

**PAYMENTS-IN-LIEU-OF-TAXES**



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**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 2016 appropriations process.

**BACKGROUND:** The PILT program provides payments to counties to help offset losses in tax revenues due to the presence of tax-exempt federal land in their jurisdictions. The funding allows counties to provide numerous public services on these lands, including education, solid waste disposal, law enforcement, search and rescue operations, health care, environmental compliance, fire fighting, parks and recreation, and other important community services.

As federal land is not taxable by local governments, public lands counties have struggled historically to provide adequate services to the public in light of the annual losses in tax revenue. A fully funded PILT program, however, 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.

In 2008, Congress passed the *Emergency Economic Stabilization Act*, which included a provision that provided fully 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 FARM Bill. For fiscal year 2015, Congress approved \$442 million in discretionary spending for PILT. The funding was included in two separate measures - the *Buck McKeon National Defense Authorization Act* and the *Fiscal Year 2015 Consolidated and Further Continuing Appropriations Act*.

While the latest funding 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. Therefore, Congress should approve a multi-year renewal of this critically important program to provide public lands counties with long-term certainty.

Finally, it should be noted that the interaction between PILT and the Secure Rural Schools (SRS) program is such that a cut in SRS would significantly reduce the annual PILT allocation to certain counties. Under the formula used to compute payments, counties that do not receive funding from other federal lands programs in any particular year - including SRS - often receive higher PILT payments to compensate for the loss of the other funding. As of this writing, the SRS program remains unfunded for the most recent fiscal year.

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