

County Payments

AN OVERVIEW

Forest Counties Summit 2018

Two Categories of County Payments

1. Revenue Sharing:

- FS 25 Percent Fund (1908, as amended in 1976, 2008)

OR

- Secure Rural Schools (2000, as amended in 2008)

2. PILT

- Payments in Lieu of Taxes (1976, as amended)

25 Percent Fund

- Supreme Court ruling: state and local governments do not have authority to tax federal lands
- 1908 National Forest Revenue Act: compensation for reduced tax base of counties
 - 1908 Act applied to all monies received by FS: timber, grazing, recreation, sand and gravel, etc.
 - Can only be used for Roads and Schools
 - 25 Percent Fund payments are distributed on a per acre basis – the original “payment in lieu of taxes”
- 1976 amendment -- expanded definition of receipts to include FS “discretionary” funds: KV, Road Credits, Salvage Sale Fund, Timber Pipeline Fund
- 2008 amendment – instituted a 7-year rolling average calculation to smooth out year to year fluctuations

25 Percent Fund

Excluded in Receipt Calculations:

- Federal Lands Recreation Enhancement Act (REA)
- Stumpage Receipts from Stewardship Contracts

Modified Calculation: Good Neighbor Authority

- Base Rate = $(\$0.25/CCF + KV) +$ Salvage Sale Fund deposit (if any)

Secure Rural Schools

- Enacted in 2000
- Stabilize and transition payments to county schools and roads
- Decouple payments from commercial activities
- Invest in the land and create employment opportunities
- Improve cooperative relationships among the people that use and care for Federal lands

Secure Rural School Payments

- Full funding amount was established in the 2008 amendment, as reauthorized in PL 112-141, to be equal to 95% of the full funding amount for the preceding fiscal year.
- Amended 2008 formula is based on
 - Average “high 3” 25% Fund payments (1986-1999)
 - Adjustment for federal acreage in county relative to other eligible counties in State
 - Per capital income adjustment relative to other eligible counties in State

SRS is the only program that attempts to make payments based on need rather than just acres

Comparison of SRS and 25% Fund Payments, 2015

County	Projected 25% Fund Payment	SRS Payment	Difference
Beaverhead	\$83,295	\$935,237	-\$851,942
Flathead	\$329,592	\$1,435,790	-\$1,106,198
Jefferson	\$67,145	\$287,773	-\$220,628
Lewis & Clark	\$159,561	\$620,097	-\$460,536
Lincoln	\$519,280	\$3,860,416	-\$3,341,136
Mineral	\$66,044	\$828,139	-\$762,095
Missoula	\$101,639	\$762,196	-\$660,557
Sanders	\$259,952	\$1,680,664	-\$1,420,712

Projected Changes in County-level Payments if SRS Expires

Payments
History

Policy
Options

SRS Expires ▼

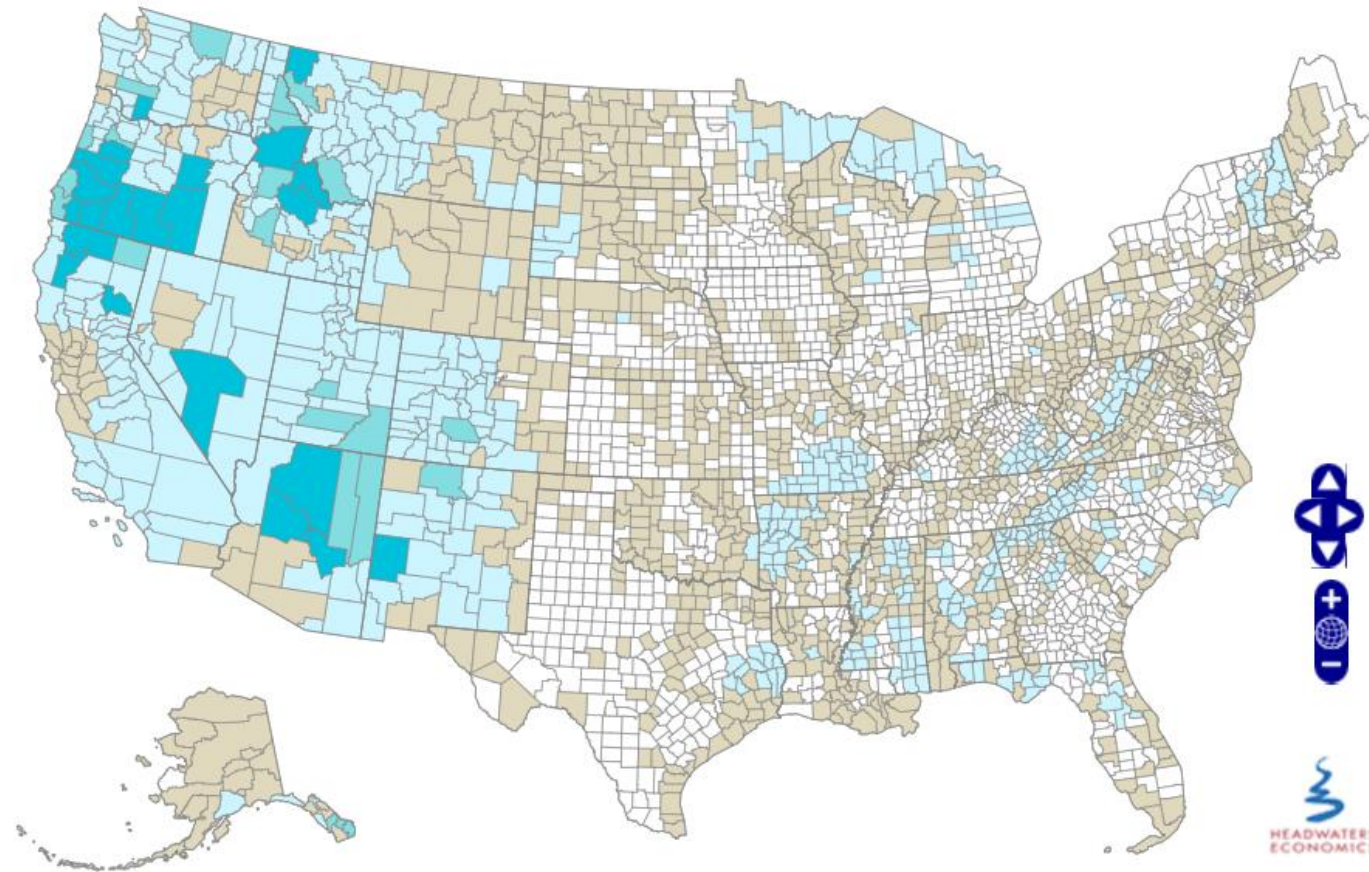
Counties ▼

These data project the change in payments if SRS is not reauthorized.

Projected Change in Payments
Actual FY 2014 – Projected FY 2017

- > \$1.5M decline
- \$0.7M - \$1.5M decline
- \$1 - \$0.7M decline
- \$0 - \$0.7M increase
- No Payments

FS payments to "unorganized" AK not reported.



Payment in Lieu of Taxes (PILT)

- Enacted in 1976 to provide a more stable payment to counties
- Payments are not restricted to specific uses
- Payment formula is based on:
 - Amount of eligible federal land in county
 - Prior year payments
 - Population
- Amended in 1994 to adjust for inflation
- Payments calculated on all acres, regardless of management designation

PILT Formula and 2016 Payment Rates (1)

A Counties

Smaller of:

$(\$2.66/\text{acre} \times \text{Eligible Acres})$

-OR-

Population-based Ceiling:
 $(\$71.67 - \$179.15/\text{per capita} \times \text{Population})$

Minus prior year payments

B Counties

Smaller of:

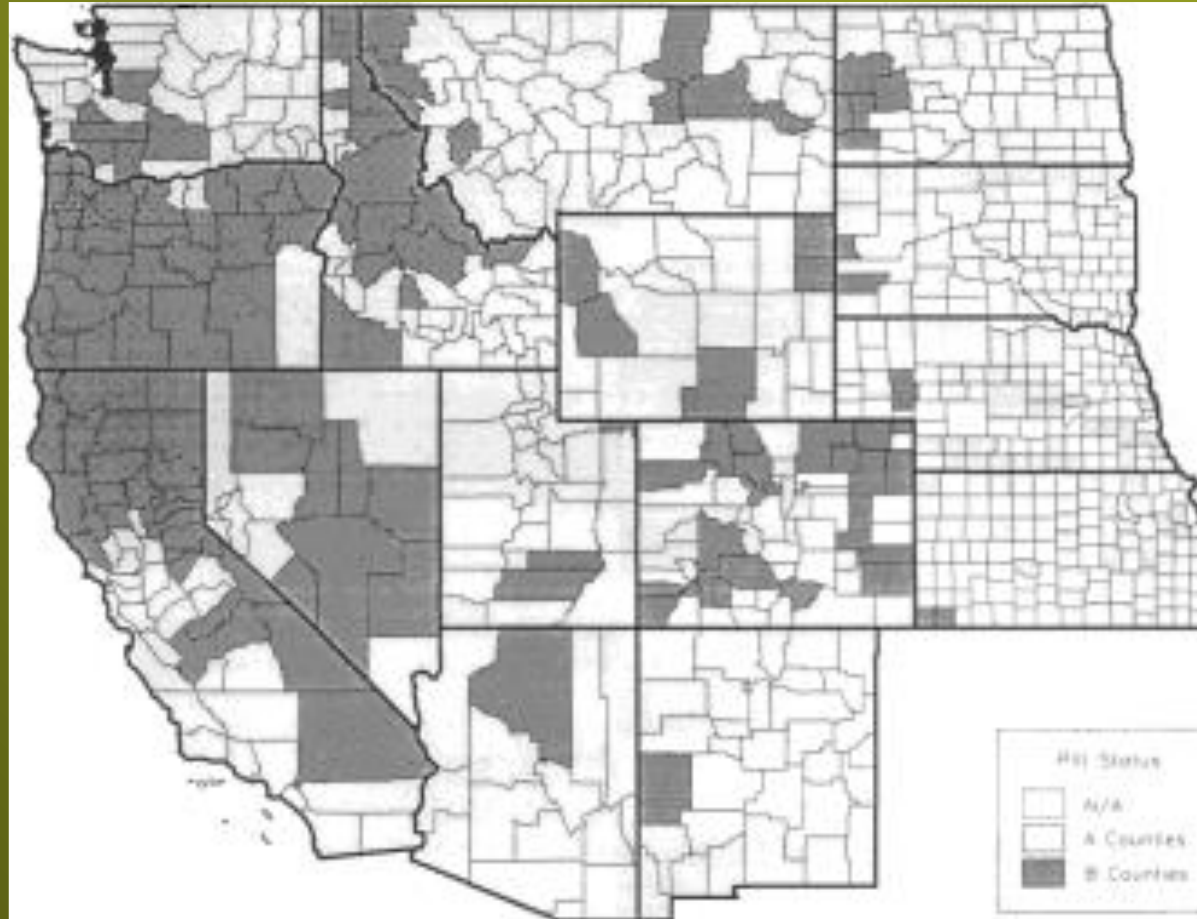
$\$0.37/\text{acre} \times \text{Eligible Acres}$

-OR-

Population-based Ceiling:
 $(\$71.67 - \$179.15/\text{per capita} \times \text{Population})$

1. US DOI PILT Total Payments and Total Acres by State/County
2. US DOI FY2017 PILT Annual Report

Distribution of “A” and “B” Counties, 1993

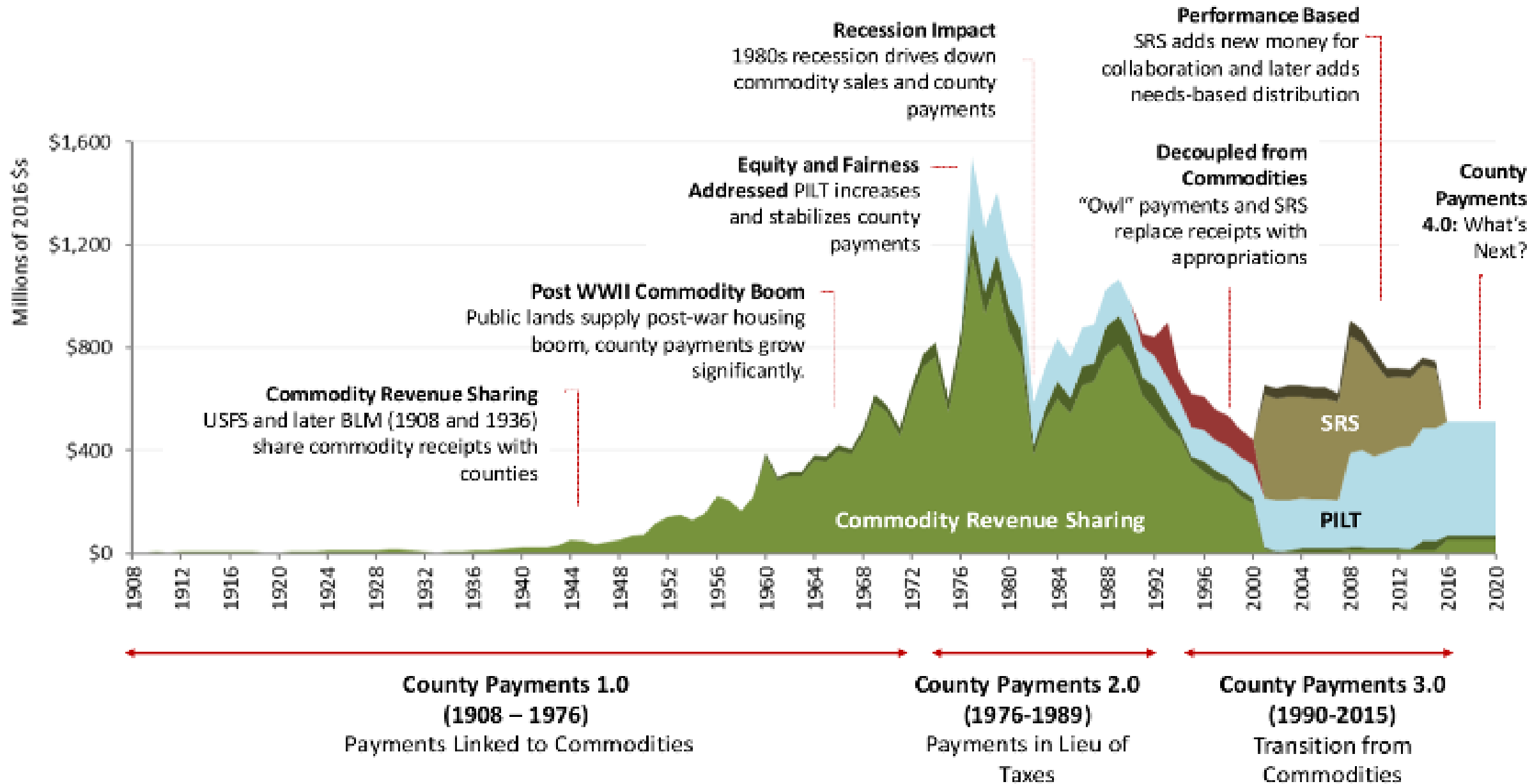


A counties = light

B counties = dark

Payment in Lieu of Taxes (PILT) FY2017

• Beaverhead*	\$ 757,068	\$0.37/acre
• Flathead	\$2,619,256	\$1.07/acre
• Jefferson	\$1,216,670	\$2.20/acre
• Lewis and Clark	\$2,458,342	\$2.27/acre
• Lincoln*	\$644,300	\$0.37/acre
• Mineral*	\$236,917	\$0.37/acre
• Missoula	\$1,776,007	\$2.05/acre
• Sanders*	\$338,425	\$0.37/acre



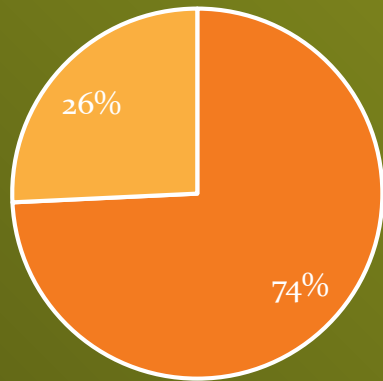
Revenue-Sharing Payments

A CASE STUDY

Counties Compared

LINCOLN COUNTY

Acreage by Owner

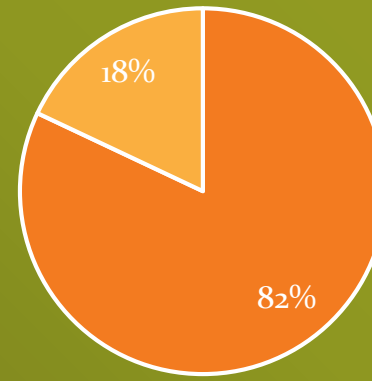


■ Federal Eligible Acres ■ State/Private

1,746,346 federal acres

MINERAL COUNTY

Acreage by Owner



■ Federal Eligible Acres ■ State/Private

642,150 federal acres

Revenue Sharing

Recall that 25% Fund payments are not based on share of federal acres *in county*

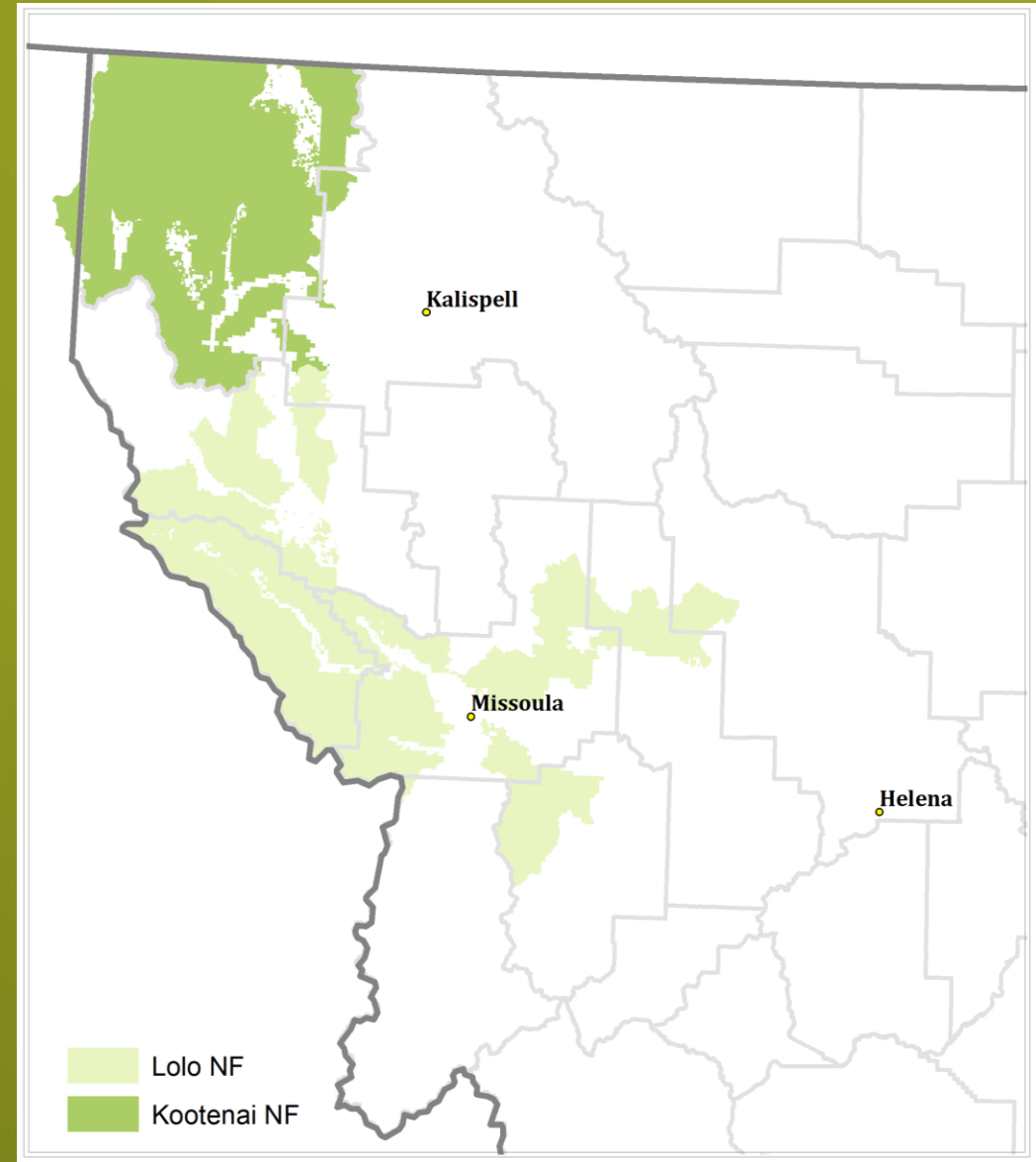
Rather, they are based on the share of a Proclaimed National Forest that falls within a county

Lincoln County

97% of Kootenai NF
5% of Kaniksu NF
1% of Flathead NF

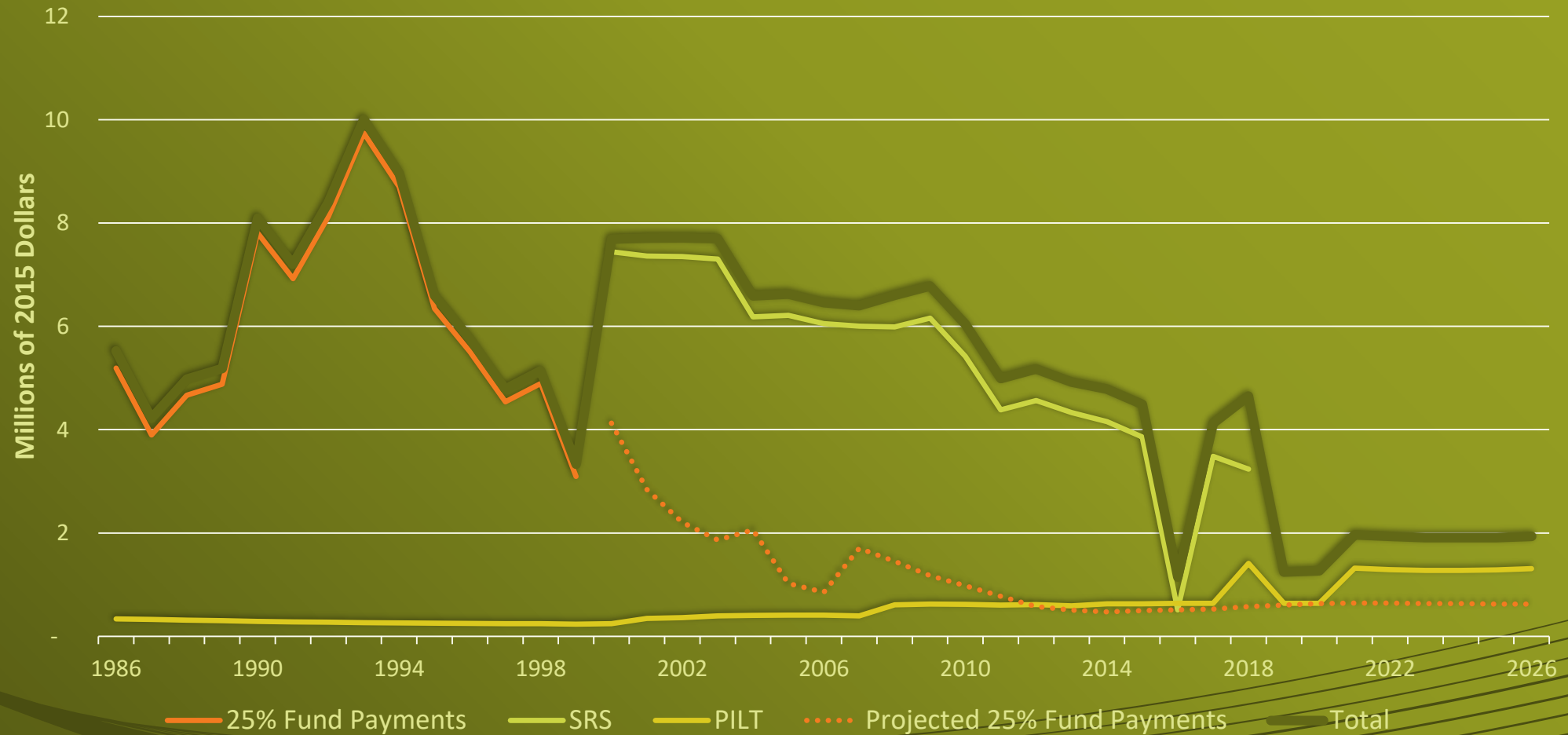
Mineral County

29% of Lolo NF



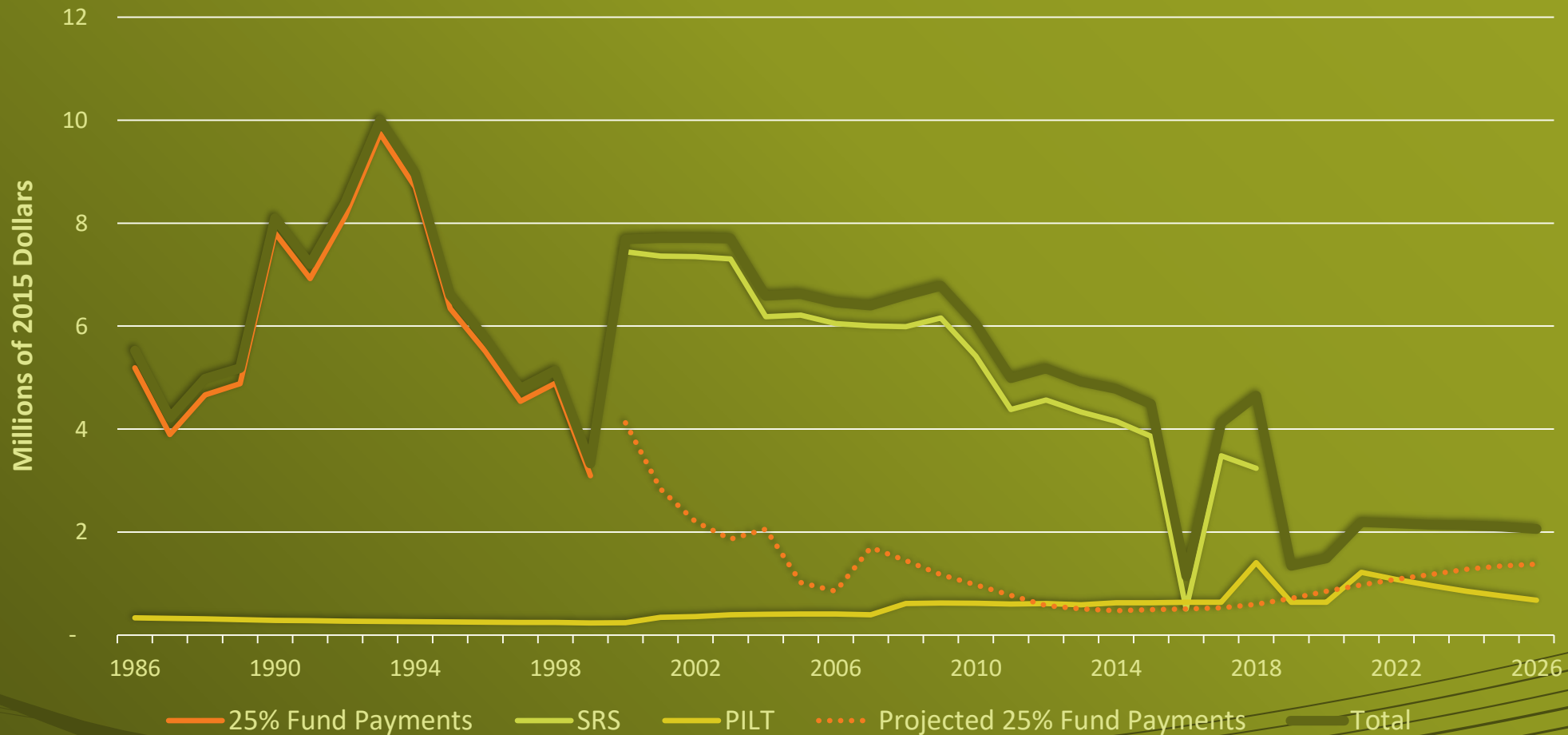
Payment History and Future Projections- *Business As Usual*

LINCOLN COUNTY



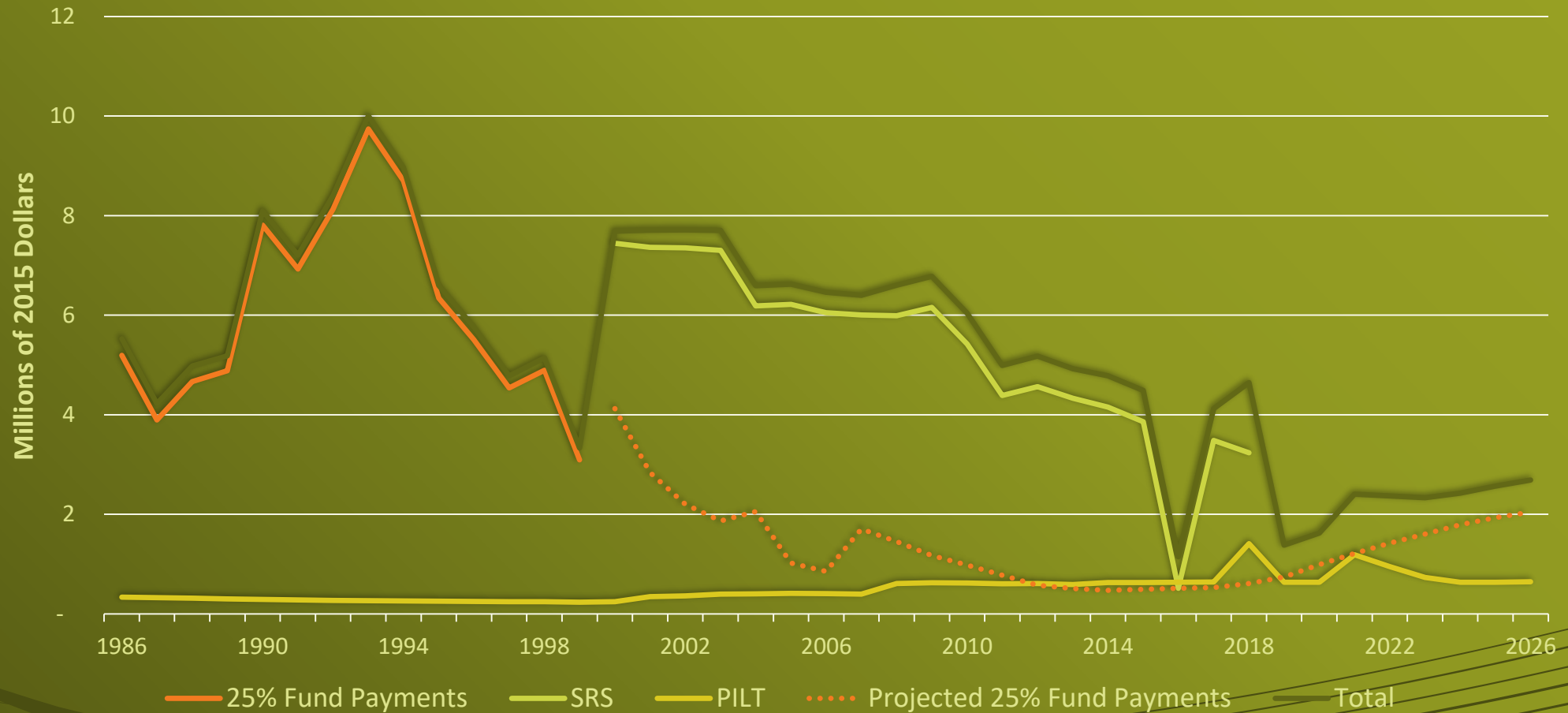
Payment History and Future Projections- *Kootenai NF Target 60 MMBF*

LINCOLN COUNTY



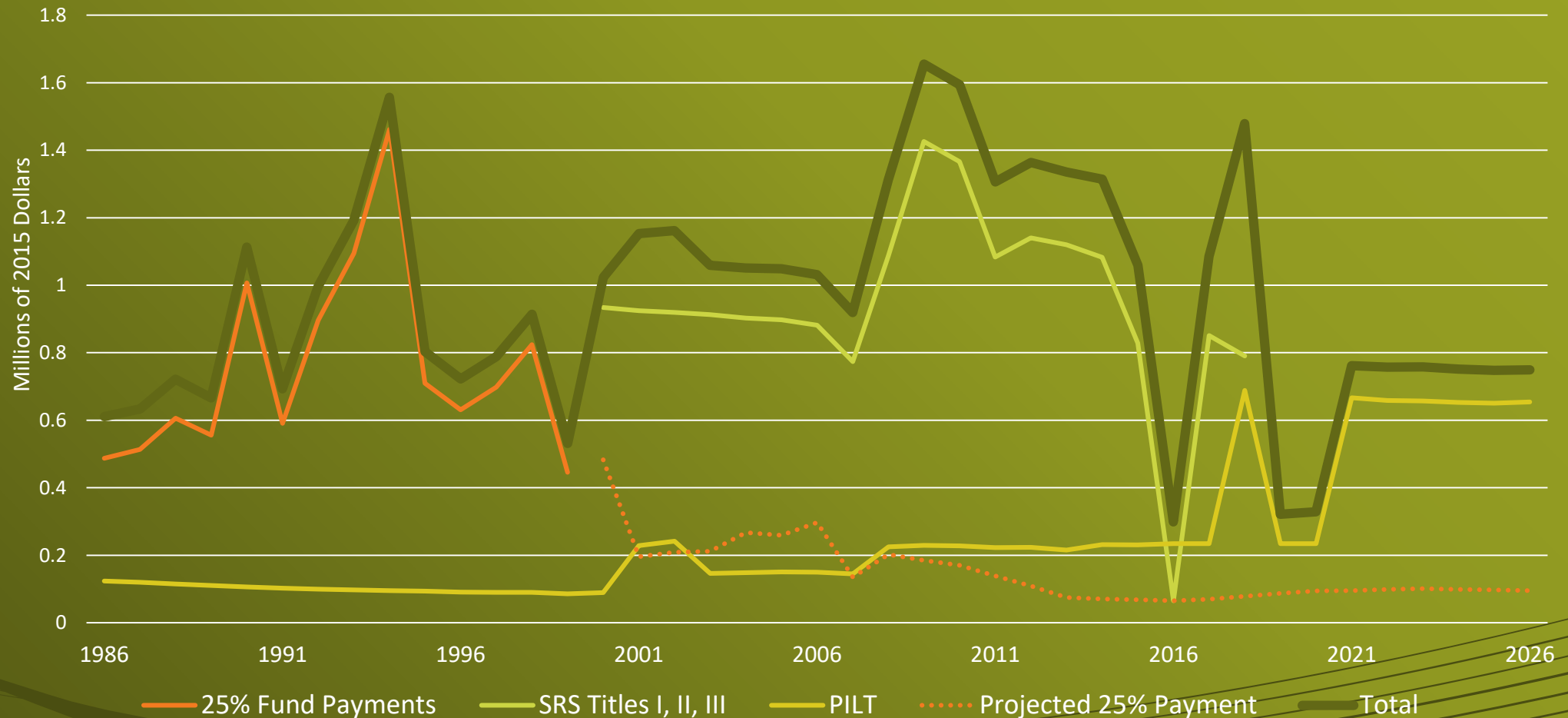
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LINCOLN COUNTY



Payment History and Future Projections – *Business As Usual*

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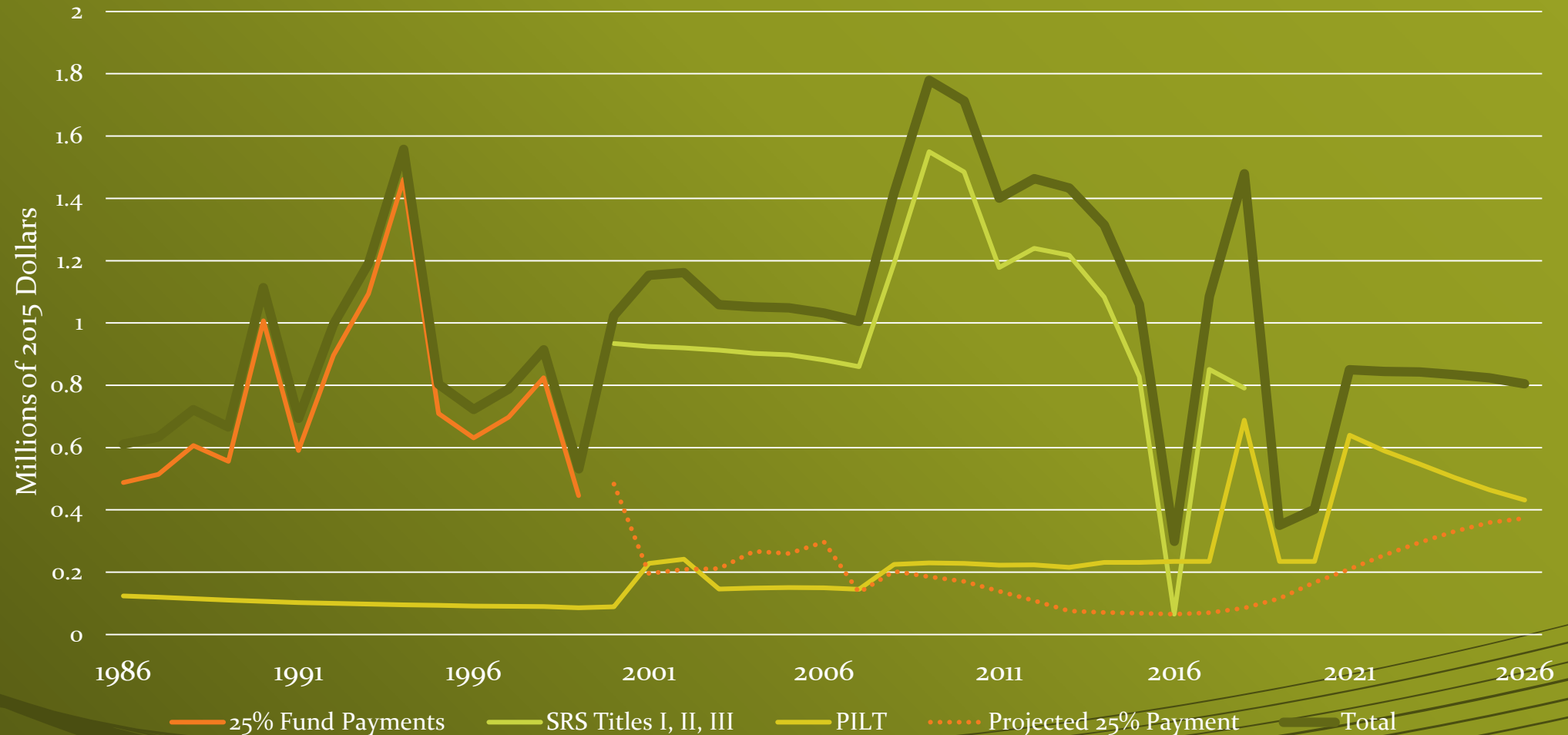
Payment History and Future Projections – *Lolo NF Target 35 MMBF*

MINERAL COUNTY



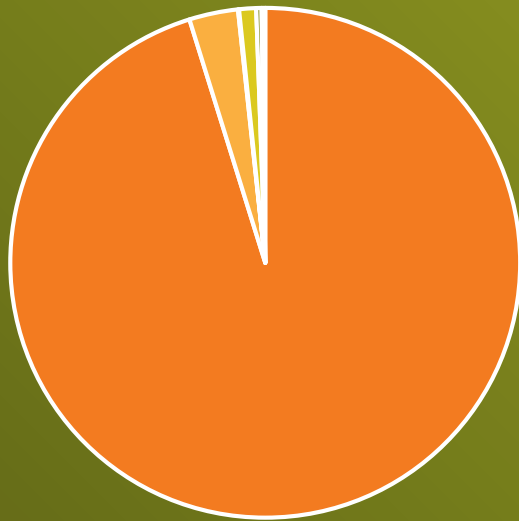
Payment History and Future Projections – *Lolo NF Target 50 MMBF*

MINERAL COUNTY



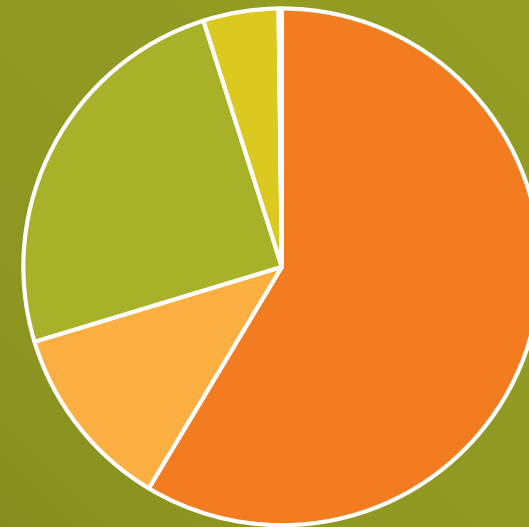
Sources of Revenue

KOOTENAI NF



- Class 1 - Timber (incl. KV, Specified Roads, SSF)
- Class 3 - Land Use
- Class 4 - Recreation Special Uses
- Class 5 - Power
- Class 6 - Minerals
- Class 8 - Grazing West

LOLO NF



- Class 1 - Timber (incl. KV, Specified Roads, SSF)
- Class 3 - Land Use
- Class 4 - Recreation Special Uses
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- Class 8 - Grazing West

Contacts

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