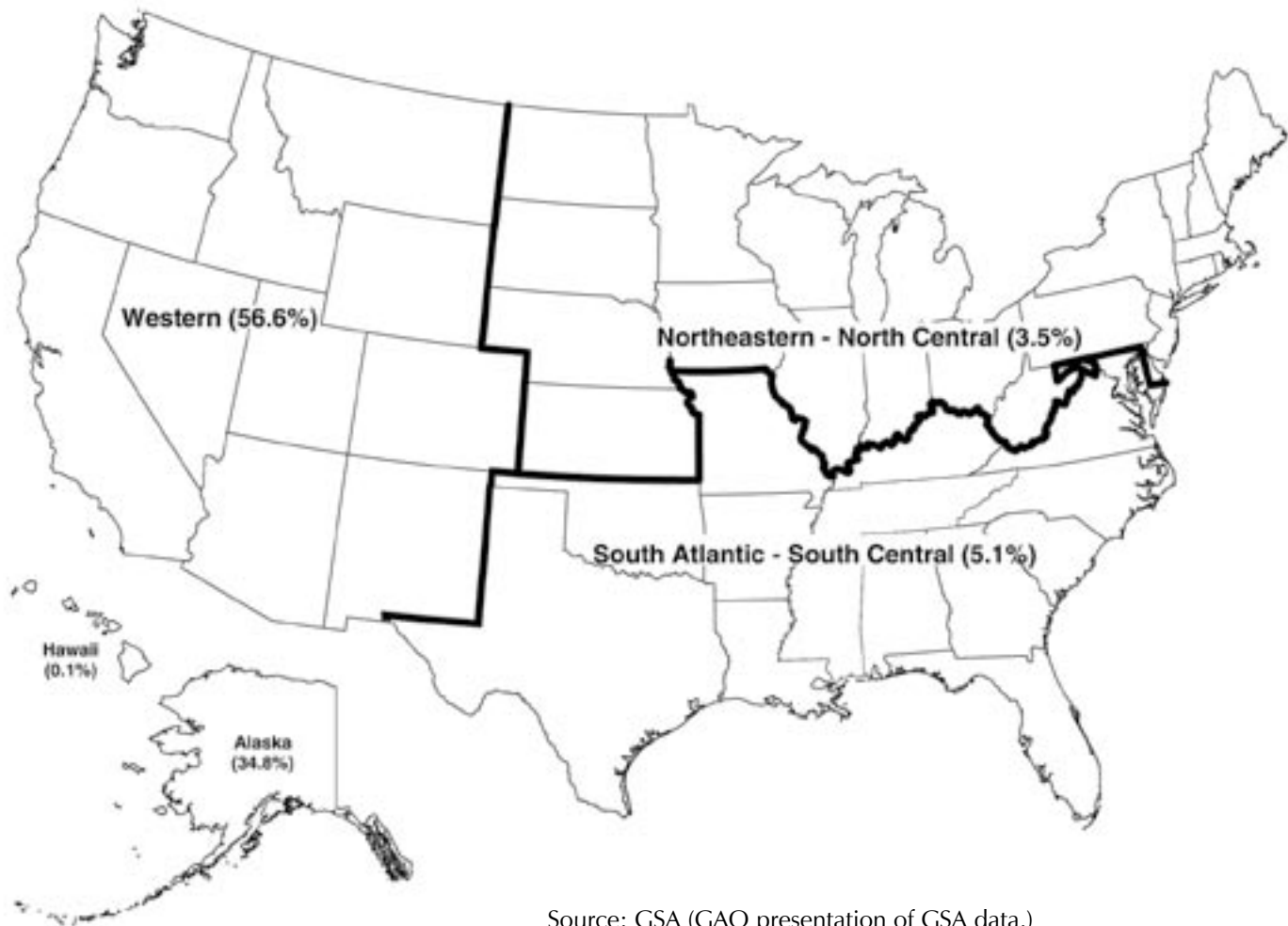
land is, what it is being used for, where its accurate boundaries are located, and whether the land is being put to its best use. The Government Accountability Office (formerly known as the General Accounting Office) has released a new report, GAO-03-122, which found that over 30 federal agencies control hundreds of thousands of real property assets worldwide, including facilities and land, worth hundreds of billions of dollars. However, the portfolio is not well managed, many assets are no longer consistent with agency missions or needs and are therefore no longer needed, and many assets are in an alarming state of disrepair. The GAO also found there is no reliable government-wide data on these assets.

Section 1711 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1711) contains the following requirement:

Continuing inventory and identification of public lands; preparation and maintenance

(a) The Secretary shall prepare and maintain on a continuing basis an inventory of all public lands and their resource and other values (including,

Percentage of Federal Land Holdings in Major Regions of the United States



but not limited to, outdoor recreation and scenic values), giving priority to areas of critical environmental concern. This inventory shall be kept current so as to reflect changes in conditions and to identify new and emerging resource and other values. The preparation and maintenance of such inventory or the identification of such areas shall not, of itself, change or prevent change of the management or use of public lands.

(b) As funds and manpower are made available, the Secretary shall ascertain the boundaries of the public lands; provide means of public identification thereof including, where appropriate, signs and maps; and provide State and local governments with data from the inventory for the purpose of planning and regulating the uses

of non-Federal lands in proximity of such public lands.

Responsibility for this provision of law rests primarily with the Bureau of Land Management (BLM).

Section 601 of the Healthy Forests Restoration Act of 2003 (Public Law 108-148) provides,

Secretary of Agriculture shall carry out a comprehensive program to inventory, monitor, characterize, assess, and identify forest stands (with emphasis on hardwood forest stands) and potential forest stands.

Pursuant to the Agricultural Foreign Investment Disclosure Act of 1978 (AFIDA), the U.S. Department of Agriculture gathers information on foreign ownership of domestic agricultural land to determine whether such alien landholding is an issue of concern. AFIDA requires a foreign person

who acquires or transfers any interest (other than a security interest) in U.S. agricultural land to file a report of that ownership interest with the Secretary of Agriculture within 90 days of said acquisition or transfer. Each report requires public disclosure of the identity of the transferor and transferee (owners of foreign entities required to file must be revealed three tiers up the ownership chain), the type of interest transferred, the date of acquisition, the agricultural purpose for which the foreign person intends to use the land, a legal description of the property and the purchase price paid. These reporting requirements apply to any land that has been used as agricultural land in the last five years, regardless of its use at the time of the purchase or transfer. Furthermore, if land becomes “agricultural” subsequent to its acquisition by a foreign investor, a report must be filed within 90 days thereafter.

Numerous provisions of law require that the federal government to inventory land, both real estate it owns, as well as other tracts of property. The problem is none of the inventories is current or accurate. Moreover, there are duplicative and redundant inventories that waste tax dollars. Most are created and maintained for a single purpose. Few are compatible or “interoperable” with one another.

The bottom line is the federal government does not know what it owns and its inventories are ineffective.

Any American family, or any well-run business, has an inventory of its assets. The federal government does not. The lack of a current, accurate inventory of federal land holdings has been documented by years of reports by the National Academy of Sciences and the GAO. In a 1980 report, “Need for a Multipurpose Cadastre”, the National Research Council/National Academy of Sciences said, “There is a critical need for a better land information system in the United States to improve land conveyance procedures, furnish a basis for equitable taxation, and provide much-needed information for resource management and environmental planning.”

In 1995, the GAO told Congress “The General Services Administration publishes statistics on the amount of land managed by each federal agency. However, we found this information was not current or reliable.” (GAO-T-RCED-95-117) An accurate inventory is an important feature of good land management. Proper conservation, recreation and multiple-use activities depend on accurate information about the government’s land ownership.

The American taxpayer may also be the biggest beneficiary of a “cadastre,” also known as a land information system or geographic information system (GIS). Many units of local government, such as cities and counties, have used such land information systems, or even single-purpose digital parcel or tax-mapping programs, to more accurately and efficiently inventory real estate within the jurisdiction. There are numerous examples where local government has identified tens of millions of dollars in annual property taxes that were unpaid or underpaid. These systems have paid for themselves many times over in the first year alone.

Government Accounting Standards Board (GASB) Statement 34 is an accounting standard requiring government to report on its health by providing an analysis of the government’s financial performance. One aspect of GASB 34 is an inventory of public assets and infrastructure—land, roads and buildings, bridges and parks. The federal government is not in conformance with the very standard that Wall Street requires of state and local government to secure bonds.

It is time the U.S. government invested in a similar methodology and technology to identify and inventory its land holdings. Such a system can help enhance the management of federal lands, identify lands that could be put to higher priority use, as well as those that are no longer needed by the government and can be made surplus and sold, thus bringing revenue and savings to the federal budget.

The Bush administration has taken a significant step toward properly managing its real property holdings. Executive Order 13327, on Federal Real Property Asset Management, issued on February 4th, calls on agencies to “identify and categorize all real property owned, leased, or otherwise managed by the agency.” Additionally, it instructs that,

In order to ensure that Federally owned lands, other than the real property covered by this order, are managed in the most effective and economic manner, the Departments of Agriculture and the Interior shall take such steps as are appropriate to improve their management of public lands and National Forest System lands and shall develop appropriate legislative proposals necessary to facilitate that result.

Dr. David Cowen, chairman of the National Academy of Science’s Mapping Sciences Committee, recently told Con-

gress it was time to implement a multipurpose cadastre, as recommended in the Academy's 1980 report. He said, "The idea of a nationwide record system complements the new Executive Order that mandates a program for Real Property Asset Management."

Why is a land asset inventory important? First it is good management and a useful tool in protecting the taxpayer's money.

In California, Gov. Arnold Schwarzenegger issued an executive order instructing state agencies to catalog all property and assets, and he plans to start selling off the surplus.



His budget proposal expects to raise \$50 million next year, and even more money in the future, to help patch the state's \$15 billion budget deficit. Schwarzenegger called for a one-time spending of \$2.8 million to coordinate a new asset management policy. "One of the biggest problems has been just to find out what does the state really own?" the governor said at a news conference. "We don't know. We have looked at all of the departments, and it's kind of like fuzzy math a lot of times."

California State Senator Jeff Denham (R-Salinas) had been trying to get an asset inventory started for more than a year. By conducting his own research, he found a golf course in Oakland the state purchased in 1955 to make way for a road. The road was never built, and the state still owns the land. Thousands of acres, valued at hundreds of millions of dollars, could be in federal ownership, that Uncle Sam doesn't know he owns. This land could be put on the tax rolls, providing for economic activity and generating tax revenues.

The return on investment for such "cadastres" or geographic information systems (GIS) is significant:

- The Los Angeles County Assessors Office has reduced its yearly overtime hours from 1200 to zero. The cost and staff savings have been generated by a more automated assessor map creation and reproduction methodology with GIS.
- The state of Wyoming used its GIS to audit the mass appraisal process and found that approximately 250,000 parcels were not on the tax rolls.
- In 1995, the city of Philadelphia, Pennsylvania used GIS

to optimize its garbage truck routes. In the following year the city saved over \$1 million in overtime.

- The Metropolitan Sewer District (Cincinnati, Ohio) used GIS to find parcels with sewer connections that were not being billed. The district generated thousands of dollars of missing revenue that more than covered the cost of its GIS.
- A study to determine the possible cost savings that could be achieved by implementing a multi-participant GIS system discovered that if data were exchanged electronically, Santa Clara County, California estimated that staff time would be reduced by 75 percent, resulting in an annual savings of \$720,000. In addition, it was estimated that if all agencies and departments used the same base map and map updates were coordinated to eliminate duplication of effort approximately \$684,000 in map maintenance costs could be saved annually.
- The city of St. Paul, Minnesota participated in the Local Update of Census Addresses (LUCA) program. This program allows communities to ensure that the Census Bureau has accurate information. The city used GIS and identified 1,099 housing units that the Census Bureau had not accounted for. The 2,900 people residing in the additional housing will result in the city receiving an additional estimated \$5 million in federal funding over a ten-year period.
- Chester County, Pennsylvania reported that using traditional sampling techniques against the cable television database, returned an error rate that computed to \$2,000. Nine months later, GIS allowed them to utilize all the cable company's address records from the identical database. They identified customers not in the assessment database, records with improper taxing districts, mailing address errors, and more. The result: \$63,000 in revenue was generated from this analysis, a cellular phone audit returned \$650,000, and a resort tax audit for condominium properties brought in \$700,000.

ACTION NEEDED

A first step toward properly managing the federal government's real property assets, should be to conduct an "inventory of inventories" to find out what the govern-

ment actually holds. Integrating these data bases identifies redundancies that can be eliminated. Resources can be applied to gaps in data rather than duplicative data.

As a starting point, Congress should request that the Congressional Research Service of the Library of Congress compile a list of all land inventories being maintained by federal agencies. Such an “inventory of inventories” will help take the important first step toward creating a multi-purpose land information system of federal and non-federal land holdings. It will help identify duplication, as well as gaps.

Congress also needs to revisit the legal framework for declaring as surplus those lands no longer needed by the federal government, as well as for disposal of them. Some land transactions literally require an act of Congress. Others must go through a bureaucratic process giving every federal, state and local government agency the right to acquire property before it can be offered to the private sector.

Government at all levels needs to be a better steward of the land it owns. With millions of acres in its portfolio, the government needs to identify what it owns, determine whether government or private ownership is the best and highest use for the land, and streamline the efficient transfer of those lands that can be better used in the private sector so they generate, not consume, tax dollars. It is an issue that deserves the attention of the President and Congress, governors and state legislatures, as well as mayors and county commissions.

ABOUT THE AUTHOR



John M. Palatiello is president of John M. Palatiello & Associates, Inc., a public affairs consulting firm (www.jmpa.us). He also serves as Executive Director of MAPPS, a trade association of professional mapping companies. He has served as a Planning Commissioner in Fairfax County, Virginia and as a member of a study committee to the Virginia General Assembly on creation of the Virginia Geographic Information Network (VGIN). Mr. Palatiello is a member of the Board of Directors of TSAugust.org, a non-profit research institution dedicated to information on free market approaches to energy, the environment and economic growth.



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