

---

---

# PAYMENTS IN LIEU OF TAXES

---

---

## HEARING

BEFORE THE

SUBCOMMITTEE ON  
NATIONAL PARKS, FORESTS AND PUBLIC LANDS  
OF THE

COMMITTEE ON  
NATURAL RESOURCES  
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

SECOND SESSION

ON

### **H.R. 1181**

TO INCREASE FEDERAL PAYMENTS IN LIEU OF TAXES TO UNITS OF  
GENERAL LOCAL GOVERNMENT, AND FOR OTHER PURPOSES

### **S. 455**

TO AMEND TITLE 31, UNITED STATES CODE, TO INCREASE FEDERAL  
PAYMENTS TO UNITS OF GENERAL LOCAL GOVERNMENT FOR ENTI-  
TLEMENT LANDS, AND FOR OTHER PURPOSES

---

HEARING HELD IN WASHINGTON, DC  
APRIL 28, 1994

---

**Serial No. 103-85**

---

Printed for the use of the Committee on Natural Resources



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1994

82-544

---

For sale by the U.S.-Government Printing Office  
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402

ISBN 0-16-044847-6

## COMMITTEE ON NATURAL RESOURCES

GEORGE MILLER, California, *Chairman*

PHILIP R. SHARP, Indiana  
EDWARD J. MARKEY, Massachusetts  
AUSTIN J. MURPHY, Pennsylvania  
NICK JOE RAHALL II, West Virginia  
BRUCE F. VENTO, Minnesota  
PAT WILLIAMS, Montana  
RON DE LUGO, Virgin Islands  
SAM GEJDENSON, Connecticut  
RICHARD H. LEHMAN, California  
BILL RICHARDSON, New Mexico  
PETER A. DEFAZIO, Oregon  
ENI F.H. FALÉOMAVAEGA, American Samoa  
TIM JOHNSON, South Dakota  
LARRY LAROCCO, Idaho  
NEIL ABERCROMBIE, Hawaii  
CALVIN M. DOOLEY, California  
CARLOS ROMERO-BARCELO, Puerto Rico  
KARAN ENGLISH, Arizona  
KAREN SHEPHERD, Utah  
NATHAN DEAL, Georgia  
MAURICE D. HINCHEY, New York  
ROBERT A. UNDERWOOD, Guam  
SAM FARR, California  
LANE EVANS, Illinois  
PATSY T. MINK, Hawaii  
THOMAS J. BARLOW III, Kentucky  
THOMAS M. BARRETT, Wisconsin

DON YOUNG, Alaska,  
*Ranking Republican Member*  
JAMES V. HANSEN, Utah  
BARBARA F. VUCANOVICH, Nevada  
ELTON GALLEGLY, California  
ROBERT F. (BOB) SMITH, Oregon  
CRAIG THOMAS, Wyoming  
JOHN J. DUNCAN, JR., Tennessee  
JOEL HEFLEY, Colorado  
JOHN T. DOOLITTLE, California  
WAYNE ALLARD, Colorado  
RICHARD H. BAKER, Louisiana  
KEN CALVERT, California  
SCOTT McINNIS, Colorado  
RICHARD W. POMBO, California  
JAY DICKEY, Arkansas

JOHN LAWRENCE, *Staff Director*  
STANLEY SCOVILLE, *General Counsel*  
DANIEL VAL KISH, *Republican Staff Director*

## SUBCOMMITTEE ON NATIONAL PARKS, FORESTS AND PUBLIC LANDS

BRUCE F. VENTO, Minnesota, *Chairman*

EDWARD J. MARKEY, Massachusetts  
NICK JOE RAHALL II, West Virginia  
PAT WILLIAMS, Montana  
PETER A. DEFAZIO, Oregon  
TIM JOHNSON, South Dakota  
LARRY LAROCCO, Idaho  
NEIL ABERCROMBIE, Hawaii  
CARLOS ROMERO-BARCELO, Puerto Rico  
KARAN ENGLISH, Arizona  
KAREN SHEPHERD, Utah  
MAURICE HINCHEY, New York  
ROBERT A. UNDERWOOD, Guam  
AUSTIN J. MURPHY, Pennsylvania  
BILL RICHARDSON, New Mexico  
PATSY T. MINK, Hawaii

JAMES V. HANSEN, Utah,  
*Ranking Republican Member*  
ROBERT F. (BOB) SMITH, Oregon  
CRAIG THOMAS, Wyoming  
JOHN J. DUNCAN, JR., Tennessee  
JOEL HEFLEY, Colorado  
JOHN T. DOOLITTLE, California  
RICHARD H. BAKER, Louisiana  
KEN CALVERT, California  
JAY DICKEY, Arkansas

RICHARD HEALY, *Staff Director*  
CHARLES (STAN) SLOSS, *Counsel*  
CHARLENE SEAMENS, *Clerk*  
ALLEN FREEMYER, *Republican Counsel on National Parks, Forests and Public Lands*

# CONTENTS

	Page
Hearing held: April 28, 1994 .....	1
Text of the bills:	
H.R. 1181 .....	4
S. 455 .....	7
Background on H.R. 1181 and S. 455 .....	17
Member statements:	
Hon. Bruce F. Vento .....	1
Hon. Robert F. (Bob) Smith .....	19
Hon. Pat Williams .....	19
Hon. Craig Thomas .....	20
Hon. Karen Shepherd .....	21
Hon. James V. Hansen .....	37
Hon. Joel Hefley .....	43
Hon. John T. Doolittle .....	43
Witness statements:	
Hon. Bart Stupak, a Representative in Congress from the State of Michigan .....	44
Larry Benna, special assistant to the Director, Bureau of Land Management, Department of the Interior, Washington, DC .....	64
Panel consisting of:	
Noel Williams, commissioner, Lincoln County, MT .....	91
Louise Liston, commissioner, Garfield County, UT, also representing the National Association of Counties as chair of the Public Lands Steering Committee .....	94
George Enneking, commissioner, Idaho County, ID, and chair, National Association of Counties Natural Resources Committee .....	115
William J. Mattson, First District commissioner, St. Louis County, MN .....	121
Lee Allen, chair, Board of Commissioners, Box Elder County, UT .....	123
Material submitted for the hearing record from:	
Hon. Wally Herger, a Senator in the U.S. Congress from the State of California: Prepared statement .....	25
Hon. Orrin G. Hatch, a Senator in the U.S. Congress from the State of Utah: Prepared statement .....	28
Hon. Mark O. Hatfield, a Senator in the U.S. Congress from the State of Oregon: Prepared statement .....	33
Jerome C. Muys, Will & Muys, P.C., attorneys at law, Washington, DC: Comments on the proposed legislation and attached excerpt from "One Third of the Nation's Land, a Report to the President and to the Congress by the Public Land Law Review Commission," June 1970, chapter 14, "Tax Immunity" .....	50
Hon. James V. Hansen: Letter to Hon. Roy Romer, Governor of Colorado, from Hon. Bill Clinton, then-Governor of the State of Arkansas, dated July 23, 1991 .....	80

## APPENDIX

APRIL 28, 1994

Additional material submitted for the hearing record from:	
Hon. Bill Richardson, a Representative in Congress from the State of New Mexico: Prepared statement .....	135
Hon. Don Young, a Representative in Congress from the State of Alaska: Prepared statement .....	136

IV

Additional material submitted for the hearing record from—Continued	
Hon. Jay Dickey, a Representative in Congress from the State of Arkansas: Prepared statement .....	Page 140
Bill Hedden, vice-chairman, Grand County Council, Moab, UT: Prepared statement dated April 7, 1994 .....	141

**H.R. 1181, TO INCREASE FEDERAL PAYMENTS  
IN LIEU OF TAXES TO UNITS OF GENERAL  
LOCAL GOVERNMENT, AND FOR OTHER  
PURPOSES**

**S. 455, TO AMEND TITLE 31, UNITED STATES  
CODE, TO INCREASE FEDERAL PAYMENTS  
TO UNITS OF GENERAL LOCAL GOVERN-  
MENT FOR ENTITLEMENT LANDS, AND FOR  
OTHER PURPOSES**

---

**THURSDAY, APRIL 28, 1994**

**HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON NATIONAL PARKS,  
FORESTS AND PUBLIC LANDS,  
COMMITTEE ON NATURAL RESOURCES,  
*Washington, DC.***

The subcommittee met at 10:00 a.m. in room 1324 of the Longworth House Office Building, the Honorable Bruce Vento (chairman of the subcommittee) presiding.

**STATEMENT OF HON. BRUCE F. VENTO**

Mr. VENTO. The Subcommittee on National Parks Forests and Public Lands, will be in order.

As Members have been notified, we are meeting to hear two similar but not identical bills that would increase the authorization or appropriation of payments to units of local government under the so-called PILT program.

This is far from a routine hearing in terms of these issues, or a done deal in terms of where we are going. Based on the amount of authorization on an annual basis that would be provided, these are very substantial and permanent authorization measures and the appropriation of funds to achieve this will be difficult at a time when other types of State and local government aids over the past decade have shrunk or been eliminated.

So I just would tell my colleagues that I am very concerned about the policy path proposed here, and for a variety of other reasons for the two bills—one introduced by Congressman Williams of Montana and the other, the Senate measure, recently passed.

I expect most Members are familiar with the PILT program under which counties and other local units of government receive payments with respect to entitlement lands.

The payments are set at a per-acre basis subject to a cap based on population of the county or other units of local government.

Under current law, the per-acre entitlement is calculated in two ways:

First at a rate of 75 cents per-acre minus payments made under other laws such as shared timber receipts;

Or, 10 cents per-acre without deduction; and the local government gets whatever total is larger.

Currently, appropriation of about \$105 million provides full funding for the PILT program which is administered by the BLM. The authorizations for PILT payments have not changed since the 1976 enactment.

Both bills before us would revise the per-acre formula and the population caps so as to roughly double—well, in fact more than double I think—to \$250 million, the authorization levels, and would also index future payments against inflation.

The Williams bill would immediately raise the authorization, while the other measure—the Senate measure—would phase it in over five years.

I think all of us recognize that because the PILT authorization level has not been increased since 1976 that inflation has had the effect of considerably diminishing the purchasing power of the payments the local governments receive under the program.

At the same time, however, we are all very much aware that the national government is currently operating in times of great fiscal stringency.

Under these circumstances, I think we must act carefully with respect to the bills, as I suggested earlier. I also think it might be desirable to step back and view these bills and the PILT program in a broader perspective, focusing on how it might relate to some of the other current issues related to the management of Federal lands.

One of the great attractions of the PILT program in my view is its predictability. Because the PILT payments are related to acreage, which fluctuates rather little, they have a higher degree of stability than do the payments to local governments under other programs that are based not on Federal acreage but on Federal land management: timber harvest and receipts, mineral activities and receipts, grazing receipts, and the like.

Many times the effect of these other programs is to thrust local governments, for a purely monetary objective or at least partly for a monetary objective, into the midst of debates about how Federal lands are to be managed.

In my view, it would be better if possible to move towards an expanded PILT program that would provide greater financial stability to local governments and keep them from being held hostage to fights over timber receipts, mineral receipts, leases, and other decisions about the management of Federal lands.

Of course we would have to address the very real concerns that would arise about how such transition would be managed and how local governments, as well as the National Government, would fare in such transition.

In fact, in the early history of PILT it was exactly these arguments that were raised in 1976, but once the program was passed

the money was distributed and any thought of reform was put on the shelf.

So I think that, in this particular instance, as there is an expression to modify or to deal with the shortfall, the inflation, and the like, that in fact I think that putting back on the table the other issue in terms of timber, mining, and other such receipts in terms of providing stability is appropriate.

[Text of the bills, H.R. 1181 and S. 455, and background information follow:]

103D CONGRESS  
1ST SESSION

# H. R. 1181

To increase Federal payments in lieu of taxes to units of general local government, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

MARCH 2, 1993

Mr. WILLIAMS (for himself, Mr. SMITH of Oregon, Mrs. SCHROEDER, and Mr. LAROCO) introduced the following bill; which was referred to the Committee on Natural Resources

---

## A BILL

To increase Federal payments in lieu of taxes to units of general local government, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. INCREASE IN PAYMENTS FOR ENTITLEMENT**  
4 **LANDS.**

5 (a) INCREASE BASED ON CONSUMER PRICE  
6 INDEX.—Section 6903(b)(1) of title 31, United States  
7 Code, is amended—

8 (1) by striking “75 cents for each acre of enti-  
9 tlement land” and inserting “\$1.65 for each acre of  
10 entitlement land”; and

1 (2) by striking "10 cents for each acre of enti-  
 2 tlement land" and inserting "22 cents for each acre  
 3 of entitlement land".

4 (b) INCREASE IN POPULATION CAP.—Section  
 5 6903(c)(1) of title 31, United States Code, is amended—

6 (1) by striking "\$50 times the population" and  
 7 inserting "\$110 times the population"; and

8 (2) by amending the table at the end thereof to  
 9 read as follows:

If population equals—	<b>the limitation is equal to the population times—</b>
5,000 .....	110.00
6,000 .....	103.00
7,000 .....	97.00
8,000 .....	90.00
9,000 .....	84.00
10,000 .....	77.00
11,000 .....	75.00
12,000 .....	73.00
13,000 .....	70.00
14,000 .....	68.00
15,000 .....	66.00
16,000 .....	65.00
17,000 .....	64.00
18,000 .....	63.00
19,000 .....	62.00
20,000 .....	61.00
21,000 .....	60.00
22,000 .....	59.00
23,000 .....	59.00
24,000 .....	58.00
25,000 .....	57.00
26,000 .....	56.00
27,000 .....	56.00
28,000 .....	56.00
29,000 .....	55.00
30,000 .....	55.00
31,000 .....	54.00
32,000 .....	54.00
33,000 .....	53.00
34,000 .....	53.00
35,000 .....	52.00
36,000 .....	52.00

37,000 .....	51.00
38,000 .....	51.00
39,000 .....	50.00
40,000 .....	50.00
41,000 .....	49.00
42,000 .....	48.00
43,000 .....	48.00
44,000 .....	47.00
45,000 .....	47.00
46,000 .....	46.00
47,000 .....	46.00
48,000 .....	45.00
49,000 .....	45.00
50,000 .....	44.00

1 **SEC. 2. INDEXING OF PILT PAYMENTS FOR INFLATION.**

2 Section 6903 of title 31, United States Code, is  
3 amended by adding at the end thereof the following new  
4 subsection:

5 “(e) For each fiscal year beginning after the date of  
6 enactment of this subsection, the Secretary of the Interior  
7 shall, not later than July 1 of that year, adjust the amount  
8 of payments made under subsection (b) (1) or (2) to re-  
9 flect changes in the rate of inflation as measured by the  
10 Consumer Price Index.”

○

103D CONGRESS  
2D SESSION

# S. 455

---

IN THE HOUSE OF REPRESENTATIVES

APRIL 14, 1994

Referred to the Committee on Natural Resources

---

## AN ACT

To amend title 31, United States Code, to increase Federal payments to units of general local government for entitlement lands, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Payments In Lieu of  
5 Taxes Act".

1 **SEC. 2. INCREASE IN PAYMENTS FOR ENTITLEMENT**  
2 **LANDS.**

3 (a) **INCREASE BASED ON CONSUMER PRICE**  
4 **INDEX.**—Section 6903(b)(1) of title 31, United States  
5 Code, is amended—

6 (1) in subparagraph (A), by striking “75 cents  
7 for each acre of entitlement land” and inserting “93  
8 cents during fiscal year 1995, \$1.11 during fiscal  
9 year 1996, \$1.29 during fiscal year 1997, \$1.47  
10 during fiscal year 1998, and \$1.65 during fiscal year  
11 1999 and thereafter, for each acre of entitlement  
12 land”; and

13 (2) in subparagraph (B), by striking “10 cents  
14 for each acre of entitlement land” and inserting “12  
15 cents during fiscal year 1995, 15 cents during fiscal  
16 year 1996, 17 cents during fiscal year 1997, 20  
17 cents during fiscal year 1998, and 22 cents during  
18 fiscal year 1999 and thereafter, for each acre of en-  
19 titlement land”.

20 (b) **INCREASE IN POPULATION CAP.**—Section  
21 6903(c) of title 31, United States Code, is amended—

22 (1) in paragraph (1), by striking “\$50 times  
23 the population” and inserting “the highest dollar  
24 amount specified in paragraph (2)”; and

25 (2) in paragraph (2), by amending the table at  
26 the end to read as follows:

"If population equals—	the limitation is equal to the population times—
5,000 .....	\$110.00
6,000 .....	103.00
7,000 .....	97.00
8,000 .....	90.00
9,000 .....	84.00
10,000 .....	77.00
11,000 .....	75.00
12,000 .....	73.00
13,000 .....	70.00
14,000 .....	68.00
15,000 .....	66.00
16,000 .....	65.00
17,000 .....	64.00
18,000 .....	63.00
19,000 .....	62.00
20,000 .....	61.00
21,000 .....	60.00
22,000 .....	59.00
23,000 .....	59.00
24,000 .....	58.00
25,000 .....	57.00
26,000 .....	56.00
27,000 .....	56.00
28,000 .....	56.00
29,000 .....	55.00
30,000 .....	55.00
31,000 .....	54.00
32,000 .....	54.00
33,000 .....	53.00
34,000 .....	53.00
35,000 .....	52.00
36,000 .....	52.00
37,000 .....	51.00
38,000 .....	51.00
39,000 .....	50.00
40,000 .....	50.00
41,000 .....	49.00
42,000 .....	48.00
43,000 .....	48.00
44,000 .....	47.00
45,000 .....	47.00
46,000 .....	46.00
47,000 .....	46.00
48,000 .....	45.00
49,000 .....	45.00
50,000 .....	44.00."

1 **SEC. 3. INDEXING OF PILT PAYMENTS FOR INFLATION; IN-**  
2 **STALLMENT PAYMENTS.**

3 Section 6903 of title 31, United States Code, is  
4 amended by adding at the end the following new sub-  
5 section:

6 “(d) On October 1 of each year after the date of en-  
7 actment of the Payment in Lieu of Taxes Act, the Sec-  
8 retary of the Interior shall adjust each dollar amount spec-  
9 ified in subsections (b) and (c) to reflect changes in the  
10 Consumer Price Index published by the Bureau of Labor  
11 Statistics of the Department of Labor, for the 12 months  
12 ending the preceding June 30.”

13 **SEC. 4. LAND EXCHANGES.**

14 Section 6902 of title 31, United States Code, is  
15 amended to read as follows:

16 **§ 6902. Authority and Eligibility.**

17 “(a) The Secretary of the Interior shall make a pay-  
18 ment for each fiscal year to each unit of general local gov-  
19 ernment in which entitlement land is located, as set forth  
20 in this chapter. A unit of general local government may  
21 use the payment for any governmental purpose.

22 “(b) A unit of general local government may not re-  
23 ceive a payment for land for which payment under this  
24 Act otherwise may be received if the land was owned or  
25 administered by a State or unit of general local govern-  
26 ment and was exempt from real estate taxes when the land

1 was conveyed to the United States except that a unit of  
 2 general local government may receive a payment for—

3 “(1) land a State or unit of general local gov-  
 4 ernment acquires from a private party to donate to  
 5 the United States within 8 years of acquisition;

6 “(2) land acquired by a State through an ex-  
 7 change with the United States if such land was enti-  
 8 tlement land as defined by this chapter; or

9 “(3) land in Utah acquired by the United  
 10 States for Federal land, royalties, or other assets if,  
 11 at the time of such acquisition, a unit of general  
 12 local government was entitled under applicable State  
 13 law to receive payments in lieu of taxes from the  
 14 State of Utah for such land: *Provided, however,* That  
 15 no payment under this paragraph shall exceed the  
 16 payment that would have been made under State law  
 17 if such land had not been acquired.”.

18 **SEC. 5. EFFECTIVE DATE; TRANSITION PROVISIONS.**

19 (a) **EFFECTIVE DATES.**—

20 (1) **IN GENERAL.**—Except as provided in para-  
 21 graph (2), this Act and the amendments made by  
 22 this Act shall become effective on October 1, 1994.

23 (2) **LIMITATION.**—The amendment made by  
 24 section 2(b)(2) shall become effective on October 1,  
 25 1998.

## 1 (b) TRANSITION PROVISIONS.—

2 (1) FISCAL YEAR 1995.—During fiscal year  
 3 1995, the table at the end of section 6903(c)(2) of  
 4 title 31, United States Code, is amended to read as  
 5 follows:

<b>"If population equals—</b>	<b>the limitation is equal to the population times—</b>
5,000 .....	\$62.00
6,000 .....	58.00
7,000 .....	54.50
8,000 .....	51.00
9,000 .....	47.00
10,000 .....	43.50
11,000 .....	42.00
12,000 .....	41.00
13,000 .....	40.00
14,000 .....	38.50
15,000 .....	37.00
16,000 .....	36.50
17,000 .....	36.00
18,000 .....	35.50
19,000 .....	34.50
20,000 .....	34.00
21,000 .....	33.75
22,000 .....	33.50
23,000 .....	33.00
24,000 .....	32.50
25,000 .....	32.25
26,000 .....	32.00
27,000 .....	31.75
28,000 .....	31.50
29,000 .....	31.25
30,000 .....	31.00
31,000 .....	30.75
32,000 .....	30.50
33,000 .....	30.00
34,000 .....	29.75
35,000 .....	29.50
36,000 .....	29.25
37,000 .....	28.75
38,000 .....	28.50
39,000 .....	28.25
40,000 .....	28.00
41,000 .....	27.50
42,000 .....	27.25
43,000 .....	27.00
44,000 .....	26.50

45,000 .....	26.25
46,000 .....	26.00
47,000 .....	25.75
48,000 .....	25.50
49,000 .....	25.00
50,000 .....	24.75."

1           (2) FISCAL YEAR 1996.—During fiscal year  
2           1996, the table at the end of section 6903(c)(2) of  
3           title 31, United States Code, is amended to read as  
4           follows:

<b>"If population equals—</b>	<b>the limitation is equal to the population times—</b>
5,000 .....	\$74.00
6,000 .....	69.50
7,000 .....	65.00
8,000 .....	61.00
9,000 .....	56.00
10,000 .....	52.00
11,000 .....	50.50
12,000 .....	49.00
13,000 .....	47.50
14,000 .....	46.00
15,000 .....	44.50
16,000 .....	43.50
17,000 .....	43.00
18,000 .....	42.00
19,000 .....	41.50
20,000 .....	41.00
21,000 .....	40.25
22,000 .....	40.00
23,000 .....	39.50
24,000 .....	39.00
25,000 .....	38.50
26,000 .....	38.25
27,000 .....	38.00
28,000 .....	37.50
29,000 .....	37.25
30,000 .....	37.00
31,000 .....	36.75
32,000 .....	36.25
33,000 .....	36.00
34,000 .....	35.50
35,000 .....	35.00
36,000 .....	34.75
37,000 .....	34.50
38,000 .....	34.00
39,000 .....	33.75

40,000 .....	33.25
41,000 .....	33.00
42,000 .....	32.50
43,000 .....	32.25
44,000 .....	32.00
45,000 .....	31.50
46,000 .....	31.00
47,000 .....	30.75
48,000 .....	30.50
49,000 .....	30.00
50,000 .....	29.50".

- 1           (3) FISCAL YEAR 1997.—During fiscal year  
2           1997, the table at the end of section 6903(c)(2) of  
3           title 31, United States Code, is amended to read as  
4           follows:

<b>"If population equals—</b>	<b>the limitation is equal to the population times—</b>
5,000 .....	\$86.00
6,000 .....	81.00
7,000 .....	76.00
8,000 .....	71.00
9,000 .....	65.50
10,000 .....	60.00
11,000 .....	58.50
12,000 .....	57.00
13,000 .....	55.00
14,000 .....	53.50
15,000 .....	51.50
16,000 .....	51.00
17,000 .....	50.00
18,000 .....	49.00
19,000 .....	48.00
20,000 .....	47.50
21,000 .....	47.25
22,000 .....	46.25
23,000 .....	46.00
24,000 .....	45.25
25,000 .....	45.00
26,000 .....	44.50
27,000 .....	44.00
28,000 .....	43.75
29,000 .....	43.50
30,000 .....	43.00
31,000 .....	42.50
32,000 .....	42.00
33,000 .....	41.75
34,000 .....	41.25

35,000 .....	41.00
36,000 .....	40.50
37,000 .....	40.00
38,000 .....	39.50
39,000 .....	39.00
40,000 .....	38.75
41,000 .....	38.25
42,000 .....	38.00
43,000 .....	37.50
44,000 .....	37.00
45,000 .....	36.50
46,000 .....	36.00
47,000 .....	35.75
48,000 .....	35.25
49,000 .....	35.00
50,000 .....	34.50."

- 1 (4) FISCAL YEAR 1998.—During fiscal year  
 2 1998, the table at the end of section 6903(c)(2) of  
 3 title 31, United States Code, is amended to read as  
 4 follows:

<b>"If population equals—</b>	<b>the limitation is equal to the population times—</b>
5,000 .....	\$98.00
6,000 .....	92.00
7,000 .....	86.00
8,000 .....	80.50
9,000 .....	74.50
10,000 .....	68.50
11,000 .....	66.50
12,000 .....	64.50
13,000 .....	63.00
14,000 .....	61.00
15,000 .....	59.00
16,000 .....	58.00
17,000 .....	57.00
18,000 .....	56.00
19,000 .....	55.00
20,000 .....	54.00
21,000 .....	53.50
22,000 .....	52.75
23,000 .....	52.00
24,000 .....	51.50
25,000 .....	51.00
26,000 .....	50.50
27,000 .....	50.25
28,000 .....	50.00
29,000 .....	49.50

30,000 .....	49.00
31,000 .....	48.50
32,000 .....	48.00
33,000 .....	47.50
34,000 .....	47.00
35,000 .....	46.50
36,000 .....	46.00
37,000 .....	45.50
38,000 .....	45.00
39,000 .....	44.50
40,000 .....	44.00
41,000 .....	43.50
42,000 .....	43.00
43,000 .....	42.75
44,000 .....	42.25
45,000 .....	41.75
46,000 .....	41.25
47,000 .....	40.75
48,000 .....	40.25
49,000 .....	39.75
50,000 .....	39.25."

Passed the Senate April 13 (legislative day, April 11), 1994.

Attest:

WALTER J. STEWART,

*Secretary.*

BACKGROUND INFORMATION ON H.R. 1181 AND S. 455  
TO INCREASE AUTHORIZATION LEVEL FOR "PILT" PAYMENTS

H.R. 1181 and S. 455 are similar but not identical. They would amend the portions of the Payments In Lieu of Taxes ("PILT") Act (codified at 31 U.S.C. 6901-6907) that establish the basis for calculating payments under that Act to local governments. The effect of each bill would be to increase the authorization of appropriations for such payments.

Under existing law, PILT payments are made on a per-acre basis for "entitlement lands" (including National Park, National Forest, BLM, and Bureau of Reclamation lands and some other types of Federal lands as well), subject to a cap based on the population of the county or other unit of local government.

The per-acre entitlement is calculated two ways (\$0.75 per acre minus payments made under other laws--e.g., shared timber receipts, etc.--or \$0.10 per acre without deduction), and the local government gets whichever total is larger. Currently, appropriation of about \$105 million provides full funding for the PILT program, which is administered by the Bureau of Land Management. The authorization levels for "PILT" payments have not been changed since the 1976 enactment of the Act.

Both bills would revise the per-acre formulas and the population caps so as to increase PILT authorization levels, and would also index future payments against inflation.

Under H.R. 1181, payments would be calculated at either \$1.65 per acre minus other payments, or \$0.22 per acre without deductions. S. 455 would phase-in the same increases over 5 years, instead of immediately: to \$0.93 minus other payments or \$0.12 without deductions in fiscal 1995; \$1.11 or \$0.15 in fiscal 1996; \$1.29 or \$0.17 in fiscal 1997; \$1.47 or \$0.20 in fiscal 1998; \$1.65 or \$0.22 in fiscal 1999 and thereafter.

S. 455 (but not H.R. 1181) would amend existing law to permit PILT payments for lands acquired by a State from the U.S. in an exchange, if payments were made for them prior to the exchange, and for lands in Utah acquired by the U.S. if the State made similar payments while it owned the lands (Utah has a unique program of PILT payments for State-owned lands).

The bills would not affect the provisions of existing law providing for additional payments related to lands acquired for addition to the National Park System or National Wilderness Preservation System, or for payments related to Redwood National Park and the Lake Tahoe basin.

The following table, taken from BLM budget documents, displays the total payments made in 1993 under the PILT Act.

## Summary of Payments to Eligible Units of Government By State, BLM.

<i>State/Territory</i>	<i>1993 Payment</i>	<i>State/Territory</i>	<i>1993 Payment</i>
Alabama	\$ 139,175	Montana	8,239,592
Alaska	4,347,805	Nebraska	351,861
Arizona	8,696,248	Nevada	6,716,988
Arkansas	1,257,446	New Hampshire	94,332
California	10,459,027	New Jersey	40,730
Colorado	6,285,256	New Mexico	10,595,126
Connecticut	18,850	New York	35,205
Delaware	9,576	North Carolina	1,269,779
District of Columbia	49,513	North Dakota	549,463
Florida	1,281,825	Ohio	203,047
Georgia	699,913	Oklahoma	783,600
Guam	895	Oregon	2,843,000
Hawaii	9,950	Pennsylvania	211,044
Idaho	7,379,289	Puerto Rico	22,292
Illinois	313,252	South Carolina	302,709
Indiana	212,652	South Dakota	1,228,642
Iowa	127,815	Tennessee	472,483
Kansas	337,818	Texas	1,309,563
Kentucky	506,096	Utah	5,885,822
Louisiana	156,088	Vermont	243,975
Maine	95,200	Virgin Islands	10,918
Maryland	41,157	Virginia	1,102,214
Massachusetts	52,865	Washington	4,034,049
Michigan	1,179,441	West Virginia	739,525
Minnesota	718,539	Wisconsin	411,283
Mississippi	327,514	Wyoming	6,789,331
Missouri	1,015,777	<i>Total</i>	108,205,555

Mr. VENTO. The gentleman from Oregon, Mr. Smith. We started the meeting at 10:00.

#### STATEMENT OF HON. ROBERT F. (BOB) SMITH

Mr. SMITH. Mr. Chairman, I want to go on record today in support of both of these bills.

I am fully supportive of the efforts of Senator Hatfield who against the odds passed a bill in the Senate, and it is before us; as well as, I am privileged to be a cosponsor of Mr. Williams' bill regarding PILT payments.

This basically is a western problem since most of the Federal lands in America are in the 11 western States, but it should be of concern to everyone in this country because the Federal Government historically has not been a good neighbor as far as ownership of lands, and as far as sharing revenues with counties.

In my own legislative district some 75 percent of the land is owned and controlled by the Federal Government. The remaining 25 percent is taxed by local taxing authorities, and they must provide all the infrastructures of the counties, including schools and roads, and most of what everybody else depends upon 100 percent of their land.

The remaining side of that question then is what shared revenues can come from the federally-owned lands. As you have pointed out, Mr. Chairman, that fluctuates and is certainly diminishing in the West since many of the revenues that we receive come from forest receipts, and we know that the forests of Oregon and Washington are shut down.

So the counties and the people who live in those heavily federally-owned counties are in deep trouble.

This is a very minimal step to assist counties where there are a large number of Federal lands, including in the county. I think it is an excellent opportunity for this country and this committee to look fairly at the question of shared revenues and look at the question of how much the Federal Government ought to pay.

Again, this is a paltry amount but it certainly does help. So it is essential that we pass this bill, and I would support both bills this morning.

Thank you.

Mr. VENTO. The principal sponsor, Mr. Williams, was a moment after Ms. Shepherd, but I assume she will yield to you.

Ms. SHEPHERD. Certainly.

Mr. VENTO. Mr. Williams, the principal sponsor.

#### STATEMENT OF HON. PAT WILLIAMS

Mr. WILLIAMS. I thank the gentlelady for her courtesy; and I thank you, Mr. Chairman.

In some ways 1976 is not very long ago, but if you are a county commissioner or if you are an American who depends on the services provided by PILT payments you have noticed that inflation has been significant since 1976. Yet counties have not received a penny of inflationary increase since PILT first became law. So what we are talking about here is gross inequity.

The Senate by a vote of 78-20 just a week ago said let's stop the inequity. I am hopeful that this subcommittee, the full committee,

and the Full House before this year is out will vote to do the same thing.

Senator Hatfield's legislation has 46 cosponsors. The Williams-Smith bipartisan bill on this side has 94 cosponsors—significant support.

Those 94 people, and more, recognize that the buying power of the PILT dollar is now 40 percent of what it was when PILT legislation was first passed two and a half decades ago.

In fiscal year 1994, \$104 million was appropriated for PILT nationally. This legislation would authorize 2.2 times that the first year, thus yielding a potential appropriation of \$228 million. So that is catch-up. That is to get rid of the inequity that has developed because of inflation since 1976.

Then after that my bill would provide an inflationary increase in the authorization every year. This committee and the Congress may find they want to do it somewhat differently, and we can talk about that, but the important thing here is to move.

As members of the committee, and this is a program by the way which Americans understand, unlike many of the programs that the Federal Government provides.

They know these monies are used to do maintenance on hundreds of miles of roads.

They know the monies are used for road repair.

It is used by many counties for emergency services, ambulance services, search and rescue, law enforcement, fire protection, health, social services.

With the exception of Rhode Island, every State gets PILT money. So does Puerto Rico, Guam, and the Virgin Islands.

More than 1,900 local units of government rely on these PILT dollars. I agree with my friend, Mr. Smith, the cosponsor with me of the legislation, that in the West we have a particular problem. But there is no region of the country that does not have this problem.

This bill affects Florida.

This bill affects Minnesota.

It affects Arkansas.

And Georgia.

It affects Oklahoma, and Texas, and Virginia, and West Virginia, and you can go right down the list. Of just those States I mentioned, all receive at least three-quarters of a million dollars in this legislation in the law.

So I want to thank Chairman Vento.

Bruce, thank you for your attention to this and for this hearing.

I am really hopeful we can begin to change this inequity and put the counties back on equal footing and give these county commissioners the tools they need to do their jobs.

I am hopeful that this committee will not just hear this legislation but take action on it, as well.

Thanks, Mr. Chairman.

Mr. VENTO. Thank you, Pat.

Congressman Thomas.

#### STATEMENT OF HON. CRAIG THOMAS

Mr. THOMAS. Yes, sir. Thank you.

I, too, support both of these bills and am a cosponsor of the House bill.

I thank you for holding these hearings today. I will not say again the things that have been said.

Fifty percent of my State of Wyoming is owned by the Federal Government. Of course, in many counties it is as high as 90-some percent, as a matter of fact.

So the services that are provided are there and required to be provided by local units of government, as we pointed out. There have been no changes since 1976.

I think also when you talk about it, it is interesting that I am sure we will hear the administration say again today, as they did before. We think it is a fine idea, but we just do not think we ought to change the payments after 20 years. But obviously that is an irrational kind of an observation.

It seems to me that it is especially important that the Federal Government make a legitimate and balanced repayment on those lands such as the BLM lands when there is really no reason for them to be there. The States ought to have those lands. They were not withdrawn for any purpose.

They should belong to the State.

So that makes it even more compelling, it seems to me. By the way, we have a bill that would fix this permanently, and I would be very happy to talk about that some.

So I do support the bills.

I am glad, Mr. Chairman, that they are here. I think it is time. We have been doing this hearing business every year and then not doing any more. It seems to me we ought to go ahead and deal with this issue in a spirit of equity and in a spirit of fairness.

I appreciate you having the hearing today.

Thank you.

Mr. VENTO. Congresswoman Shepherd.

#### STATEMENT OF HON. KAREN SHEPHERD

Ms. SHEPHERD. Thank you, Mr. Chairman.

I am here to speak in very strong support of this bill. My own district, which is a district in Salt Lake County, received nominal PILT payments of \$58,000 actually in 1993. So I come from a very urban district which is not highly affected by this.

However, I hasten to say that the reason I speak in such strong support of this bill is that I believe that the people from my district are perhaps at this point part of the problem insofar as they constitute probably a large share of the people who visit these areas and cause a considerable amount of stress to the communities that have to absorb this new industry of tourism and watch it leach up what has been a way of life to them.

I think it is a very dangerous thing for the Federal Government to think it can have its cake and eat it too. In other words, that we want to protect lands that are precious to the whole country, and indeed to the whole world, but at the same time we are offering these local entities of government only the choice of tourism as an alternative for traditional ways of making a living; and that this tourism is something they are required to absorb without any help.

The fact that the PILT payments have not been indexed for inflation and have not gone up a dime over time is something which concerns me a tremendous amount.

I know that we have some incredibly dramatic testimony that is going to be here in the form of the county commissioners that are speaking in behalf of these areas, but I would like to offer, if I could, some dramatic testimony of my own that comes from a county commissioner who is not represented here today, Bill Hedden, who is the vice chair of the Council of Grand County. In a recent hearing that we had in Salt Lake City, Utah, he tried to describe for us as we were thinking through this issue together what is happening in some of the most fragile and beautiful land in the world.

I would like to read this because I think it is an extraordinary anecdote to give you a sense of what is happening there.

First of all he talks about the vast numbers of people who are coming. Then he says:

Numbers alone, though, cannot give a real sense of the way the country is being taken away from the local people, or of the way the health and magic are being sucked out of these irreplaceable international treasures.

If I say that 22,000 archeological sites on the Colorado Plateau have been destroyed, does it convey the reality of the boating party on Lake Powell that tore the roof beams out of a 1,000-year-old dwelling to build a fire for roasting their hot dogs?

Or how can numbers describe the agonizing choice faced by BLM personnel who had to decide whether to pave over precious riparian areas along the Colorado River and litter them with portable toilets, or leave them as health hazards covered with human waste?

Or what does one say about the virtual riot at the world famous Slick Rock Bike Trail when thousands of drunk revelers tore up trees and threw them into bond fires and sent out-gunned local law enforcement officers scurrying?

Or how about the father with his family gathered around him casually driving buckets of fluorescent golf balls across the Colorado River and into Arches National Park?

This is the brave new world of Wilderness National Parks where one cannot find a parking place. The most remote areas are crowded; the skies are full of airplanes and helicopters; the animals are chased off; the fragile soil crust that holds the ecological system together are crushed; the cattlemen's gates are left open; and the locals are reduced to sneaking off to overlook little crannies to hide when they can afford to take some time off from flipping burgers or making beds.

The world's largest industry sent 30 million visitors to the national parks of the Colorado Plateau last year, and the more beautiful and beloved an area is the more it is threatened.

Mr. Chairman, I submit to you that it is the job of this committee to protect that land.

It is the job of this committee to build the infrastructure that allows local people to hold the land of their ancestors together.

We cannot ask them to do it alone. We cannot ask them to pay the whole bill. And if we do not step up to the plate here and do what we should, we are going to lose the whole community.

When I talk about "the whole community," I mean the people, the land, the air, the water, the wildlife, and the plants. Those whole communities are depending on us, and I believe we should not let them down.

Thank you, Mr. Chairman.

[Prepared statement of Ms. Shepherd follows:]

## STATEMENT OF REPRESENTATIVE KAREN SHEPHERD

I also thank the Chairman for agreeing to hold this hearing on this important bill. Although I know that PILT funds are important to many areas impacted by Federal land ownership, I see this legislation as particularly vital in assisting rural western communities to meet the needs of the recent flood of tourists while attempting to preserve the land and its traditional purposes. Just last month the Natural Resources Committee held a filed hearing in Salt Lake City to begin what I hope will be a long, thoughtful discussion on the changing face of the West. Those of us who had the opportunity to participate heard from some of the best western spokespeople, including Commissioner Louise Liston who is here with us today, on the impacts that exponentially increasing recreational uses are having on the fragile arid lands west of the 100th meridian.

Although my district receives a nominal PILT payment, about \$58,000 in 1993, Salt Lake County has the commercial and residential tax base to provide needed services. I have come to express my support for increasing PILT payments because the constituents of the 2nd Congressional District are perhaps the largest group using the lands in question and adding to the tax burden of the countries that are here today. We in Salt Lake County want to be part of the solution, not part of the problem and to that end I am anxious to find additional resources to help these communities develop the appropriate balance of resources that will allow them to preserve their way of life and all the natural resources which have made it possible. I am convinced that the Federal Government has asked its citizens who live in the arid lands of the West to do too much with too little. The results are that they are suffering, the land is suffering, and the goals of the BLM are not being met.

For instance, Grand County, Utah, located in the southeastern part of the State, is an area almost twice the size of the State of Delaware but has only one-tenth the population. Permanent population, that is. Since 1985, visitation at Arches National Park has increased each year to three-quarters of a million visitors per year—only 7,000 people live in the county that must pay to greet them. Each day tourists to Utah's Canyon Country generate trash equal to a community of 50,000. The residents are required to build and maintain hospitals and million-dollar municipal landfills to care for them, to pay overtime to law enforcement officers for crowd control during long weekends, and additional law enforcement everyday. They spend 15% of their property tax income on searching for and rescuing visitors who get lost. All of this is being done with a developable land base of 5% because 95% of the land in Grand County is owned by either the Federal or State Government.

Grand County is just one of many Utah communities living on both the edge of rapid change and the edge of enormous Federal land holdings containing many of this Nation's most fragile and beautiful places. As we listen to the testimony today, I urge my colleagues to pay particular attention to the facts and figures offered by the county commissioners here. Remember that their stories and statistics describe western communities struggling to supply services to millions of Americans who live in urban areas and depend on public parks and lands for escape, adventure and spiritual renewal. It is wrong for people who live in cities to expect those who live closest to these lands to sacrifice their way of life for our pleasure. It is also wrong and dangerous for us to believe that we can have our cake and eat it too. If we want to preserve the West we must make sure the infrastructure is in place to protect it. Then and only then, will we be able to find the balance that will allow us to preserve the community—the *whole* community that exists there—people, land, air, water, wildlife and plants. These communities are depending on us. I urge you not to let them down.

Mr. VENTO. Thank you.

Mr. Hansen.

Mr. HANSEN. Thank you, Mr. Chairman.

Mr. Chairman, I ask unanimous consent to put in the record my opening statement, the statements of Wally Herger of California; Senator Orrin Hatch of Utah; and Senator Mark Hatfield of Oregon.

Mr. VENTO. Yes. Without objection, the statements in their entirety will be made part of the record, as well as other statements of members and the witnesses today. Their statements will be put in the record in their entirety.

I regret that the gentleman had been here, and so he was actually present on time.

Mr. HANSEN. That is okay. I appreciate this position. I am able to respond to a few things this way.

Mr. VENTO. I appreciate that.

[Prepared statements follow:]

Statement of the Honorable Wally Herger  
House Natural Resources  
Subcommittee on National Parks, Forests and Public Lands  
Hearing on H.R. 1181  
PILT Indexation Bill  
April 28, 1994

Mr. Chairman, I want to commend you for holding this hearing on H.R. 1181. For those of us who represent areas dominated by public lands, this legislation which would increase Federal payments in lieu of taxes to units of local government is long overdue. I want to particularly thank the gentleman from Montana Mr. Williams, the chief sponsor of this bill, for his leadership on this issue.

As many of you know, approximately 50 percent of the land base in my rural northern California district is owned by the federal government. The growing percentage of public land in our area has led to these lands being removed from the tax roles. Consequently, our public lands counties in northern California and throughout the west have been devastated by the lack of a viable tax base.

The PILT program which originated in 1976 was intended to assist struggling counties deal with the loss of tax revenue due to their large percentage of federally owned lands. Regrettably, the rate of reimbursement to local governments from the PILT program has remained static since its inception. During this

time, the Consumer Price Index has risen 120 percent. In FY 1993, for example, the appropriation of \$104 million is actually worth about \$50 million in FY 1976 dollars.

The result of the federal government's consumption of land, coupled with less than adequate compensation from the PILT program, has taken its toll on these public lands counties. Some of our communities have ceased to exist, while many others have suffered severe economic hardship and their existences are now being threatened.

In addition, with growing pressure from the federal government to both fund and implement all of its mandated, unfunded programs, our local communities simply cannot afford these costs. The cost of providing services has increased as the PILT payments have remained constant.

Counties provide direct and indirect services to national forests, national parks, wilderness areas, fish and wildlife refuges, and reclamation areas. PILT funds are spent by counties to support services provided to public lands, emergency search and rescue, law enforcement, fire and emergency medical services, solid waste management, and road maintenance.

Economic circumstances in rural public lands communities and counties have been directly impacted by changing policies in federal land management. With the continual shutdown of our natural resources to economic activity, jobs are being lost and the stability of our communities are being threatened. As natural resource receipts are lost to local governments, PILT

payments are becoming increasingly critical.

H.R. 1181 would go a long way toward addressing these problems by increasing the level of authorization to recapture the value of the original program and index it to allow yearly inflation adjustments. Under this legislation, the PILT formula would be adjusted from 75 cents per acre to \$1.65 per acre.

Mr. Chairman, if we are going to restrict the use of our natural resources, we must properly fund the payment in lieu of taxes program. H.R. 1181 is a positive step in addressing this urgent problem throughout the United States. Again, I want to thank you for allowing me this opportunity to express the concerns of northern Californians on the importance of this bill.

STATEMENT OF  
SENATOR ORRIN G. HATCH  
BEFORE THE  
HOUSE SUBCOMMITTEE ON NATIONAL PARKS, FORESTS, AND PUBLIC LANDS  
IN SUPPORT OF  
S. 455, THE PAYMENTS-IN-LIEU-OF-TAXES PROGRAM  
APRIL 28, 1993

Mr. Chairman, I appreciate the opportunity to comment on the importance of the Payments-In-Lieu-of-Taxes (PILT) Program, especially for my state of Utah. I commend you for scheduling this hearing today so soon after the substantial Senate vote earlier this month in favor of S. 455, the PILT Program Act, introduced by my colleague Senator Hatfield. I am pleased the scope of this hearing has been expanded to include S. 455, so that committee members can carefully consider this measure in addition to the bill introduced by Rep. Pat Williams.

As an original cosponsor of the Hatfield bill, my comments will refer to this legislation and its purpose of restoring fairness to the PILT Program.

As you know, Mr. Chairman, the PILT Program was originally established in 1976 and was designed to compensate states with certain federal lands within their borders. These lands - which include those managed by the Forest Service, the National Park Service, the Bureau of Land Management (BLM), the Fish and Wildlife Service, those withdrawn for the Department of Defense, and Indian reservations - are exempt from local property taxes, the primary revenue source for counties to provide services.

Unable to assess property taxes on these lands, counties were literally "taxing to death" that portion of their land held privately to make up the shortfall caused by the presence of federal lands. Fortunately, Congress recognized the financial burden that management of these lands placed upon local governments and established a mechanism to pay counties a per acre amount to watch over the public's lands. This mechanism is the PILT Program.

We in Utah are concerned about the continued viability of PILT because the federal government is the majority owner of our acreage. According to the BLM, 70.2 percent of Utah's 52 million acres is owned and managed by the agencies I mentioned above. In most of Utah's rural counties, the federal government owns more than 70-, 80-, and even 90-percent of the entire county. This means that the land base in the large majority of Utah's counties, as far as tax base is concerned, consists of as little as 10 percent of the county's total acreage. From these dismally low percentages, a county must obtain the necessary funds to provide all county services to all county citizens.

Such services, I might add, are equally important for the

millions of citizens who visit these national parks and forests each year. If you get lost hiking in the Uinta National Forest, it will be the Utah County Sheriff's Department that will be out looking for you. If you are caught in a flash flood in The Narrows in Zion National Park, it will be the Washington County emergency team who will rescue you and take you to the hospital.

The PILT Program forms the financial backbone for Utah's county budgets. The program provides funds to be used for emergency search and rescue, law enforcement, fire and emergency medical services, solid waste disposal, road maintenance, health and human services, and many more uses to support a local community's welfare.

Unlike most funds provided by the federal government to states or individuals, which are in the form of grants, contracts, or direct payments, PILT funds are received by counties that are relatively unencumbered with federal mandates and directives. Local governments are permitted -- and I use that word purposefully, since the PILT Program is unique in this sense -- to use these funds in anyway they want to bolster services required within the county that may be a direct or indirect response to the presence of federal lands.

The PILT Program has been structured so as to give the decisionmaking authority on how these funds are used to local officials and not to those who work in the far off land of Washington, D.C. To paraphrase the former Speaker of the House, Tip O'Neil, under the PILT Program, "all decisions should be local." That is the best way to run government, and it is a policy we should institute in other areas of government.

Let me illustrate for members of the Subcommittee how these funds have been used in Utah.

Last year, PILT funds were used to help county volunteers search for four cross-country skiers caught in an avalanche in the Manti-LaSal Forest in southeastern Utah. The Forest Service did not provide any funds to undertake this rescue attempt, and San Juan County, Utah -- located in the southeastern corner of Utah -- had to cover the entire cost, including an \$8500 bill for the use of a helicopter.

These funds were also utilized to rescue a family of eight who, while hiking near Hite Marina on Lake Powell, became trapped after a flash flood forced them into a canyon. Twenty San Juan County individuals spent countless manhours, in addition to the necessary equipment, to retrieve this family visiting Lake Powell.

PILT funds have also been expended by several Utah counties to purchase the appropriate equipment and to receive the

requisite training, mandated by the Environmental Protection Agency (EPA), to prepare a response to a hazardous waste release or spill. The EPA requires this upfront spending before a county receives EPA approval for its local emergency plan, without being reimbursed for these expenses.

These are a few examples that vividly demonstrate how PILT funds are utilized in Utah. They are not misspent or used in some wasteful fashion that taxpayers would disapprove of or resent. The PILT Program is not a handout to Utah's counties or any other county in the nation. It is a constant reminder to the federal government that it owns millions of acres of land throughout the country which cannot be taxed.

Congress cannot treat this program like other federal programs; that is, it cannot pass the costs of managing or administering these lands on to local governments whose budgets are already severely constrained. There is no tax base to absorb these costs; the purpose of the PILT Program was to compensate localities for denying them an adequate tax base. That additional financial weight is too much for most counties to bear.

Frankly, if it is too much for the federal government to bear, then alternatives should be found. We ought to locate landowners who can shoulder this burden, whether this action occurs through disposal, exchanges, or outright purchases.

Prior to 1976, counties could depend on meeting local services by collecting a portion of the receipts the government received from natural resource activities conducted on federal lands in their respective counties. These activities included mining, timber harvesting, grazing, oil and gas exploration and development, and several other historical uses. In recent times, these activities have not proved as successful for counties, thus severely limiting county access to adequate funding sources. As I see it, this situation will only get worse as lawmakers continue consideration of legislation that further restricts the multiple-use philosophy that has historically prevailed on public lands. This limited use can only result in limited direct funds to the counties.

In most areas of Utah, the federal government is the main industry, which means the counties are responsible for supporting the federal government and its respective agencies with the appropriate infrastructure and services. How long can this unbearable situation go on? How long can counties ignore the short- and long-term needs of their own economic development and divert resources to meet the needs of the local BLM Manager or the local Forest Service Ranger before the county declares bankruptcy or raises property taxes beyond belief?

Since 1976, the PILT Program has received approximately \$105 million, which is the maximum amount authorized under the original legislation. Unfortunately, this amount, measured in constant dollars, is less than half of the authorized amount. During the past decade, visitation to the national parks and forests has increased by approximately 20 million and 25 million people, respectively. In Utah, our public land counties have experienced a tremendous increase in visitation during the past decade. Just within Utah's 12 national parks, visitation increased 78 percent between 1980 and 1990.

I am delighted that Americans are discovering Utah. We welcome visitors to the Beehive State. But, we have to help Utah counties handle the financial burden that comes from having federal lands within their boundaries. S. 455 recognizes the impact these increases have on local governments and updates the PILT Program over a five-year period so it reflects the present, not the past, and adjusts the program for inflation to ensure that counties are not faced with this situation again.

The bill also contains an important provision written last session by our former colleague, Jake Garn, in collaboration with the Utah Association of Counties. Currently, the PILT Program does not recognize lands exchanged by the states to the federal government as eligible for PILT payments. States, therefore, are penalized and receive no compensation when the total percentage of federal ownership increases within their boundaries, even though counties must provide services to those additional federal acres. This provision would amend the PILT Program and allow lands conveyed to the United States in exchange for other lands to be eligible for PILT payments.

Basically, Utah has suffered from its own charity over the years by conveying state lands to the federal government without those lands becoming eligible for PILT payments. In other words, Utah has not received just compensation. For many years, Utah's annual PILT payment was approximately \$11 million. Through various exchanges over the years, Utah's total of lands eligible for PILT payments has decreased; Utah is now receiving more than \$2 million less than its historic amount.

The fact is that the federal lands must be maintained regardless of how they came into federal ownership. Services must still be provided. That is why this language involving lands exchanged to the government must be included in S. 455 and adopted by Congress.

Also, even with passage of S. 455, there remains one issue related to public visitation of our public lands that must be handled by Congress.

During the summer, on any given weekend, the local

population in several Utah counties increases two-, three-, or fourfold. These counties include Grand, Wayne, Garfield, and Daggett County, which is unique in that it has a total population of 694 and receives 2.5 million visitors every year who visit the Flaming Gorge National Recreation Area. Local officials have to provide all services to these visitors which places an inordinate burden on the county budget.

A temporary explosion of people who do not pay local taxes and who do not own land on the local tax rolls, yet require the time and attention of local government, should be recognized by the PILT Program.

This matter was discussed prior to deliberations by the Senate Energy and Natural Resources Committee on S. 455 without reaching a solution. I hope that a resolution can be found in the near future by those of us interested in this issue so that additional and justifiable relief can be provided to those impacted counties through the PILT Program. I intend to continue pursuit of this matter, and I encourage members of this Subcommittee to do the same.

Mr. Chairman, the remedy S. 455 provides is long overdue. If we are truly supportive of aiding local governments, then all of us should wholeheartedly support this measure and give a sizeable boost to local governments through its adoption. I strongly encourage the Subcommittee to follow the lead of the Senate and report this bill to the full House as soon as possible.

Thank you for this opportunity.

Senator Mark O. Hatfield  
Subcommittee on National Parks, Forests and Public Lands  
Committee on Natural Resources  
United States House of Representatives  
April 28, 1994

*"The Payment In Lieu of Taxes Act"*

Mr. Chairman:

Thank you for the opportunity to submit testimony to the Subcommittee this morning on "The Payments In Lieu of Taxes Adjustments Act of 1994." This is a matter of vital importance to over 1700 units of local government in 49 states across this nation, and I commend the Subcommittee Chairman and Ranking Member for convening this hearing. The Senate recently completed action on its version of "The Payments In Lieu of Taxes Adjustments Act", and I look forward to speedy House consideration of this measure.

The Senate Bill, S. 455, was reported favorably by the Senate Committee on Energy and Natural Resources on February 2, 1994 and by the full Senate on April 13, 1994. The Senate vote, I might add, was by an overwhelming margin of 78-20.

This legislation is strongly supported by the National Association of Counties, The Nature Conservancy, and the Sierra Club, and is cosponsored by a bipartisan group of 46 of my Senate colleagues.

The PILT program was first enacted in 1976 to compensate county governments for the taxable revenues they forego by having tax-exempt federal lands within their boundaries. Since its

enactment, however, PILT has never been adjusted for inflation and, consequently, the program's value has diminished to less than half of what it was when originally established. My legislation, passed by the Senate, seeks to make up this 18-year lapse in inflationary adjustments over a five-year period and restore the PILT program to its original monetary value.

Similar legislation was passed by the Senate Energy and Natural Resources Committee, and cosponsored by 63 senators, in the 102nd Congress, but final Senate action did not occur because of the bill's large monetary authorization of \$120 million all in one fiscal year. As a follow-up to this lack of action by the Senate in the 102nd Congress, and as a prelude to action in the 103rd Congress, Senate Appropriations Committee Chairman Byrd and I engaged in a PILT-related colloquy on the Senate floor during consideration of the FY 1993 Interior Appropriations bill. I would like to ask that a copy of that colloquy appear in the record following my remarks.

In this colloquy, which took place on October 2, 1992, Senator Byrd and I agreed to work in the 103rd Congress to "consider a solution that seeks to address the concerns raised by the nation's counties while also being fiscally responsible and sensitive to the constraints on our federal budget and the Interior Appropriations bill."

In an effort to be sensitive to the fiscal realities of our

nation's current budgetary situation, I introduced legislation in February of 1993, S. 455, which seeks to bring the PILT program up to its present value, but does so over a five-year period rather than just one year. This approach spreads the funding burden placed on the Interior Appropriations bill over time and allows the Subcommittee, the counties and the federal agency administering the PILT program -- the Bureau of Land Management -- time to adjust to the increase.

Like all other authorizations, funding for the PILT increase will be weighed in the House and Senate Appropriations Committees on a yearly basis. Arguments will be made that this new authorization will place a significant burden on the Interior Subcommittees and choices on which projects and programs will receive funding will have to be made. I agree Mr. Chairman. Indeed, this is the job we, as members of the Appropriations Committee, must do every single fiscal year. Tough choices are made constantly, and more will need to be made if Congress wants to fund an increase in the PILT program, and in other bills such as the California Desert Protection Act, which the Senate also recently passed. But without this authorization in PILT, that choice can never be made.

In my view, the five-year phase-in embodied in S. 455 adequately balances the fiscal needs of our counties with the need to continue meeting national deficit reduction requirements. I am pleased the Senate considered and passed this long-overdue

piece of legislation and I hope this Subcommittee will do the same during its deliberations on PILT.

Again, I thank the Chair for the opportunity to submit testimony this morning. My staff and I are available to assist you in any way with the consideration of this legislation.

**STATEMENT OF HON. JAMES V. HANSEN**

Mr. HANSEN. Mr. Chairman, I would like to welcome some of my good friends from Utah:

Louise Liston, a county commissioner who will speak to us from Garfield County; Lee Allen, the county commissioner from Box Elder County; and Ken Brown from Rich County.

We appreciate your being here and coming back to testify in front of this committee. Mr. Chairman, I hope you realize, like my friends from other States who have commented, that the West is pretty well owned by the Federal Government.

I know you have heard that ad nauseam, but Utah is about 67 percent federally-owned. All of us have a big share in what is going on in this particular area.

I worry a lot about these county commissioners because they sit there trying to put a budget together in a very scarcely populated area. I think Louise Liston's county is over 90-percent owned by the Federal Government if I am not mistaken, trying to work out all of the problems that county commissioners across America have to work out—they have to take care of crime; they have to take care of all of the hundreds of visitors that come into their areas because some of them have some of the jewels of America there like Bryce Canyon, Zion Canyon, Commissioner Allen has the Golden Spike Monument that everyone talks about. We look at what these people have to do with the sparse amount of money they have, and it just amazes me they can keep their counties together.

At the same time, we sit here on this particular committee and we start saying to them, well, you have got to do the following.

We give them regulation after regulation, and law after law, and things that they have to work with. Then we get real chintzy on saying whether or not you can have your payment in lieu of taxes; we do not know if you can; or we are going to index it; or we are going to come up with enough money to do it.

Over here it loses, the Senate wins, and in conference committee we put it all back together again.

Over the years we have been taking that away bit by bit.

Well, then we come up with endangered species acts, and wilderness acts, and intregal vistas, and all kinds of problems for them, and buffer zones. Then we say, but you have got to live with this, also.

Then we send thousands of people from the East to the West, and they go out there and they get hurt on these trails. A lot of them stub their toe, break a leg, do something, get lost, and who do we turn to?

We turn to the sheriffs and the people that these folks hire, and they go out with a lot of volunteers on horseback and ATVs and pickup trucks, and they find them. We have to come up with that in our budget.

People go down there and they commit murder sometimes, and we have to prosecute them. Do you know what the cost is of prosecuting a murderer in Garfield County? They just do not have that kind of money.

If it was not for the governors coming up with contingency fees, there is no way on earth we could meet that.

So we are sitting there trying to say that we want you to do all of these things out here. Then we have our good eastern folks coming in and giving us laws and constantly put them in, who have never even been there, and tell us all these things to do, and no one is giving them any money to do it.

So I think I commend my friend from Montana, and the Senators, and others, and I am for both of these bills. Whatever it takes to make this a little more equitable.

If we are going to control these folks, if we are going to tell them how to run their lives, if we are going to tell them everything they can do, good heavens, we have got to step up to the plate and give them some money to do it with.

And if we are not going to do that, let us give them the ground. There is probably nothing wrong with giving them the BLM ground and saying, hey, it is yours. You take it. You worry about it.

Forget payment in lieu of taxes, forget impact fee, forget royalties, forget all this stuff, we will just give you the ground.

Now our governor, Governor Mike Levett from Utah, he says, "I would be more than happy to take it. I could come out and do very well and administer it well."

I remember when I was chairman of the Executive Appropriations Committee of the State of Utah, which the Speaker of the House is, it is funny, we were administering ground for 25 percent of what the BLM could do it for.

So we had a study done by the land grant college in the area.

They said the State of Utah does it better. That tells you something about the BLM.

Anyway, Mr. Chairman, I think that my friend from Wyoming and others have thought of some good ideas to handle many of these problems. I commend all of you, and I think this committee ought to give some serious thought to rearranging that, as Chairman Miller alluded to in our Salt Lake hearing.

Thank you, Mr. Chairman.

[Prepared statement of Mr. Hansen follows:]

**OPENING STATEMENT FOR  
THE HONORABLE JAMES V. HANSEN  
HEARING ON H.R. 1181 & S. 455  
PAYMENT IN LIEU OF TAXES  
APRIL 28, 1994**

Mr. Speaker, I, along with hundreds of counties across this nation thank you for holding this hearing today. I welcome the witnesses and especially my good friends Commissioner Louise Liston from Garfield County and Commissioner Lee Allen from Box Elder County, Utah.

As I remind the Chairman often, my home State of Utah is 67 percent federally owned. This overwhelming federal presence has tremendous impacts on our State and especially our rural Counties where the federal ownership approaches 95 percent. These Counties are sparsely populated yet are expected by the American public to

support the National Parks and other federal lands by way of search and rescue, emergency, police, fire, waste and other services.

Historically, many of these Western Counties have been able to hold their own through production of raw materials. However, the flood of environmental legislation has choked many of these counties near the point of bankruptcy. As timbering, mining and grazing are forced off the federal lands and out of these communities, their tax bases are eroded and their populations drop. Yet, the attraction to the federal lands surrounding these communities is forever increasing. Although these communities are implementing changes to take advantage

of the tourism increases, these tend to be seasonal businesses that are highly affected by economic conditions.

PILT payments are part of the solid financial footing required to support these rural areas and this resource has diminished year after year as the Consumer Price Index rises and the demands on these Counties increase. If we are going to expect these Counties to continue to be stewards of our federal lands, we must compensate them. Unless the federal government is interested in providing emergency, police, fire and waste services to support the recreational visitors, we must increase the PILT formula to reflect the economic conditions of today and the future.

Thank you again, Mr. Chairman and I sincerely hope that this hearing will not be the end of these discussions. The Senate has spoken with a loud voice and I hope the entire House has the same opportunity.

Mr. VENTO. Mr. Hefley.

**STATEMENT OF HON. JOEL HEFLEY**

Mr. HEFLEY. Thank you, Mr. Chairman.

Let me throw my oar into this. Over 30 percent of Colorado is owned by the Federal Government, so I am glad Mr. Williams pointed out that this is a problem all over the country.

But in the West it really is a big problem.

So we gather again, as we do most every year, for us all to sit around the table and say how much we are in favor of these Federal payments in lieu of taxes.

I remember so well Mr. Natcher when he was chairman of that Subcommittee on Appropriations, when we would all parade past him every year to talk about it where education is concerned. He would be so gracious, sitting there looking like he was actually interested in what we were saying.

I think most of us here on this committee at least feel that this is a legitimate thing. Increased PILT payments are simply a matter of equity. They are costs that the Federal Government must pay for owning these large tracts of land.

If we do not want to pay it, I would go along with Mr. Hansen's and some others' suggestions here that we need to give a good portion of this land back to the States and let them do it.

Either we need to carry our responsibility or we need to give it back to them.

I have heard colleagues ask why should we pay these counties, these local governments, this money? It is nothing but a giveaway.

But those same colleagues probably do not object to townships contracting with the State for police protection at a fraction of its true cost.

They probably are not ready to take to the barricades when a State college gives its home municipality a few thousand dollars for police and fire protection.

The situation is the same here. Here the Federal Government is asking local municipalities to provide these kinds of services on Federal lands, and at the same time, Federal ownership has eroded the tax base needed to provide those services.

The situation is getting desperate. It is not unusual for over 80 percent of some western counties to be Federally owned.

The Federal presence in one Colorado County, Hinsdale County, is so large that PILT payments fall right behind tourism as the county's major source of income.

The cost to the Federal Treasury in a time of deficits I know is a problem that we are all concerned about, but I hope we can proceed this time with this legislation, with one or both of these pieces of legislation, and work together giving some relief to these local governments.

Thank you, Mr. Chairman.

Mr. VENTO. Mr. Doolittle, did you have any opening comments?

**STATE OF HON. JOHN T. DOOLITTLE**

Mr. DOOLITTLE. Yes, Mr. Chairman.

I appreciate the chance to be here. I strongly support both of these bills.

The United States Government owns 43 percent of our land area in the State of California. In fact, I notice from the information provided that we are second in terms of the total PILT payment only to New Mexico amongst the States. I just think this is a matter of simple equity and fairness and hope that the legislation moves ahead and is signed into law.

Mr. VENTO. Thank you.

We have obviously had a lot of comments.

I think when we get into the questions about this, we will have some other observations about whose land it is and on the "giving it back" issues. I do not know that they ever owned it. They did not in Minnesota either, no.

Anyway, let me move to our colleague, Bart Stupak, from Michigan, from the First District. Bart was scheduled to testify and is present, so we will give you a few minutes, Bart, to give us your plug on this issue.

Welcome to the witness table.

#### **STATEMENT OF HON. BART STUPAK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN**

Mr. STUPAK. Thank you, Mr. Chairman. Thank you for holding these hearings and giving me an opportunity to speak today.

Thank you, Mr. Williams and Mr. Smith, for leading this bill in the House. Hopefully we will be able to move it through.

After sitting here for a few moments, I feel like I am preaching to the choir so I will not read my formal statement. I will just ask that you have an opportunity to review it.

I would like to highlight a couple of things.

First, I strongly support both of these bills.

H.R. 1181, as you know, will increase the authorization level. It will also revise the per-acre formula. But most importantly, it will provide an indexing of PILT payments as the rate of inflation goes up.

Mr. Chairman, the monetary value of the PILT payments to localities has been reduced over the last 18 years, as pointed out by Mr. Williams, to the point where its value today is not even half of its value when it was enacted in 1976.

The 1995 fiscal request of \$105 million is actually worth about \$50 million in 1976 dollars. While the Consumer Price Index has increased 120 percent since 1976, PILT payments have remained flat.

In Michigan in the First Congressional District, which is all of the upper peninsula of Michigan plus the northern half of lower Michigan, in Michigan we also rely on property taxes to finance our schools.

In one part of my district, the western end of the upper peninsula, the Ewen-Trout Creek School District, over 90 percent of the land is owned by the Federal Government. That school district cannot bond to build a new school.

It was in the 1940s when that school was built. Since 1940, we have some new inventions called computers. They go and plug a computer into their electrical outlet and the whole electrical system short-circuits.

They would love to bond for a new school, but no one will give them a bonding because they do not have enough of a private tax base to support the bonds. So not only is it county government, but also our school districts in Michigan who are hurt.

We continue to grab more and more land in northern Michigan and throughout this Nation, but yet we do not adequately compensate it.

I would urge you to bring the measure up, to put it out on the House floor where I am sure it would be passed, and again I really appreciate the comments I have heard here today. I feel like I am again preaching to the choir, to those of you who are very supportive of this bill, so just let me end my testimony there.

I have submitted it and, with your consent, Mr. Chairman, I would ask that it be included in the record. If you have any questions, I would be happy to answer them.

[Prepared statement of Mr. Stupak follows:]

TESTIMONY BEFORE THE SUBCOMMITTEE ON NATIONAL PARKS, FORESTS,  
AND PUBLIC LANDS  
ON PAYMENTS IN LIEU OF TAXES (PILT)

CONGRESSMAN BART STUPAK  
APRIL 28, 1994

---

MR. CHAIRMAN, I WOULD LIKE TO THANK YOU FOR HOLDING THESE HEARINGS TODAY TO PRESENT MY VIEWS ON THE ISSUE OF PAYMENTS IN LIEU OF TAXES, OR PILT.

AS YOU KNOW, MR. CHAIRMAN, P.L. 94-565, COMMONLY REFERRED TO AS THE PAYMENT IN LIEU OF TAXES ACT, AUTHORIZES THE SECRETARY OF INTERIOR TO MAKE ANNUAL PAYMENTS TO ELIGIBLE UNITS OF LOCAL GOVERNMENT. THE ACT PROVIDES FOR PAYMENTS TO LOCAL GOVERNMENTS CONTAINING CERTAIN FEDERALLY OWNED LANDS. THESE PAYMENTS ARE DESIGNED TO SUPPLEMENT OTHER FEDERAL LAND RECEIPT SHARING PAYMENTS LOCAL GOVERNMENTS MAY BE RECEIVING. PAYMENTS UNDER THE ACT MAY BE USED BY THE RECIPIENTS FOR ANY GOVERNMENTAL PURPOSE.

H.R. 1181, WHICH WAS INTRODUCED BY CONGRESSMAN WILLIAMS AND OF WHICH I AM A COSPONSOR, WOULD INCREASE THE AUTHORIZATION FOR APPROPRIATIONS FOR PAYMENTS FROM THE FEDERAL GOVERNMENT TO LOCAL GOVERNMENTS, CONSISTENT WITH THE PILT PROGRAM. H.R. 1181 WOULD ALSO REVISE THE PER-ACRE FORMULA AND THE POPULATION CAPS IN THE CURRENT PILT FUNDING FORMULAS TO INCREASE PILT PAYMENTS, INDEXING FUTURE PILT PAYMENTS AGAINST INFLATION.

CURRENT PILT PAYMENTS ARE MADE ON A PER ACRE BASIS FOR ENTITLEMENT

CONGRESSMAN BART STUPAK  
APRIL 28, 1994  
PAGE TWO

LANDS, WHICH INCLUDE NATIONAL PARK, NATIONAL FOREST, BUREAU OF LAND MANAGEMENT, AND BUREAU OF RECLAMATION LANDS. THESE PAYMENTS ARE SUBJECT TO A CAP BASED ON THE POPULATION OF THE COUNTY. AT THE PRESENT TIME, AN APPROPRIATION OF \$105 MILLION PROVIDES FULL FUNDING FOR THE PILT PROGRAM. AS I AM SURE YOU ARE AWARE, MR. CHAIRMAN, THERE HAVE BEEN NO CHANGES IN PILT PAYMENTS SINCE THE 1976 ENACTMENT OF THE ACT.

THE MONETARY VALUE OF PILT PAYMENTS TO LOCALITIES HAS BEEN REDUCED BY 18 YEARS OF INFLATION, TO THE POINT WHERE ITS VALUE TODAY IS NOT EVEN HALF OF ITS VALUE WHEN ENACTED IN 1976. THE FY 95 REQUEST OF \$105 MILLION IS ACTUALLY WORTH ABOUT \$50 MILLION IN FY 76 DOLLARS. WHILE THE CONSUMER PRICE INDEX HAS INCREASED 120 PERCENT SINCE 1976, PILT PAYMENTS HAVE REMAINED FLAT.

THE EWEN-TROUT CREEK SCHOOL DISTRICT IN MY CONGRESSIONAL DISTRICT HAS SEEN THEIR PILT PAYMENTS DIMINISH TO ZERO OVER THE PAST TEN YEARS. IN FACT, THIS SCHOOL DISTRICT HAS RECEIVED NOTHING IN THE WAY OF PILT PAYMENTS FOR THE LAST FIVE YEARS. THIS SITUATION CANNOT CONTINUE FOR AREAS OF THE COUNTRY, MANY OF WHICH ARE IN MY CONGRESSIONAL DISTRICT, WHICH HAVE HAD TO RELY ON PILT PAYMENTS AS MORE, ONCE-TAXABLE, LAND IS CONVERTED TO NONTAXABLE FEDERAL PROPERTY.

CONGRESSMAN BART STUPAK  
APRIL 28, 1994  
PAGE THREE

MR. CHAIRMAN, THE SOLUTION TO THE SITUATION I HAVE JUST OUTLINED IS TO INCREASE THE AUTHORIZATION LEVEL OF THE ORIGINAL PROGRAM AND INDEX IT TO ALLOW YEARLY INFLATION ADJUSTMENTS. IN ADDITION TO CONGRESSMAN WILLIAMS' BILL, H.R. 1181, THERE IS A SIMILAR BILL, S. 455, WHICH HAS BEEN PASSED BY THE SENATE AND IS NOW PENDING IN THE HOUSE.

I WOULD URGE MEMBERS TO BRING THIS MEASURE UP AND PASS IT. BY SO DOING, WE WOULD BE MEETING THE COSTS OF PROVIDING THE SERVICES ALL USERS OF PUBLIC LANDS HAVE A RIGHT TO EXPECT, SUCH AS EMERGENCY SEARCH AND RESCUE, LAW ENFORCEMENT, FIRE AND EMERGENCY MEDICAL SERVICES, SOLID WASTE MANAGEMENT, ROAD MAINTENANCE, AND HEALTH AND OTHER HUMAN SERVICES.

I LOOK FORWARD TO WORKING WITH THE COMMITTEE AND ALL MEMBERS IN PASSING THIS MUCH NEEDED LEGISLATION.

Mr. VENTO. Yes. By previous request, Bart, your testimony and that of all the witnesses and opening statements of Members in their entirety will be made part of the record, as well as the requests from Mr. Hansen with regards to our colleagues in the Senate.

We received testimony here from Mr. Jerome Muys, who was the chief of legal staff of Public Land Law Review Commission, who makes a number of relevant comments about the Commission's recommendations that was the basis for the development of the PILT program.

We will, without objection, put that in the record.

[No response.]

Mr. VENTO. Hearing no objection, so ordered.

[Letter from Mr. Muys and attachment follows:]

## WILL &amp; MUYS, P.C.

ATTORNEYS AT LAW  
SUITE 800  
1015 18TH STREET, N.W.  
WASHINGTON, D.C. 20036

ROBERT P. WILL  
JEROME C. MUYS  
GREGORY H. PENSABENE

(202) 429-4344  
TELECOPIER  
(202) 429-4342

PETER CARLSON  
LEGISLATIVE SPECIALIST

April 27, 1994

Hon. Bruce F. Vento, Chairman  
Subcommittee on National Parks, Forests  
and Public Lands  
Committee on Natural Resources  
United States House of Representatives  
2304 Rayburn House Office Building  
Washington, D.C. 20515-6631

Dear Chairman Vento:

I would like to offer the following comments on H.R. 1181 and S. 455, now pending before your Subcommittee, which would update the 1976 Payments In Lieu of Taxes ("PILT") legislation. Although a revision of the PILT formula is long overdue, I want to take the liberty of suggesting that the proposed legislation does not go far enough. The 1976 legislation was the result of one of the recommendations of the 1970 report of the Public Land Law Review Commission (PLLRC), One Third of the Nation's Land. I had the pleasure of serving as Assistant General Counsel and Chief of the Legal Staff of the Commission and personally supervised the comprehensive study which resulted in the Commission's PILT recommendation. The chapter from the Commission's report which discusses its recommendation and a copy of my contemporaneous analysis of it are enclosed for your information.

The Commission's recommendation envisaged a comprehensive PILT program which would gradually supplant the existing array of "revenue sharing" statutes which the Commission found was deficient for a variety of equitable and environmental reasons. Unfortunately, the 1976 PILT legislation left the revenue sharing statutes intact. Indeed, in that same year Congress increased the shares of the western states in federal mineral leasing revenues from 37.5 percent to 50 percent.

In addition to the reasons given by the Commission for gradual elimination of the revenue sharing system, which were notable given the fact that the Commission was dominated by western Senators and Congressmen, the development of the environmental movement over the past 25 years has made it even more inappropriate as a tool for

Hon. Bruce F. Vento  
April 27, 1994  
Page 2

recognizing the Federal Government's fiscal responsibility to the western states to mitigate the economic impact of the pervasive federal land ownership in those states. In short, resource development and, concomitantly, revenues to share have been severely curtailed because of (1) increased environmental opposition to such development, (2) the expansion of Congressional preservation classifications to millions of acres of federal lands over that period (100 million acres of wilderness alone, plus tens of millions of acres of new national parks, recreation areas, wild and scenic rivers, and the like), and (3) new environmental legislation, particularly the Endangered Species Act.

In my opinion, Congress needs to replace the revenue sharing system with an expanded PILT program combined with an "impact aid" program of some kind that can be targeted on western areas that experience unusual economic impacts because of either increased intensive federal resource development, e.g. coal development in Wyoming, or the curtailment of longstanding federal resource development, as the Pacific Northwest is experiencing with regard to federal timber harvesting. I do not know how many millions are distributed to the western states under current revenue sharing programs, but I would not be surprised if the gradual curtailment of those payments wouldn't be more than adequate to cover the cost of an expanded PILT program that would be more equitable to all of the western states. I realize that it will not be easy to convert revenue sharing programs that are of particular benefit to a number of western states, but I believe that now is the time to begin to move toward that end.

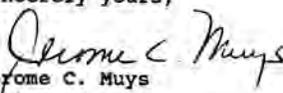
Finally, I believe the revenue sharing concept may also be complicating the current effort to modernize the Mining Law of 1872, as the PLLRC also recommended. The Senate bill, S. 775, now pending before a Senate and House Conference would grant one-third of proposed royalty revenues and other fees from development of federal hardrock minerals to the states where the mines are located. I fail to see why the Federal Government should, in essence, act as a tax collector for the states in this regard, inasmuch as the states are perfectly free to levy severance taxes on mineral production from federal lands and many already do. The states should be required to do their own taxing and take the political heat if it produces adverse economic impacts on the regional mining industry.

The Public Land Law Review Commission laid out a reasonable, practical blueprint for a rational public lands policy, as I argue in the enclosed paper (see particularly pages I-26 through I-29).

Hon. Bruce F. Vento  
April 27, 1994  
Page 3

All that is needed is someone in Congress to take the lead to complete its unfinished agenda! As Sam Foss so poetically put it for the West: "Bring me men to match my mountains!"

Sincerely yours,

  
Jerome C. Muys

JCM/pmg

enclosures

cc: Hon. George Miller

# One Third of the Nation's Land

---

A Report to the President  
and to the Congress  
by the Public Land  
Law Review Commission

WASHINGTON, D.C.  
June 1970

# Tax Immunity

**B**ECAUSE OF THE SOVEREIGNTY of the United States, federally owned lands cannot be taxed by state or local governments. This has created large and increasing problems for the states within whose borders such lands lie. The problems are particularly felt in the West where most public lands<sup>1</sup> are concentrated and where, as previously shown in this report, federally owned lands often constitute a large proportion of a state's total area. But the situation, concerning which the Commission is required to make recommendations, is not confined to the West. Eleven nonwestern states each contain more than 1 million acres of Federal land, ranging from approximately 8 percent of the total area of Arkansas to 3.2 percent of Georgia. In addition, West Virginia contains 920,212 acres of public lands (5.9 percent of the state's total acreage); South Carolina 680,265 acres (3.5 percent); New Hampshire 678,807 acres (11.8 percent); and Vermont 240,238 acres (4.0 percent) (in each state there are also other Federally owned lands).

Originally, the Federal ownership of land was considered, in general, to be temporary. Under Federal policy and laws the public domain passed into private ownership and thereupon became subject to state and local taxation. The retention by the Federal Government of comparatively small amounts of land for military or other Federal purposes seemed to pose no serious problem for the future, and even in 1872, when a large tract in Wyoming was set aside to establish Yellowstone National Park, it was still generally assumed that almost all of the rest of the Nation's public domain would eventually be transferred to private ownership.

In 1891, however, with passage of the act that authorized the President to set aside forest reservations, a major break with the past occurred. As large tracts of forest land were set aside as reserves, it

<sup>1</sup> As used here the term "public lands" refers only to those lands coming within the definition of that term in section 10 of the Commission's Organic Act, as quoted in the Introduction and printed in full in Appendix A.

became obvious that millions of acres of the public domain would be retained and managed permanently by the United States and would never pass into private ownership.<sup>2</sup>

The impact on the taxability of state and local governments by the Federal Government's retention of the forest lands caused concern at an early date, and in 1907 Congress authorized the return of 25 percent of stumpage sale receipts to the counties in which the timber was cut to be used for public education and roads.<sup>3</sup>

In 1920, the Federal Government acted similarly when the Mineral Leasing Act<sup>4</sup> of that year removed from the operation of the Mining Law certain minerals, including oil and gas deposits, and thus assured that lands chiefly valuable for those minerals would remain in Federal ownership. As part of the Mineral Leasing Act, Congress authorized sharing with the states the receipts generated by the oil and gas leases, giving the state of origin 37½ percent of the revenue, the Reclamation Fund 52½ percent, and permitting the United States to keep only 10 percent for its cost of administration. The only exception is that Alaska receives 90 percent of oil and gas lease revenues in accordance with the provisions of the Mineral Leasing Act.<sup>5</sup> Several other, but relatively minor revenue-sharing programs were also developed, both before and after the two mentioned above, but payments made by the Federal Government to the states for such programs have been comparatively small.<sup>6</sup>

<sup>2</sup> The 1891 Act, as amended, is 16 U.S.C. § 471 (1964). Today the total of lands administered by the Forest Service has grown to over 186.9 million acres in 44 states. Of the total, 160.8 million acres came from public domain lands, and the rest was acquired from non-Federal sources. For a breakdown of acreage by states, see Appendix F.

<sup>3</sup> 16 U.S.C. § 500 (1964).

<sup>4</sup> 30 U.S.C. § 181 et seq. (1964).

<sup>5</sup> 30 U.S.C. § 191 (1964).

<sup>6</sup> A breakdown of all programs and payments is contained in EBS Management Consultants, Inc., *Revenue Sharing and Payments in Lieu of Taxes*, Pt. 2. PLLRC Study Report, 1968.

The legislative history of the acts providing for the sharing of receipts from forest products and oil and gas, as well as other leasable minerals, clearly reflects that the payments to the states and local governments were intended as compensation for the fact that the lands in question would no longer be available for private ownership and property taxation.

Today, however, the pressure of new circumstances requires new thinking. Until comparatively recently, the cost of providing state and municipal services, especially in the western public land states whose vast spaces had a sparse population and received relatively few outside visitors, was not very great. But in recent years, a dramatic change has resulted from the greatly increased mobility of the American people. Visitors who now come in increasing numbers to public land areas from all over the country require, as a minimum, the same services that are furnished to local citizens—and sometimes they require more.

At the same time, state and local government expenditure levels and revenue requirements have vastly increased. In 1940, prior to World War II, the combined spending of state and local governments was approximately \$9.3 billion. Ten years later, in 1950, it had risen to approximately \$22.8 billion. In 1969, the figure exceeded \$100 billion.

In the meantime, while state and local revenue needs have been growing, the recent years have seen a greatly expanded increase in the acreage of lands

permanently set aside by the United States for various purposes. From relatively modest beginning, for example, there are now 18,564,079 acres of public domain under the jurisdiction of the National Park Service, with an additional 4,735,818 acres acquired for the National Park System, or a total of 23,299,897 acres spread among 44 states<sup>2</sup> and over 26 million acres set aside for the Wildlife Refuge System in all 50 states.

The largest portion of the public domain, more than 465 million acres, including 295 million acres in Alaska, is under the jurisdiction of the Bureau of Land Management of the Department of the Interior. Except for those lands that may be transferred to the states to satisfy land grants, this large acreage comprises, for the most part, what is known as the vacant unappropriated public domain, and was previously assumed to be destined for private ownership. But since the passage of the Taylor Act in 1934,<sup>3</sup> the transfer of these public domain lands to private ownership has slowed considerably. In the last decade, it has dwindled to a trickle while awaiting the enactment of legislation suited to the needs of today and tomorrow.

If the recommendations of this Commission are followed, additional millions of acres of public domain land will be retained by the Federal Government instead of being transferred, as contemplated until relatively recent times, to private ownership. With the millions of acres of land already reserved, plus the additional acres that probably will be set aside, the United States must re-examine its relationship to the state and local governments within whose borders those lands are located.

#### Payments to Compensate for Tax Immunity

Recommendation 101: If the national interest dictates that lands should be retained in Federal ownership, it is the obligation of the United States to make certain that the burden of that policy is spread among all the people of the United States and is not borne only by those states and governments in whose area the lands are located.

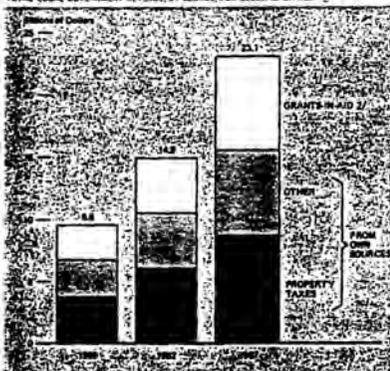
Therefore, the Federal Government should make payments to compensate state and local governments for the tax immunity of Federal lands.

The study made for this Commission confirms the contention of state and county government officials that shared revenues amount to much less than the

<sup>2</sup> For breakdown by states, see Commission staff, *Inventory Information on Public Lands*. PLLRC Study Report, 1970.

<sup>3</sup> 43 U.S.C. § 315 et seq. (1964).

TOTAL LOCAL GOVERNMENT REVENUES, BY SOURCE, FOR SELECTED STATES 1/



1/ THE 11 STATES ON WHICH THIS FILM IS BASED: ALABAMA, ARIZONA, CALIFORNIA, COLORADO, IOWA, KANSAS, MISSOURI, NEBRASKA, NEVADA, NEW MEXICO, NORTH DAKOTA.

2/ NET LOCAL GOVERNMENT REVENUE FROM STATE GOVERNMENTS AND FEDERAL GOVERNMENT.

SOURCE: COMMISSION OF GOVERNMENTS, DEPT. OF COMMERCE, BASED ON APT OF THE COMMISSION.

Local government depends heavily on property taxes for revenue it raises from its own sources.

revenues they would collect if the lands were in private ownership and subject to taxation.<sup>9</sup> While the bulk of the states analyzed were in the West, detailed studies of counties in other parts of the country demonstrated that the situation is similar everywhere.<sup>10</sup>

The fact that the lands on the tax rolls would have brought in a greater revenue should not by itself be considered persuasive. It is, however, a compelling indicator of both the magnitude of an existing problem and the impact of the present system.

This Commission is convinced that the United States must make some payments to compensate state and local governments which have burdens imposed on them because of Federal ownership of public lands within their borders. Even though it is recognized that Federal expenditures must be held to the minimum necessary to provide essential Federal programs, the Federal Government, as a landowner, must pay its way. Whatever the costs, fairness and equity demand that such payments be made.

#### Manner of Making Payments

Recommendation 102: Payments in lieu of taxes should be made to state governments, but such payments should not attempt to provide full equivalency with payments that would be received if the property was in private ownership. A public benefits discount of at least 10 percent but not more than 40 percent should be applied to payments made by the Government in order to give recognition to the intangible benefits that some public lands provide, while, at the same time, recognizing the continuing burdens imposed on state and local governments through the increased use of public lands. The payments to states should be conditioned on distribution to those local units of government where the Federal lands are located, subject to criteria and formulae established by the states. Extraordinary benefits and burdens

<sup>9</sup> EBS Management Consultants, Inc., *Revenue Sharing and Payments in Lieu of Taxes*, Pt. 4, PLLRC Study Report, 1970, for a detailed analysis of revenue sharing and payments in lieu of taxes related to public lands in five states and 50 counties.

<sup>10</sup> For example, in Carroll County, New Hampshire, where 24 percent of the land is in national forest, total benefits to the county from both Federal revenue sharing payments and indirect benefits in 1966 amounted to \$21,291. The estimated potential tax revenue to the county from the Federal lands, if assessed and taxed on the same basis as privately owned lands of similar character, was estimated at \$151,420. In Gogebic County, Michigan, the potential tax revenue was estimated, likewise, at \$251,840 from national forest lands, as compared to direct and indirect benefits of \$149,581 in 1966.

should be treated separately and payments made accordingly.

*A system of payments in lieu of taxes provides a better standard for determining the level of payments than does a system of sharing revenue.* Just as in their relationship to private property, state and local governments are, in general, constitutionally responsible for providing the ordinary functions of government to the public land areas within their borders. Federal ownership, in other words, does not mean that the Federal Government has assumed fiscal responsibility for the administration of all aspects of those lands. But, the system of revenue sharing bears no relationship to the direct or indirect burdens placed on state and local governments by the Federal lands within their boundaries.

In practice, there has been no attempt made to correlate the services rendered, or the burdens assumed, by the local governments to the payments they receive under the present revenue-sharing systems. As a result, the portion of Federal revenues which they currently receive varies from 5 to 90 percent, depending on the program and Federal agency involved.

Although they were originally designed to offset the tax immunity of Federal lands, the existing revenue-sharing programs do not meet a standard of equity and fair treatment either to state and local governments or to the Federal taxpayers. Such a standard should be established and applied.

In addition, the Commission's review has revealed several defects in the revenue-sharing system. In some cases, payments made by Federal programs undercompensate, while in others they overcompensate. The revenue-sharing programs, moreover, do not apply to many federally owned lands, and where they do apply, management decisions often reduce or eliminate the revenue base upon which the payments to state and local governments depend. At the same time, pressures can be generated to institute programs that will produce revenue, though such programs might be in conflict with good conservation-management practices.

The Commission has thus concluded that the existing system of revenue sharing is not equitable, and that the Federal taxpayer is financing a program that has little relation to the purpose it was originally designed to accomplish.

It is axiomatic that expenditure requirements determine the tax levels needed to produce the revenue to meet the costs of government. Since the *ad valorem* tax system has been the foundation for the financing of programs providing municipal services, the Commission believes that all landowners must share in payment for these services. This should not exclude the Federal Government as a landowner, except

where the federally owned land is being used for facilities, as in the case of post offices, to furnish services to all the people throughout the country.

Believing, as the Commission does, that the tax level represents the actual need for revenue, Federal payments related to the level of state and local taxes levied on private owners should be in proportion to the services received and burdens imposed by Federal ownership. At the same time, to repeat, they should be fair and equitable to all concerned.

#### Level of Payments

While the Commission is convinced that payment should be related to actual property taxes in the area, it does not follow that the payments should be equal to full tax equivalency.

Under the existing system, certain benefits are received by local governments. For example, probably because it pays no taxes, the Federal Government permits state and local governments to use its land without charge for such facilities as airports and cemeteries, and allows them to take sand and gravel without cost. In addition, the Federal landowner provides fire protection for its own lands where fire is a major threat, thereby relieving the state and local governments of that cost. There are also indirect benefits, like the use of roads, which Federal agencies construct and maintain.

Though the Commission's studies have proved that these direct and indirect benefits cannot be calculated with any degree of precision, the Commission believes that some reduction in payments should be made for the measurable as well as the immeasurable benefits which accrue to the communities in which there are concentrations of Federal lands.<sup>11</sup>

After careful consideration, the Commission has concluded that fairness will best be served by deducting—as recognition of the direct and indirect benefits received by state and local governments from the use of public lands—not less than 10 percent nor more than 40 percent of the amount necessary to provide full tax equivalency.

At the same time, the Commission has concluded that while benefits are national, the geographic distribution of the Federal lands makes their burdens regional and local, and that, in general, continued Federal ownership of public lands provides no distinguishable benefits to state and local governments in lieu of the benefits they would receive if the lands were privately owned.

<sup>11</sup> EBS Management Consultants, Inc., *Revenue Sharing and Payments in Lieu of Taxes*, Pt. 4, PLLRC Study Report, 1970. The great variety of indirect benefits, which include use of Federal facilities and lands for some purposes, availability of Federal employees to provide expertise in some cases, and joint use of Federal roads and facilities in some cases, differ widely from one location to another.

#### Extraordinary Benefits and Burdens

From time to time, certain extraordinary benefits may be obtained, or burdens imposed, as a result of Federal ownership of public lands. The Commission does not believe that they should be taken into consideration in establishing the basic formulae of Federal payments. Whatever their cost may be, they should be negotiated separately, and a separate payment should be arranged.

If a state or local government, for example, was required to give the Federal Government services, such as increased police protection, over and above what it provided to regular taxpayers, it could and should suggest the negotiation of a contract with the Federal Government. If the Federal Government thought the local government was charging too much for such special services, it could seek other arrangements.

The important point is that under a payments-in-lieu-of-taxes system, the Federal Government would expect, and would be entitled to, the same services received by a regular taxpayer from the state and local governments—no more and no less.

#### Unit of Government to Receive Payment

The governmental unit that supplies the services, usually the county or municipality, should receive the Federal payments in lieu of taxes. But, under our Federal system, the national Government should deal solely with the state government, which should make proper allocations within the state.

In this connection, the Commission recognizes that in many instances, state tax-equalization programs redistribute all categories of funds. While this is a matter of state policy, concerning which the Federal Government should take no position, the Commission's contractor study showed that generally these programs must supplement local tax revenues from general state funds to a greater degree in areas of public land concentrations than elsewhere.

#### Different Land Categories

The Commission believes that it would be impractical to exclude from the program any types or categories of lands because the impact of different classes of land is uneven. Under existing revenue-sharing systems, no payments are made for national parks, military reservations, and reclamation reservations. Yet, there is no evidence that the economic benefits flowing from the activities carried on at these lands would not be equalled or exceeded if the lands were privately owned and were part of the local tax base.

### Limit Payments to Revenues?

The Commission believes it is impractical and improper to limit payments to the net revenues of resource programs. Because these programs involve both commodities for which market value is charged and those, such as outdoor recreation, for which user fees, if any, are unrelated to market value, overall net revenues from public land programs do not provide an adequate guide to the level of payments in lieu of taxes. For the same reasons that the Commission recommends abandoning revenue sharing, it rejects limiting payments in lieu of taxes to the receipts from the sale of goods and services from the public lands.

### The "Threshold" Limitation Approach

Federal lands that provide general services, such as use for post offices, are located in all parts of the country. However, public lands are not so regularly distributed. Even in a state containing a relatively small percentage of federally owned land, a large percentage may be concentrated in a single county.

The Commission cannot endorse the "threshold concept" under which payments in lieu of taxes would be made only to the extent that Federal lands represent more than some percentage of total land in a particular state or locality. First, it is virtually impossible to arrive at a logical basis for establishing either a percentage of land or of land values within a given area. Secondly, the pattern of concentration of public lands makes it impractical in our Federal system to apply such criteria to the states: in 19 states, for instance, federally owned lands comprise less than 2 percent of the state, while in 12 they constitute more than 26 percent. And this does not take cognizance of concentrations within individual counties.

### Uniform Treatment

*We believe that a uniform policy should be applied to both acquired and public domain lands in determining the level and distribution of payments in lieu of taxes.*

Although revenue sharing has been used, historically, as a device to compensate for Federal ownership of public domain land, while payments in lieu of taxes were applied to acquired lands, the Commission sees no reason to continue that distinction. Whatever the original rationale for the different approaches, it believes that there is no longer need or purpose to continue the dual treatment.

### Use of Federal Payments

*The Commission is convinced that the Federal Government should not earmark payments in lieu of taxes for particular functions. This is consistent with our concept of the Federal-state relationship.*

Historically, virtually all revenue-sharing payments are restricted to use for education and roads, while payments-in-lieu-of-taxes systems contain no restrictions. In view of the present-day, high level of financing for varied functions of state and local governments, earmarking for restricted uses is no longer valid. By paying the states directly without earmarking, the states can adjust the use of the funds to their individual fiscal requirements, and the local governments, which will be the ultimate recipients, can use the funds where they are needed.

### Relationship to Grant-in-Aid Programs

*Existing Federal grant-in-aid payments to state and local governments are not related to, and do not compensate for, the concentration of Federal lands, nor would proposed block-grants. Under a wide variety of Federal grant-in-aid programs, more than \$20 billion is paid each year to state and local governments. These categorical grants (i.e., earmarked for specific purposes), often requiring matching commitments by state and local governments, help finance a wide range of public programs, such as education, welfare, and transportation, conducted by state and local governments. With one exception,<sup>12</sup> these categorical grants-in-aid are not land related. Consequently, a community with a restricted taxable property base can receive payments no greater than those received by an otherwise comparable community with a fully taxable property base.*

Thus, even if categorical grants-in-aid, as now constituted, continue to increase at their current rate (from about \$6.5 billion in fiscal year 1960 to an estimated level of more than \$24 billion in fiscal year 1970), they will not satisfy the test of fairness which the Commission has suggested is required because of the concentration of Federal lands.

In addition to the expanding system of categorical Federal grants, recent proposals have emerged for large-scale, block-grant, revenue-sharing programs to help finance all state and local government programs. One of the principal proposals—to divert a part of Federal personal income taxes to state and local governments—has drawn considerable attention to the potential of unrestricted block-grants.

<sup>12</sup> Programs administered by the Federal Highway Administration do consider Federal lands in the matching funds payment formulae. It is the one major exception to the general rule that categorical grants do not relate to Federal lands.

But, other devices, such as tax credits, have also been proposed. None of them is designed, however, to compensate for the fiscal burdens generated by the presence of Federal lands.

#### A Tax Effort Criterion

*To the extent that state and local tax efforts fall below the national average, the Commission recommends that payments in lieu of taxes should be reduced proportionately.*

In addition to the public benefits deduction from estimated full tax equivalency as the basis for Federal payments, a further deduction based on a tax effort criterion should be applied to assure that the cost of state and local government is not shifted disproportionately to the Federal taxpayer.

The Commission recommends the use of a criterion based on per capita state and local taxes from all sources as a percentage of state per capita personal income for each state, compared to the national average of per capita state and local taxes from all sources as a percentage of national per capita personal income.

#### Possessory Interest Taxation

State and local governments should be encouraged to tax possessory interests of Federal land users, such as lessees and remitees, and the improvements constructed by them. This will, obviously, have an impact on the overall tax effort.

At present, the contractor report referred to earlier makes clear that there is considerable variation in the treatment of possessory interests among the states. The Commission believes that possessory interest taxation would afford state and local governments a significant opportunity to supplement conventional property tax income. At the same time, the Commission recognizes that with the many taxing devices available to it, an individual state might score well overall, as compared with other states and still not pursue possessory taxation as vigorously as some of the others do.

#### Sliding-Scale Highway Benefits Programs

*If the Commission's recommendation for the establishment of a payments-in-lieu-of-taxes system is adopted, the sliding-scale highway benefits program should be re-evaluated.* Under the interstate, primary, and secondary road network programs, public landholdings of the Federal Government, excluding national forests, parks, and monuments, determine the amount of matching funds required of a state as against the Federal funds for those programs.

In the Commission's opinion, this is not a public land problem. But, close consideration must be given to the relationship of primary and secondary highway sliding-scale benefits to land-related payments.

#### The Valuation of Federal Lands

*The Commission recommends that the interests of all concerned should be protected by a continuing program of periodic valuation of Federal lands.*

In the interest of administrative simplicity and uniformity, the implementation of a Federal payments-in-lieu-of-taxes system will require a systematic approach to the valuation of Federal lands. Federal lands would have to be valued expressly for tax purposes, with built-in protection against discriminatory practices.

As a first requirement, the General Services Administration should be given responsibility for overall administration. At the operational level, representatives of the Federal Government, jointly with state and/or local governments, should agree on a valuation for tax purposes consistent with the assessment of privately owned lands in the area. Safeguards must then be provided to assure that, in relating payments to the tax rates applicable to similar private land, there will be no discrimination against the Federal Government.

A system of placing valuations on Federal lands for this purpose need not be burdensome, either administratively or financially. The appraisers used could be either Government employees or individuals retained under contract, though the Commission prefers the latter. A different method, used in the valuation procedure for the reverted Coos Bay-Wagon Road grant lands in Oregon, might also be followed. A Federal representative, a local representative, and a disinterested third party compose a 3-member board that establishes the valuation.

Still another alternative would be to use a board of appeals, rather than a disinterested third party, to reconcile differences between the Federal and local representatives. Since we are committed to the idea that the United States, as the Sovereign, must have the last word, this last solution may offer the most promise. Valuations would be made every 5 to 10 years but would be updated annually by methods to be established by those making the initial valuation.

#### Improvements

*Valuation for determining payments in lieu of taxes should not include improvements on Federal lands.* If improvements on Federal lands (summer homes in national forests, concessionaire facilities

in national parks, etc.) have been made by private users, then state and local governments have the authority to levy possessory interest taxes on their owners.

Improvements placed on the land by the Federal Government should not be taken into consideration because, generally speaking, they are provided for the purpose of furnishing services to the region or locality in which they are constructed. Accordingly, the Commission believes that their benefits automatically outweigh any burdens they might impose.

#### Period of Transition

Recommendation 103: In a payments-in-lieu-of-taxes system, a transition period should be provided for states and counties to adjust in changing from the existing system.

Under a payments-in-lieu-of-taxes system, state income might be significantly less than under existing revenue-sharing programs. New Mexico and Wyoming, for example, demonstrate the changes that might occur in connection with both the extent of total payments and the distribution of Federal payments. Mineral-leasing shared revenues are currently an important source of income to both state governments, and may total more than the in-lieu payments based on a percentage of tax equivalency.<sup>13</sup> Because the Commission has recommended that in-lieu tax payments flow to the counties in which the lands are located, it must be noted that in Wyoming only 3 percent of the shared revenues are distributed directly to the counties, and in New Mexico, none. Both states, however, make large intergovernmental transfers to school districts for support of public education.

The sudden suspension of revenue-sharing payments, such as those under the Mineral Leasing Act of 1920,<sup>14</sup> might cause hardship on some state and local governments, particularly if there is a substantial reduction in the amount of payment. *In such cases, payments should be phased so as to provide a gradual decrease over a period of years. These increased transitional Federal costs could be offset, at least in part, by similarly phasing incremental payments upwards over a short period of years to those states that would receive substantially more under the new system than under the old. In either event, payments should be adjusted to the basic system as soon as is practicable.*

<sup>13</sup> For comparison of payments under the revenue sharing program with an estimate of payments in lieu of taxes, see EBS Management Consultants, Inc., *Revenue Sharing and Payments in Lieu of Taxes*, Pt. 5, PLLRC Study Report, 1970.

<sup>14</sup> 30 U.S.C. § 181 et seq. (1964).

#### Reclamation Fund

The provisions of the Reclamation Law of 1902,<sup>15</sup> as amended, and the Mineral Leasing Act of 1920,<sup>16</sup> providing for certain receipts to be deposited in the Reclamation Fund, were designed to assure construction of large expensive irrigation projects required to permit development of the West. Generally, the Commission is opposed to earmarking of funds. However, we believe that the United States should not take any action that might interfere with the fulfillment of its commitment to the West. Once the commitment has been fulfilled, the earmarking should cease. Accordingly, *we recommend that the earmarking of any portion of receipts to the Reclamation Fund be discontinued when repayments to the Reclamation Fund are sufficient to finance reclamation construction.*

#### Cost of Program

The contractor's study, referred to above, indicated that it would cost the Federal Government approximately \$190 million a year to make payments, based on full tax equivalency, to state and local governments for the lands for which the Commission is required to make recommendations. In 1966, for those same lands, \$93 million was paid under existing revenue-sharing programs.

The Commission recognizes an imperfection in the contractor's estimate. The tax equivalency was based on the General Services Administration's periodic *Real Property Report*<sup>17</sup> in which estimates of land values are not made for tax purposes, do not follow a consistent approach in arriving at estimates, in some instances are crude approximations, and, with regard to acquired lands, carry the original acquisition cost even if they were obtained at nominal cost. For example, there is no indication that potential subsurface mineral values were ever considered in agency estimates of public domain lands.

Nevertheless, while the Commission cannot embrace the \$190 million estimate as a ceiling, it has no better means of obtaining such estimate at this time. It believes, however, that the total cost is irrelevant if fairness requires the compensating of state and local governments for protecting the national interest in lands considered to warrant retention in Federal ownership. It is a proper cost to be borne by all Federal taxpayers.

<sup>15</sup> 43 U.S.C. § 391 (1964).

<sup>16</sup> 30 U.S.C. § 191 (1964).

<sup>17</sup> General Services Administration, *Inventory Report on Real Property Owned by the United States Throughout the World, June 30, 1966*, Washington, D. C.

Mr. VENTO. Bart, obviously Michigan has just gone through a process of reorganizing school financing. I could not help but note, as a former teacher, that they had a pretty dramatic increase in sales tax, was it not, to make it up? But none of that affects the building, apparently? It is all for per-pupil expenditure? It does not help you with the building program, I guess?

Is that the point?

Mr. STUPAK. Correct, Mr. Chairman.

We went from 4 cents to 6 cents for our sales tax and tried to move the property taxes off the homeowners to help finance our schools.

But since then, since that vote which was about a month ago, a number of our school districts have just tried to—we still kept part of the property taxes there. So we still have the operating costs and for new construction.

In my district alone I know there have been four millage elections since that shift in the tax from property to a sales tax increase, and every one of those districts have rejected further property taxes to build new schools or even for some of them to maintain what they have.

I do not know if they thought if they moved it from property to sales tax that somehow there would be a golden parachute here and the school districts would be taken care of; unfortunately, that is not the case and we still have financial problems in Michigan for our schools.

Mr. VENTO. I think we got the Part B Federal Lands Program, my colleague and former teacher in working on the Education Committee, but we do more I think in terms of offsetting costs for schools and in terms of public employment on lands with the formula.

Of course, part of the problem here is the whole upheaval going on in terms of property values, which go up and down like a yo-yo, and the basis of taxation for a lot of local governments in the past has been the property tax.

So as a consequence there is, I think, just generally a dramatic shift in terms of some property values going on even within our own State of Minnesota, which gets only a small amount of PILT money.

There is a bigger problem here I think in terms of States and how they deal with funding various programs which had historically been based on property tax, which is archaic to say the least.

Mr. STUPAK. And if I may, Mr. Chairman, on the Part B that you brought up, the payments we receive there basically are for operations and not for buildings.

Then you get one like Ewen-Trout Creek where we cannot bond. It has been over 50 years, the school is falling apart, and there is nothing we can do because no one will allow us to bond based upon the land being held by the Federal Government.

Mr. VENTO. I would just raise it as a question of all of these and how we are dealing with this whole mosaic. We are dealing with a piece here, and a piece there. And of course in your area in the upper peninsula, you cannot live on thimble berries.

Mr. STUPAK. That is true. [Laughter.]

Mr. VENTO. The fact is that the timber receipts and so forth offset the PILT. You have got pretty active programs in the area in terms of some of the timber receipt programs; right?

Mr. STUPAK. True.

Mr. VENTO. You have not had a lot of impact. I mean, we are through the whole wilderness review area there, and it is all open and going.

Mr. STUPAK. But then, yet, I have got to applaud this committee. This committee put forth the Wild and Scenic Rivers Act which certainly affected my district quite a bit, and which took a lot of land again off the tax rolls.

But yet you are here today trying to address that inequity, so I certainly appreciate it. You see the value in preserving some of the land, but at the same time you are trying to move forth legislation to make up that compensation we lost.

So I appreciate that.

Mr. VENTO. We did not take anything off the tax rolls; what we did was limit the timber harvest around those rivers and the management of how the rivers can be utilized in the future.

Mr. STUPAK. Timber is a lot of my taxes.

Mr. VENTO. It does affect the revenue flow.

I hear you. Clearly, in terms of how the Federal lands are designated affects the revenue flow. But we hope that it does have a positive impact overall, although we hardly try to justify things on that basis.

Does anyone else have any questions of our colleague?

Mr. SMITH. Mr. Chairman.

Mr. VENTO. Mr. Smith.

Mr. SMITH. Thank you, Mr. Chairman.

Bart, I have one county in Oregon which has 75 percent federally-owned land. The equivalent tax on the remaining private land is \$2.90 an acre. The tax equivalent on the Federal land—it is the 10th largest county in the United States, by the way—the equivalent tax is 6 cents on the public land.

Obviously that is the issue. I was wondering if you had any kind of tax information from your county in Michigan that has 90-percent ownership.

Do you have some sort of a comparison?

Mr. STUPAK. Oh, probably Ontonoggin County, which is about 80 percent; that is about the closest I come.

In Michigan we also have a program of what we call "Swamp Tax" where they have just increased that in Michigan. It used to be \$1.25 an acre; now it is up to \$2.25 an acre.

Because of the great inequities that you mentioned between private and public, in Michigan at the State level we are trying to do our share, and that is why this bill is so critical to have the Federal Government do more of their share.

Mr. SMITH. Thank you.

Mr. STUPAK. Thank you.

Mr. VENTO. Are there other questions?

Mr. Thomas.

Mr. THOMAS. Just a very short comment.

I am pleased that you are here. Too often we get the notion that this is just a western problem, but in fact it is not.

We also get the notion—and this is the point I want to make—that all public lands are Teton Park. That is not the case.

I mean the argument is we bring all this revenue in for recreation and so on, but the bulk of these lands in the West are very unproductive lands. They are miles and miles of semi-desert land.

So this notion that somehow the tradeoff is that there are tourists streaming to all these areas is not the case. So I appreciate your taking time to come.

Mr. STUPAK. Thank you.

Mr. VENTO. The gentleman of course would pit Keewenaw, on the Calumet, which was recently designated as a unit in the upper peninsula. So it is not the Grand Tetons, that is true, but he has his own park that they work for.

Mr. THOMAS. And that is great. You must come with me to Shoshone one of these days.

Mr. VENTO. I would be happy to do it.

Mr. STUPAK. But all of our land in Michigan, most all of it, is Federal forests. It is the Hiawatha, and the Huron, and it is mostly of the Federal forests.

Of the Federal forests in Michigan, all three of them, at least part of it lies in my district. Two of them are totally engulfed in my district, the Hiawatha and the Ottawa; and then the Huron-Manatee I have part of in my district. That is where my land is. It is not in the Federal parks necessarily.

We do have a Keewenaw, and we have Isle Royal which is a small island in Lake Superior—

Mr. VENTO. Which you are to give back to Minnesota, actually. [Laughter.]

Mr. STUPAK. It depends upon the outcome of this bill, Mr. Chairman. [Laughter.]

Thank you.

Mr. VENTO. Mr. Williams.

Mr. WILLIAMS. Bart, I want to thank you for your leadership and your cosponsorship on this issue. I am particularly pleased with your appearance here today, as well as your past leadership on the bill because you demonstrate that this is not just a western issue, or a Great Plains issue, or a Rocky Mountain issue. It affects folks not only in your State, which is not in the Rocky Mountains of course, but it affects every State in the Union with the exception of Rhode Island.

The makeup of this particular subcommittee happens to have a lot of western members, but this issue goes way beyond just the West. So your leadership on it is particularly helpful from that standpoint because it gives it a national flavor.

I am very appreciative of the good work you have done on it, and I hope and am sure that your constituents and the people of your State recognize how valuable you have been to this effort.

Mr. STUPAK. Thank you. And thank you again for putting forth these bills.

Mr. WILLIAMS. Thank you.

Mr. VENTO. Any other questions of our colleague?

[No response.]

Mr. VENTO. Thank you, very much, Bart.

We are pleased to welcome Larry Benna, the acting director of the Bureau of Land Management, or acting deputy director.

Without objection, his statement has been made a part of the record. I appreciate having had this statement in time to review it. That was very helpful, Mr. Benna.

You can proceed with your statement.

**STATEMENT OF LARRY BENNA, SPECIAL ASSISTANT TO THE DIRECTOR, BUREAU OF LAND MANAGEMENT, DEPARTMENT OF THE INTERIOR, WASHINGTON, DC**

Mr. BENNA. Thank you, Mr. Chairman.

I would like to just make a few summarizing comments, if I may, first.

I appreciate the opportunity to be here today to present the Interior Department's views on H.R. 1181 and the Senate-passed version of S. 455.

The administration strongly supports the payment in lieu of taxes' program which compensates local governments for non-taxable Federal land located within their boundaries.

We recognize that these payments are important to local governments, often comprising a significant portion of their operating budgets.

We also know that these payments help with search and rescue operations, law enforcement, and other services, and often benefit visitors to national parks, forests, wildlife refuges, and Bureau of Land Management public lands.

Nevertheless, due to the urgent need to cut Federal deficits, we cannot support the passage of H.R. 1181 and S. 455, which would authorize an increase in PILT payments.

The problem is that, given the limits on discretionary spending as imposed by the current deficit reduction plan and the Budget Enforcement Act, increases in PILT payments would force cuts in other priority programs that fall under the discretionary spending cap.

Both bills would amend section 6903 of title 31 of the United States Code to increase payments in lieu of taxes to local governments.

The increases would be effective upon enactment of H.R. 1181, while they would be phased in over 5 years under S. 455.

Both bills would raise the population payment limits on PILT payments from \$50 times the population to \$110 times the population. The increase would be effective upon enactment under H.R. 1181 but would be phased in over 5 years under S. 455.

In addition, both bills would provide for annual adjustments of PILT payments based on changes in the Consumer Price Index.

Proposed changes would greatly increase PILT payments to qualifying local governments. By our estimate, the formula changes would put the total PILT payments at about \$255 million for the first year of payments under H.R. 1181. That is nearly two and a half times more than the \$104 million budgeted in fiscal year 1995.

The administration has no objection to section 4 of S. 455 which would allow PILT payments for lands conveyed to the United States in exchange for Federal lands.

H.R. 1181 has no comparable provision.

Currently if a State exchanges lands with the Federal Government, the local government unit loses PILT payments on the Federal land that the State acquires in the exchange.

Section 4 of S. 455 would enhance the ability of the Federal land management agencies to engage in exchanges which would benefit both the State as well as the Federal Government.

We would be pleased to work with Members of Congress to address the fiscal needs of counties and other local governments as they relate to Federal land management and revenue programs.

This concludes the summary of my prepared statement. I would ask that my statement be included in the record in its entirety.

I would be happy to try and respond to any questions.

[Prepared statement of Mr. Benna follows:]

APR 28 1994

STATEMENT OF LARRY BENNA, SPECIAL ASSISTANT TO THE DIRECTOR, BUREAU OF LAND MANAGEMENT, DEPARTMENT OF THE INTERIOR, BEFORE THE SUBCOMMITTEE ON NATIONAL PARKS, FORESTS, AND PUBLIC LANDS, COMMITTEE ON NATURAL RESOURCES, UNITED STATES HOUSE OF REPRESENTATIVES, ON H.R. 1181, A BILL TO INCREASE FEDERAL PAYMENTS IN LIEU OF TAXES TO UNITS OF GENERAL LOCAL GOVERNMENT, AND FOR OTHER PURPOSES" AND S. 455, the "PAYMENTS IN LIEU OF TAXES ACT".

I appreciate the opportunity to appear here today to present the Department's views on H.R. 1181 and the Senate-passed version of S. 455.

We strongly support the payment in lieu of taxes (PILT) program, which compensates local governments for non-taxable Federal land located within their boundaries. We recognize that these payments are important to local governments, often comprising a significant portion of their operating budgets. PILT monies have been used for such critical functions as search and rescue operations, road maintenance, law enforcement and emergency services. Such activities are often undertaken in support of people from around the country who visit or recreate in the national parks, forests, wildlife refuges, and Bureau of Land Management (BLM) public lands.

However, because these are financially austere times and efforts are being made to reduce the Federal deficit, we oppose the enactment of H.R. 1181 and S. 455, which would authorize an increase in PILT payments. Given the discretionary spending limits imposed by the current deficit reduction plan and the Budget Enforcement Act, increases in PILT payments would come only at the expense of other priority programs under the discretionary cap.

Both bills would amend section 6903 of title 31, United States Code, to increase payments for entitlement lands by changing the formula used to calculate payments in lieu of taxes (PILT) to local governments. The current law provides for units of local government to be paid an amount equal to the greater of -- 75 cents per acre of entitlement land located within their boundaries, reduced by amounts the unit received in the prior fiscal year under a Federal land payment law; or 10 cents per acre of entitlement land located in the unit. Both bills would increase the 75-cent figure to \$1.65 and the 10-cent figure to 22 cents. The increases would be effective upon enactment under H.R. 1181, but they would be phased in over a 5-year period under S. 455.

The entitlement land payments are subject to population payment limitations, which are based on a sliding scale starting at \$50 per capita for populations under 5,000. Both bills would raise the limitation from "\$50 times the population" to "\$110 times the population." The increase would be effective upon enactment under H.R. 1181, but they would be phased in over a 5-year period under S. 455. In addition, both bills would provide for annual adjustments of PILT payments based on changes in the Consumer Price Index published by the Bureau of Labor Statistics in the Department of Labor.

These proposed changes would significantly increase authorized PILT payments to qualifying units of general local government. Our estimate is that the formula changes would require the total PILT authorization to be about \$255 million for the first year of payment under H.R. 1181. This represents an estimated increase of \$151 million from the \$104 million budgeted in FY 1995. Our estimate of the annual payment level was calculated by applying FY 1992 actual data on entitlement acres, prior FY Federal land payments, and appropriate population figures to the revised formula.

The present FY 1994 level of appropriations for PILT is \$104 million. In addition to PILT payments, many of the units of government may also receive shares of the revenue generated from Federal landholdings, although such revenue acts as a deduction in one of the PILT computational formulas. The eleven Federal land payment statutes generating revenue provided \$201 million in FY 1992 payments to States and counties. Thus, on an annual basis, about \$305 million is provided from Federal landholdings.

We believe this level of funding to local governments is reasonable in these days of fiscal restraint. There is no strong justification to escalate the authorized amount of PILT payments, as H.R. 1181 and S. 455 would do, and hinder efforts to reduce the Federal deficit.

The annual automatic inflation adjustment that H.R. 1181 and S. 455 would require should also be addressed. The PILT program was enacted as a means of compensating local governments for diminished opportunities to tax Federal real property which is not subject to local property taxes. We know of no study that demonstrates a direct corresponding relationship between inflation increases and the ability of local governments to raise tax revenues.

One of the principal concerns expressed by local officials, in addition to an increased payment, is the desire for relatively uniform payments to assist in financial planning. We believe the established formula under the present PILT program lends itself to financial planning. However, it may be prudent for Congress to periodically review the formula to determine if it needs to be revised.

Finally, section 4 of S. 455 reflects a technical amendment to the PILT law made by the Utah Schools and Lands Improvement Act of 1993 (Public Law 103-93). That amendment allows PILT payments to be made for lands in Utah acquired by the United States for Federal land, royalties, or other assets if, at the time of acquisition, a unit of general local government was entitled to receive payments for the land under applicable State law. Section 4 also would allow PILT payments for lands conveyed to the United States in exchange for Federal lands. H.R. 1181 has no comparable provisions.

We have no objection to section 4. Currently, if a State exchanges lands with the Federal Government, the local government unit loses PILT payments on the Federal land the State acquires in the exchange. Furthermore, the local government unit is ineligible for PILT payments on the former State lands because these lands were not subject to real estate taxes prior to the exchange. The prospect of reduced PILT payments has discouraged counties and States from entering into land exchanges with the BLM. As we do not have much money for land acquisition, we must often rely on land exchanges for needed additions to the public lands. Section 4 of S. 455 would increase the capability of the land management agencies to engage in exchanges.

Because PILT payments are subject to annual appropriation, enactment of either H.R. 1181 or S. 455 would have no pay-as-you-go impact under the Budget Enforcement Act of 1990.

As you know, one of Secretary Babbitt's principal goals is to obtain fair market value for use of public land resources. By raising fees to a fairer value for activities such as grazing and mineral leasing, the Federal Treasury would have greater revenues for programs seeking additional funds. The units of local government would benefit as well, as they also receive shares of the revenue generated from those activities. The Secretary

welcomes the full participation of Congress and the public in addressing this initiative to achieve fair value for the use of public land resources.

We would be pleased to work with Members of Congress to further address the fiscal needs of counties and other local governments as they relate to Federal land management and revenue programs.

This concludes my prepared comments. I will be happy to respond to questions.

Mr. VENTO. Your statement, Mr. Benna, has been made part of the record.

I just want to make sure I have got this correct. My staff says that you answered the first question that we raised, and that was under the Utah land exchange bill that was recently signed, sponsored by our delegation here from Utah, Congressman Hansen and Congresswoman Shepherd, both of whom are on the committee.

In fact, the lands that were traded maintained PILT payment qualification, or were qualified for PILT payments, that is to say.

One of the provisions of the Senate bill maintains that particular role, so that if it is once Federal land qualifying for a PILT payment, even though it is exchanged to the State in this particular instance, it would retain its ability to receive PILT payment.

Your position on that is that you have no objection to that particular provision?

Mr. BENNA. That is correct, Mr. Chairman.

I believe that was a technical adjustment to include that legislation within what was PILT.

Mr. VENTO. It was sort of a hold-harmless issue. I understand the desirability of that and was willing to go along with it in the Utah issue especially. Is that a phase-out?

This does not phase out. The only State that has its own State PILT program is Utah, as I understand it. I mean, after everything is said and done here, incidentally, I might observe to my colleagues, that the States themselves, except for Utah, make no effort to deal with the State public lands that they might hold where they could provide some equalization within the State.

So, with the exception of Utah, they do not do that for whatever reason, which would be a way of recognizing disparities, other than through obviously a power-equalizing formula on education or some other means.

Mr. THOMAS. And I do not think that is—

Mr. VENTO. Does the gentleman wish me to yield on that?

Mr. THOMAS. Would you? I am sorry.

Mr. VENTO. Yes.

Mr. THOMAS. Well, the bulk of State lands are school sections. Those revenues go to the State. They are not shared with the Federal Government. I think it is quite a different situation.

So to say that the States do not recognize the need for local services is simply not an accurate statement.

Mr. VENTO. No, I know that in terms of equalization formulas for education. But my point is that it is not tied to land to suggest that the National Government only does this through this program is not an accurate statement either because in fact, as has been pointed out here there are CDBG; homeless funds; education funds; mineral receipts.

So my only point is, they do not deal with it on an acreage basis. The States make these judgments themselves and for some reason Utah makes a different judgment than the other 49 States.

So we are just looking at the credibility or the feasibility and the basis for moving in this particular judgment.

There is no question but that the services and the other things that are accomplished in these areas need to be addressed.

My point is that, just getting back to this, to maintain the PILT payments for States with respect to former Federal lands that are traded it does really set in motion a pretty big complication, does it not, Mr. Benna, in the Senate bill?

I mean, it becomes complicated in terms of trying to track that, and keeping records of it.

In a sense, I think that if I were in favor of a dramatic use of this particular policy that I would have some reservations about including lands that are traded to States because it tends to dilute the concept of what is the basis for this bill.

I guess it could be done, but I think it tends to dilute the basis for the logic and the rationale for the bill.

Of course this is a relatively new idea because this really did not come about until the mid-1970s, as has been pointed out by its enactment date.

Before that, there was no such payment, was there?

This was not a replacement for anything that existed before, was it?

Mr. BENNA. I believe that is correct.

Mr. VENTO. You "believe" it is correct?

Mr. BENNA. Yes. It is correct.

Mr. VENTO. If you have any reservations about it, please report them to me.

On page 3 of your statement you mention that the revenues generated from Federal Government lands are shared under 11 statutes, and that in fiscal year 1992 the National Government paid the States \$201 million under these statutes.

So as I understand your testimony, the total amount of payments under this and under the PILT program then, which was about \$105 million in 1992, would be over \$300 million in payments.

Is that correct?

Mr. BENNA. That is correct.

Mr. VENTO. What would be the problems if we melded those together and said the \$201 million, some of that goes to the State and does not get back down to the counties where the research is being produced.

So it is a different set of problems that we have run into, I guess, at that point.

Is that correct, Mr. Benna.

Mr. BENNA. Yes. I believe some of the \$201 million are provided to the counties; a certain amount of them are not. It is only at the State level.

Mr. VENTO. So if we were to shift entirely to a PILT-style formula for payments and at the same time wanted to make sure that the States and counties were held harmless against decreased payments, we would have to have an increased PILT program that would deliver at least \$305 million in payments, if we wanted to hold them harmless against all those other programs—wipe them off the books and go all under PILT. I would have to have over \$300 million a year to do that. Is that correct?

Mr. BENNA. Right. If you wanted to make the equivalent payments of the shared revenue as well as the PILT payment, it would be over \$300 million.

Mr. VENTO. From the perspective of the Federal land management agencies, would it not be desirable to move away from a system in which payments to the States and local governments are tied to management decisions such as the level of timber harvest or mineral receipts?

Would not a change like that reduce the political pressure that can be brought to bear on such management decisions?

Mr. BENNA. I do not think we have really had a whole lot of time to review that issue, but if I could respond somewhat with observations here and perhaps provide additional analysis for the record.

Mr. VENTO. Sure.

Mr. BENNA. What I wanted to say is, that might be partially true but there may be some other considerations involved in this.

One being perhaps that I believe some of the shared revenue payments are not subject to annual appropriations. They are permanent appropriations.

These payments therefore would not have to compete with other priorities within the bill.

Mr. VENTO. That of course was not my question, but I think it does provide insight to me in the sense that obviously they are automatic without any further action on the part of Congress.

Mr. BENNA. But they are subject, a lot of them, to the level of receipts, though.

Mr. VENTO. My question really was related to what the effect is on land management decisions. That was my question, which you did not answer. Do you have any response to the pressures that are brought to bear in terms of land management decisions because of that type of revenue flow?

Mr. BENNA. Just from the standpoint that it is probably the amount of payments that go forward would vary with the level of receipts.

Mr. VENTO. Obviously, I mean you have got counties in Oregon and Washington today where, because of the injunctions that exist and the court orders, they are really being affected by the lack of shared receipts, so we have had to do things in terms of trying to help because of the dramatic impact that the curtailment in timber harvest brings.

What is the effect on management decisions that are made on forests, or minerals, and so forth?

My point is that there is a considerable impact in terms of the pressures concerning what those decisions ought to be because you are absolutely dependent upon that revenue flow.

I would just like to put that on an objective basis. If it is a small factor, I still would like to see it on an objective basis.

Obviously there are other concerns like jobs and industries, but just in terms of local governments and their revenue flow it becomes very important.

The other issue of course is, when you have got 11 programs, some of these are relatively small, you have to keep track of the dollars, the receipts, the checks going out. This sounds a little complex.

Can you talk to the complexity or the administrative streamlining and desirability of administrative streamlining here?

Mr. BENNA. I think the PILT program is a fairly efficient program. The administrative costs, to the best of my knowledge, are relatively low. I think they may be less than \$500,000.

Mr. VENTO. But the other programs, the 11 programs—

Mr. BENNA. The other payment programs?

Mr. VENTO. Yes.

Mr. BENNA. I am not intimately familiar with the ins and outs of that.

Mr. VENTO. Maybe you would like to respond for the record.

[The information follows:]

The present FY 1994 level of appropriations for PILT is \$104 million. In addition to PILT payments, many of the units of local government also receive shares of the revenue generated from Federal landholdings, although such revenue acts as a deduction in one of the PILT computational formulas.

The 11 Federal land payment statutes that generate this revenue and act as a deduction in the PILT formula provided approximately \$769 million to States and counties during FY 1992. A Comptroller General's decision mandates that only amounts "actually received" by the counties should be used as a deduction in the PILT formula. The term "actually received" excludes amounts received by the State and not distributed to counties and amounts received by counties but passed on to independent school districts or other special purpose districts pursuant to State law.

Therefore, of the \$769 million paid to States and counties only \$201 million was determined to be applicable as a deduction in the PILT formula. Thus, on an annual basis, about \$873 million (\$104+\$769) is provided from Federal landholdings. This information is depicted on the attached Table 1. Also attached are Table 2 showing State-by-State PILT payments for FY 1993, and a chart showing the correction between Table 1 and Table 2.

FISCAL YEAR 1993  
SECTION 4 PAYMENTS MADE TO STATE & LOCAL GOVERNMENTS  
DURING THE PERIOD OCTOBER 1, 1991, THROUGH SEPTEMBER 30, 1992

STATE	FOREST SERVICE TIMBER PAYMENT 31	FOREST SERVICE BANKHEAD JONES 2	MINERAL LEASING 31	BLM TAYLOR GRAZING SECTION 3	BLM TAYLOR GRAZING SECTION 15	BLM BANKHEAD JONES 2	BLM SALE OF MATERIALS	FERC POWER SALES	FINL REF REVENUE SHARING	TOTALS
ALABAMA	1,456,320	0	996,000	0	0	0	45,162	0	2,477,482	
ALASKA	9,298,893	0	7,614,000	0	0	0	2,532	7,069	16,965,928	
ARIZONA	3,002,306	0	123,725	83,511	0	0	8,435	48	3,936,825	
ARKANSAS	4,367,212	4,215	2,555,000	0	129,159	0	0	0	6,927,077	
CALIFORNIA	65,463,424	25,000	22,500	33,500	115,322	0	81,544	1,203,232	107,340,426	
COLORADO	4,103,083	414,914	44,339,777	95,600	41,336	0	10,603	13,140	49,216,248	
FLORIDA	1,207,370	124,632	79,000	0	0	0	10	0	1,461,012	
GEORGIA	1,062,672	0	0	0	0	0	32,902	0	1,115,574	
HAWAII	0	0	0	0	0	0	0	156	156	
IDAHO	14,106,371	1,636	1,624,100	237,091	30,857	0	40,288	150,509	16,201,680	
ILLINOIS	56,996	0	0	0	0	0	0	0	56,996	
INDIANA	23,083	0	0	0	0	0	0	0	23,083	
IOWA	0	0	0	0	0	0	0	0	0	
KANSAS	620,096	0	1,113,000	0	0	0	0	0	1,733,096	
KENTUCKY	636,212	63,993	0	0	0	0	0	0	699,234	
KYENTUCKY	2,810,107	0	376,000	0	0	0	0	0	3,186,107	
LOUISIANA	35,338	0	0	0	0	0	24	0	35,362	
MAINE	4,062	0	0	0	0	0	0	0	4,062	
MARYLAND	1,701,022	110,341	764,000	0	0	0	0	0	2,504,136	
MICHIGAN	2,062,038	0	10,000	0	0	0	0	0	2,066,507	
MINNESOTA	5,068,595	0	0	0	0	0	0	0	6,099,595	
MISSISSIPPI	1,899,914	862	0	0	0	0	0	0	2,000,787	
MISSOURI	9,009,450	0	18,995,712	198,316	0	0	0	0	28,999,932	
MONTANA	41,398	12,773	0	0	0	0	0	0	56,379	
NEBRASKA	0	0	7,946,578	363,226	669	0	48,269	30	8,739,043	
NEVADA	351,844	0	0	0	0	0	0	0	351,844	
NEW HAMPSHIRE	517,316	21,977	102,865,207	336,816	217,094	20,540	31,438	450	104,359,823	
NEW JERSEY	1,368,242	0	0	0	0	0	0	0	1,368,242	
NEW YORK	8,844	0	0	0	0	0	0	0	8,844	
NORTH CAROLINA	614,501	0	0	0	0	0	0	0	614,501	
NORTH DAKOTA	4,734,799	0	5,198,454	0	10,114	522	0	3,898	9,945,408	
OHIO	150,640	455	3,000	0	0	0	0	0	154,383	
OKLAHOMA	496,671	630,140	1,224,025	0	92	0	1,047	25	2,396,967	
OREGON	141,176,614	5,226	130,656	163,758	41,143	0	731,574	114,529	142,366,486	
PENNSYLVANIA	4,165,853	2,774	0	0	0	0	0	0	4,172,108	
SOUTH CAROLINA	1,144,819	0	0	0	0	0	0	0	1,144,819	
SOUTH DAKOTA	2,305,360	144,661	599,378	0	0	0	0	0	3,049,400	
TENNESSEE	2,391,977	0	0	0	0	0	0	0	2,391,977	
TEXAS	1,495,377	184,154	96,000	0	0	0	0	0	2,775,531	
UTAH	153,337	0	32,051,294	197,502	0	0	12,073	4,577	33,744,683	
VERMONT	525,498	0	19,000	0	0	0	0	0	544,498	
VIRGINIA	40,000,776	0	887,017	0	0	0	0	0	40,887,793	
WASHINGTON	0	0	0	0	0	0	0	0	0	
WEST VIRGINIA	1,056,967	495	0	0	0	0	3,211	332,000	1,450,291	
WISCONSIN	762,177	0	0	0	0	0	0	0	762,177	
WYOMING	1,804,580	491,983	178,486,226	248,240	436,607	0	17,222	453	181,467,561	
TOTAL	322,775,703	7,549,304	432,176,388	1,915,001	1,288,507	443,259	989,672	2,200,233	769,416,313	

U. S. GOVERNMENT PRINTING OFFICE: 1992 O-387-727. Table 1000. Payments to State and Local Governments. (Fiscal Year 1993). (Department of the Interior, Bureau of Reclamation).  
 \* Includes payments to the states for the period October 1, 1991, through September 30, 1992.  
 \*\* Includes payments to the states for the period October 1, 1991, through September 30, 1992.

Program Name	Statutory Authority	Tot FY92 Amt Received by State or City	Tot Ded For PILT	Appropriated	Agency
25% Timber Pmt Enabling Act	16 USC 500 (35 Stat 251) Act of 6/20/10 (36 Stat 557)	\$322.8 M *	\$183.8	No	FS
Superior Nat Forest	16 USC 577g (62 Stat 570)			No	FS
Superior Nat Forest	16 USC 577g-1 (70 Stat 328)			No	FS
Mineral Leasing	30 USC 191 (41 Stat 450)	\$432.2 M **	\$ 7.4	No	MMS/BLM
Mineral Leasing	30 USC 355 (61 Stat 915)			No	MMS/BLM
Federal Power	16 USC 810 (41 Stat 1072)	\$ 2.2 M	\$ .0	No	FERC
Taylor Grazing Section 3 & 15	43 USC 3151 (48 Stat 1273)	\$ 3.2 M	\$ .8	No	BLM
Bankhead Jones	7 USC 1012 (50 Stat 526)	\$ 7.9 M	\$ 7.7	No	FS/BLM
Sale of Material	61 Stat 681 (61 Stat 681)	\$ 1.0 M	\$ .8	No	BLM
Refuge Revenue Sharing	16 USC 715s(c) (2) (92 Stat 1321)	\$ .3 M	\$ .1	No	FW
Total		\$769.4 M ***	\$200.6	***	

\* Includes Timber payments for all other Timber programs.

\*\* Includes Mineral Leasing payments for all other Mineral programs.

\*\*\* County level data supporting this amount is either not available (because some payments stay at the State level) or not available in a report format.

## CORRELATION BETWEEN PILT TABLE #1, AND TABLE #2

TABLE #1	TABLE #2	
<u>Column Heading</u>	<u>Program</u>	<u>Statutory Authority</u>
FOREST SERVICE TIMBER PAYMENT	= 25% Timber Payment Enabling Act Superior National Forest Superior National Forest	16 U.S.C. 500 (35 Stat. 251) Act of 6/20/10 (36 Stat. 557) 16 U.S.C. 577g (62 Stat. 570) 16 U.S.C. 577g-1 (70 Stat. 328)
Forest Service Bankhead Jones BLM Bankhead Jones	= Bankhead Jones	7 U.S.C. 1012 (50 Stat. 526)
MMS/BLM Mineral Leasing	= Mineral Leasing Mineral Leasing	30 U.S.C. 191 (41 Stat. 450) 30 U.S.C. 355 (61 Stat. 915)
BLM Taylor Grazing Section 3 BLM Taylor Grazing Section 15	= Taylor Grazing Section 3 & 15	43 U.S.C. 315i (48 Stat. 1273)
BLM Sale of Materials	= Sale of Materials	61 Stat. 681 (61 Stat. 681)
FERC Power Sales	= Federal Power	16 U.S.C. 810 (41 Stat. 1072)
FWL Ref. Revenue Sharing	= Refuge Revenue Sharing	16 U.S.C. 715s (c) (2) (92 Stat. 1321)

Mr. VENTO. I just wanted to reiterate, as you pointed out that some of these are available without further action. They are almost an entitlement program with the small number.

But beyond that, I think that the difference in terms of flow, for instance, some of these dollars go to the State. They do not go back to the counties where the resources are actually being extracted.

So there are other problems that occur here.

Whereas, the PILT program directly relates to the counties that have the land in them. That is why there is this interest by our colleague from Michigan. That is why Congressman Oberstar is interested in this from northern Minnesota, and there is less pressure in terms of other areas.

So it may be one of its strengths or weaknesses, I guess, depending on how you look at it.

Let me withhold now and call on Congressman Hansen.

Mr. HANSEN. Thank you, Mr. Chairman.

Mr. Benna, I noticed on the first page you were talking about the idea that you did not go along with these two particular pieces of legislation, speaking for the BLM and the Department of Interior.

Are you also speaking for the President on that?

Mr. BENNA. I am representing the administration.

Mr. HANSEN. Why did he change his mind?

Mr. BENNA. I am not aware that he did, Congressman.

Mr. HANSEN. Here is a letter that he has sent to Governor Romer—when he was governor, I would quickly point out—in which the Governor had asked him questions about this, and he in effect comes back and says that he supports this entirely.

Has he changed?

Has he made an abrupt change on this?

What is going on?

I am happy to submit these to you, and for the record.

Mr. BENNA. I would appreciate that.

Mr. VENTO. You want to put those in the record?

Mr. HANSEN. Absolutely.

Mr. VENTO. I think he has moved from recipient to payer.

Mr. HANSEN. You may be right, Mr. Chairman.

Mr. VENTO. Without objection, the letter will be added to the record.

[The letter follows:]



STATE OF ARKANSAS  
OFFICE OF THE GOVERNOR  
State Capital  
Little Rock 72201

8/8  
Bill Clinton  
Governor

SEP - 6 1991

RLL  
7/31

July 23, 1991

The Honorable Roy Romer  
Governor of Colorado  
136 State Capitol  
Denver, Colorado 80203-1792

Dear Roy:

I am in receipt of your correspondence concerning Payments-In-Lieu-of-Taxes (PILT) to Units of Local Government. With over 3.1 million entitlement acres in the State of Arkansas, it is indeed an important issue here as well. The shrinking availability of resources for all levels of local government in this state as well as the nation is of extreme concern. Achieving an appropriate and inflation adjusted level of funding under the PILT program should be a priority among all the states involved.

You can be assured that the Arkansas congressional delegation is being made aware of the significance of House Resolution 1495 and Senate Bill 140.

I appreciate your correspondence concerning this critical issue.

Sincerely,

Bill Clinton

BC:js:ade

Mr. HANSEN. But I still think, and I compliment the past Governor of Arkansas for being astute enough to realize the problem that these States have in bringing that up.

I personally feel the Secretary ought to check with him. Maybe he has not changed his mind.

On your testimony here on page 1 you say, "increases in PILT payments would come only at the expense of other priority programs under the discretionary cap."

What are the great "priority programs" that are more important than this one?

Mr. BENNA. Congressman, I believe, just to name a few things, within the Interior bill there is both within BLM as well as other Interior agencies, there is maintenance of facilities, staff to operate the National Park System; there is a considerable amount of funding in the 1995 bill for the President's Forest Plan, Jobs in the Woods, various programs like that.

Mr. HANSEN. Mr. Chairman, I would appreciate it if Mr. Benna would send us a list of those priority programs. We may look at them also. Instead of generalities, I would appreciate specifics.

Would that be all right with you, sir?

Mr. BENNA. I would be happy to do that, Congressman.

[The information follows:]

The priority programs that would have to be reduced to make room within the discretionary spending caps in order to increase PILT payments would be the programs and activities funded in the President's Budget.

The President's Budget represents the administration's considered judgment of the appropriate priorities and expenditures for FY 1995. The spending caps enacted by the Congress and supported by the administration place considerable constraint on what can be funded. By definition, only those programs and activities that are of the greatest priority would receive funding under the President's Budget.

The President's Budget for the Bureau of Land Management provides funding for ongoing operations of the Bureau, improving and maintaining the health of the public lands, and meeting a number of important Presidential and Secretarial priorities. Among these are: implementation of the President's Northwest Pacific Forest Plan Rangeland Reform '94, and major changes to the Mining Law of 1872. We believe the programs and initiatives funded in the President's Budget are vital to maintaining the health of the public lands and should be reduced.

Mr. HANSEN. On page 5 of your testimony you say, "As you know, one of Secretary Babbitt's principal goals is to obtain fair market value for use of public land resources. By raising fees to a fairer value for activities such as grazing and mineral leasing, the Federal Treasury would have greater revenues \* \* \*"

Of course there are two uses of the Federal Government there.

What other uses would you have in mind? Is Secretary Babbitt referring to other uses of public ground that should also be assessed?

Mr. BENNA. I am sorry, Congressman? I did not follow where you were.

Mr. HANSEN. Page 5, the bottom paragraph. You talk about "use of the public ground" and that people should be assessed when they use it.

Now an awful lot of people use the public ground. You have only talked about three or four issues there.

Is the Secretary and are you saying that people should be assessed for other uses of the public ground?

Mr. BENNA. Well, I think there are established uses of public lands that are assessed right now.

Mr. HANSEN. I stipulate to that. No question about it. But what about all of the other uses?

Do you feel we are expanding our horizons here in saying people who come out from the East, or wherever, who are going to use our public grounds should also be assessed for the use?

Mr. BENNA. No, I do not believe that is the case.

Mr. HANSEN. You are staying with the tried and true ones that you want to increase. Is that correct?

Mr. BENNA. I am not aware of any new initiatives to expand payment for use of public lands.

Mr. HANSEN. The Park Service was in here not too long ago and talked about the idea of money accruing straight to the Park Service of things that came off the parks to enhance their revenue, and they could do a better job taking care of the parks.

Do you feel in any way the same way with ground from BLM?

Mr. BENNA. I think clearly with more money we could do a better job. Within the limits we have to live with, as far as trying to reduce the Federal deficit, I think we are doing about the best we can.

I think we are a little bit different than the Park Service in that our boundaries are not as well defined. It would be extremely difficult to collect fees from users of public lands.

Mr. HANSEN. There is quite an issue in Congress on the idea of should an entity of the Federal Government have the right to have the money that they create stay within that entity.

Of course the budget folks get all nervous about that because it does not go through the appropriations and authorization process.

It may be an unfair question to you, but has the Secretary or the acting head of BLM alluded to any of those problems?

Mr. BENNA. I personally am not aware of any of those, Congressman.

Mr. HANSEN. I see.

Thank you, Mr. Chairman.

Mr. VENTO. Mr. Williams.

Mr. WILLIAMS. Thank you, Mr. Chairman.

Mr. Benna, I am not surprised but I am disappointed that this administration opposes the legislation. You are in a long tradition of error from the executive branch.

President Bush sent up a similar message opposing my legislation. And, while former President Reagan did not have an opportunity to support or oppose it, he continually tried to cut PILT money in his budget.

So this administration is somewhat in a tradition of opposing this legislation, although we are grateful that President Clinton has not supported cutting PILT money.

I have got a series of questions for you, Mr. Director. You may not be able to answer them right here, but if within a couple of weeks you could get the answers, have one sent to me and one sent to the committee, I would appreciate it.

Mr. BENNA. I would be happy to.

Mr. WILLIAMS. Do you know the acreage subject to PILT payments now compared to what it was in 1976?

Mr. BENNA. I do not believe I have the acreage.

Mr. WILLIAMS. Okay. Send that up.

I would also like to have it broken down by BLM, and U.S. Forest Service, wildlife refuges, military reservations, national parks. If you would, provide that to myself and the committee.

I would also appreciate it if, while you or your folks are doing that review, you would tell us what is the amount of acreage held by the Federal Government today versus what it was in 1976, the total amount of acreage.

[The information follows:]

The chart below shows a comparison of the acreage subject to PILT payments in 1993 to what it was in 1977 when PILT payments began.

#### PILT ACREAGE BREAKDOWN

(In millions)

Fiscal year	BLM	FS	NPS	FES	BOR	COE	Army	Total
1977 .....	237.9	171.5	16.9	.0	2.5	7.7	.0	436.5
1993 .....	221.5	174.1	40.4	31.6	3.5	8.1	.5	479.7

Mr. WILLIAMS. Now let me ask for the Department's opinion about a matter.

Your Department, the Forest Service, has worked closely with this committee through the years in attempting to remove hurdles to land trades so that counties can get on with the business of consolidation and execute land trades for a number of other purposes, as well.

The difficulty, as I am sure you are aware, is that under section 6902(b) of title 31 of the U.S. Code, when land that was formerly held by other than the Federal Government is traded and becomes Federal land, it is not subject to the acreage count under PILT.

Shouldn't it be? Are we not discouraging what are legitimate public interests here in trading and transferring land by saying that to county commissioners. If you do this, you are going to lose PILT money because what previously had been Federal land counted for PILT purposes, you are now going to trade away and you are not going to get land in exchange that then, even though it is Federal land, that then can be counted for PILT?

Mr. BENNA. Congressman, I believe section 4 in the Senate-passed version of the bill does have a provision in there where exchanges with the States, the counties would be compensated.

Mr. WILLIAMS. Does the administration have an opinion on that change in the law?

Mr. BENNA. Yes, we do. We support that provision of the bill at this point.

Mr. WILLIAMS. Good.

Well, we are making headway. We appreciate your being here. We will keep trying.

Thank you, Mr. Chairman.

Mr. VENTO. I think the issue of holding someone harmless in terms of it is a good idea, if the land remains in public ownership.

I think to facilitate that I would be willing to work on that, if we proceed with this.

Congresswoman Shepherd.

Ms. SHEPHERD. Thank you, Mr. Chairman.

Thank you for coming. I am deeply concerned, as we all are, about the Federal deficit. I understand, as a lot of people in this country do not yet understand, that it is going to hurt across the board to reduce that deficit.

We are just beginning to feel the pinch.

However, I guess I have some questions about the budget I would like to ask you, because I think it is very easy for us to go on in the same old way without looking at new realities. Clearly we have new realities in the West in terms of the way the land is being used.

I think it is also very easy for government agencies to be blind to the incentives and disincentives that are built into their revenue-generating regulations.

I wondered whether or not, before you took this position that you have taken and apparently the administration has taken, whether or not you did a systematic review of all of the revenues that the BLM brings in, analyze them for their incentives versus their disincentives, compared them to today's reality for the people who live in those communities, and made a solid determination that this would be a bad way to spend money in terms of other choices, or in comparison to other choices?

Did you go through that kind of systematic review?

Mr. BENNA. Congresswoman, I am not personally aware of a systematic review of the receipt-sharing provisions. I know that the full payment for PILT under the current legislation was looked at in the context of the decisions that were made in the 1995 budget.

The full payment was proposed in the President's Budget. Other programs were increased; some were decreased based on their priorities.

Once again, I am personally unaware of a specific review of each revenue-sharing legislation.

Ms. SHEPHERD. Well, one of the things I appreciate about Chairman Vento's approach to this is that he has in a very responsible way suggested that, since we are under pay-go in terms of the budget, that if we suggest raising money we have to also suggest ways in which we will cut money, he has put forward one alternative as a way of stabilizing the revenue flow to these communities, and a way of paying for it.

Let me just ask a second question, then.

Did you generate a list of options as ways that we could come up with the revenue to increase the payments to communities?

Because surely you do not doubt that the communities have the need?

Mr. BENNA. Congresswoman, we have not done any analysis that I am aware of concerning alternatives to amass the \$250 million I have proposed in this PILT legislation.

Like I said, in the budget that has been presented we have included the full payment under the current legislation.

Ms. SHEPHERD. With the Chair's indulgence, then, I would very much like to ask you to do that and make that report back to our committee so that we could see precisely what our options might be as we live under the discretionary caps, and as we attempt to bring more fairness to the communities in question.

Mr. BENNA. We would be happy to do that.

Ms. SHEPHERD. Thank you.

[The information follows:]

The President's Budget proposes the appropriate level of revenues to support the operations and ongoing needs of Federal programs. The administration does not support increases in revenues in order to increase PILT payments.

While it would be possible to increase revenues or the Federal share of existing revenues in order to provide additional room for PILT funding, such proposals would be problematic.

For example, increases could be proposed for fees such as recreation use fees or charges for permit applications or rental rates. However, it would be preferable to devote the proceeds of such increases to maintaining the facilities or reducing the costs of administering those activities rather than assigning them to PILT payments, which are not directly related to the source of those revenues.

It also would be possible, with changes to existing law, to increase the percentage of some collections that would be retained by the federal Government. For example, receipts from mineral leasing and timber sales are currently distributed among the Federal Government, the States, and grazing districts. However, increasing the Federal share would be counterproductive to an objective of increasing fiscal assistance to the counties.

Ms. SHEPHERD. Thank you, Mr. Chairman.

Mr. VENTO. Your request for information—I was distracted—was?

Ms. SHEPHERD. To generate a list of options for providing the revenue to increase the—

Mr. VENTO. Oh, yes. I think that would be appropriate as we proceed to get some other options so we could come to a greater agreement.

I think that obviously the membership of the committee here is not necessarily representative of the Floor. As a matter of fact, if the Members will permit a comment, about 70 percent of the money goes to 12 States and they are well represented on the Natural Resources Committee.

And speaking of one of those 12 States, Congressman LaRocco from Idaho.

Mr. LAROCO. Thank you, Mr. Chairman.

Welcome, Mr. Benna. I obviously support this legislation wholeheartedly. I am an original cosponsor with my colleague, Mr. Williams from Montana. It is a fairness issue to me.

I had hoped that this administration would be more forthcoming and deal with the West in a fairer way. Everything that has been said here I guess I generally agree with, at least if it was spoken by a westerner.

I think we need to move on with this. I was heartened by the fact that the Senate did work on this.

I might just bring to your attention that I have introduced a bill, H.R. 2463, to average out the timber receipt monies just to try and deal with this issue out West.

H.R. 2463 would apply an income-averaging approach over the last 5 years to try and deal with the roller-coaster effect that we are having out West where timber sale programs are crashing due to many constraints that are being placed on Federal timber sales and so forth.

We are just trying to give these counties an idea of what they are going to be receiving, and to be fair so that they can budget and not deal with boom-and-bust cycles.

Idaho is the second-fastest-growing State in America. Our budgets are being strapped remarkably. We will be hearing from Commissioner Enneking from Idaho, who has been a leading national spokesman on this issue, very shortly when you leave the dias. I would ask the administration to take a look at my bill, H.R. 2463.

I would also ask you if this is an absolute "no" to this approach? Is there some sort of a phase-in the administration would be looking at in terms of fairness to the counties out West?

Do you have any feel for where we might end up, or where you would like to end up?

Mr. BENNA. Well, I think the administration would be willing to work with the Congress to try and work something out. I know the Senate-passed bill of the PILT legislation did propose a 5-year phase-in. Principally for budgetary reasons, it was still a little difficult to support that.

Mr. LAROCCO. Yes.

Mr. BENNA. We would be willing to perhaps negotiate and work a little more and see if we cannot come to some kind of an agreement.

Mr. LAROCCO. Well, I hope we can pass this bill in one form or another with Mr. Williams' leadership on this and get to conference and get the administration in the huddle with us.

I just think it is fairer. A movement that has caught fire out West and across the Nation is the unfunded mandates question, where the counties and the cities are being asked to pay for things that we do back here, and we are all sensitized to that.

But I think this would help us a great deal to meet those needs.

Where this money goes is to kids, and roads, and so forth. There has never been any problems with the money going there. This Congress has acted in this way. It is just catch-up time, in my mind, and I hope that in the near future we can get this done.

We all know the figures. If you look at the sheet that is passed around here. I know Idaho, which is obviously a public lands' State, receives substantial payments, and we rely on these payments.

I heard the chairman talk about incentives for maybe overcutting or dealing with the resource base in some way, or political pressures and so forth. Really, my timber receipt bill has been introduced to address that.

I could tell you horror stories about school districts, for example, in Shoshone County where it has 21 percent unemployment; people are not paying their property taxes; the timber sale has crashed; and the schools are just being devastated.

They are coming to me and saying, let's cut more timber in areas where there are real severe watershed concerns, and they are saying. What is fair about this?

Mr. VENTO. Would the gentleman yield on that?

Mr. LAROCCO. Of course.

Mr. VENTO. You are saying they are coming saying, cut it because we need the timber receipts to run the schools? Is that right?

Mr. LAROCCO. That is what I am saying.

Mr. VENTO. I think it is a good point.

There is a Shoshone in Wyoming and a Shoshone County over here. It seems as if I just would go to the Shoshone—

Mr. LAROCO. Well, we could go to any Shoshone you pick, Mr. Chairman, and you would see we need some help.

But the superintendents come to me and they do not have books for the kids, with 21 percent unemployment, where people are losing their homes. We had 9,000 mining jobs 10 years ago and we have 400 today; it is really an economically depressed area.

The watersheds are crying for restoration and rehabilitation help, and I am caught in the middle here because we are 14 years beyond.

That is why I am so wholeheartedly behind this. We are going to hear more from Commissioner Enneking about how they are getting strapped in Idaho County there.

Anyway, that is just my message to the administration.

Let me say in closing, Mr. Chairman, that I appreciate you having this hearing.

Mr. VENTO. I know that the Members are very serious about it, and I do not want to give the impression that I am not. I understand that. I also am serious, I hope with good humor, about trying to work on resolving this.

As an example, we have heard a lot today about law enforcement, and roads, and much of this goes beyond what the nature of the PILT program should be expected to do in terms of public safety.

There are jurisdictional agreements with the various land management agencies over responsibilities that flow both ways. We ought to be doing our own. Obviously some of the concerns that Congresswoman Shepherd focused on in terms of BLM not having resources is a very grave concern for the members of the committee.

We have done a lot in the last decade, but there is more to be done in terms of the professionals and the resources that they have to manage the range.

One of the points I wanted to make—

Mr. LAROCO. I—

Mr. VENTO. I would yield to the gentleman.

Mr. LAROCO. I just wanted to make the point that my efforts on rural health care and telemedicine are driven by the rural nature of my State.

When we hear from Commissioner Enneking today, you are going to hear how big this county is. It is bigger than Connecticut. It is vast.

For us, 911 does not exist. Medical care to the outlying areas is performed by EMTs, quick-response units, paramedics, and so forth.

The demand on the infrastructure of our counties is dramatic. The people that are pouring into these counties for recreational opportunities and to enjoy our out-of-door experience is dramatic.

We are the second-fastest-growing State in America, and nothing is catching up.

Mr. VENTO. Well, if I can just reclaim my time—

Mr. LAROCO. Of course. I will close—

Mr. VENTO. I thought the gentleman had, so I sort of was going into kind of a wind-up here in terms of the final question, but I also wanted to point out a number of phenomena going on in terms

of these counties in the West, and in my own State, which is of course the reduced population.

The demographics of these counties are changing. So their ability and base to sustain the services and to do some of the other activities with fewer people and fewer incomes is obviously diminished.

When we begin to look then at their ability to sustain and maintain any type of quality of services from health care and other types of people services, it becomes very difficult. I think that is a legitimate point that needs to be made here in terms of the urbanization of all of our States, and especially of course in areas like Utah, and Idaho, and Wyoming, and Montana, the States of the gentleman and gentlewoman here at the table.

One of the questions that I have is this: When we distribute the PILT payments, there is no limitation on how those dollars may be used.

Is that correct, Mr. Benna?

For instance, we have heard discussions here about law enforcement, and education, and roads. Obviously if this money could do all that good, we could double it and we would be a lot better off. But clearly it cannot do all that.

But there is no requirement in terms of how that money is expended? Is that correct?

Mr. BENNA. The legislation, Mr. Chairman, states that it can be used for "any governmental purpose or governmental services."

Mr. VENTO. Yes. So we do no further accounting of it other than to give out the checks in terms of following up on accountability?

The flexibility is one of its strengths I am certain in a given year; I just wanted to point out that this is a straight revenue-sharing or grant program with little requirement other than that.

Is that correct?

Mr. BENNA. As long as it meets the definition in the legislation of "governmental services."

Mr. VENTO. I mean, I do not know that this is the case, but it could in fact reduce property taxes in some areas, or it is not supplemental as such—it could supplant?

Is that correct?

Mr. BENNA. I believe that is true.

Mr. VENTO. There are no requirements in terms of maintaining effort?

Mr. BENNA. No. That is true.

Mr. VENTO. I mean, I realize it gets into a lot of complications, but I am sure that most that would come forward would say that, but it might be of concern to Members who are attempting to do something for the counties here obviously since the area that I represent receives little, and northern Minnesota receives really the bulk of what we receive in the State.

I just think it is a point worth noting. You would probably think it really is a minor point, but it is an issue.

Are there any further questions of Mr. Benna?

[No response.]

Mr. VENTO. If not, thank you. I note that we have given you a little work here, a little homework. I think the Members would appreciate a good-faith effort. If you have further questions about the specifics of it, we hope we can get some of that written up so it is

clear to you what the expectations of the individual Members were and your response in a timely manner I think would be appreciated, Mr. Benna.

Mr. BENNA. We will do that, and we appreciate the opportunity to appear.

Mr. VENTO. Thank you, very much.

**PANEL CONSISTING OF NOEL WILLIAMS, COMMISSIONER, LINCOLN COUNTY, MONTANA; LOUISE LISTON, COMMISSIONER, GARFIELD COUNTY, UTAH, REPRESENTING THE NATIONAL ASSOCIATION OF COUNTIES AS CHAIR OF THE PUBLIC LANDS STEERING COMMITTEE; GEORGE ENNEKING, COMMISSIONER, IDAHO COUNTY, IDAHO, AND CHAIR, NATIONAL ASSOCIATION OF COUNTIES NATURAL RESOURCES COMMITTEE; WILLIAM J. MATTSON, FIRST DISTRICT COMMISSIONER, ST. LOUIS COUNTY, MINNESOTA; AND LEE ALLEN, CHAIR, BOARD OF COMMISSIONERS, BOX ELDER COUNTY, UTAH**

Mr. VENTO. Now we have a panel of local officials who have requested to testify. We are pleased to welcome them:

Mr. Noel Williams, commissioner from Lincoln County, Montana; Ms. Louise Liston, commissioner of Garfield County, Utah; George Enneking, commissioner of Idaho County, Idaho; and we have a substitute here, Mr. William Mattson from St. Louis County, Minnesota. Mr. LePak was unable to attend because of a death in the family, and we are sorry to hear that. I got to know Mr. Mattson on a visit on a trip home together to Minnesota, and I am pleased that he is here today. He will be an able spokesman for that county. He is from Duluth, Minnesota. And we have Mr. Lee Allen, the commissioner from Box Elder County, Utah.

Do any of my colleagues have any words of welcome for their commissioners?

Mr. WILLIAMS. Mr. Chairman, I would like to say welcome to my friend, Noel Williams. We are not related, except we share a concern about a lot of mutual issues, even though we also share the last name.

Noel and I have spent a lot of time together working on this and other issues, as well. I know a lot of county commissioners around Montana and around the country, and Noel, I do not know of any county commissioner better than you. I am appreciative that you would take the time to come here.

Now, Mr. Chairman, if I may, having introduced Noel and put the Montana flavor on this, I want to tell you a quick story. I will not take up the panel's time with a lengthy story, but it is important to this hearing.

PILT payments are a peculiarly Montana idea, although a number of States were coming to the same type of conclusion, but former Montana Senator Lee Metcalf was one of the fathers of PILT legislation and a prime mover of it.

He was going around, as we often do, my colleagues, having town meetings.

He was up in a place called Glasgow, Montana, and it came to the question and answer time of the town meeting and a woman

in the back named Ruth Putz, P-U-T-Z, Ruth Putz put up her hand and she said:

Lee, I would like to tell you something. I don't have a question.

And he said, all right, Ruth.

And she stood up and said. You know, Lee—this is twenty-some years ago—she said:

You know, Lee, we have all this Federal land out here. We can't tax it. So our county commissioners, our local government people, really find that in some ways this Federal land is a burden because we get no property taxes off of it.

So I wish, Lee, she said, when you go back to Washington you would do something about this. And she sat down.

Senator Metcalf was kind of intrigued by this because he had not heard the problem put quite that way.

He said. Ruth, stand up again back there.

He said. You suggest we do something about this. Do you have anything in mind, Ruth?

And she said. Well, Lee, cash would be nice. [Laughter.]

Sometimes we get our best ideas around here from people in the back who stand up and give us a simple solution to what we think are very complex problems.

Noel, it is nice to see you here from Montana as we continue to try to improve PILT.

Mr. VENTO. Home-grown ideas sometimes work well.

Any other comments from our colleagues? I am sure, Mr. LaRocco.

Mr. LAROCO. I just want to welcome Commissioner Enneking. When we had a hearing the other day on my wilderness bill, the commissioner was here.

I think maybe the committee could get a permanent name tag for Commissioner Enneking. He is back here testifying again, and I welcome him.

He is going to tell you how big Idaho County is and the contribution it has made to the Wilderness System, and how important this PILT increase is.

He has been a national spokesman on this issue, and I know how delighted he is that you are having this hearing, Mr. Chairman.

If I had George Enneking's endorsement every time, my re-election would not be in doubt in Idaho. I just welcome you, George.

Also, Commissioner Liston, I had the pleasure of being with you in Salt Lake City recently and it is good to see you too, Commissioner.

Welcome, George.

Mr. VENTO. Let us then turn to the testimony. I know our Utah folks here are happy to have you present, and I am sure they will get to their personal comments, but we are pleased to welcome Noel Williams, the commissioner from Lincoln County, Montana.

Mr. Williams, please proceed. Your statement is being made part of the record. All of your statements are. So if you want to summarize, feel free to do so.

## STATEMENT OF NOEL WILLIAMS

Mr. NOEL WILLIAMS. Thank you, Mr. Chairman, members of the committee, I bring greetings from the State of Montana and I certainly thank you for this opportunity to appear here.

For a country boy such as me who has been somewhat insulated from such environment as I find myself in today, I do assure you this is an experience that will not soon be forgotten.

As was mentioned, my name is Noel Williams. I would reiterate that I am no relation to Pat Williams, our Honorable Representative from Montana who sits among you and deserves special thanks for his leadership and perseverance on today's issue, the PILT program.

If Mr. Chairman and the committee would indulge me momentarily, I too have a very short anecdote.

We are not related, but I do have a nephew named Pat Williams who lives in Zulu, Montana, Representative Williams' hometown, I believe, and we kind of gauge the response to Representative Williams' activities here in DC by the number of phone calls that my nephew Pat gets in error from people who fail to give him an opportunity to explain the situation before they go through either berating him or applauding him.

Mr. WILLIAMS. How have we been doing the last couple of weeks?  
[Laughter.]

Mr. VENTO. Is there anything in this bill for combat later?

Mr. NOEL WILLIAMS. We will talk about that later, perhaps.  
[Laughter.]

Mr. VENTO. Anything in the bill for combat pay for synonyms?  
[Laughter.]

Mr. NOEL WILLIAMS. I currently sit as chairman of the Board of Commissioners of Lincoln County, Montana, the area you see presented here before you.

[A chart is shown.]

Mr. NOEL WILLIAMS. I also participate as the Montana Association of Counties' representative on the National Association of Counties' Public Lands Steering Board.

And I am president-elect of the Western Interstate Region, which consists of the counties of the fourteen western-most States.

In all of those organizations which consist of locally elected officials who in my opinion most represent the real grassroots of America, county by county by county, the payments in lieu of taxes, or PILT program, is of the very highest priority.

The history of the PILT Act of 1976 clearly indicates congressional concern that local governments were not receiving adequate reimbursement for the direct and indirect burdens placed upon them by the presence of large amounts of Federal lands not subject to taxation. I would refer you to the green area on the map before you [indicating]. Only the white is part of the tax base in Lincoln County. The green is all Federal property.

It is also clear that Congress recognized that existing Federal receipt-sharing payments were both inequitably distributed and inadequate.

These concerns are truly as valid today as they were in 1976.

That the cost of bearing these direct and indirect burdens has spiraled since the inception of the PILT program needs no elabo-

ration. The Members of this body are fully aware that, not only have the real costs of providing these services increased, but also these costs must be paid with dollars of less than half the worth of 1976 dollars.

My State of Montana includes over 42.5 million acres of public lands—about 75 percent of which is federally controlled. The 42.5 million acres is both State and Federal.

By the way, Mr. Chairman, I believe Montana also has a payments in lieu of taxes system for State lands if the county exceeds more than 6 percent of those State lands, but I would have to recheck that.

About one-third of the State of Montana, at any rate, is federally-owned and controlled.

Our total PILT payments of approximately \$8 million equals about 25 cents per acre.

I think if that were calculated out—well, I am getting ahead of myself.

If as we are often reminded, and rightly so, that these lands belong to all Americans, and certainly they do, what a bargain they are getting. Those amounts, if calculated at 250 million people in America, comes to I believe about one billionth of a dollar per American per acre.

At any rate, the critical importance of the PILT program can perhaps be best illustrated by examples and comments from those in the trenches, so to speak.

Sweetgrass County, for example, with over 450,000 acres of public lands in south central Montana has this to say:

Ninety percent of our search-and-rescue missions occur on Federal land. The largest expense to our county is construction and maintenance of roads servicing Federal land. Fire control and suppression on Federal lands represents an ever-increasing demand.

All of this at a time when direct and indirect revenue to our county are significantly reduced because of decreased levels of timber harvest, grazing, and mining activities imposed on those lands.

Carter County in southeast Montana with about three-quarters of a million acres of public lands received \$83,740 in PILT payments for the year 1977. This past year their payment was less than \$60,000—a 29 percent decrease.

In this same time interval, their cost of providing services at the county level, much of which benefitted Federal needs, increased from less than \$1 million to almost \$2 million, a 106-percent increase.

Their summation is, "Local government simply cannot continue to absorb more and more Federal and State mandated costs while public lands provide a smaller and smaller share of the revenue."

McCone County, east central Montana, whose PILT payments have consistently decreased because of population loss has seen no proportionate decrease in demand for services—rather, just the opposite.

Fergus County, central Montana, with over 700,000 acres of public lands, reports that in February 1994 a national publication touted a 73-mile, back-country byway within their borders, which in reality is a remote county road through public domain that normally serves fewer than 10 cars per day. BLM reports that within one

month following publication they received over 400 inquiries about this byway. A more equitable PILT program can help them deal with such impacts.

Carbon County. Same problem. The only bright light on Carbon County's horizon, say the commissioners, is a possible increase in PILT payments to be commensurate with increased costs of providing services.

Flathead and Ravalli Counties in western Montana, 75 percent Federal land ownership, are experiencing the greatest growth and development in the State. The primary cause of this growth is the proximity of these vast and wonderful public lands which provide no additional tax base to help them cope with the impacts.

The changes in Federal management practices have resulted in major dislocations in our economy and tax base, and we see a more balanced PILT program as a way to compensate for these policy changes which have had such drastic effects, say the Ravalli County commissioners.

In my own Lincoln County, 80 percent public lands, just the additional law enforcement, search and rescue, emergency medical response, and increased jail costs due to growth in transient population of migrant workers drawn in by activities and opportunities on our Federal lands, equals more than our current PILT payment.

And of course I could go on and on.

It is important that Congress recognizes that these examples are not the exception, but rather the rule, across not only Montana and the rest of the best of the West, but in counties throughout the Nation wherever there are large Federal land ownerships.

The Federal Government by virtue of its ownership of public lands must necessarily administer and manage these lands. This presence and associated activities does oftentimes create economic benefits for localities.

However, it also creates the need for services at the local level, without which it would be impossible for the Federal Government to carry out its responsibilities. Most often these needs are met through property taxes, or systems similar to property taxes such as payments in lieu of taxes.

Unfortunately, in many cases property tax burdens have increased disproportionately because of the static nature of our PILT program. Passage of this bill, H.R. 1181, which increases the parameters of the Federal PILT program will be a tremendous step forward toward regaining an equitable partnership between our levels of government, and will most certainly help us cope with what might be called "the mother of all under-funded mandates."

Mr. WILLIAMS. Mr. Williams, let me just go out of order here to ask my colleagues to pay particular attention to what Mr. Williams about to tell you now with regard to how much money this government spends for the District of Columbia under the same kind of a program that PILT is. I urge you to pay attention to this.

Mr. NOEL WILLIAMS. Thank you, Congressman Williams.

And so, finally, I would mention that this bill will help achieve greater consistency with other congressional programs.

For example, as pointed out by Senator Baucus in his statement for Senate Bill 455, the nearly identical program which compensates the District of Columbia for tax revenue lost by the pres-

ence of federally-owned land and buildings provided the District with \$272 million in 1977.

Every year, this payment has increased to more than keep pace with inflation.

This year, Congress appropriated \$636 million for this purpose, a 134 percent increase.

I respectfully suggest that parity with this and other similar programs would be eminently fair and appropriate.

That concludes my testimony, Mr. Chairman, and I would be happy to respond to any questions.

Will, again, thank you.

Mr. VENTO. We will hear from the other commissioners and other members of the panel before we return for some questions, Mr. Williams.

So we are pleased to welcome Louise Liston, the county commissioner from Garfield County, Utah.

Ms. Liston, please proceed with your statement.

#### STATEMENT OF LOUISE LISTON

Ms. LISTON. Thank you, Mr. Chairman, and good morning committee members, as well:

I am a commissioner from Garfield County, Utah, representing also the National Association of Counties as the Chair of its Public Lands Steering Committee, and as board member of its Western Interstate Region.

I would request that my full statement appear in the record, and I will summarize.

First, Mr. Chairman, I want to thank you for holding this hearing on legislation which is one of the top legislative priorities of the National Association of Counties.

We have a distinct interest because there are 1,789 counties in 49 states that receive payments in lieu of taxes, which is more commonly known as PILT, and for those counties PILT is a critical source of revenue.

Our goals in seeking enactment of H.R. 1181 are twofold.

First, we merely want to capture the original value of the PILT program which was enacted in 1976.

Second, to prevent continuing deterioration of the value of PILT in the future by indexing the program for inflation. If the original program had had this provision, we would not be before you today supporting this legislation.

As the committee knows, the Senate has passed a slightly different bill, S. 455, but it still would respond to our concerns.

The Senate would phase in the increase over 5 years and, like this bill, make it subject to annual appropriations.

We can support those modifications.

Mr. Chairman, Congress has recognized its unique intergovernmental relationship with counties through the PILT program and other natural resource receipt-sharing programs. That is because we the counties provide that basic infrastructure and service that is so vitally needed for the Federal agencies to protect and manage vast amounts of land held as national parks, national forests, wildlife refuges, and other recreational lands.

Ours is a partnership that has benefitted our local communities and enabled the Federal Government to effectively manage the public lands. However, because of the reduced value over the years, it has really become a one-sided responsibility.

Congress needs to address this critical shortfall in the PILT program and, once again, do their part in relieving the burden being placed there.

Mr. Chairman, you are familiar with the statistics of Federal land ownership and the implications for State and local government because of the tax immunity of those public lands.

My home State of Utah is 64 percent federally-owned, and I could recite similar statistics from other western States. Even 10 percent of Arkansas and 10 percent of Florida are owned by the Federal Government. That translates into hundreds of counties that come close to being totally owned and controlled by the Federal Government and not subject to local taxation.

The vast holdings of Federal tax-exempt lands have long deprived many counties of a viable tax base, whether it is Cook County, Minnesota, which is comprised of 69 percent Federal lands, or Monroe County, Florida, with 68 percent; or Snain County, North Carolina, at 71 percent; or Scott County, Arkansas, at 62 percent Federal ownership.

I point out these examples to show there is significant federal ownership in many counties in the Midwest, North, South, and East. This is more than a western program.

By way of illustration, let me describe my own county in Utah:

There are over 5,000 square miles within its boundaries, with over 98 percent of the land in State and Federal ownership. We have more than our share of public lands.

There are three national parks, three State parks, a National Recreation Area, and all are portions of 18 Wilderness Study Areas found there.

With a population of less than 4,000, we are expected to take care of well over 2 million visitors to the parks and thousands of Americans who love to recreate on vast acres of Forest Service and Bureau of Land Management lands.

We handle their solid waste, provide law enforcement services, emergency services, and search and rescue. We try their criminal cases in our courts, and we maintain safe roads for them to travel on.

All this is done on a very limited budget that is being further eroded by loss of taxes due to sawmill closures and increased regulations and appeals which discourage any resource-based industry from even considering development in our area.

Mr. Chairman, the economic, social and environmental concerns facing public-land counties today are overwhelming. Increased demand requires that we provide more and more services with less and less ability to do.

Those services have increased substantially in cost over the past 18 years, but the Federal Government has failed to do their part in helping counties meet those challenges.

PILT payments to counties also provide for more than just basic infrastructure and public services. They are used for conservation purposes, as well.

Flathead County, Montana, uses PILT funds to pay for the water quality monitoring of Flathead Lake and Whitefish Lake. These are essential environmental programs that enable the county to determine the impacts of development projects on the county's most valuable natural resources.

Counties and local governments are in fact in a partnership with the Federal Government to provide services and share in the benefits of public lands.

The most critical question facing public-land States and counties today is: How do we survive on a very limited tax base because of massive Federal ownership of the land? Massive Federal ownership that limits our ability to provide the necessary services that today's society demands. Massive Federal ownership that is threatening our economic vitality and causing extreme hardships due to loss of jobs and changes in our local customs and cultures.

I bring before this committee today a serious and challenging problem. Public-land counties are in a fiscal bind. The alternatives we have to raise revenues to meet vital public services are few indeed. The property tax is over-used, and the public resentment of taxes is at an all-time high.

County user and impact fees now represent 24.2 percent of our revenues, and there is little room for improvement. Revenues from Federal and State programs to local government have fallen dramatically in the past 10 years, as new State and Federal mandates have imposed additional responsibilities.

We firmly believe that the current administration and Congress could do more to help stabilize many rural economies in this Nation by increasing PILT payments than by any other means.

The concerns facing public-land States, counties, and communities are real. Because of location, present lack of funds to improve infrastructure, limited opportunities to diversify, and inability to attract stable, well-paying jobs, most rural communities are struggling to survive.

Like millions of other Americans, I am keenly aware and appreciative of the unmatched beauties of this great country, but I am also keenly aware of the communities, schools, families, and friends who struggle to live in the shadow of those beauties and maintain a quality of life not found in the urban societies.

We are constantly being told that the Nation's public lands belong to all the people. The burden of Federal land ownership should be spread among all the people, as well.

Congress agreed and accepted that responsibility when it enacted PILT in 1976, and we respectfully suggest that it is now time for Congress to renew the commitment and enact this new legislation.

Simply stated, we are looking to Congress as a partner to meet its obligations and help us to cope with our costs for servicing Federal lands owned and used by everyone.

Please, Mr. Chairman, enact H.R. 1181. It is in everyone's best interests.

I thank you for your thoughtfulness on this matter.

[Prepared statement of Ms. Liston and attachments follow:]



STATEMENT OF

LOUISE LISTON

COMMISSIONER, GARFIELD COUNTY, UTAH

REPRESENTING THE NATIONAL ASSOCIATION OF COUNTIES, AS  
THE CHAIR OF ITS' PUBLIC LANDS STEERING COMMITTEE

ON

PAYMENT IN LIEU OF TAXES

H.R. 1181 AND S. 455

BEFORE THE SUBCOMMITTEE ON NATIONAL PARKS, FORESTS AND  
PUBLIC LANDS

U.S. HOUSE OF REPRESENTATIVES

APRIL 28, 1994  
WASHINGTON, D.C.

440 First Street, NW  
Washington, DC 20001-2080  
202/293-6226  
Fax 202/393-2630



MR. CHAIRMAN, MY NAME IS LOUISE LISTON. I AM A COMMISSIONER FROM GARFIELD COUNTY UTAH, REPRESENTING THE NATIONAL ASSOCIATION OF COUNTIES (NACO) AS THE CHAIR OF ITS PUBLIC LANDS STEERING COMMITTEE AND AS A BOARD MEMBER OF ITS WESTERN INTERSTATE REGION.

FIRST, MR. CHAIRMAN, I WANT TO THANK YOU FOR HOLDING THIS HEARING ON LEGISLATION WHICH IS ONE OF THE TOP LEGISLATIVE PRIORITIES FOR THE NATIONAL ASSOCIATION OF COUNTIES. WE HAVE A DISTINCT INTEREST BECAUSE THERE ARE 1,789 COUNTIES IN 49 STATES THAT RECEIVE PAYMENTS-IN-LIEU-OF-TAXES, WHICH IS MORE COMMONLY KNOWN SIMPLY AS **PILT**, AND FOR THOSE COUNTIES, **PILT** IS A CRUCIAL SOURCE OF REVENUE.

OUR GOALS IN SEEKING ENACTMENT OF H.R. 1181 ARE TWO FOLD. FIRST, WE MERELY WANT TO RECAPTURE THE ORIGINAL VALUE OF THE **PILT** PROGRAM WHICH WAS ENACTED IN 1976, BUT HAS NOT HAD AN INCREASE IN AUTHORIZATION LEVELS SINCE THAT TIME. DURING THE INTERVENING 17 YEARS, THE CONSUMER PRICE INDEX HAS RISEN MORE THAN 120%, MEANING THAT IN 1977 DOLLARS, THE **PILT** PROGRAM TODAY IS WORTH LESS THAN HALF OF WHEN ORIGINALLY ENACTED.

OUR SECOND GOAL IS TO PREVENT CONTINUING DETERIORATION OF THE VALUE OF **PILT** IN THE FUTURE BY INDEXING THE PROGRAM FOR INFLATION. IF THE ORIGINAL PROGRAM HAD THIS PROVISION, WE WOULD NOT BE BEFORE YOU TODAY SUPPORTING THIS LEGISLATION. WE BELIEVE THE BILL BEFORE YOU, H.R. 1181, ACCOMPLISHES THESE TWO VERY IMPORTANT GOALS.

AS THE COMMITTEE KNOWS, THE SENATE HAS PASSED A SLIGHTLY DIFFERENT BILL, S.455, BUT IT WOULD STILL RESPOND TO OUR CONCERNS. THE SENATE BILL WOULD PHASE-IN THE INCREASE OVER FIVE YEARS AND MAKE IT SUBJECT TO ANNUAL APPROPRIATIONS. WE CAN SUPPORT THESE MODIFICATIONS.

WHY ARE THE NATION'S PUBLIC LANDS COUNTIES COMING BEFORE THE SUBCOMMITTEE TO ASK FOR AN INCREASE IN PILT AT A TIME WHEN ALL LEVELS OF GOVERNMENT ARE CONCERNED ABOUT THE FEDERAL BUDGET DEFICITS?

THERE IS LITTLE DOUBT THAT FEDERAL OWNERSHIP OF LAND ASSUMES A SPECIAL TRUST AND RESPONSIBILITY. IN 1970, THE WELL RESPECTED *PUBLIC LAND LAW REVIEW COMMISSION* STATED THAT:

"IF THE NATIONAL INTEREST DICTATES THAT LANDS SHOULD BE RETAINED IN FEDERAL OWNERSHIP, IT IS THE OBLIGATION OF THE UNITED STATES TO MAKE CERTAIN THAT THE BURDEN OF THAT POLICY IS SPREAD AMONG ALL THE PEOPLE OF THE UNITED STATES AND NOT BORNE ONLY BY THOSE STATES AND GOVERNMENTS IN WHOSE AREA THE LANDS ARE LOCATED. THEREFORE, THE FEDERAL GOVERNMENT SHOULD MAKE PAYMENTS TO COMPENSATE STATE AND LOCAL GOVERNMENTS FOR THE TAX IMMUNITY OF FEDERAL LAND. TAX IMMUNITY OF THESE PUBLIC LANDS PLACES AN UNFAIR BURDEN ON THE TAXPAYERS WITHIN THE COUNTIES AND LOCAL GOVERNMENT WHERE THE LANDS ARE LOCATED."

MR. CHAIRMAN, CONGRESS RESPONDED AND RECOGNIZED ITS UNIQUE INTERGOVERNMENTAL RELATIONSHIP WITH COUNTIES THROUGH THE PILT PROGRAM AND OTHER NATURAL RESOURCE RECEIPT SHARING PROGRAMS. THAT

IS BECAUSE WE, THE COUNTIES, PROVIDE THE BASIC INFRASTRUCTURE AND SERVICES THAT HAS ALWAYS ENABLED THE FEDERAL AGENCIES TO PROTECT AND MANAGE THE VAST AMOUNT OF LANDS HELD AS NATIONAL PARKS, NATIONAL FORESTS, WILDLIFE REFUGES, AND OTHER RECREATIONAL LANDS.

OURS IS A PARTNERSHIP THAT HAS BENEFITED OUR LOCAL COMMUNITIES AND ENABLED THE FEDERAL GOVERNMENT TO EFFECTIVELY MANAGE THE PUBLIC LANDS. HOWEVER, BECAUSE OF THE REDUCED VALUE OVER THE YEARS, CONGRESS NEEDS TO ADDRESS THIS CRITICAL SHORTFALL IN THE PILT PROGRAM AND ONCE AGAIN, DO THEIR PART IN RELIEVING THE BURDEN BEING PLACED.

MR. CHAIRMAN, YOU ARE FAMILIAR WITH THE STATISTICS OF FEDERAL LAND OWNERSHIP, AND THE IMPLICATIONS FOR STATE AND LOCAL GOVERNMENT BECAUSE OF THE TAX IMMUNITY OF THOSE PUBLIC LANDS. MY HOME STATE OF UTAH IS 64% FEDERALLY OWNED, COLORADO HAS 34% OF ITS LAND IN FEDERAL OWNERSHIP, NEVADA, 82%; CALIFORNIA, 61%; NEW MEXICO, 33%; OREGON, 48%%; IDAHO, 64%. EVEN 10% OF ARKANSAS AND 10% OF FLORIDA ARE OWNED BY THE FEDERAL GOVERNMENT. THAT TRANSLATES INTO HUNDREDS OF COUNTIES THAT COME CLOSE TO BEING TOTALLY OWNED AND CONTROLLED BY THE FEDERAL GOVERNMENT AND NOT SUBJECT TO LOCAL TAXATION.

THESE VAST HOLDINGS OF FEDERAL TAX EXEMPT LANDS HAVE LONG DEPRIVED MANY COUNTIES OF A VIABLE TAX BASE, WHETHER IT IS COOK COUNTY, MINNESOTA WHICH IS COMPRISED OF 69% FEDERAL LANDS, OR MONROE COUNTY, FLORIDA AT 68%; OR CLEAR CREEK COUNTY, COLORADO, AT 74% ; OR SNAIN COUNTY, NORTH CAROLINA AT 71%; OR SCOTT COUNTY, ARKANSAS AT 62% FEDERAL OWNERSHIP. I POINT OUT THESE EXAMPLES TO SHOW THERE IS

SIGNIFICANT FEDERAL OWNERSHIP IN MANY COUNTIES IN THE MID-WEST, NORTH, SOUTH, AND EAST. THIS IS MORE THAN A "WESTERN" PROGRAM.

BUT PILT IS IMPORTANT TO THE WEST. IN NEW MEXICO, PILT PAYMENTS COMPRISE OVER 50 PERCENT OF THE GENERAL OPERATING BUDGET OF SIX COUNTIES AND OVER 40 PERCENT IN ANOTHER FIVE. IN OTERO COUNTY NEW MEXICO, PILT PAYMENTS REPRESENT ALMOST 80 PERCENT OF THEIR BUDGET REVENUE.

BY WAY OF ILLUSTRATION, LET ME DESCRIBE MY COUNTY IN UTAH. THERE ARE OVER 5,000 SQUARE MILES WITHIN ITS BOUNDARIES, WITH OVER 98% OF THE LAND IN STATE AND FEDERAL OWNERSHIP, WE HAVE MORE THAN OUR SHARE OF PUBLIC LANDS. THERE ARE THREE NATIONAL PARKS, THREE STATE ARKS, A NATIONAL RECREATION AREA, AND ALL OR PORTIONS OF EIGHTEEN WILDERNESS STUDY AREAS FOUND THERE. WITH A POPULATION OF LESS THAN 4,000 WE ARE EXPECTED TO TAKE CARE OF WELL OVER TWO MILLION VISITORS TO THE PARKS AND THOUSANDS OF AMERICANS WHO LOVE TO RECREATE ON VAST ACRES OF FOREST SERVICE AND BUREAU OF LAND MANAGEMENT LANDS. WE HANDLE THEIR WASTE, PROVIDE LAW ENFORCEMENT SERVICES, EMERGENCY SERVICES, SEARCH AND RESCUE, WE TRY THEIR CRIMINAL CASES IN OUR COURTS, AND MAINTAIN SAFE ROADS FOR THEM TO TRAVEL ON. ALL THIS IS DONE ON A VERY LIMITED BUDGET THAT IS BEING FURTHER ERODED BY LOSS OF TAXES DUE TO SAWMILL CLOSURES AND INCREASED REGULATIONS AND APPEALS WHICH DISCOURAGE ANY RESOURCE-BASED INDUSTRY FROM EVEN CONSIDERING DEVELOPMENT IN OUR AREA.

MR. CHAIRMAN, THE ECONOMIC, SOCIAL AND ENVIRONMENTAL CONCERNS FACING PUBLIC LAND COUNTIES TODAY ARE OVERWHELMING. INCREASED

DEMAND REQUIRES THAT WE PROVIDE MORE AND MORE SERVICES WITH LESS AND LESS ABILITY TO DO SO. THOSE SERVICES HAVE INCREASED SUBSTANTIALLY IN COST OVER THE PAST 20 YEARS, BUT THE FEDERAL GOVERNMENT HAS REFUSED TO DO THEIR PART IN HELPING COUNTIES MEET THOSE CHALLENGES.

PILT PAYMENTS GO DIRECTLY INTO OUR GENERAL FUNDS WITH NO RESTRICTIONS ON HOW THE MONEY IS SPENT. INDIVIDUAL COUNTIES ALLOCATE REVENUES ACCORDING TO THEIR INDIVIDUAL NEEDS AND THEIR OWN UNIQUE CONDITIONS. BUT NACO SURVEYS HAVE SHOWN THAT COUNTIES IDENTIFY FOUR PRIORITY AREAS WHERE PILT FUNDS ARE ALLOCATED: ROAD MAINTENANCE, LAW ENFORCEMENT, SEARCH AND RESCUE OPERATIONS, AND OTHER EMERGENCY SERVICES. EACH OF THESE ACTIVITIES RELATE DIRECTLY TO THE USE OF PUBLIC LANDS BY CITIZENS WHO COME TO VISIT AND RECREATE IN NATIONAL PARKS, NATIONAL FORESTS, WILDLIFE REFUGES AND OTHER LANDS MANAGED BY THE BUREAU OF LAND MANAGEMENT (BLM).

AS YOU KNOW, ACCESS TO THESE AREAS IS CRITICAL. COUNTIES MAINTAIN THE ROADS LEADING TO MANY PUBLIC LANDS AREAS. IN SOME CASES, THEY HAVE JOINT RESPONSIBILITIES WITH FEDERAL AGENCIES FOR MAINTENANCE AND REPAIR OF BLM AND FOREST SERVICE ACCESS ROADS. THE ROAD AND BRIDGE INFRASTRUCTURE OF MANY PUBLIC LANDS COUNTIES IS IN POOR CONDITION AS FEDERAL, STATE AND LOCAL GOVERNMENTS HAVE SOUGHT TO CANCEL OR DEFER CAPITAL PROJECTS TO ADDRESS BUDGET DEFICITS.

LAW ENFORCEMENT DEMANDS TO PUBLIC LANDS AREAS HAVE INCREASED WITH THE GROWING NUMBER OF VISITORS. COUNTY LAW ENFORCEMENT OFFICIALS WORK CLOSELY WITH FEDERAL AGENCIES TO PROVIDE PROTECTION AND

ENFORCEMENT SERVICES. PUBLIC LANDS COUNTIES REPORT UNUSUALLY HIGH ARREST FIGURES FOR TRANSIENTS, ESPECIALLY DURING THE PEAK VISITATION MONTHS. NOT ONLY DOES THIS IMPACT LOCAL COURT SYSTEMS, IT PUTS ADDITIONAL STRAIN ON JAIL FACILITIES WHICH ALREADY ARE UNDER STRESS. IN BOISE COUNTY, IDAHO, FOR EXAMPLE, COURT EXPENDITURES FOR TWO MURDER CASES WHICH OCCURRED ON PUBLIC LANDS HAVE COST THE COUNTY OVER \$300,000 IN DIRECT COSTS.

MANY COUNTY OFFICIALS ARE SERIOUSLY CONCERNED ABOUT HIGH COSTS OF SEARCH AND RESCUE AND EMERGENCY SERVICE OPERATIONS ON PUBLIC LANDS. SEVERAL YEARS AGO, OFFICIALS IN CLEAR CREEK COUNTY, COLORADO CONDUCTED A TWO WEEK SEARCH FOR A MISSING HIKER WHICH RESULTED IN A TOTAL COST OF OVER \$300,000. AGAIN LAST YEAR, A SIMILAR SEARCH FOR MISSING CROSS COUNTRY SKIERS WHICH RECEIVED NATION WIDE PUBLICITY INCURRED SIMILAR COSTS TO PITKIN COUNTY. THESE VERY HIGH AND UNPREDICTABLE OUTLAYS DO SEVERE DAMAGE TO LOCAL BUDGETS. WE ACKNOWLEDGE THAT ROAD MAINTENANCE, LAW ENFORCEMENT, SEARCH AND RESCUE AND EMERGENCY OPERATIONS ARE NECESSARY AND COUNTIES HAVE AN OBLIGATION TO PROVIDE THEM. HOWEVER, IN MOST CASES, WE OPERATE WITH VOLUNTEERS AND OUR RESOURCES ARE INADEQUATE.

IN ADDITION TO THESE SERVICES, I NEED TO MENTION THE DISPOSAL OF SOLID WASTE. FOR COUNTIES THAT SERVICE PUBLIC LANDS, THE PROBLEM BECOMES EVEN MORE ACUTE. WITH INCREASED VISITATION AND THE EMPHASIS ON TOURISM TO HELP RURAL ECONOMIES, SOLID WASTE DISPOSAL IS BECOMING CRITICAL. IN MANY COUNTIES, LIKE MY OWN, THE VOLUME OF SOLID WASTE IS UNBELIEVABLY HIGH DURING THE SUMMER MONTHS AS VISITORS AND PART TIME

RESIDENTS DESCEND ON COMMUNITIES IN AND AROUND PUBLIC LANDS. THE ISSUE OF FINDING DISPOSAL SITES ADEQUATE FOR INCREASED VOLUMES AT A TIME WHEN FEDERAL LANDS ARE NO LONGER AVAILABLE FOR THIS USE.

HARNEY COUNTY, OREGON PROVIDES EIGHT RURAL SOLID WASTE DISPOSAL SITES THAT PRIMARILY SERVICE FEDERAL LANDS AT A COST OF \$20,000 PER YEAR. IN ORDER TO MEET NEW LANDFILL STANDARDS ENACTED BY CONGRESS, THEY ARE NOW FACING A COST OF OVER \$800,000 A YEAR BY 1995. IF THE FEDERAL GOVERNMENT DOES NOT SHARE IN SOME OF THE RESPONSIBILITY FOR IMPLEMENTING THESE NEW LANDFILL STANDARDS, HARNEY COUNTY AND EVERY OTHER PUBLIC LANDS COUNTY FACING THESE SAME REQUIREMENTS WILL BE HARD PRESSED TO PROVIDE SOLID WASTE SERVICES IN OUR COMMUNITIES. WHILE THE COSTS OF PROVIDING THESE SERVICES HAVE RISEN, PILT PAYMENTS HAVE REMAINED STATIC.

PILT PAYMENTS TO COUNTIES ALSO PROVIDE FOR MORE THAN JUST BASIC INFRASTRUCTURE AND PUBLIC SERVICES. THEY ARE USED FOR CONSERVATION PURPOSES AS WELL. FLATHEAD COUNTY, MONTANA USES PILT FUNDS TO PAY FOR THE WATER QUALITY MONITORING OF FLATHEAD LAKE AND WHITEFISH LAKE. THESE ARE ESSENTIAL ENVIRONMENTAL PROGRAMS THAT ENABLE THE COUNTY TO DETERMINE THE IMPACTS OF DEVELOPMENT PROJECTS ON THE COUNTY'S MOST VALUABLE NATURAL RESOURCES.

WE ARE BEFORE CONGRESS TODAY ASKING THAT THE PILT PROGRAM BE ADJUSTED TO BRING THE PAYMENTS TO COUNTIES AND LOCAL GOVERNMENTS BACK TO THE SAME LEVEL OF COMPENSATION AS WHEN FIRST ADOPTED BY CONGRESS. IN 1976, WHEN THE PROGRAM WAS ORIGINALLY ENACTED INTO LAW , THE PROPERTY TAX

ACCOUNTED FOR 26% OF COUNTY "OWN SOURCE" REVENUES. AS YOU CAN SEE BY THE CHART WE HAVE INCLUDED (FIGURE 1), COUNTIES ARE EVEN MORE DEPENDENT ON THE PROPERTY TAX TO RAISE REVENUES. TODAY, 43.7% OF OUR REVENUES COME FROM THE PROPERTY TAX. IN PUBLIC LANDS COUNTIES ACROSS THE NATION, THIS PLACES ADDITIONAL PRESSURES ON SCARCE PRIVATE PROPERTY. WE ARE REACHING THE SATURATION POINT IN TERMS OF PROPERTY TO TAX AND WILLINGNESS ON THE PART OF THE CITIZENS TO ENDURE PROPERTY TAX INCREASES.

MR. CHAIRMAN, WE ARE FURTHER SQUEEZED BY PROPERTY TAX LIMITATION MEASURES THAT HAVE BEEN ENACTED IN 30 STATES. JUST THIS PAST YEAR, FOR EXAMPLE, ANOTHER CITIZEN INITIATIVE IN COLORADO PLACED AN IMMEDIATE CAP ON LOCAL PROPERTY TAXES. FOR COUNTIES LIKE JACKSON COUNTY, COLORADO, IN WHICH OVER HALF OF THE LAND IS OWNED BY THE FEDERAL GOVERNMENT, THOSE CONSTRAINTS MAKE THE **PILT** PAYMENTS EVEN MORE CRITICAL. ADDITIONAL PROPERTY TAXES ON PRIVATE LANDS MUST NOW BE SUBJECTED TO A PUBLIC REFERENDUM. IN THE CURRENT ECONOMIC AND POLITICAL CLIMATE, VOTERS ARE JUST SAYING NO TO NEW TAXES, LEAVING COUNTIES WITH FEW ALTERNATIVES FOR RAISING NEW REVENUES.

ANOTHER ANALYSIS DONE BY NACO COMPARED COUNTY REVENUES AND EXPENDITURES OVER A TEN YEAR PERIOD. IT ROUGHLY CORRESPONDS TO THE PERIOD OF TIME SINCE THE ENACTMENT OF THE **PILT** PROGRAM. IN THAT TEN-YEAR ANALYSIS, COMPARING CURRENT DOLLARS, FROM 1978 TO 1988, COUNTY PROPERTY TAXES HAVE INCREASED BY 127 PERCENT (FIGURE 2), YET **PILT** HAS NOT.

DATA FROM A NACO 1991 COUNTY REVENUE SURVEY INDICATES THAT 90% OF THE COUNTIES ARE RESPONDING TO THE CURRENT BUDGET SHORTFALLS BY CUTTING EXPENDITURES. TOPPING THE LIST OF ITEMS TO BE CUT ARE CAPITAL PROJECTS. FULLY 58% OF THE COUNTIES INDICATED THAT THEY WOULD CUT OR DELAY INFRASTRUCTURE PROJECTS TO CUT EXPENSES. ELIMINATING OR DELAYING ROADS AND BRIDGE CONSTRUCTION AND OTHER CAPITAL PROJECTS COULD IMPAIR THE ABILITY OF CITIZENS TO GAIN EASY AND SAFE ACCESS TO POPULAR RECREATION AND SCENIC AREAS.

THE NEXT MOST POPULAR CHOICE IN REDUCING EXPENDITURES IS TO ELIMINATE PERSONNEL. OF THE COUNTIES RESPONDING TO THE SURVEY, 38% INDICATED THAT THEY WOULD REDUCE PERSONNEL TO SAVE MONEY. REDUCING COUNTY PERSONNEL WILL ALSO HAVE AN ADVERSE IMPACT ON THE COUNTY SERVICES TO PUBLIC LANDS USERS.

COUNTIES AND LOCAL GOVERNMENTS ARE, IN FACT, IN A PARTNERSHIP WITH THE FEDERAL GOVERNMENT TO PROVIDE SERVICES AND SHARE IN THE BENEFITS OF PUBLIC LANDS. NATIONAL PARKS, NATIONAL FORESTS, NATIONAL WILDLIFE REFUGES, BUREAU OF RECLAMATION LANDS, CORPS OF ENGINEERS LANDS AND BUREAU OF LAND MANAGEMENT LANDS ARE WOVEN INTO THE FABRIC OF COMMUNITIES IN THE 1789 PUBLIC LAND COUNTIES NATIONWIDE. THIS UNIQUE AND LONG LASTING RELATIONSHIP HAS EXISTED SINCE THE BEGINNING OF THE 20TH CENTURY WHEN THE FEDERAL GOVERNMENT BEGAN TO FORMALLY SHARE WITH COUNTIES THE ECONOMIC BENEFIT OF THE COUNTRY'S VAST NATURAL RESOURCES LOCATED ON PUBLIC LANDS.

AGENCIES OF THE DEPARTMENTS OF INTERIOR AND AGRICULTURE HAVE WORKED CLOSELY WITH THE MOSTLY RURAL COMMUNITIES THAT ARE LOCATED NEAR PUBLIC LANDS TO PROVIDE FOR SOME MEASURE OF ECONOMIC STABILITY. THEY SHOULD BE COMMENDED FOR THEIR WILLINGNESS TO ASSIST. IN TURN, THESE COMMUNITIES, AND THEIR LOCAL GOVERNMENTS, PROVIDE VITAL SERVICES TO THE AGENCY EMPLOYEES WHO MANAGE PUBLIC LANDS AND THE CITIZENS WHO VISIT OUR VAST PUBLIC LANDS AND USE THE BOUNTY OF OUR NATURAL RESOURCES. THE SERVICES COUNTIES PROVIDE TO SUPPORT PUBLIC LANDS HAVE SUFFERED FROM A LACK OF ADEQUATE REVENUES FROM PILT AND THEY WILL SUFFER EVEN MORE IF ADDITIONAL REVENUES ARE NOT PROVIDED FOR IN THE PILT PROGRAM.

IT IS IMPORTANT TO POINT OUT THAT A PRIMARY FACTOR IN THE INCREASING DEMAND FOR PUBLIC SERVICES TO PUBLIC LANDS IS THE INCREASE IN DEMAND FOR OUTDOOR RECREATION ON THE PART OF THE AMERICAN PEOPLE FROM ALL PARTS OF THE COUNTRY. AS THIS SUBCOMMITTEE IS WELL AWARE, THE NATIONAL PARK SERVICE RECORDED 239 MILLION VISITORS IN 1980 AND BY 1990, THE TOTAL NUMBER OF VISITOR TO ALL NATIONAL PARKS INCREASED BY 20 MILLION VISITORS TO 258 MILLION PEOPLE. THE STRESS THIS HAS PLACED ON THE PARK SYSTEM HAS BEEN WELL DOCUMENTED. THE LARGE INCREASES ALSO HAVE IMPLICATIONS FOR COUNTIES WHICH ARE THE ONLY GOVERNMENTAL UNIT THAT CAN ATTEMPT TO COPE WITH ADDITIONAL DEMANDS FOR SERVICES.

TRADITIONALLY, VISITORS HAVE BEEN ATTRACTED TO THE NATIONAL PARKS AND OTHER RECREATION AREAS BECAUSE MANY PUBLIC SERVICES HAVE BEEN PROVIDED. MANY OF THESE LARGER NATIONAL PARKS AND RECREATION AREAS ARE NOW BECOMING CROWDED, AND, IN SOME CASES SUCH AS YELLOWSTONE

AND YOSEMITE, AND MAY BE REACHING FULL CAPACITY. AS THIS PHENOMENA OCCURS, CITIZENS FROM AROUND THE COUNTRY ARE SEEKING LESS CROWDED AREAS WITH FEWER FACILITIES SUCH AS THE NATIONAL FORESTS. NOW THESE AREAS ARE BEGINNING TO CREATE ADDITIONAL DEMANDS FOR INCREASED COUNTY SERVICES IN MANY OF THE MORE RURAL AREAS OF THE COUNTRY.

THE U.S. FOREST SERVICE, IN 1980, REPORTED 234 MILLION RECREATION VISITOR DAYS TO THE NATIONAL FORESTS. BY 1985, VISITATION HAD ACTUALLY DROPPED TO 225 MILLION VISITOR DAYS. HOWEVER, IN 1990, THE NUMBER OF VISITOR DAYS HAD INCREASED DRAMATICALLY BY 38 MILLION TO 263 MILLION RECREATION VISITOR DAYS.

IN FACT, OFFICIALS FROM THE NATIONAL PARK SERVICE TELL US THAT WHILE THE INCREASE IN VISITATION TO THE LARGER NATIONAL PARKS SEEMS TO BE LEVELING OFF, THE SMALLER PARKS AND MONUMENTS ARE SEEING BIGGER INCREASES. THE VISITATION PATTERNS TODAY INDICATE THAT PEOPLE ARE ALSO STRETCHING OUT THE TRADITIONAL PEAK SEASON, AS MORE FLEXIBLE WORK HOURS AND THE DESIRE TO AVOID CROWDED PARKS BECOME PRIME FACTORS IN VACATION DECISIONS. AGAIN, ALL OF THESE TRENDS REINFORCE THE INCREASING DEMANDS FOR SERVICES TO PUBLIC LANDS AT A TIME WHEN COUNTY GOVERNMENTS ARE STRUGGLING TO MAINTAIN BALANCED BUDGETS.

MR. CHAIRMAN, THE MOST CRITICAL QUESTION FACING PUBLIC LAND STATES AND COUNTIES IS, "HOW DO WE SURVIVE ON A VERY LIMITED TAX BASE BECAUSE OF MASSIVE FEDERAL OWNERSHIP OF THE LAND?" MASSIVE FEDERAL OWNERSHIP THAT LIMITS OUR ABILITY TO PROVIDE THE NECESSARY SERVICES THAT TODAY'S SOCIETY DEMANDS? MASSIVE FEDERAL OWNERSHIP THAT IS THREATENING OUR

ECONOMIC VITALITY AND CAUSING EXTREME HARDSHIPS DUE TO LOSS OF JOBS AND CHANGES IN OUR LOCAL CUSTOMS AND CULTURES? I BRING BEFORE THIS COMMITTEE TODAY A SERIOUS AND CHALLENGING PROBLEM. WILL YOU HELP US SOLVE IT? PUBLIC LANDS COUNTIES ARE IN A FISCAL BIND. THE ALTERNATIVES WE HAVE TO RAISE REVENUES TO MEET VITAL PUBLIC SERVICES ARE FEW INDEED. THE PROPERTY TAX IS OVERUSED AND THE PUBLIC RESENTMENT OF TAXES IS AT AN ALL TIME HIGH. COUNTY USER AND IMPACT FEES NOW REPRESENT 24.2% OF OUR REVENUES AND THERE IS LITTLE ROOM FOR IMPROVEMENT. REVENUES FROM FEDERAL AND STATE PROGRAMS TO LOCAL GOVERNMENTS HAVE FALLEN DRAMATICALLY IN THE PAST TEN YEARS AS NEW STATE AND FEDERAL MANDATES HAVE IMPOSED ADDITIONAL RESPONSIBILITIES ON LOCAL GOVERNMENTS WITHOUT THE FUNDS TO PAY FOR THEM. STATE WIDE TAX LIMITATION MEASURES ARE ANOTHER FORMIDABLE BARRIER THROWN IN OUR PATHS. WE FIRMLY BELIEVE THAT THE CURRENT ADMINISTRATION AND CONGRESS COULD DO MORE TO HELP STABILIZE MANY RURAL ECONOMIES IN THIS NATION BY INCREASING PILT PAYMENTS THAN BY ANY OTHER MEANS.

THE CONCERNS FACING PUBLIC LANDS STATES, COUNTIES AND COMMUNITIES ARE REAL. BECAUSE OF LOCATION, PRESENT LACK OF FUNDS TO IMPROVE INFRASTRUCTURE, LIMIT OPPORTUNITIES TO DIVERSIFY, AND INABILITY TO ATTRACT STABLE, WELL-PAYING JOBS, MOST RURAL COMMUNITIES ARE STRUGGLING TO SURVIVE. A LIST OF TEN ENDANGERED COMMUNITIES WAS ONCE AGAIN RELEASED BY THE NATIONAL ASSOCIATION OF COUNTIES EARLY LAST NOVEMBER. THOSE TEN COMMUNITIES REPRESENT HUNDREDS OF OTHER RESOURCE DEPENDENT COMMUNITIES THAT ARE SUFFERING FROM THE SAME IMBALANCE OF DECISIONS BY THE FEDERAL GOVERNMENT ON HOW PUBLIC LANDS ARE USED. MY OWN COMMUNITY OF ESCALANTE, UT IS ONE OF THOSE

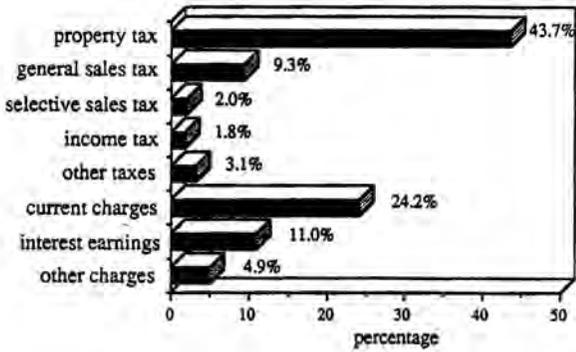
ENDANGERED COMMUNITIES. TWO OF THE COMMUNITIES ON THE LIST HAVE ALREADY BECOME EXTINCT. (FIGURE 3)

LIKE MILLIONS OF OTHER AMERICANS, I AM KEENLY AWARE AND APPRECIATIVE OF THE UNMATCHED BEAUTIES OF THIS GREAT COUNTRY, BUT I AM ALSO KEENLY AWARE OF THE COMMUNITIES, SCHOOLS, FAMILIES AND FRIENDS WHO STRUGGLE TO LIVE IN THE SHADOW OF THOSE BEAUTIES AND MAINTAIN A QUALITY OF LIFE NOT FOUND IN URBAN SOCIETIES. WE ARE CONSTANTLY BEING TOLD THAT THE NATION'S PUBLIC LANDS BELONG TO ALL THE PEOPLE. WE FULLY SUPPORT THE *PUBLIC LAND LAW REVIEW COMMISSION'S* ASSERTION THAT THE BURDEN OF FEDERAL LAND OWNERSHIP SHOULD BE SPREAD AMONG ALL THE PEOPLE OF THE UNITED STATES. CONGRESS AGREED AND ACCEPTED THAT RESPONSIBILITY WHEN IT ENACTED PILT IN 1976 AND WE RESPECTFULLY SUGGEST THAT IT IS NOW TIME FOR CONGRESS TO RENEW THE COMMITMENT AND ENACT THIS NEW AUTHORIZATION LEGISLATION.

SIMPLY STATED, WE ARE LOOKING TO CONGRESS, AS A PARTNER, TO MEET ITS OBLIGATIONS AND HELP US TO COPE WITH OUR COSTS FOR SERVICING FEDERAL LANDS OWNED, AND USED, BY EVERYONE. PLEASE ENACT H.R.1181 IMMEDIATELY, IT IS IN EVERYONE'S BEST INTEREST.

FIGURE 1

**Types of Revenue Sources As A Percentage Of  
County Own-Source Revenue,  
FY 1988-89**



Source: *County Government Finances: 1988-89*, U.S. Bureau of the Census.

FIGURE 2

NATIONAL ASSOCIATION OF COUNTIES  
 TEN YEAR ANALYSIS OF COUNTY REVENUES AND EXPENDITURES- FY1976-79 & FY1987-90  
 MEASURED IN BOTH CURRENT DOLLARS AND CONSTANT (INFLATION ADJUSTED) 1982 DOLLARS  
 (Figures in Million of Dollars)

	CURRENT DOLLARS		CONSTANT 1982 DOLLARS	
	FY1976-79	FY1987-90	FY1976-79	FY1987-90
<b>REVENUES</b>				
TOTAL REVENUES	61,418	110,242	72,319	89,701
INTERGOVERNMENTAL REVENUES	23,971	26,434	33,402	31,437
From FEDERAL GOVERNMENT*	4,941	2,443	6,949	2,151
From STATE GOVERNMENTS	18,070	24,414	26,453	29,002
GENERAL REVENUE FROM OWN SOURCES	36,447	79,805	38,917	56,248
Taxes	23,096	40,433	23,863	39,442
PROPERTY	13,047	29,149	18,379	24,150
SALES	2,959	7,793	3,455	4,240
OTHER (Includes Income Tax)	1,291	3,155	1,634	2,400
CHARGES & MISCELLANEOUS	9,349	24,895	13,146	21,091
CURRENT CHARGES	6,677	16,103	9,371	13,149
DEBT PROCEEDINGS	3,219	7,109	1,744	6,449
SALES OF PROPERTY	55	119	77	94
UTILITY REVENUE	420	1,291	993	1,042
LIQUOR STORE REVENUE	170	261	239	204
EMPLOYEE RETIREMENT REVENUE	676	2,441	977	2,149
<b>EXPENDITURES</b>				
TOTAL EXPENDITURES	50,495	107,260	71,174	98,074
INTERGOVERNMENTAL EXPENDITURE	2,799	6,061	3,982	4,134
DIRECT EXPENDITURE	47,694	97,922	67,332	79,674
EDUCATION	7,648	16,239	10,444	12,371
HOUSING	297	943	656	462
PUBLIC WELFARE	9,409	16,049	11,244	9,822
HOSPITALS	5,221	10,695	7,243	8,674
HEALTH	2,604	4,499	3,925	49,02
FIREMANS	4,671	8,400	4,670	4,125
POLICE PROTECTION	2,376	5,943	3,970	4,524
CONSERVATION	428	1,201	602	4,018
DEVELOPMENT	1,416	6,207	2,197	4,131
WATER SUPPLY	1,201	3,414	1,197	2,672
PARKE AND RECREATION	994	1,944	1,384	1,923
WATERAL RESOURCES	487	1,109	764	702
<b>CHANGES</b>				
TOTAL CHANGES	10,923	3,082	1,145	1,627
INTERGOVERNMENTAL EXPENDITURE	1,174	1,174	1,174	1,174
DIRECT EXPENDITURE	9,749	1,908	29	453
EDUCATION	1,474	1,474	1,474	1,474
HOUSING	646	646	646	646
PUBLIC WELFARE	1,833	1,833	1,833	1,833
HOSPITALS	1,388	1,388	1,388	1,388
HEALTH	2,073	2,073	2,073	2,073
FIREMANS	2,294	2,294	2,294	2,294
POLICE PROTECTION	1,657	1,657	1,657	1,657
CONSERVATION	1,785	1,785	1,785	1,785
DEVELOPMENT	1,915	1,915	1,915	1,915
WATER SUPPLY	1,216	1,216	1,216	1,216
PARKE AND RECREATION	987	987	987	987
WATERAL RESOURCES	487	487	487	487

\* Inter-governmental Revenue from State Governments include Federal pass through funds (funds originally from the Federal Government but transferred through the State)

Compiled from Data from the U.S. Bureau of the Census (Inv. est. 107)

FIGURE 3

## AMERICA'S ENDANGERED COMMUNITIES

### Two communities die, six others added to endangered list

The National Association of Counties has updated its list of 10 communities that are in danger of becoming extinct because of restrictions on uses of public lands.

These communities, which are all located in the Western United States, are currently experiencing severe economic hardship. Jobs have been eliminated due to changes in federal policy and court decisions that have subsequently drastically reduced the availability of federal natural resources vital for local community industries.

Endangered communities are those communities in which the federal government owns large tracts of land and whose economic livelihoods are threatened by restrictive public land management policies by the federal government. The 10 endangered communities selected are representative of many communities that could also be on the list. Limitations on logging, recreation, mining and cattle grazing have caused these communities' economies to falter and have placed a severe strain on counties that provide needed services.

Most of the revenue raised from the sale of natural resources and recreation fees from federal land goes to the federal treasury, with a portion going back to the counties via the 25 percent fund. The counties typically depend on the 25 percent fund to substantially finance their community schools and roads.

In October 1990, the communities named to NACO's endangered

communities list were Walden, Colorado; Horseshoe Bend, Idaho; Columbia Falls, Montana; Jarbridge, Nevada; Reserve, New Mexico; Williston, North Dakota; Mill City, Oregon; Escalante, Utah; and Cima and Weed, California.

In October 1993, the 10 endangered communities list was updated. NACO's Public Lands Steering Committee examined the 1990 list, determined the current status of communities on the 1990 list, updated the list and nominated replacement communities to maintain a list of 10 communities.

The communities of Horseshoe Bend, Idaho; Columbia Falls, Montana; Williston, North Dakota and Weed, California, were removed from the list and upgraded from endangered to threatened. Economic conditions have improved in these communities largely through enlightened federal land use policies. Local industries dependent on natural resources and recreation fees from public lands are still in economic trouble or have gone out of business.

The communities of Cima, California and Jarbridge, Nevada, are essentially extinct.

The 1990 communities of Walden, Colorado; Reserve, New Mexico; Mill City, Oregon and Escalante, Utah remain on the 1993 list. The communities of Happy Camp and Portola, California; Elk City, Idaho; Ukiyah, Oregon; Troy, Montana and Encampment, Wyoming were selected to complete the 1993 list.

AN AMERICAN ENDANGERED COMMUNITY
----------------------------------

## ESCALANTE, UTAH



*County:* Garfield  
*Population:* Escalante 800; Garfield  
 County 4,050  
*Major Industry:* Forest Products

### MAJOR ECONOMIC IMPACTS:

Escalante will remain listed as an endangered community. Escalante is especially challenged because it has a large dependency on forest resources and relies on federal timber supply. Many industries are currently restricted due to litigation.

### BACKGROUND:

Escalante covers roughly 650 acres. The population of 800 includes 120 children and a large percentage of retired couples from other states. Escalante has two grocery stores, two churches and three gasoline stations.

Like many other Endangered Communities dependent on resources from federal land, Escalante's economy is currently suffering. Many young adults are leaving the area due to lack of employment. It is very clear that Escalante's economy is threatened by appeals, litigation, uncertain land use decisions and government regulations.

Approximately 2/3's of Escalante's employment is historically linked to public lands. The town sawmill recently was shut

down and now is dismantled and gone. The mill employed 120 people. No other major employment has developed to replace the loss. Possible changes in the 1872 Mining Law and potential increases in grazing fees are causing uncertainty in these resource areas. Federal agencies and tourism are the remaining major employers.

Legislation tied to pollution prevention has halted coal exploration. A major carbon dioxide deposit exists north of Escalante but leases have been appealed due to suggested impacts on adjacent federal lands. The local sawmill closed due to timber sale appeals severely reducing the mill's log supply. Local ranchers with grazing permits on federal land fear they will be out of business if federal grazing rates are raised.

Escalante citizens are working on starting up a new "stud mill" that will manufacture smaller stock lumber and employ 25-30 people. The mill will be operational in summer 1994. The local environmental groups support the mill's concept.

Tourism is a growing industry, although it will not totally solve Escalante's economic problems. Escalante is located between Bryce Canyon National Park and Capitol Reef National Park. Currently Escalante is not a destination tourism point but a place to drive through. Local citizens are working hard to change this.

For these reasons, although Escalante is working hard to improve employment conditions, it is listed as one of America's Endangered Communities by the National Association of Counties.

### ESCALANTE CONTACTS:

Mayor Clem Griffin, (801) 826-4303; City Office, (801) 826-4644; Garfield County Commissioner Louise Liston, (801) 826-4363.

Mr. VENTO. Thank you, Ms. Liston.

We are pleased to welcome Mr. George Enneking, the commissioner from Idaho County, Idaho, a county bigger than the State of Connecticut, I guess, based on Mr. LaRocco's comments.

#### STATEMENT OF GEORGE ENNEKING

Mr. ENNEKING. Thank you, Mr. Chairman, members of the committee:

My name is George Enneking. I am commissioner from Idaho County, Idaho. I am also on the board of directors of the Western Interstate Region of Counties and National Association of Counties.

I also Chair the National Association of Counties' Natural Resource Payments Subcommittee.

I am testifying in support of H.R. 1181, Representative Pat Williams' bill to increase payments in lieu of taxes' authorization to restore the dollar value lost between inflation over the last 18 years.

The cost of living has gone up 120 percent in that time. The PILT authorization level has not changed.

Mr. Chairman, in my view most of the recent legislative and regulatory activity affecting public land has undercut the foundation of counties dependent upon natural resource utilization.

Idaho County contains 5.5 million acres, of which 4.5 million acres are public lands, approximately 82-83 percent.

There are all or parts of six national forests within the county, and four wilderness areas, representing the largest wilderness acreage in the lower 48 States.

The people of Idaho County are very concerned about the management of these lands and the revenues derived from them. Because of the requirements of the Endangered Species Act to protect habitat, many of the county's mills are forced to curtail their operations, which is putting people out of work.

Unemployed workers cannot pay taxes.

The county's revenue from the 25 percent fund for roads and schools will be greatly reduced, as well, putting an additional burden on property taxes.

For example, in fiscal year 1992 Idaho County received \$4.4 million from the 25 percent fund. In fiscal year 1993, only \$4 million. And with the present timber sales at only 25 percent of traditional levels, even with increased prices and effective consultation, we might be lucky to receive \$2 million in fiscal year 1995.

There are also ongoing discussions about adding additional wilderness acreage in Idaho which would further undercut the fund.

The entire budget of my county is \$7 million. So the \$2 million shortfall between 1993 and today will be devastating and cannot be made up by property taxes alone.

Payments in lieu of taxes represents a very important part of our county's revenue. The portion of our current budget that provides services associated with public lands is approximately \$1.2 million.

These services include search and rescue, law enforcement, solid waste disposal, road access, among other things.

Idaho County currently receives \$434,000 from payments in lieu of taxes under the present formula, approximately one-third of the cost of the services that we provide.

If one fairly allocates the expenditures to public lands, the citizens of the county are subsidizing the Federal Government \$766,000 because of Federal ownership within the county.

Under Representative Williams' legislation, we would receive \$952,000, still a shortfall but less substantial than it is today.

Another example is Boise County. Of the land base, 84 percent is federally-owned. There is a little over 1 million acres of Federal land, and the county receives \$89,000 per year in payments in lieu of taxes.

Approximately 44 percent of the county's budget is spent on costs generated on public lands. Court costs for two murder cases that occurred on Federal lands have cost Boise County over \$300,000 in direct costs, and continue to cost \$10,000-\$12,000 per month for appeals.

This does not include indirect costs which are estimated at over \$500,000.

Mr. Chairman, payments in lieu of taxes is critical for the financial health of Idaho County and many others burdened with large percentages of public land.

We must restore the value of the program back to its buying power in 1976 when Congress acknowledged the need for the program.

Please enact H.R. 1181 as soon as possible.

With that, Mr. Chairman, I thank you and will be more than willing to answer any questions.

[Prepared statement of Mr. Enneking follows.]

OTTRICK E. LOAN, FIRST DISTRICT  
GRANDVILLE, IDAHO

HARRY L. OWENS, SECOND DISTRICT  
GRANDVILLE, IDAHO

GEORGE ENNEKING, THIRD DISTRICT  
COTTONWOOD, IDAHO

**BOARD OF COUNTY COMMISSIONERS**

Phone 855-2751

IDAHO COUNTY  
GRANDVILLE, IDAHO 83428

FAX NUMBER: (208) 853-1428

**STATEMENT OF**

**THE HONORABLE GEORGE ENNEKING**  
**COUNTY COMMISSIONER**  
**IDAHO COUNTY - IDAHO**

**ON BEHALF OF**

**IDAHO ASSOCIATION OF COUNTIES**  
**AND IDAHO COUNTY**

**BEFORE THE**

**HOUSE NATIONAL PARKS, FORESTS AND**  
**PUBLIC LANDS SUBCOMMITTEE ON**  
**LEGISLATION (H. R. 1181) SPONSORED**  
**BY REPRESENTATIVE PAT WILLIAMS**  
**(D - MONTANA)**

**OF THE**

**HOUSE NATURAL RESOURCES COMMITTEE**

**APRIL 25, 1994**  
**WASHINGTON D.C.**



Mr. Chairman and Members of the Subcommittee, my name is George Enneking, Commissioner from Idaho County, Idaho. I am also on the Board of Directors of the Western Interstate Region (WIR) of the National Association of Counties (NACO). I also chair the National Association of Counties Natural Resources Committee.

I am testifying in support of H.R. 1181, Representative Pat Williams' bill to increase the Payment in Lieu of Taxes (PILT) authorization to restore the dollar value lost to inflation during the last eighteen years. The cost of living has gone up 120% in that time, the PILT authorization level has not changed.

Mr. Chairman, in my view, most of the recent legislative and regulatory activity affecting public land has undercut the foundation of counties dependent on natural resource utilization. Idaho County contains 5.5 million acres, of which 4.5 million are public lands - 82 percent. There are all, or parts of six national forests within the County, and four wilderness areas, representing the largest wilderness acreage in the lower 48 states. The people of Idaho County are very concerned about the management of these public lands and the revenues derived from them.

Because of requirements of the Endangered Species Act to protect habitat, many of the County's mills are being forced to curtail their operations, which is putting people out of work. Unemployed workers cannot pay taxes. The County's revenue from the "25% Fund" for roads and schools will be greatly reduced as well, putting additional burdens on property taxes. For example, in Fiscal Year 1992, Idaho County received \$4.4 million from the 25% Fund; in Fiscal Year 1993, only \$4.0 million, and with present timber sales only 25 percent of traditional levels, even with

increased prices and effective consultation, we might be lucky to receive \$2.0 million in Fiscal Year 1995. There are also ongoing discussions about adding additional wilderness acreage in Idaho which would further undercut the Fund. The entire budget of my County is \$7 million, so the \$2 million shortfall, between FY1993 and today, will be devastating and cannot be made up by property taxes alone.

PILT represents a very important part of our County's revenue. The portion of our current budget that provides services associated with public lands is approximately \$1.2 million. These services include search and rescue, law enforcement, solid waste disposal and road access, among other things. Idaho County currently receives \$434,000 from PILT under the present formula, approximately 1/3 the cost of services. If one fairly allocates the expenditures to the public lands, the citizens of the county are subsidizing the Federal Government \$766,000 because of the Federal ownership within the county. Under Representative Williams' legislation, we would receive \$952,000, still a shortfall, but less substantial than today.

Another example is Boise County. 84 percent of the land base is federally owned. There is a little over one million acres of federal land, and the county receives about \$89,000 per year in PILT payments. Approximately 44 percent of the county's budget is spent on costs generated on federal lands. Court costs for two murder cases that occurred on federal lands have cost Boise County over \$300,000 in direct costs and continue to cost \$10,000 to \$12,000 per month for appeals. This does not include indirect costs which are estimated at over half a million dollars.

Mr. Chairman, **PILT** is critical for the financial health of Idaho County, and many, many others burdened with large percentages of public land. We must restore the value of the program back to its "buying power" of 1976 when Congress acknowledged the need for the program. Please enact H. R. 1191 as soon as possible.

Mr. VENTO. Thank you.

We are going to hear from the other two members of the panel first.

We are pleased to welcome Mr. William Mattson, the commissioner from St. Louis County, from Duluth. Of course he is sitting in for Martin Lepak who had a death in the family.

Mr. Mattson, welcome. Your statement is part of the record. You can summarize it.

#### STATEMENT OF WILLIAM J. MATTSON

Mr. MATTSON. Thank you, Mr. Chairman.

I thank you for holding this hearing today. St. Louis County has two separate tracks of Federal land for which we receive PILT payments. Voyageurs National Park and Superior National Forest, which contains the Boundary Waters Canoe Area.

We truly enjoy the natural beauty of our county and sharing that with others. The fact that these national assets deserve preservation and protection is not in dispute.

I would also like to thank Representative James Oberstar who is my congressman, who so ably represents St. Louis County and other northern Minnesota counties who depend on PILT payments.

Congressman Oberstar has been with us on this issue for a number of years and is known as a friend of local governments and an ardent supporter of our Nation's natural resources and environment.

I am here to ask that the members of this committee who know so well what PILT payments mean to local governments support H.R. 1181.

I will not spend time lamenting Federal and State mandates on local governments. I hope to give you a snapshot of how Federal lands impact our county budget. A few facts and examples will illustrate my point.

St. Louis County land area is approximately 4 million acres. Of that, 842,000 acres, or 21 percent, is federal land.

The county's budget for 1994 is approximately \$222 million. Our PILT payment for fiscal year 1993 was \$268,000. The county budget has grown with inflation and public demand by 300 percent from \$71 million in 1977, the first year PILT was received.

Meanwhile, the buying power of PILT payments has eroded to less than half of its original worth over that same period of time.

Like other rural counties nationwide, we have seen our natural-resource-dependent local economic base diminished.

St. Louis County's largest industry historically has been mining iron ore from the range, the iron range. The iron range was plunged into a recession when production fell off in the early 1980s.

Figures from an Arrowhead Regional Development Commission study show that 54 percent, or 7,500, of the jobs in mining were lost between 1980 and 1991.

The study further shows that the Arrowhead Region of Minnesota, which is St. Louis County, Itasca County, Carlton County, Cook County, Lake County, Koochiching County and Aitkin County, has per capita income well below the State average, while the region's unemployment rate remains above the State average.

St. Louis County and the northeastern Minnesota counties, according to a report recently released by the State Demographer's Office, are expected to experience a substantial and sustained loss of population through the year 2020.

St. Louis County alone has already suffered a loss of over 24,000 people since 1980, leaving the county with 198,000 residents in 1994.

The nature of the recreational area does not generate much consumer spending. While these Federal lands do produce a few jobs for residents of the county and some indirect impact on surrounding businesses, the shortfall of this benefit is significant.

To illustrate the cost to St. Louis County I have selected three key services where there are costs directly attributable to Federal lands within the county. These are as follows:

**Roads.** The county maintains approximately 600 miles of roads which provide access to and from Federal lands. This represents 20 percent of the roads maintained by the county. Federal and State funds have aided in construction of many of these roads; however, maintenance is left to the county alone. Maintaining these roads costs \$2.5 million to \$3 million a year.

For reference purposes, a 1-percent increase in local property tax is about \$600,000.

**Solid waste.** The County has three transfer stations and a container site which service national park and national forest lands, among others, providing waste disposal and recycling.

The conservative cost estimate for 1994 service is approximately \$100,000 for waste directly attributable to Federal lands.

Due to the rural nature of the county, collection and recycling costs are higher than average. These higher costs are compounded further by Federal standards, RCRA subtitle D for example, and State reduction and recycling standards.

The cost of handling waste has increased dramatically over each of the last 10 years.

**Law enforcement/search and rescue.** The St. Louis County Sheriff's Office presently spends about \$180,000 per year to service Federal lands. This may not sound like a great deal of money, but it may be the difference between life and death for someone.

Each year, about a dozen canoers and hikers must be rescued from Federal land.

The sheriff is also responsible for organizing searchers for lost individuals, at considerable cost.

Costs associated with patrols, investigation, and adjudication for crimes on these lands also fall on the Sheriff's Office.

These examples demonstrate that the county clearly spends more than our PILT payments on service provision in and for the users of Federal lands.

In addition, many costs are hidden and difficult to separate from routine operations.

The PILT program was implemented in recognition of the need for such compensation to mitigate costs associated with preservation and maintenance of these national assets.

Since that time in 1976, several things have happened. The Federal Government has added new entitlement lands to the Federal system which also receive PILT payments from the same amount

originally appropriated in 1976, thus lowering payments to St. Louis County.

The rate of usership for these lands has increased, and year-round uses have increased. This creates a higher and sustained year-round demand for essential services.

Visitor use for both Voyageurs National Park and Superior National Forest have consistently increased each year. Forest Service records show an increase in usage of over 43 percent in the period 1983-1993 as measured in recreational visits.

In 1993, this represented almost 4 million visits, an increase of 1.21 million over that same time period.

The majority of recreational users come from within Minnesota, and we have noted a marked increase in the number of out-of-state and international visitors who recreate on St. Louis County land—Federal land in St. Louis County.

In closing, Mr. Chairman, and members of this committee, I ask that you pass H.R. 1181. The people of this Nation enjoy a wonderful variety of natural assets in Voyageurs National Park and Superior National Forest.

We ask that Congress spread the burden fairly among the American taxpayers. The increase we seek is reasonable and prudent. Let us continue the partnership that PILT has established and preserve our Federal parks, forests, and public lands for posterity.

Thank you.

Mr. VENTO. Thank you, Commissioner Mattson.

And finally on the panel we have Mr. Lee Allen, a former State Legislator from Utah, now a chairman of the county Board of Commissioners in Box Elder County.

Welcome, commissioner.

#### STATEMENT OF LEE ALLEN

Mr. ALLEN. Thank you, Mr. Chairman. It is a pleasure to be here.

It is interesting to have been on the legislative side of things and doing all the nice things that we as legislators do for the public, and then I find myself now as chairman of a county commission. I am beginning to understand mandates without funding.

I represent Box Elder County, which is located in the northwest part of our State with Idaho on the north and Nevada on the west. We are large and dispersed.

We have got approximately 37,000 people in our county. We have got over 4 million acres of land area, and approximately 714,000 acres are part of the Great Salt Lake.

There are about 200,000 acres that are State lands, and 1.7 million acres that are private, and 1.7 million acres that are Federal lands.

Of these Federal lands, of the 1.7 million acres, there are 208,315 acres that are Air Force bombing range. That is the Utah Test and Training Range.

There are approximately 85,000 acres of fish and wildlife. This is our wetlands and our bird refuge.

There are 100,834 acres of forests, and part of this is wilderness, the Wasatch National Forest and the Sawtooth Forest.

There are 2,200 acres of national parks and monuments, and 900,000 acres of BLM land.

It has been a constant struggle to provide the services. You heard it from the other witnesses here.

Then, recently we were notified that on May 7 of this year, 1994, the Bureau of Land Management is inviting the public to participate in the dedication of Utah's newest backway. The Transcontinental Railroad National Back County Byway. That is hard to say.

This begins at the Golden Spike Monument at Promontory Summit and extends 90 miles by 400 feet wide westward to the Nevada border.

It is indeed a "back country." There are absolutely no services along this entire 90-mile route. It is barren. There is no water, no rest stops, no service stations, no people, but there are a lot of spikes along the railroad grade.

The BLM has no plans for patrolling the route. They are inviting the world to come out and enjoy the Old West. They are asking the public to leave the highways and travel and explore the back ways.

This means that our County Sheriff and his search-and-rescue people will be responsible to go out and find and return the missing tourists.

The county road department must maintain the roads. The temperatures in the summer are very hot, and in the winter it is very cold. This trail has taken approximately 4,300 acres off of our county tax rolls.

During the past 2 years, the Federal Government has purchased or traded well over 82,000 acres of land in our county. This is 82,000 acres that were formerly in private ownership, and their owners were paying their fair share of the taxes. These acres were part of livestock operations. These acres are no longer on the tax rolls of our county.

They are under Federal ownership and not eligible under PILT.

Our county government is under obligation to furnish fire protection for range fires, road maintenance—which includes over 2,000 miles of roads, and search-and-rescue teams, law enforcement, and ambulance service, and the cost of maintaining these services has increased dramatically.

It seems that local governments are being targeted with a host of concerted efforts concerning wetlands and water rights and water quality and roads and rights-of-way, environmental issues, endangered species, grazing, logging, mining issues, and waste disposal.

You have heard all this before, I know, but these are some of the unfunded mandates and we are struggling with it on the local level.

We have asked the BLM and other Federal agencies for financial help and their answer is always that they are not sufficiently funded.

Presently we are struggling to furnish all of the required services with the 1976 PILT dollars. The demands grow each year, and inflation has taken its toll.

If local governments are to continue to furnish the services, then we must have fairness in the funding. We are not asking for a

handout. We are asking that the Federal Government carry its share of the burden.

We need a fair increase in the PILT funding, and we respectfully request that this committee help us meet the cost of the mandates and pass this legislation.

Mr. Chairman, thank you very much.

Mr. VENTO. Thank you for your comments.

I would of course point out that the BLM management, or the designation of "Back County Byway" is something they have done all on their own. [Laughter.]

There may be some in Congress encouraging them or discouraging them, but that was—

Mr. ALLEN. They did it on their own, Mr. Chairman, but they hand it right to us. I included with my testimony—

Mr. VENTO. I saw it. I read it. I appreciate that.

Mr. ALLEN. But at the top of that, they say, "The BLM, steward of the Nation's largest and least explored land system is now providing an exciting opportunity to move people to discover public lands. The best way to get to know the new places is to leave the highway and travel the back roads and explore the trails."

And that puts it right on us.

Mr. VENTO. I think I would probably have some problems with it. But in any case, obviously these are traditional four-wheel drive areas, often, as I recall; sometimes not, I guess.

Mr. Allen, you mentioned Federal land acquisitions in your county, some 82,000 acres, on the last page of your statement.

Mr. ALLEN. Yes.

Mr. VENTO. You stated, "The lands are not eligible for PILT."

Is that because they are still paying property taxes? Will that shift, or change?

Mr. ALLEN. No. The lands were traded. They were exchanged for other Federal lands. In other words, there was one trade of 42,000 acres that they traded for Federal lands around a waste site in another county.

Mr. VENTO. Oh, I see. So I guess the understanding was that they are no longer Federal lands? They are going out of Federal ownership?

Mr. ALLEN. No, no. In this case, the 80,000—some acres were private lands, and they are now Federal lands. They are now exchanged for other lands, and they are Federal lands. Land that was sheep range and pastures, these kinds of things—

Mr. VENTO. So who holds the land now? Is it the BLM that holds it? They did the exchange?

Mr. ALLEN. The BLM, yes.

Mr. VENTO. I think that my understanding is that eventually if they are part of the Federal ownership, our understanding—I do not know what the circumstances are—but my understanding of the law is, but maybe I do not understand this aspect of it properly, that they would be eligible for a PILT payment.

Mr. ALLEN. Only if we have not reached the cap.

Mr. VENTO. Oh, I see. That is right. Yes, that is right. So you are over the cap, and you cannot receive it on that basis?

Mr. ALLEN. We have reached the cap. While we are not receiving any more PILT payments, we are not receiving tax dollars.

Mr. VENTO. Yes.

Mr. ALLEN. In other words, it is—

Mr. VENTO. One of the points I wanted you all to comment on, you obviously have been sitting here, so I do not need to repeat this whole question, but the Public Land Law Review Commission that made the recommendation for the development of a PILT program which was eventually passed in the mid-1970s, one of the staff that served there is recommending that we look at the 11 different programs in which you receive revenue from the States in terms of timber receipt sharing and others.

Obviously I would like to get some general reaction from you on that. I do not know that you came prepared today to talk about that or make a strong commitment on it, but I just wanted to give you an opportunity to react to it, or to at least send an answer back, or a response back in writing.

Clearly one of the dilemmas here, and I understand it, is that the counties you represent tend to benefit from PILT. Other counties in your State may benefit from mineral receipts. Or the State generally may benefit from mineral receipts, as an example.

So that there is that sort of dichotomy in terms of that sort of difference in terms of what your answer is. You may say, yes, we want it all in PILT.

So I just wanted to get your reaction to trying to do something. I think those receipts probably have increased since the mid-1970s.

Obviously one of the big problems, as Mr. Enneking pointed out—or at least someone attached a statement; I do not know if it was attached to your statement or not—but you have got these 10 communities that are dying here. One was in Utah, as a matter of fact, so it might have been your statement.

But the point was that, because of changes in land use that affect these areas, that there had been less receipts coming from them.

That can happen for many reasons—just simply a harvest cycle for example. I grant you that there are other factors that influence it, but it can just sort of be the roller-coaster type of up-and-down problem that Congressman LaRocco talked about.

The idea was to in fact try to phase out or curtail those so you would get a more steady and predictable payment. The PILT approach has been from the 1970s not to curtail those, but to give you the stability of PILT funding, and at the same time continuing the receipts—which obviously are going up and down, but they probably are generally higher now than what they were for those areas.

Some areas did not have any mining going on. For instance, in coal strip mining in parts of Montana. Today, they have a lot more going on.

The other issue of course that gets into this deals was whether or not we should be collecting taxes and then distributing them. Should we be the tax collector for you for those particular programs?

But let us get to the first one in terms of consolidation of these, or to somehow phase out or have a modification so we have less than 11 programs to provide a more enhanced PILT program.

There may need to be some more incentives to hold harmless here. We would probably end up with more dollars in it.

But what is your reaction to my observation and to some of the recommendations that were initially part of this?

I think I have asked enough of a question now that you should be all able to respond a little bit.

Let us start with Mr. Williams. He is getting rusty sitting there quietly. [Laughter.]

Mr. NOEL WILLIAMS. Thank you, Mr. Chairman.

That question is certainly a valid question. I have not had an opportunity to really think about the ramifications of a major change in that.

I am aware, and you certainly are aware, that those counties that do greatly benefit from those resource-sharing programs would be very sensitive to a change in that and that it perhaps would not be made up entirely by an increased sort of PILT program.

However, I think that overall the counties and the county organizations would certainly be open to looking at a proposal with some substance that they could consider in light of that.

Perhaps there could be a sort of a combined program that would be equitable for all counties and not be too disastrously severe to those that depend on those receipt-sharing programs. We would be certainly glad to entertain—

Mr. VENTO. Right. No, it is up to us. We are not having a hearing on it. Obviously the hearing brings this particular point up, and we would like to have something in black and white, and I appreciate that.

Without adding any more to it, let me just go to the other county commissioners here.

Ms. Liston.

Ms. LISTON. Thank you. That is certainly an interesting concept that I had not heretofore thought about much, but I think that Noel brought out some of the things that would be my major concerns. That is, that some counties in Utah that receive mineral lease monies that do not have a tremendous amount of public lands would be in direct competition and may be very sensitive to something of that nature.

Those things may be able to be worked out. I do not know. I can see that also on a State level because if you did that and it came directly to the counties, which we would fully support, but the States would probably come unglued because you would take away a lot of their funding in the process of doing that.

I see that as benefitting the State by way of counties, but I do not know whether they would have that same perception.

Also, I think it needs to be brought out that the more mineral lease monies you receive sometimes impacts the amount of PILT moneys you receive. So we would probably have to work that out.

Mr. VENTO. It actually acts antagonistic to it. It deducts. So that if you get so much in mineral receipts, you get nothing under PILT.

Ms. LISTON. Right. So that is something, too.

But it is something that I would be very willing to look at. I think it is an interesting proposal.

Mr. VENTO. It is not without some technical problems, for certain.

Ms. LISTON. Right.

Mr. VENTO. Mr. Enneking, did you want to add anything to your colleagues' comments?

Mr. ENNEKING. I would have to agree with Mr. Williams and Ms. Liston here that we would have to see something to really take a look at it.

But just a couple of personal observations on what you said.

Congressman LaRocco alluded to a bill that he has introduced that would do something similar to that with timber receipts.

What he's proposing do to, as I recall, was to average out the past five years of timber receipts and then make that a basis for payment in Idaho. It would be for roads and schools, which is a very admirable way of doing that excepting that I feel that unless that became a base of some kind, we would still fall off the cliff when there weren't any timber receipts out there.

And what you are proposing, as I understand it, is combined timber receipts, mineral receipts, raising receipts all into a PILT funding.

Is that—

Mr. VENTO. That's correct. Yes, to move away from the sharing of the receipts and move to a more predictability and certainty in terms of PILT.

You're converting it all into a PILT-like payment, obviously you'd have to deal with the disparities that exist, you know, some of the dollars go to the State, some go to mineral-rich counties, and you might want to address that in terms of you obviously would expand the total amount of money.

But in fact this was inherent in the statement made by Mr. Benna where he pointed out the combined PILT and mineral receipts moneys that go to the States is something in excess of \$300 million today. And obviously with any type of modifications for inflation down the road, and you may have to add a little bit to that to make certain that you hold harmless those areas, at least for a period of time.

Because, you know, minerals don't go on forever. In most instances we're finding that out on the iron range as Mr. Mattson has so well testified today to.

Mr. Enneking.

Mr. ENNEKING. Well, I would sure be willing to take a look at this proposal because I don't see any problem actually from local government's point of view because we would still be receiving our revenue and all of this sort of thing.

But let's not scrap this program and then say that we don't need to cut timber anymore, we don't have to mine anymore, or do all these things anymore because we still have our people that we have to provide work for.

Mr. VENTO. Well, I just think, though, and obviously Mr. LaRocco alluded to it, we need to recall problem school districts and others have with the uneven amount of receipts. We know of that in Oregon, when all of a sudden the court cases came down. And there is, obviously, a lot more interest in terms of sometimes limiting or conditioning how minerals are extracted and so forth today than what had been. That's an increasing phenomena and I don't think it's going to go away.

Mr. Mattson, can I give you a chance to respond to this question?

Mr. MATTSON. Yes. On a technical aspect, I can't really respond to it, but certainly I'm in agreement if there is a concrete proposal that we could evaluate and run the numbers on and see how it impacts.

Mr. VENTO. Yes, we will try and do that.

Mr. MATTSON. I'd certainly be open to looking at that. I'm always open to looking at some way to streamline the bureaucracy that I have to deal with in the first place.

Mr. VENTO. Well, eleven different programs.

Mr. MATTSON. Yes, it becomes very complex and very time-consuming for our staff to just keep track of the paper work. And you make one glitch and then you're lost, and you go back to the beginning. So certainly I'd be open to looking at something.

Mr. VENTO. The other point here was, of course, that Mr. Benna pointed out that some of these are an entitlement basis. That they are available without appropriation, which is important. It's an important advantage in terms of the funding that flows in through this system. Obviously it's a burden or two birds in the bush, I guess, in some sense for what you might have in hand too. In terms, not the PILT, necessarily, because that's an authorized and appropriated amount.

Which, as was pointed out here during the 1980s, then-President Reagan, sought to curtail sharply the payments that are made. As of course was successful in eliminating revenue sharing.

Mr. ALLEN, did you have any comments on this, briefly?

Mr. ALLEN. Well, it's interesting, what you're proposing is interesting. Perhaps if we can see this proposal, if you were to put in writing—

Mr. VENTO. Sure.

Mr. ALLEN [continuing]. In some form so we can analyze the thing.

Mr. VENTO. Right. Well, it's a little unfair, I understand.

Mr. ALLEN. Well, I think the problem, Mr. Chairman, right now, you hit us cold and every one of us had a different thought, what's it going to do to me.

Mr. VENTO. I know.

I think actually the group here, insofar as PILT, would be greatly advantaged by it insofar as the PILT issue is, and of course I tried to point out that mineral-rich counties and/or the State or the entitlement aspect, so it has an uneven effect, so you all will love it, actually, you know. But I think you're being cautious because you realize that there are other ramifications to it, and that's true.

I mean, I doubt that with the best intentions that I'd be able to satisfy every question that might be raised, you know.

But this is not new; this actually comes out of the Public Land Law Review Commission's report, and we put a statement in the record today from one of the principal aides to that Commission on Public Land Law Review. On page 237 of the report, the 1970 Report to the President of the Public Land Law Review Commission, and I quote:

A system of payment in lieu of taxes provides a better standard for determining the level of payments than does a system of sharing revenue.

And I would then proceed on and it says, quote again:

Although they were originally designed to offset the tax immunity of Federal lands, the existing revenue-sharing programs do not meet a standard of equity and fair treatment, either to the state and local governments or to the Federal taxpayers. Such a standard should be established and applied.

So these are basic.

The other issue, I would point out, that Mr. Muys makes in his letter is, why should the Federal Government be the tax collector for the States?

Montana, in fact, has a severance tax on gold, I believe, but they have other types of taxes that they put in place.

The State of Minnesota has a tax on iron ore. Of course these aren't on Federal land, you know, mostly not on Federal lands.

And so the point is, why should we get in a role of doing that in terms of collecting money, and then turning it over? At the very least, you get the risk that, you know, it's easy to get money into Washington but not so easy to get it out sometimes. At least I've observed that.

In any case, let me withhold now. Congressman Williams, the principal sponsor, has returned and I'm pleased he was here to hear me ask these questions.

This is an issue that I think should be addressed. At least we should make an effort to try and address it in the process if we move forward on this matter.

Mr. Williams.

Mr. WILLIAMS. Thank you.

With regard to your last comment about easier to get money out than get it in, that's not what the Federal deficit shows us. [Laughter.]

It's easier to get it out than it is to get it in, just the reverse of that. We don't have any trouble sending it out; we can't get it in. That's the problem.

Now many of you may say, well, you've got enough of mine in there, but the deficit doesn't lie. There's a lot more going out than coming in. That's part of the problem.

The question is whether or not it's going out to the right places and that's part of what we're here to discuss.

Let me again focus on what my friend, Noel, Commissioner Williams, said with regard to payments that are somewhat similar to PILT payments going to the District of Columbia, this little triangle out here.

The map that is to the witnesses' right is a map of the county that Commissioner Williams represents, Lincoln County. Let me just give you an idea. All the green, the green is owned by folks in that county and everyone in this room and in this country. The green is National Forest Service, is supervised by the National Forest Service and is Federal holdings.

If you put the District of Columbia down at the bottom of that map, it of course is shaped like a triangle or like a diamond, rather, it would be a little diamond down in the corner of that map.

Now if you let your eyes run about halfway up that map, you'd come to Baltimore, and then if you'd keep letting your eyes run all the way up to the top of the map, you'd come to about Philadelphia.

Now, that little diamond of the District of Columbia, taking up a little tiny corner of the bottom of that map, gets \$640 million. Noel Williams, his constituents get about \$200,000.

Does the District of Columbia need \$640 million?

Well, I think it's a bit much. I vote against it. But do they need something about like that? Yes, probably, probably. This is, after all, a Federal enclave. There are enormous pressures on the local taxpayers here, and certainly the Federal Government should contribute significantly.

But \$640 million for a tiny little spot on the bottom and \$200,000 for Noel Williams for all the rest of it?

And the same could be repeated almost exactly in each of the counties that you represent. Because out our way, these counties, a lot of them are about the same size and have the same kind of problems.

Now we might say, well, yes, but the duties here in the District are much different than they are in these counties. Absolutely. Sure, they're different, and probably they ought to receive more money here. But \$600 million versus \$200,000?

Look, if the Forest Service wants to set up search and rescue, or BLM wants to set up search and rescue in any of your counties and take the cost away from you, I'm sure you'd be glad to do it, and it would cost the Forest Service more than \$200,000 to set it up for that county alone that we're looking at on that map.

If they had to set up search and rescue, hire the people, do the administration, get the equipment, it would cost them more money than they send out there for PILT to run the whole schemer.

And so the county is subsidizing it. As it is, the county's subsidizing just the search-and-rescue part. And then you've got control and you've got the tourists. Washington, DC, isn't the only place that has tourism. Folks in Wyoming, county commissioners in Wyoming, Idaho and Montana that are adjacent to Yellowstone National Parks see millions of people, tourists, come through their counties and use their services on their way in and out of that wonderful experience called Yellowstone National Park.

Are there tourists in Washington, DC? Sure. And there are millions of tourists in Yellowstone and Glacier and the rest of these national parks, and the counties aren't getting any money to help.

So it's \$600 million versus a \$200,000 for that huge county there.

Why? Well, a number of reasons.

First, it does cost more in Washington, DC, to provide the Federal services than it does out in Lincoln County, Montana.

Second, people from Washington, DC, are in our face, day and night, they're lobbying up here day and night, and at least three or four days a week. We live here. So we see their need.

The county commissioners should be in our face until we're so tired of seeing you that we end up changing PILT, just like the District of Columbia people are in our face.

The county commissioners ought to be explaining to every single one of their representatives, House and Senate—obviously you've done a good job in the Senate because you got the bill passed over there—what your services are with the Federal Government, for the Federal Government, and what it would really cost of the Fed-

eral Government had to provide those services, explain it to your representative and insist that they give you a hand.

I think, commissioners, that we have a good shot this year. The chairman is listening to us thoughtfully. He still, as you can tell, has some problems with it, but he understands the dilemma. He knows how hard-pressed county commissioners are, and he knows that there is a high cost of space and high cost of Federal land.

But I encourage you to, in the strongest way you can, talk to your Member of the House of Representatives, and continue, as Noel has done so well with other county commissioners across the country, to put on a full court press, get in our faces and stay there until we change this terrible inequity.

Mr. Chairman, I'm very grateful to you for having these folks in and for having this hearing. I hope it's the beginning of a good relationship.

Mr. VENTO. I thank the gentleman. I felt compelled, obviously, to represent or to try to look for ways to work with the administration on this and to try to rationalize this in a better way.

I think the Senate's provision for a phase-in is helpful. I think there are other aspects that we'd like to move where we can maybe do some consolidation and rationalization further of it. I recognize the problems with the budget and I feel compelled to try to raise these questions now so we can try to make some progress.

You've heard the old story about Franklin Roosevelt that Mo Udall used to discuss, Mr. Williams, when someone would come in his office and they only had so much money in the 1930s, and Eleanor Roosevelt was sitting in the Oval Office with him, and they only had so much and they wanted to get the economy going, and so Secretary Ickes came in and presented his dog and pony show on water projects. And after he had concluded, the President said, Secretary Ickes, you're absolutely right, Mr. Secretary, you're absolutely right. This is a wonderful project, good work.

And so Mr. Ickes left walking on his tiptoes assuming that the President was supportive of what he was doing. Eleanor didn't say anything. In the next few minutes, Harry Hopkins came in, and he had a different project for getting the economy going, would spend all the money, just as in the case of the Ickes project on roads. Two things near and dear to many of the hearts of our folks in the West, at least in the 1930s.

And after Harry Hopkins concluded his presentation, pointing out all of the jobs and so forth, the President said, you're absolutely right, Mr. Hopkins, you're absolutely right. And he left and he thought he had obviously won the support of the President.

And after he left, Eleanor said, she said, Franklin, you have told each of these individuals that you're going to spend the money on what they sought, and you can't do that, you know. And, you know, he looked at Eleanor and he said, Eleanor, you're absolutely right. [Laughter.]

So it sort of comes out of the temptation that we all face to tell you that you're absolutely right.

I don't want to give any congressional secrets away.

Mr. WILLIAMS. Mr. Chairman, if you'll yield? Harold Ickes also tells this story about going into Roosevelt and trying to talk him

out of supporting a jobs bill. The President was for just one more jobs bill to get a few more people to work.

And Ickes said to him, Mr. President, there are two reasons we shouldn't do this. The primary one is we're not sure where the money's coming from, but the other reason is that this jobs bill will only work in the short run, and he said the President's head snapped up and he said, Harold, people only eat in the short run. [Laughter.]

Their constituents are trying to make it in the short run, Mr. Chairman.

Mr. VENTO. They don't want a policy for the twenty-first century; they'd be happy to get through this decade. "In the long run, we're all dead" is right, as Keynes said.

Well, listen, in the long run, this hearing can't go any further, so we're going to call it, and thank you for being a captive audience through a lot of bad jokes told by the chairmen, Chairman Udall and by myself.

The meeting stands adjourned.

[Whereupon, at 12:32 p.m., Thursday, April 28, 1994, the subcommittee was adjourned, subject to call of the chair.]



# APPENDIX

APRIL 28, 1994

## ADDITIONAL MATERIAL SUBMITTED FOR THE HEARING RECORD

### CONGRESSMAN BILL RICHARDSON STATEMENT FOR HEARING ON PAYMENTS IN LIEU OF TAXES PROGRAM SUBCOMMITTEE ON NATIONAL PARKS, FORESTS, AND PUBLIC LANDS APRIL 28, 1994

Mr. Chairman, I am pleased to join you today in examining the future of the Payments In Lieu of Taxes (PILT) Program. The PILT program, which distributes three-fourths of its monies in ten western states, is vitally important to the future financial health of many rural communities in the American West, including states such as New Mexico.

Unfortunately, the original authorization of \$105 million for the PILT program, begun in 1976, has never been increased to allow for inflation. With the large amount of land reserved for Federal use, and therefore closed off to development and other activities which increase local revenue, small rural communities are left to fend for themselves. Rural communities who depend on PILT payments for their livelihood have been left twisting in the wind with no tax base on which to gain additional revenue.

While I realize the extremely difficult fiscal problems this country faces, I believe we must update the PILT program and welcome it into the 1990s. We must understand that if our land use priorities are going to include maintaining large parcels of Federal land, we should recognize that the communities in which these lands are located may need our assistance. I strongly believe in the importance of maintaining our public lands, but I also believe we should find ways to assist our small, rural communities.

I welcome the opportunity to consider both S. 455 and H.R. 1181, and I look forward to working with my colleagues to provide protection of our precious natural resources while recognizing the unique needs of the local communities in which they are located.

HONORABLE DON YOUNG  
April 28, 1994

**Re: PILT increases/Alaska Unorganized Borough  
Amendment**

Mr. Chairman:

I think it's great that we're holding hearings on bills which would make the federal government pay a little more to local governments than the measly sums they currently do under existing PILT formulas. It's about time that the people who think that it's so wonderful that the U.S. owns one-third of the land in the country start paying for the sacrifice on behalf of their rural fellow citizens.

It's amazing to me that during the debate over D.C. Statehood, we heard complaints that the reason D.C. is in such tough straits is that so much of the land in the District is federally-owned and can't be taxed. Truth is, D.C. comes in **fourteenth** in the nation behind Western states in the

percentage of land owned by the federal government. If D.C. has complaints about the share of its land owned by the feds, there are 13 other places that should get to be heard first.

Although I support **any measures** which would increase the payments to those states with federal lands in lieu of taxes, I think the formula needs some change, and will be asking for my colleagues' support of such a change during markup. Alaska is unique in that 60% of the federal land in the state is located in areas of the state **outside** organized local government units. In Alaska, we have Boroughs instead of counties. These boroughs are enormous, but the area outside the boroughs is even larger. That means that the local people, because they are unorganized in an official governmental way, receive none of the miserly benefits from the federal

government that come through PILT payments. There are still seriously deficient public needs, and yet they do not get any money, despite being surrounded by federal land which, for the most part, is locked up from their uses. I support an effort by Alaska's Senators Stevens and Murkowski to include the areas of the unorganized boroughs in the formula for distribution of PILT funds.

Again, I thank the Chairman for holding this hearing, and urge we get on with markup of legislation to begin helping local people through more reasonable compensation for shouldering the burden of enormous federal land ownership.

## Federal Ownership of Land

## States With Higher Federal Ownership Than Proposed New Columbia

Nevada	82.27%
Alaska	67.80%
Utah	63.78%
Idaho	62.57%
California	60.92%
Wyoming	48.77%
Oregon	48.17%
Arizona	43.32%
Colorado	34.06%
New Mexico	33.11%
Washington	28.98%
Montana	27.73%
Louisiana	22.65%
New Columbia (proposed)	21.8%

Source: Public Land Statistics 1990, U. S. Department of the Interior, Bureau of Land Management, Table 4, page 5

**OPENING STATEMENT**  
**of**  
**THE HONORABLE JAY DICKEY**  
Fourth District - Arkansas  
**National Parks, Forests and Public Lands Subcommittee**  
**Regarding**  
**H.R. 1181/S.455 - to Increase Federal Payments under the**  
**Payments-In-Lieu-of-Taxes (PILT) Program.**

**April 28, 1994**

Mr. Chairman, as a cosponsor of Mr. Williams' bill, H.R. 1181, I appreciate the scheduling of this hearing, hopefully leading to reporting of the PILT legislation soon.

15 counties in my southern Arkansas Fourth Congressional District have PILT entitlement lands. In the rural poor areas of southern Arkansas, these federal payments in-lieu of property taxes mean a great deal to hard-pressed local budgets.

After 18 years since the PILT legislation was first enacted, it is time we adjust these payments to inflation and provide inflation adjustments in the future.

Thanks again for holding the hearing. I look forward to reviewing the testimony.

###

Bill Hedden  
Vice-Chairman  
Grand County Council  
125 E. Center St.  
Moab, Utah 84532

Testimony Before the U.S. House Committee on Natural Resources  
Salt Lake City, Utah  
April 7, 1994

Dear Chairman Miller and Members of the Committee,

I am honored and daunted by the task of describing the ways local communities are affected by the changes sweeping the West today. Honored, obviously, by your interest in helping us deal with these problems; and daunted because my experience in one of the West's most visibly changing towns leads me to a radical suggestion: namely, that most of the issues at stake in the national public lands debate quickly become irrelevant to a town that 'succeeds' in transforming itself into a lifestyle and tourism mecca. These places have different problems, and they need a different agenda.

By way of explanation, let me turn to my own corner of the world, the Colorado Plateau. Tens of millions of visitors come here each year, and a town that creates a certain critical mass of amenities and renown can experience an explosion of growth that sweeps away everything about what the town had been, and that damages the land biologically and spiritually in new and shocking ways. Believe me, I know. Traditional extractive economies and cultures simply disappear, and nobody is even sure where they went. Federal policies aren't to blame in any obvious way. In fact, the whole dysfunctional relationship of the Western town as the needy, surly colony chafing under the rule of imperialist Washington begins to seem like a distraction from much more pressing problems.

That is why we had a revolution in local government in Grand County. My constituents remind me every day that my job is not to argue ideology about grazing reform or RS 2477 rights-of-way or wilderness, but to try to restore solvency, sanity, and some sense of control in a place that has been completely transformed overnight. I wish I could ask you to solve our problems. I wish our problems were that simple. There are a few obvious ways you can help, and I'll be describing them, but our community and the lands around it are dying of a thousand cuts. What we really need is a far better way of planning and making all the myriad decisions that determine the future. That way, we can restore hope. In this area, I have some very specific suggestions and requests.

### Setting the Stage: The Bust in the Extractive Industries

Grand County, in southeastern Utah, is the very model of a public lands county. Twice as large as some Eastern states, we have fewer than two hard-headed, independent residents per square mile. We are used to treating this lonely land like private property, by grazing and mining it, or just enjoying the way of life available in friendly small towns located in some of the most magnificent country on earth. These have been hard places to get rich, but very good places in which to be poor.

In actual fact, though, ninety five percent of the county is in federal, state, or tribal ownership, including Arches National Park and the entrance to Canyonlands National Park, Dead Horse Point State Park, a major unit of the Manti-La Sal National Forest, part of the Uintah Ouray Indian Reservation, the scenic canyons of the Green and Colorado Rivers, untold billions of gallons of oil in the shales of the Green River formation, and the world's most famous mountain biking area. The local people are really stewards of a vast empire of public resources.

Given that fact, it isn't surprising that our economy has often been at the mercy of national forces. During the 1950's, the Cold War demand for uranium quintupled the population, built roads and schools and churches, and started a boom and bust cycle that continued through the energy crisis of the 70's and ended when discoveries of foreign deposits teamed-up with the free trade policies of the 80's to make domestic uranium uneconomic. We were left with eleven million tons of radioactive waste sitting on the bank of the Colorado River, an abandoned mill, and a ruined economy. And it didn't stop there: falling commodity prices also crippled the local potash industry and caused cattlemen to sell their ranches. We lost 35% of our tax base, and, in the face of 20% unemployment, a quarter of the population left town. With variations, it was a story enacted in many places in the West during the last fifteen years, and a lot of the people who went through it want to blame somebody in order to alleviate the feeling of helplessness. In our case, the bust merely served to clear the stage for more tumultuous changes to follow.

### A Tourism and Quality of Life Economy

The simplest way to describe what happened in Grand County is to say that, in 1986, our resilient community leaders got in their rowboat and went fishing for a little tourism to revive and diversify our economy; and they hooked a great white shark. This monster has swamped the boat and eaten the crew, and those of us who have been thrust into the breach are struggling desperately to save some remnants of the valuable cargo. At stake is not merely the community we used to be (which might not be greatly mourned by anybody else), but also some of the best and most

fragile country anywhere.

Once again, we were not capable of getting in this much trouble all on our own. Our timing was exquisite, and our attractions grand, but national forces were at work in a perverse synergy that overnight, all unprepared and without the slightest forethought, turned a remote agricultural and mining town into a world famous tourist destination. We began promoting just as the relatively frugal World War II generation began passing on its vast wealth to its spendthrift offspring in the largest transfer of disposable income in history. Newly rich young people, eager to escape the increasingly unlivable cities, found Moab an ideal place to play, and, ultimately, to move to.

The numbers give some sense of the magnitude of the changes, especially if one keeps in mind how remote and sparsely populated this place has always been (about 7,000 souls live here).

-Since 1985, annual visitation at Arches National Park has tripled to nearly a million.  
 -Canyonlands Park, which affords more scope for mountain biking, has seen a fourfold increase in that time, and the remote areas of the park are hosting up to 45% more people each year.  
 -Visitation to the spectacular rivers, hiking and climbing areas, and mountain biking trails administered by the BLM has risen by about 300% since 1986, and it will double again in four years at current rates of growth.

-During the eight-month tourist season, the average effective population of the county on any given day is about 16,000, and on big weekends we have more than three tourists for every resident.

Bill Hens  
 Vice Chair  
 Grand Council  
 Citizens

Numbers alone, though, cannot give a real sense of the way the country is being taken away from the local people, or of the way the health and magic are being sucked out of these irreplaceable international treasures. If I say that 22,000 archaeological sites on the Colorado plateau have been destroyed, does it convey the reality of the boating party on Lake Powell that tore the roof beams out of a thousand year old dwelling to build a fire for roasting their hot dogs? How can numbers describe the agonizing choice faced by BLM personnel, who had to decide whether to pave over precious riparian areas along the Colorado River and litter them with portable toilets, or leave them as health hazards covered with human waste? What does one say about the virtual riot at the world famous Slickrock Bike Trail, when thousands of drunk revelers tore up trees and threw them in bonfires, and sent outgunned local law enforcement officers scurrying? How about the father, with his family gathered around him, casually driving buckets of fluorescent golf balls across the Colorado River and into Arches National Park?

This is the brave new world of wilderness National Parks where one can't find a parking place. The most remote areas are crowded, the skies full of airplanes and helicopters, the animals

chased off, the fragile soil crusts that hold the ecosystem together are crushed, the cattlemen's gates left open, and the locals reduced to sneaking off to overlooked little crannies to hide when they can afford to take some time off from flipping burgers or making beds. The world's largest industry sent thirty million visitors to the National Parks of the Colorado plateau last year, and the more beautiful and beloved an area is, the more it's threatened.

This is a tragedy. There is no other country like this on earth, and we should be extremely cautious and protective of this land until we have a better understanding of how it works, and of how we are going to control our own well-meaning desire to love it to death. I appreciate the efforts of all those on the Committee who are working to preserve our options for the future.

#### Costs to the Local Community

Much has been written lately about how communities with failing traditional economies can make a transition to a new economy based on quality of life. This is supposed to result in the best of all worlds, where healthy, sustainable natural systems and cultural traditions are the amenities powering vibrant towns that attract footloose entrepreneurs and clean industries that prize the local lifestyle.

In the rural West, a little bit of this is true, and a whole lot of it is wrong, and it is terribly difficult to skim off the good parts without getting a mouthful of the dregs. Once a town embarks on such a course, its ultimate destiny is far more dependent on national and global events than on the desires of the local people. International currency exchange rates, or energy crises become determining factors, and a town that does try to seize control of its destiny will quickly learn that even governors are pawns in the hands of the travel and tourism industry. Unique cultures are being homogenized into the un-nostalgic American mainstream.

We are especially vulnerable because Westerners tend to hate planning and prize personal freedoms. The first part of that means that very few towns have ever thought about how much change would be acceptable, and the second part means that even fewer would be willing to say 'enough' if growth threatened to overwhelm them. But, even a willing community has an almost impossible job trying to get ahead of the changes that occur when 'Outside' Magazine and the Travel section of the 'New York Times' designate it as the hot new spot to recreate and live.

Moab has been the subject of many such features, and I'll try to be fair by saying that lots of charming new people have come to town, and they have greatly enhanced cultural affairs and brought local planning and government into the 20th century. I can now

buy cappuccino and authentic biscotti at a dozen places, or shop for \$10,000 kachinas and rugs at a wide selection of galleries. Expensive T-shirts and fast food are everywhere. I can no longer buy shoes, of course, and every time I buy groceries I pay resort prices. One way of life, slightly ill-suited for the modern world like some hapless endangered species, is being replaced by another that is more robust.

The influx of new residents and the conversion of housing to tourist rental units has made housing scarce and expensive. The new workers in the service industry cannot find or afford anything. Tent camps have sprung up on the public lands. Even our new hospital administrator, a wonderful magician who is helping to save our hospital, has been living in the waiting room at the hospital for two months because we can't find a place for him to live. ~~As a~~ consequence, house prices and rents have ~~tripled and quadrupled~~ in the last several years. Appraised values have risen in parallel, and this, coupled with the steady erosion of our industrial tax base, and the relentless demand for new infrastructures to deal with the visitors, has sent taxes through the roof for homeowners. Lifetime residents, who lived well here with almost no money, are rapidly being forced to leave.

Population has grown by about 8% annually for the last several years, but there has been a great deal of additional activity that is more like churning in the real estate market. All of this has real consequences for the community. For example, the irrigated meadow across the lane from my house has been sold several times in the last eight months, each time to a person who knows less about irrigated meadows than the one before. The most recent owner, never having set foot on the land, had the entire thing bulldozed. All the topsoil and windbreak and wildlife habitat pushed into an unsightly fire hazard along the front fence. Nevertheless, as each successive owner took his profit, the price doubled, causing the county assessor to raise the taxable valuation of all the surrounding parcels of land.

#### The Federal Role

A great deal of all this is a state and local affair, and I shouldn't be boring you with it, but there are several areas where our problems are directly tied to the visitors who come for the attractions on the Federal Lands, and this is where I begin bleating for help. My objective in each case is to help the local community feel that it still has some control over its own destiny, because that is the difference between acceptable and unacceptable change.

First of all, the canyon country isn't a tame place to play, and the tourists regularly hurt and kill themselves way out in the boondocks. Last year, Grand County sheriff's deputies and ,

volunteers performed over half the search and rescue operations in the state of Utah, virtually all on public lands. ~~Not one of the people needing assistance was a tourist.~~ The bravery and dedication of the volunteers cannot be overstated, and we frequently push them beyond reasonable limits. Nevertheless, the full cost to county government for 67 rescues was about \$92,000. This is in a county where the general fund revenues are slightly more than \$600,000 a year, yet we are not allowed to collect costs from the folks we save. We propose a form of search and rescue insurance which would entitle the purchaser to the service for free, but would make those who had chosen to do without the insurance pay the full costs of any rescue.

When the tourists are brought in by rescue teams, or otherwise need emergency medical care, we have to provide a hospital for them. This hospital needs to be prepared to provide the full range of trauma services for a population two to three times as large as the permanent one, and then carry those facilities idle throughout the winter months. Like most rural hospitals, ours is struggling to survive, yet it had to borrow money to build a new emergency room. And this borrowed money, which originated in rents and royalties on oil and gas production here, came to us through the byzantine channels and the attrition of the mineral lease fund and the State Community Impact Board, to a Special Service Health District which had to receive the money so that County PILT payments would not be decreased. Taken as a whole, people, we seem to show very little aptitude for making the most of scarce resources. I suggest that counties should be able to receive Federal mineral lease monies through the state allocation process without incurring a PILT penalty, and furthermore urge that PILT be readjusted for inflation as soon as possible.

Another area where visitors have a substantial impact is in waste disposal. We used to call them dumps, and dumps were cheap, but now we have landfills and new EPA regulations, and landfills are expensive. Big communities must build high-tech Class I landfills with cell liners and leachate collection systems leading to treatment ponds. Small communities producing less than 20 tons of waste per day can build much less costly Class II landfills. Grand County was expected by state solid waste planners to produce 9-15 tons of waste per day, but, when we weighed the waste stream, we found, to our horror, that we average 35-40 tons. This is despite a vigorous recycling program, and the tourists must share a solid part of the blame. Instead of using our existing site for another 25 years, we have to construct a Class I landfill within the next year at a cost in excess of a million dollars. Once built, the new landfill will cost about \$120,000 more to run each year than a class II operation. This, alone, will consume an amount equal to 40% of our mineral lease payments.

Taken together, the impacts of industrial tourism are

similar to an enormous mining boom, ~~without the tax revenues.~~ We need help planning and providing necessary services and infrastructures for the large transient population. The Federal Government should change the formula by which PILT is calculated to account for average effective population during the year. Failing that, perhaps National Parks could add a modest surcharge to entrance fees which would go to support local government in its struggle to cope with the impacts of visitation.

#### The Canyon Country Partnership

One hopeful development in all this change is that every land management agency and unit of local government has been swamped and forced to acknowledge its inadequacy for dealing with the tide of visitors. The chaos and destruction that took place at Easter a year ago sent us all into each other's arms seeking support. We discussed the way almost every issue crosses jurisdictional boundaries, and came to understand how a decision made by one of us affects all the rest. Slowly and cautiously, we shaped the idea of a partnership of federal and state land and resource managers, county governments, and tribes, all of which share a common eco-region. The partners would share information and planning resources, and would work together to assure that our individual decisions make collective sense for the long term health of the ecosystem and the human communities that are a part of it. The idea has borne fruit as The Canyon Country Partnership. It is a very fragile and hopeful thing, but we are already hard at work on a variety of issues.

Issues are brought to the Partnership by members or by the public. If we are convinced that a given issue is appropriate, we create a committee to work on it, and anybody can serve on these committees. The idea is for committees to make consensus recommendations for action by the Partnership members. Our one standing committee is the Science Committee. It is a resource for all the others, providing the known data, and researching subjects as requested. It is actively working on an ecosystem characterization that will help us understand this place in a far more comprehensive way.

Other issues range from ones that simply make good sense, like sharing GIS mapping data among all the partners, to far more complex and controversial subjects like developing an aircraft flight management plan for the area around Moab and Arches and Canyonlands National Parks. We are very hopeful that the aircraft overflight Task Force convened by the Departments of Transportation and Interior will support the eventual recommendations of this committee.

Our plate is full of additional issues, and the extremely pragmatic people involved think that this forum can be of great service to the future of this part of the world. We hope that

the federal agencies can budget to help carry their share of the Partnership's modest expenses, and that federal appointees in this area be people who share a belief in the possibilities for collaborative action.

Thank you for your consideration.



ISBN 0-16-044847-6



9 780160 448478

90000

