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PAYMENTS-IN-LIEU-OF-TAXES

REQUESTED ACTION: Support a long-term reauthorization of mandatory entitlement funding for the Payments-in-Lieu-of-Taxes (PILT) program. In the absence of a long-term reauthorization, Congress should provide full funding for PILT via the fiscal year 2015 appropriations process.

BACKGROUND: PILT was established in 1976 to help offset costs incurred by counties for services provided to federal employees, families, and other users of public lands. These services include education, solid waste disposal, law enforcement, search and rescue, health care, environmental compliance, fire fighting, parks and recreation, and other important community services.

As federal land is not taxable by local governments, public land counties have struggled historically to provide adequate services to the public in light of the annual losses in tax revenue. However, a fully funded PILT program helps to offset the loss of these important revenues and fulfills the federal government's obligation to local communities that have large amounts of federal land.

From 1976 through 2007, PILT was subject to the annual congressional appropriations process. Although Congress consistently provided funding for PILT during this timeframe, appropriations did not fully compensate counties for the loss of tax revenues on federal lands.

In 2008, Congress passed the *Emergency Economic Stabilization Act*, which included a provision that provided full authorized funding for PILT through fiscal year 2012. Congress subsequently extended mandatory PILT funding for fiscal year 2013 as part of the nation's surface transportation law (MAP-21), and for an additional year (through fiscal year 2014) as part of the recently enacted FARM Bill. In fiscal year 2013, 56 California counties received a combined total of nearly \$41.5 million in PILT funding.

While the latest extension will ensure that counties receive their annual PILT payments this June, there is no guarantee that the program will be funded beyond the current fiscal year. Unless Congress reauthorizes PILT as a mandatory entitlement, it will once again become subject to the uncertainty of the annual appropriations process. As a result, future payments to eligible jurisdictions could be significantly reduced, limiting the ability of counties to provide the aforementioned services. Congress should provide a multi-year renewal of this critically important program to provide public lands counties with long-term certainty.

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