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Contact: Shane Wolfe (202) 208-6416
William Howell (202) 208-3157

$1.5 Billion Will Go to State and County Governments Over 5 Years in Full Compensation for Payments in Lieu of Taxes

WASHINGTON, D.C. – Secretary of the Interior Dirk Kempthorne announced today that more than $1.5 billion will be distributed through 2012 to local governments that qualify for the Payments in Lieu of Taxes (PILT) program, which provides compensation for taxes that could not be levied on federal lands in their jurisdictions.

Under new authorization for the PILT program, $138.7 million in supplemental payments for fiscal year 2008 will soon be distributed to about 1,850 county and other local governments. The Department of the Interior is scheduled to officially announce and distribute each state's supplemental 2008 PILT funding by the third week in November. In June of 2008, $228.5 million in 2008 PILT payments were distributed to these jurisdictions. The combined payments – $367.2 million – will provide these governments their first full PILT entitlement payments since 1994.

"I am extremely pleased that these communities, which provide important assistance in supporting federal lands, will be receiving their full compensation," Kempthorne said. "We appreciate their help and recognize that these local governments provide essential services to communities across the country, including education, transportation, firefighting and emergency response. These payments will help to fund these critical programs."

The additional 2008 payments are authorized by the Emergency Economic Stabilization Act of 2008, which President Bush signed on Oct. 3, 2008, Kempthorne noted. The law also authorized full PILT payments through fiscal year 2012. Under this new authorization, payments are expected to increase annually as the entitlement levels are adjusted for inflation.

In total, the 2008 payments to local jurisdictions, by state, will be as much as $36 million. Ten western states will receive more than $20 million each; and another 23 states will receive from $10 million to $1 million each.

Since 1994, payments have not matched the full entitlement level because funding levels were subject to appropriation. From 1995 through 2008, payments to local jurisdictions funded from 41 to 77 percent of the entitlement levels. The Emergency Economic Stabilization Act of 2008 makes the PILT program mandatory, so through 2012, payments will equal the full entitlement levels for each county and other local jurisdiction that receives PILT payments.

Eligibility for PILT payments is reserved for local governments (usually counties) that contain National Forests, National Parks, Bureau of Land Management public lands, and lands dedicated to water resource development projects.

By law, the payments are calculated using a mandated formula, based on the number of acres of federal entitlement land, the population within each county or jurisdiction, and adjusted for revenue sharing payments.

Revenue payments are federal payments made to local governments under programs other than PILT during the previous year. Payments are made under the Refuge Revenue Sharing Fund, the National Forest Fund, the Taylor Grazing Act, the Mineral Leasing Act, the Federal Power Act, and the Secure Rural Schools and Community Self-Determination Act of 2000. Sections 6904 and 6905 provide additional payments for additions to the National Park System and National Forest Wilderness areas.

The Department of the Interior collects about $4 billion a year in revenue from commercial activities on federal lands, such as livestock grazing, timber harvesting, and oil and natural gas leasing. Some of these revenues are shared with states and counties in the form of revenue-sharing payments. The balance is deposited in the U.S. Treasury, which in turn pays for a broad array of federal activities, including PILT funding to counties.

Payments to individual counties may vary from the prior year because of changes in acreage data, which is updated yearly by the federal agency administering the land; population data, which is updated based on U.S. Census Bureau data; and the prior year revenue payment, which is reported by states. The per acre and population variables used to compute payments are also adjusted for inflation, using the Consumer Price Index and Census data, as required by 1994 amendments to the Payments in Lieu of Taxes Act.

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