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Winnings Hard to Split in Nevada Land Sales

Federal and local officials are fighting over huge proceeds from the auctions of public parcels. Others want a cut for conservation.

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LAS VEGAS — These days, the biggest jackpot isn't at the gaming tables or clanging slot machines on the Strip. It lies in the scrubland beyond the neon.

On the fringes of booming Las Vegas, the federal government is selling private developers nearly 50,000 acres of publicly owned desert at prices that have astounded officials.

The land auctions have hauled in about \$2 billion, and only a fifth of the land has been auctioned. By the time it's all sold, over the course of a decade, federal managers expect that figure to climb to at least \$10 billion.

The emerging windfall has politicians salivating all the way from Las Vegas' exploding suburbs to Washington.

The Bush administration, facing a record deficit, is trying to get its hands on the money. That would have been a lot easier years ago, before Congress decided the proceeds should stay in Nevada. Now, members of the state's congressional delegation say they don't intend to give up a penny. They're pushing their own plans to send a third of the land profits to the state's school system and devote \$200 million to rip out grass around Las Vegas public buildings to save water.

Local and county governments have already reached into the pot, winning funding for half a billion dollars' worth of parks and recreation projects in the Las Vegas Valley.

Each new funding scheme, conservationists lament, pushes the land sales further away from Congress' original intent that the proceeds be used primarily to buy environmentally valuable land in Nevada.

"What it has turned into is a cash cow," said Hal Rothman, chairman of the University of Nevada, Las Vegas, history department and author of books on the city. "No one expected it.... Anytime you have a lot of money in the pot, there are always going to be people who will have ways to spend it."

The enormous financial stakes have produced some paradoxical positions. The state's conservative

Republican congressional representatives are at odds with President Bush, promising to do their best to thwart the administration's proposal to divert 70% of the land revenues to the U.S. Treasury. And the Bush administration, which on Western land-use issues often insists locals know better, is in this case championing national control.

"We're in a tough budget time," Assistant Interior Secretary Rebecca Watson said. "These are federal lands, managed for all of the American public. The idea is we could achieve the goals of the [lands] act ... by still providing for sales of the lands but also addressing the budget deficit."

With the U.S. Bureau of Land Management parcels selling in the last year for an average of more than \$250,000 an acre, the flow of auction funds has "wildly exceeded" the initial projections of \$70 million a year, Watson added. "It comes down to a question of balance."

Traditionally, money from BLM land sales went to the federal Treasury. But when Congress passed laws in 1998 and 2002 authorizing the agency to sell the Las Vegas-area parcels, it decided that Nevada should keep the profits.

"It was a way to reconfigure federal lands, to in essence get rid of land the federal government didn't have much business holding [immediately around Las Vegas] and buy land the federal government should" have elsewhere in the region and state, said John Leshy, the U.S. Interior Department's chief lawyer during the Clinton administration, which supported the funding strategy.

The legislation earmarked 85% of the land revenues for a special federal account, overseen by the U.S. Interior secretary, to be spent in Nevada on federal land purchases, capital improvements at federal facilities such as the Lake Mead National Recreation Area, local parks and trails projects in Clark County and wildlife conservation plans. A 2003 amendment directed \$300 million over a period of eight years to Lake Tahoe restoration programs.

The remaining 15% is being used to effectively subsidize local growth in the burgeoning Las Vegas Valley. Five percent goes to Nevada's education system and 10% to the Southern Nevada Water Authority to pay for water projects and treatment. So far, according to the BLM, state schools have collected \$79 million, and the authority \$144.5 million.

Although the congressional legislation singled out land acquisition as a primary aim, that is not, in fact, where the bulk of the auction money has gone.

Of the \$1.2 billion in spending approved by the Interior secretary, roughly 22%, or \$259 million, is for federal land purchases in Nevada. Local projects in the Las Vegas area, on the other hand, have garnered twice that amount, or about 45% of the total, according to the BLM.

That includes about \$60 million that the city of North Las Vegas is receiving to buy a golf course and convert it into a regional park; about \$16 million Clark County is getting to develop the first phase of an extensive shooting range complex; and scores of millions of dollars for a network of pedestrian and bike trails that will crisscross the Las Vegas valley.

Las Vegas won \$4.7 million last year to set up a "neon boneyard park" to display neon signs from "historic" buildings.

Several of the cities that are annexing the auctioned lands for development — and reaping sale proceeds for local parks projects — have hired relatives of the state's senior senator, Democratic leader Harry Reid, to lobby for them.

The pace of Interior's land buys has troubled some. "There are a lot of complaints in the environmental community that they are not being proactive about acquiring that land while they have the money," said Janine Blaeloch, director of the Western Land Exchange, a West Coast group that monitors public land transactions.

Ellen Pillard, an executive committee member of the Sierra Club's Nevada chapter, said she was more concerned about the Bush proposal and another by Nevada Republican Rep. Jim Gibbons to boost state education's cut of the land revenues from 5% to 35%.

"The president's proposal to fold it into help with the enormous budget deficit is deeply troubling," Pillard said. If auction revenues do leave the state, she argued, they should be spent on the BLM and federal land buys elsewhere. "At least use it for conservation," she said.

Blaeloch worries that using the Las Vegas windfall for deficit trimming could become a dangerous incentive to sell off public holdings all over the West.

"Pretty soon they'll just consider federal land disposal as the panacea for our economic problems. You have vast areas of open space that could conceivably be sold to pay off the national debt," she maintained.

"That is nonsense," Watson said, dismissing such concerns as the product of "over-fevered imaginations."

Still, that idea was floated during the Reagan administration, when budget cutters suggested selling federal land to reduce the deficit. The idea went nowhere.

The southern Nevada legislation is also breeding imitators. An Idaho congressman introduced a bill last year that would create 300,000 acres of federal wilderness in his state while giving 1,000 acres of national forestland to local and county government to sell for development.

Any change to the Las Vegas revenue-distribution formula must be approved by Congress, and the state's congressional delegation has vowed to block the Bush move.

Nevada's Republican governor also opposes it, and howls have gone up around Las Vegas, where municipal officials say they urgently need the parks and recreation money to offset the impacts of the valley's furious growth.

"For our part, we should thank everybody who worked so hard to reelect Bush so that he could, once more, screw Nevada," a Las Vegas Review-Journal political columnist wrote last month, likening the budget proposal to Bush's plans to locate the nation's nuclear waste dump in Nevada.

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