



NEWS

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Local Governments to Receive \$232 million in Federal Compensation for Non-Taxable Federal Lands

WASHINGTON – County governments with federal land in their jurisdictions will receive more than \$232 million this year in compensation for forgone tax revenue, Secretary of the Interior Dirk Kempthorne announced today. Under the federal Payments in Lieu of Taxes (PILT) Program, the money is distributed to about 1,850 local governments whose jurisdictions contain tax-exempt federal lands.

"This year's appropriation was able to maintain the level of PILT funding achieved last year, the highest funding level in history," Kempthorne said. "We are getting these funds to local governments in a timely manner, by June 15, to help the counties plan their annual budgets. We recognize the importance of these communities in helping to support federal lands and this money will help pay for essential services, such as firefighting and emergency response and to help improve school, water, and road systems."

The Interior Department collects about \$4 billion annually in revenues from commercial activities on federal lands, such as oil and gas leasing, livestock grazing and timber harvesting. A portion 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.

Of the \$232.5 million appropriated for PILT in FY2007, \$232.1 million goes for payments to counties and other local governments; the balance funds the administration of the program. Payment eligibility is reserved for local governments (usually counties) that contain nontaxable federal lands and provide government services related to public safety, housing, social services, transportation and the environment.

PILT payments are calculated using a formula provided in statute. The annual PILT payments to local governments are computed based on the number of acres of federal entitlement land within each county or jurisdiction and the population. The lands include the National Forest and National Park Systems, those managed by the Bureau of Land Management, those affected by Corps of Engineers and Bureau of Reclamation water resources development projects, and others.

Individual county payments may vary from the prior year as a result of changes in acreage data, which is updated yearly by the federal agency administering the land, and population data, which is updated by the U.S. Census Bureau.

The per acre and population variables used in the formula to compute payment amounts are subject to annual inflationary adjustments using the Consumer Price Index. The requirement for annual inflationary adjustments to the per acre and population variables was included in the 1994 amendments to the Payments in Lieu of Taxes Act.

For purposes of calculating the 2007 payment, the per acre amounts are adjusted from the 2006 payment of \$2.15 per acre and thirty cents per acre to \$2.23 and thirty-one cents per acre. The population variables are adjusted from \$57.66 - \$144.13 to \$59.85 - \$149.61 per capita. The 2007 payment funds about 65 percent of the authorized level of \$358.3 million.

The computation also adjusts the payment for the level of prior-year revenue payments and the amount that a county receives under Sections 6904 and 6905 of the PILT Act. Revenue payments are federal payments made to local governments under programs other than PILT during the previous year. These include those 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.

As a result of increases in Forest Service timber payments, reductions in PILT entitlement land, a decrease in the prorating percentage and expiration of section 6904/5 payments, the total 2007 PILT payments to 37 states will be slightly lower than the 2006 payments. However, only 17 states or territories had payments that will decrease by more than one percent: Connecticut, Florida, Guam, Maryland, Massachusetts, Michigan, Nevada, New Jersey, New York, North Dakota, Ohio, Oklahoma, Pennsylvania, Puerto Rico, South Carolina, Virgin Islands and Wisconsin.

In addition, the FY 2007 PILT payments to Nacogdoches County, Texas and Ada County, Bannock County, Clearwater County, and Valley County, Idaho will be reduced as a result of adjustments needed to correct for incorrect acreage data reported in prior fiscal years.

The state-by-state list of PILT payments follows.

**Payments in Lieu of Taxes
Fiscal Year 2007
Summary by State**

<u>STATE</u>	<u>FY06 Payment</u>	<u>FY07 Payment</u>
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ALABAMA	438,185	445,414
ALASKA	16,137,648	16,162,107
ARIZONA	19,023,415	19,098,223
ARKANSAS	2,581,846	2,884,413
CALIFORNIA	21,051,156	21,026,411
COLORADO	17,478,838	17,352,969
CONNECTICUT	22,838	18,214
DELAWARE	10,736	10,682
DIST. COLUMBIA	16,131	16,249
FLORIDA	2,870,056	2,799,184
GEORGIA	1,494,379	1,483,991
GUAM	1,948	1,345
HAWAII	197,612	196,857
IDAHO	16,268,552	16,588,070
ILLINOIS	651,151	648,012
INDIANA	395,041	391,672
IOWA	265,911	266,452
KANSAS	665,491	662,591
KENTUCKY	1,583,762	1,577,978
LOUISIANA	316,189	323,201
MAINE	213,273	211,807
MARYLAND	82,569	68,332
MASS.	66,383	61,909
MICHIGAN	2,684,187	2,560,255
MINNESOTA	1,589,455	1,600,297
MISSISSIPPI	906,153	901,720
MISSOURI	2,182,521	2,308,823
MONTANA	17,269,635	17,186,456
NEBRASKA	685,500	679,057
NEVADA	14,135,972	13,895,664
NEW HAMP.	1,044,016	1,037,031
NEW JERSEY	69,933	69,037
NEW MEXICO	22,808,415	22,742,930
NEW YORK	85,274	80,316
NO CAROLINA.	2,510,791	2,493,121
NO DAKOTA	946,429	929,180
OHIO	447,394	438,474
OKLAHOMA	1,631,676	1,558,142
OREGON	6,595,478	6,575,856
PENN.	365,037	338,732
PUERTO RICO	10,351	6,064
RHODE ISLAND	0	0
SO CAROLINA	263,366	241,272
SO DAKOTA	2,623,544	2,684,423
TENNESSEE	1,457,897	1,459,514

TEXAS	2,613,774	2,656,038
UTAH	20,055,933	20,057,363
VERMONT	539,793	538,572
VIR. ISLANDS	29,965	23,410
VIRGINIA	2,360,392	2,353,582
WASHINGTON	6,592,856	6,699,447
WEST VIRGINIA	1,583,700	1,574,618
WISCONSIN	1,018,512	785,551
WYOMING	15,192,700	15,362,731
Grand Total	232,133,759	232,133,759