

PUBLIC LAND COMMUNITIES TRANSITION ACT OF 2007

DECEMBER 19, 2007.—Ordered to be printed

Mr. RAHALL, from the Committee on Natural Resources,  
submitted the following

R E P O R T

[To accompany H.R. 3058]

[Including cost estimate of the Congressional Budget Office]

The Committee on Natural Resources, to whom was referred the bill (H.R. 3058) to amend chapter 69 of title 31, United States Code, to provide full payments under such chapter to units of general local government in which entitlement land is located, to provide transitional payments during fiscal years 2008 through 2012 to those States and counties previously entitled to payments under the Secure Rural Schools and Community Self-Determination Act of 2000, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE.**

This Act may be cited as “Public Land Communities Transition Act of 2007”.

**SEC. 2. FUNDING FOR PAYMENTS IN LIEU OF TAXES.**

Section 6906 of title 31, United States Code, is amended—

- (1) by inserting “(a) IN GENERAL.—” before “Necessary”; and
- (2) by adding at the end the following new subsection:

“(b) TRANSITION TO FULL FUNDING.—Amounts authorized under this chapter shall be made available to the Secretary of the Interior, out of any other funds in the Treasury not otherwise appropriated and without further appropriation, for obligation or expenditure in accordance with this chapter as follows:

“(1) For fiscal year 2008, 80 percent of the amount authorized under this chapter in the prior fiscal year.

“(2) For fiscal year 2009, 90 percent of the amount authorized under this chapter in the prior fiscal year.

“(3) For fiscal years 2010 and 2011, 100 percent of the amount authorized under this chapter in the prior fiscal year.”.

**SEC. 3. TRANSITIONAL PAYMENTS STATES AND COUNTIES PREVIOUSLY ENTITLED TO PAYMENTS UNDER SECURE RURAL SCHOOLS AND COMMUNITY SELF-DETERMINATION ACT OF 2000.**

(a) TRANSITIONAL PAYMENTS.—Chapter 69 of title 31, United States Code, is amended by adding at the end the following new section:

**“§ 6908. Secure rural schools transition payments**

“(a) DEFINITIONS.—In this section:

“(1) ADJUSTED SHARE.—The term ‘adjusted share’ means the number equal to the quotient obtained by dividing—

“(A) the number equal to the quotient obtained by dividing—

“(i) the base share for the eligible county; by

“(ii) the income adjustment for the eligible county; by

“(B) the number equal to the sum of the quotients obtained under subparagraph (A) and paragraph (8)(A) for all eligible counties.

“(2) BASE SHARE.—The term ‘base share’ means the number equal to the average of—

“(A) the quotient obtained by dividing—

“(i) the number of acres of Federal land described in paragraph (7)(A) in each eligible county; by

“(ii) the total number acres of Federal land in all eligible counties in all eligible States; and

“(B) the quotient obtained by dividing—

“(i) the amount equal to the average of the 3 highest 25-percent payments and safety net payments made to each eligible State for each eligible county during the eligibility period; by

“(ii) the amount equal to the sum of the amounts calculated under clause (i) and paragraph (9)(B)(i) for all eligible counties in all eligible States during the eligibility period.

“(3) COUNTY PAYMENT.—The term ‘county payment’ means the payment for an eligible county calculated under subsection (c).

“(4) ELIGIBLE COUNTY.—The term ‘eligible county’ means any county that—

“(A) contains Federal land (as defined in paragraph (7)); and

“(B) elects to receive a share of the State payment or the county payment under subsection (f).

“(5) ELIGIBILITY PERIOD.—The term ‘eligibility period’ means fiscal year 1986 through fiscal year 1999.

“(6) ELIGIBLE STATE.—The term ‘eligible State’ means a State or territory of the United States that received a 25-percent payment for 1 or more fiscal years of the eligibility period.

“(7) FEDERAL LAND.—The term ‘Federal land’ means—

“(A) land within the National Forest System, as defined in section 11(a) of the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1609(a)) exclusive of the National Grasslands and land utilization projects designated as National Grasslands administered pursuant to the Act of July 22, 1937 (7 U.S.C. 1010–1012); and

“(B) such portions of the revested Oregon and California Railroad and reconveyed Coos Bay Wagon Road grant land as are or may hereafter come under the jurisdiction of the Department of the Interior, which have heretofore or may hereafter be classified as timberlands, and power-site land valuable for timber, that shall be managed, except as provided in the former section 3 of the Act of August 28, 1937 (50 Stat. 875; 43 U.S.C. 1181c), for permanent forest production.

“(8) 50-PERCENT ADJUSTED SHARE.—The term ‘50-percent adjusted share’ means the number equal to the quotient obtained by dividing—

“(A) the number equal to the quotient obtained by dividing—

“(i) the 50-percent base share for the eligible county; by

“(ii) the income adjustment for the eligible county; by

“(B) the number equal to the sum of the quotients obtained under subparagraph (A) and paragraph (1)(A) for all eligible counties.

“(9) 50-PERCENT BASE SHARE.—The term ‘50-percent base share’ means the number equal to the average of—

“(A) the quotient obtained by dividing—

“(i) the number of acres of Federal land described in paragraph (7)(B) in each eligible county; by

“(ii) the total number acres of Federal land in all eligible counties in all eligible States; and

“(B) the quotient obtained by dividing—

“(i) the amount equal to the average of the 3 highest 50-percent payments made to each eligible county during the eligibility period; by

- “(ii) the amount equal to the sum of the amounts calculated under clause (i) and paragraph (2)(B)(i) for all eligible counties in all eligible States during the eligibility period.
- “(10) 50-PERCENT PAYMENT.—The term ‘50-percent payment’ means the payment that is the sum of the 50-percent share otherwise paid to a county pursuant to title II of the Act of August 28, 1937 (chapter 876; 50 Stat. 875; 43 U.S.C. 1181f), and the payment made to a county pursuant to the Act of May 24, 1939 (chapter 144; 53 Stat. 753; 43 U.S.C. 1181f–1 et seq.).
- “(11) FULL FUNDING AMOUNT.—The term ‘full funding amount’ means—
- “(A) \$520,000,000 for fiscal year 2008; and
  - “(B) for fiscal years 2009, 2010, and 2011, the amount that is equal to 90 percent of the full funding amount for the preceding fiscal year.
- “(12) INCOME ADJUSTMENT.—The term ‘income adjustment’ means the square of the quotient obtained by dividing—
- “(A) the per capita personal income for each eligible county; by
  - “(B) the median per capita personal income of all eligible counties.
- “(13) PER CAPITA PERSONAL INCOME.—The term ‘per capita personal income’ means the most recent per capita personal income data, as determined by the Bureau of Economic Analysis.
- “(14) SAFETY NET PAYMENTS.—The term ‘safety net payments’ means the special payment amounts paid to States and counties required by section 13982 or 13983 of the Omnibus Budget Reconciliation Act of 1993 (Public Law 103–66; 16 U.S.C. 500 note; 43 U.S.C. 1181f note).
- “(15) SECRETARY CONCERNED.—The term ‘Secretary concerned’ means—
- “(A) the Secretary of Agriculture or the designee of the Secretary of Agriculture with respect to the Federal land described in paragraph (7)(A); and
  - “(B) the Secretary of the Interior or the designee of the Secretary of the Interior with respect to the Federal land described in paragraph (7)(B).
- “(16) STATE PAYMENT.—The term ‘State payment’ means the payment for an eligible State calculated under subsection (b)
- “(17) 25-PERCENT PAYMENT.—The term ‘25-percent payment’ means the payment to States required by the sixth paragraph under the heading of ‘**forest service**’ in the Act of May 23, 1908 (35 Stat. 260; 16 U.S.C. 500), and section 13 of the Act of March 1, 1911 (36 Stat. 963; 16 U.S.C. 500).
- “(b) CALCULATION OF STATE PAYMENT AMOUNT.—For each of fiscal years 2008 through 2011, the Secretary of Agriculture shall calculate for each eligible State an amount equal to the sum of the products obtained by multiplying—
- “(1) the adjusted share for each eligible county within the eligible State; by
  - “(2) the full funding amount for the fiscal year.
- “(c) CALCULATION OF COUNTY PAYMENT AMOUNT.—For each of fiscal years 2008 through 2011, the Secretary of the Interior shall calculate for each eligible county that received a 50-percent payment during the eligibility period an amount equal to the product obtained by multiplying—
- “(1) the 50-percent adjusted share for the eligible county; by
  - “(2) the full funding amount for the fiscal year.
- “(d) PAYMENT AMOUNTS FOR ELIGIBLE STATES.—The Secretary of the Treasury shall pay to each eligible State an amount equal to the sum of the amounts elected under subsection (f) by each county within the eligible State for—
- “(1) if the county is eligible for the 25-percent payment, the share of the 25-percent payment; or
  - “(2) the share of the State payment of the eligible county.
- “(e) PAYMENT AMOUNTS FOR ELIGIBLE COUNTIES.—The Secretary of the Treasury shall pay to each eligible county an amount equal to the amount elected under subsection (f) by the county for—
- “(1) if the county is eligible for the 50-percent payment, the 50-percent payment; or
  - “(2) the county payment for the eligible county.
- “(f) ELECTION TO RECEIVE PAYMENT AMOUNT.—
- “(1) ELECTION; SUBMISSION OF RESULTS.—
    - “(A) IN GENERAL.—The election to receive a share of the State payment, the county payment, a share of the State payment and the county payment, a share of the 25-percent payment, the 50-percent payment, or a share of the 25-percent payment and the 50-percent payment, as applicable, shall be made at the discretion of each affected county by August 1, 2008, and thereafter in accordance with paragraph (2)(A), and transmitted to the Secretary concerned by the Governor of each eligible State.
    - “(B) FAILURE TO TRANSMIT.—If an election for an affected county is not transmitted to the Secretary concerned by the date specified under subparagraph (A), the affected county shall be considered to have elected to receive

a share of the State payment, the county payment, or a share of the State payment and the county payment, as applicable.

“(2) DURATION OF ELECTION.—

“(A) IN GENERAL.—A county election to receive a share of the 25-percent payment or 50-percent payment, as applicable, shall be effective for 2 fiscal years.

“(B) FULL FUNDING AMOUNT.—If a county elects to receive a share of the State payment or the county payment, the election shall be effective for all subsequent fiscal years through fiscal year 2011.

“(g) SOURCE OF PAYMENT AMOUNTS.—The payment to an eligible State or eligible county under this section for a fiscal year shall be derived from—

“(1) any revenues, fees, penalties, or miscellaneous receipts, exclusive of deposits to any relevant trust fund, special account, or permanent operating funds, received by the Federal Government from activities by the Bureau of Land Management or the Forest Service on the applicable Federal land;

“(2) for fiscal year 2008, any funds appropriated to carry out this section; and

“(3) to the extent of any shortfall, out of any amounts in the Treasury of the United States not otherwise appropriated.

“(h) DISTRIBUTION AND EXPENDITURE OF PAYMENTS.—

“(1) DISTRIBUTION METHOD.—A State that receives a payment under this section shall distribute the appropriate payment amount among the appropriate counties in the State in accordance with—

“(A) the Act of May 23, 1908 (16 U.S.C. 500); and

“(B) section 13 of the Act of March 1, 1911 (36 Stat. 963; 16 U.S.C. 500).

“(2) EXPENDITURE PURPOSES.—Subject to paragraph (3), payments received by a State under this section and distributed to counties in accordance with paragraph (1), and payments received directly by an eligible county under this section, shall be expended in the same manner in which 25-percent payments or 50-percent payments, as applicable, are required to be expended.

“(3) RESERVATION OF PORTION OF PAYMENTS.—Each eligible county receiving a payment under this section or a portion of a State’s payment under this section shall reserve not less than 15 percent of the amount received for expenditure in accordance with titles II and III of the Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. 500 note; Public Law 106–393).

“(i) TIME FOR PAYMENT.—The payments required under this section for a fiscal year shall be made as soon as practicable after the end of that fiscal year.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 69 of title 31, United States Code, is amended by adding at the end the following new item:

“6908. Secure rural schools transition payments.”.

(c) EXTENSION OF TITLES II AND III OF SECURE RURAL SCHOOLS AND COMMUNITY SELF-DETERMINATION ACT OF 2000.—

(1) EXTENSION.—The Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. 500 note; Public Law 106–393) is amended—

(A) in sections 203(a), 204(e)(3)(B)(vi), 207(a), 208, and 303 by striking “2007” and inserting “2011”;

(B) in sections 208 and 303, by striking “2008” and inserting “2012”.

(2) DEFINITION OF PARTICIPATING COUNTY.—The Secure Rural Schools and Community Self-Determination Act of 2000 is amended—

(A) in section 201(1), by inserting before the period the following: “or that is required to reserve funds under section 6908(h)(3) of title 31, United States Code, or section 4(e) of the Public Land Communities Transition Act of 2007”; and

(B) in section 301(1), by inserting before the period the following: “or that is required to reserve funds under section 6908(h)(3) of title 31, United States Code, or section 4(e) of the Public Land Communities Transition Act of 2007”.

(3) DEFINITION OF PROJECT FUNDS.—The Secure Rural Schools and Community Self-Determination Act of 2000 is amended—

(A) in section 201(2), by inserting before the period the following: “or reserves under section 6908(h)(3) of title 31, United States Code, or section 4(e) of the Public Land Communities Transition Act of 2007 for expenditure in accordance with this title”; and

(B) in section 301(2), by inserting before the period the following: “or reserves under section 6908(h)(3) of title 31, United States Code, or section 4(e) of the Public Land Communities Transition Act of 2007 for expenditure in accordance with this title”.

**SEC. 4. SPECIAL REQUIREMENTS REGARDING TRANSITION PAYMENTS TO CERTAIN STATES.**

(a) **DEFINITIONS.**—In this section:

(1) **ADJUSTED AMOUNT.**—The term “adjusted amount” means, with respect to a covered State—

(A) for fiscal year 2008—

(i) the sum of the amounts paid for fiscal year 2006 under section 102(a)(2) of the Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. 500 note; Public Law 106–393), as in effect on September 29, 2006, for the eligible counties in the covered State that have elected under section 6908 of title 31, United States Code, as added by section 3 of this Act, to receive a share of the State payment for fiscal year 2008; and

(ii) the sum of the amounts paid for fiscal year 2006 under section 103(a)(2) Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. 500 note; Public Law 106–393), as in effect on September 29, 2006, for the eligible counties in the State of Oregon that have elected under section 6908 of title 31, United States Code, as added by section 3 of this Act, to receive the county payment for fiscal year 2008;

(B) for fiscal year 2009, 90 percent of—

(i) the sum of the amounts paid for fiscal year 2006 under such section 102(a)(2) for the eligible counties in the covered State that have elected under such section 6908 to receive a share of the State payment for fiscal year 2009; and

(ii) the sum of the amounts paid for fiscal year 2006 under such section 103(a)(2) for the eligible counties in the State of Oregon that have elected under such section 6908 to receive the county payment for fiscal year 2009;

(C) for fiscal year 2010, 81 percent of—

(i) the sum of the amounts paid for fiscal year 2006 under section such 102(a)(2) for the eligible counties in the covered State that have elected under such section 6908 to receive a share of the State payment for fiscal year 2010; and

(ii) the sum of the amounts paid for fiscal year 2006 under such section 103(a)(2) for the eligible counties in the State of Oregon that have elected under such section 6908 to receive the county payment for fiscal year 2010; and

(D) for fiscal year 2011, 73 percent of—

(i) the sum of the amounts paid for fiscal year 2006 under such section 102(a)(2) for the eligible counties in the covered State that have elected under such section 6908 to receive a share of the State payment for fiscal year 2011; and

(ii) the sum of the amounts paid for fiscal year 2006 under such section 103(a)(2) for the eligible counties in the State of Oregon that have elected under such section 6908 to receive the county payment for fiscal year 2011.

(2) **COVERED STATE.**—The term “covered State” means each of the States of California, Louisiana, Oregon, Pennsylvania, South Carolina, South Dakota, Texas, and Washington.

(3) **ELIGIBLE COUNTY.**—The term “eligible county” has the meaning given that term in section 6908 of title 31, United States Code, as added by section 3 of this Act.

(b) **TRANSITION PAYMENTS.**—For each of fiscal years 2008 through 2011, in lieu of the payment amounts that otherwise would have been made under section 6908 of title 31, United States Code, as added by section 3 of this Act, the Secretary of the Treasury shall pay the adjusted amount to each covered State and the eligible counties within the covered State, as applicable.

(c) **DISTRIBUTION OF ADJUSTED AMOUNT.**—It is the intent of Congress that the method of distributing the payments under subsection (b) among the counties in a covered State (other than California) for each of fiscal years 2008 through 2011 be in the same proportion that the payments were distributed to the eligible counties in that State in fiscal year 2006.

(d) **DISTRIBUTION OF PAYMENTS IN CALIFORNIA.**—The following payments shall be distributed among the eligible counties in the State of California in the same proportion that payments under section 102(a)(2) of the Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. 500 note; Public Law 106–393), as in effect on September 29, 2006, were distributed to the eligible counties for fiscal year 2006:

(1) Payments to the State of California under subsection (b).

(2) The shares of the eligible counties of the State payment for California under section 6908 of title 31, United States Code, as added by section 3 of this Act, for fiscal year 2011.

(e) TREATMENT OF PAYMENTS.—Any payment made under subsection (b) shall be considered to be a payment made under section 6908 of title 31, United States Code, as added by section 3 of this Act, except that each eligible county receiving a payment under such subsection or a portion of such payment under subsection (c) or (d) shall reserve not less than 15 percent of the amount received for expenditure in accordance with titles II and III of the Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. 500 note; Public Law 106–393), as required by subsection (h)(3) of such section 6908.

**SEC. 5. CONSERVATION OF RESOURCES FEES.**

(a) ESTABLISHMENT OF FEES.—

(1) IN GENERAL.—Not later than 60 days after the date of enactment of this Act, the Secretary of the Interior by regulation shall establish—

(A) a conservation of resources fee for producing Federal oil and gas leases in the Gulf of Mexico; and

(B) a conservation of resources fee for nonproducing Federal oil and gas leases in the Gulf of Mexico.

(2) PRODUCING LEASE FEE TERMS.—The fee under paragraph (1)(A)—

(A) subject to subparagraph (C), shall apply to covered leases that are producing leases;

(B) shall be set at \$9 per barrel for oil and \$1.25 per million Btu for gas, respectively, in 2005 dollars; and

(C) shall apply only to production of oil or gas occurring—

(i) in any calendar year in which the arithmetic average of the daily closing prices for light sweet crude oil on the New York Mercantile Exchange (NYMEX) exceeds \$34.73 per barrel for oil and \$4.34 per million Btu for gas in 2005 dollars; and

(ii) on or after October 1, 2006.

(3) NONPRODUCING LEASE FEE TERMS.—The fee under paragraph (1)(B)—

(A) subject to subparagraph (C), shall apply to leases that are nonproducing leases;

(B) shall be set at \$3.75 per acre per year in 2005 dollars; and

(C) shall apply on and after October 1, 2006.

(4) TREATMENT OF RECEIPTS.—Amounts received by the United States as fees under this subsection shall be treated as offsetting receipts.

(b) COVERED LEASE DEFINED.—In this section the term “covered lease” means a lease for oil or gas production in the Gulf of Mexico that is—

(1) in existence on the date of enactment of this Act;

(2) issued by the Department of the Interior under section 304 of the Outer Continental Shelf Deep Water Royalty Relief Act (43 U.S.C. 1337 note; Public Law 104-58); and

(3) not subject to limitations on royalty relief based on market price that are equal to or less than the price thresholds described in clauses (v) through (vii) of section 8(a)(3)(C) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(a)(3)(C)).

(c) ROYALTY SUSPENSION PROVISIONS.—The Secretary of the Interior shall agree to a request by any lessee to amend any lease issued for Central and Western Gulf of Mexico tracts during the period of January 1, 1998, through December 31, 1999, to incorporate price thresholds applicable to royalty suspension provisions, or amend existing price thresholds, in the amount of \$34.73 per barrel (2005 dollars) for oil and for natural gas of \$4.34 per million Btu (2005 dollars).

**SEC. 6. SENSE OF CONGRESS ON DISTRIBUTION OF SECURE RURAL SCHOOLS TRANSITION PAYMENTS TO ELIGIBLE COUNTIES.**

It is the sense of Congress that amounts made available by a State to an eligible county under section 6908 of title 31, United States Code, as added by section 3 of this Act, or under section 4 of this Act to support public schools in that county should be in addition to, and not in lieu of, general funds of the State made available to support public schools in that county, and that the State should not adjust education funding allocations to reflect the receipt of amounts under such section 6908 or section 4.

Amend the title so as to read:

A bill to amend chapter 69 of title 31, United States Code, to provide for the transition to full payments under such chapter to units of general local government in which entitlement land is located, to provide transitional payments during fiscal

years 2008 through 2011 to those States and counties previously entitled to payments under the Secure Rural Schools and Community Self-Determination Act of 2000, and for other purposes.

#### PURPOSE OF THE BILL

The purpose of H.R. 3058, as ordered reported, is to amend chapter 69 of title 31, United States Code, to provide full payments under such chapter to units of general local government in which entitlement land is located, to provide transitional payments during fiscal years 2008 through 2011 to those States and counties previously entitled to payments under the Secure Rural Schools and Community Self-Determination Act of 2000, and for other purposes.

#### BACKGROUND AND NEED FOR LEGISLATION

Since 1908, 25 percent of Forest Service revenues, such as those from timber sales, mineral resources and grazing fees, have been returned to the States in which national forest lands are located.

Because receipts from timber sales have fluctuated over time, the 106th Congress in 2000 enacted the Secure Rural Schools and Community Self-Determination Act (Public Law 106-393), commonly referred to as the "county payments bill," to restore stability to the annual payments made to States and counties containing National Forest System lands and certain public domain lands managed by the Bureau of Land Management. The 1908 statute initially providing for these revenue-sharing payments specified that the county payments were to be used for public schools and roads. Globalization and changed federal forest management priorities have reduced the revenue-sharing payments to counties and created budgetary uncertainty for areas reliant on these revenue-sharing payments. The Secure Rural Schools and Community Self-Determination Act sought to address this instability by providing funding for a period of seven years, but requiring reauthorization after that time.

Funding for these payments amounted to roughly \$400 million per year, paid from the General Treasury. The FY 2007 payments to States totaled \$409 million, with the majority of the money directed to counties in Oregon, Washington, and California. Counties in these States were disproportionately impacted given their historic reliance of timber revenue-sharing payments.

Anticipating the need for reauthorization, the Administration in February of 2006 released their reauthorization plan as part of the FY 2007 budget proposal. The Administration's reauthorization proposal would be funded through the sale of more than 300,000 acres of National Forest System lands. This proposal was met with considerable concern by the Congress and the public. In the 109th Congress, Representatives Greg Walden (R-OR) and Peter DeFazio (D-OR) introduced H.R. 517, a bill to reauthorize County Payments through FY 2013, which was reported out of the then Committee on Resources, but was not considered by the full House. In the 110th Congress, efforts to include a multi-year county payments extension in the Emergency Supplemental Appropriations Act fell short, and instead a one-year extension was enacted. Considerable emphasis has been given to the need for action from the authorizing Committees on a multi-year county payments bill.

Payments in Lieu of Taxes (PILT) are federal payments to local governments that help offset the cost of services and infrastructure incurred by local jurisdictions where certain Federal lands are located. PILT was first authorized in 1976 and has been amended several times, the most recent being in 1994. The PILT program is administered by the Department of the Interior and funds are appropriated by the Congress each year. The FY 2007 PILT payment totaled \$232 million, with the largest state recipients being New Mexico, California, and Utah.

H.R. 3058 mirrors a proposal overwhelmingly supported in the Senate when Senator Ron Wyden (D-OR) offered similar language as an amendment to the Emergency Supplemental Appropriations bill earlier this year.

#### COMMITTEE ACTION

H.R. 3058 was introduced on July 17, 2007 by Representative Peter DeFazio (D-OR). The bill was referred to the Committee on Natural Resources, and within the Committee to the Subcommittee on National Parks, Forests, and Public Lands. On July 23, 2007, the Subcommittee on National Parks, Forests, and Public Lands held a hearing on the bill.

On September 26, 2007, the Subcommittee was discharged from further consideration of the legislation, and the Full Natural Resources Committee met to consider the bill. Representative Peter DeFazio (D-OR) offered an amendment in the nature of a substitute to utilize a \$2.875 OCS conservation of resources fee as an offset to the overall cost of H.R. 3058. The DeFazio amendment in the nature of a substitute also reduced the cost of the legislation to meet the OCS offset by authorizing the PILT and county payments for four years instead of five, and by ramping up PILT payments to 100% of authorized levels by 2010 and 2011. Lastly, the DeFazio amendment in the nature of a substitute extended Title II and Title III of the Secure Rural Schools and Community Self-Determination Act through 2011, and added Louisiana, Pennsylvania, South Carolina, South Dakota, and Texas to the States receiving transition payments.

Representative Cathy McMorris-Rodgers (R-WA) offered an amendment to the amendment in the nature of a substitute that expressed the Sense of Congress that amounts made available by a State to an eligible county under H.R. 3058 to support public schools in that county should be treated in addition to, and not in lieu of, general funds of the State made available to support public schools in that county. The amendment was adopted by unanimous consent.

Representative Rob Bishop (R-UT) offered a non-germane amendment to the amendment in the nature of a substitute that proposed an offset to H.R. 3058 funded by opening up the Arctic National Wildlife Refuge (ANWR) to drilling, expediting salvage timber projects on federal lands, changing the distribution of oil shale revenues and providing for geothermal resources production. The amendment was not adopted by a roll call vote of 10 to 17, as follows:





The DeFazio amendment in the nature of a substitute, as amended, was agreed to by voice vote. The bill, as amended, was then ordered favorably reported to the House of Representatives by voice vote.

#### SECTION-BY-SECTION ANALYSIS

##### *Section 1. Short title*

Section 1 provides that this Act may be cited as “Public Land Communities Transition Act of 2007”.

##### *Section 2. Funding for payments in lieu of taxes*

Section 2 provides for payments under the Payments in Lieu of Taxes program at 80% of the authorized level in 2008, 90% in 2009, and 100% percent of the authorized levels in 2010 and 2011.

##### *Section 3. Transitional payments States and Counties previously entitled to payments under Secure Rural Schools and Community Self-Determination Act of 2000.*

Section 3 provides for four years of transition payments to forest counties previously entitled to payments under the Secure Rural Schools and Community Self-Determination Act of 2000. The section includes a new formula for distribution of county payments that is based on the historical allocation, the concentration of public land in the county, and the current economic condition of the county. The bill transitions counties from these payments by ramping down the total payments by 10% each year. The Committee notes that this phase-down fulfills the principles of the National Forest County Schools Coalition that the safety-net payments would be a temporary program. Section 3 also extends Title II and Title III of the Secure Rural Schools and Community Self-Determination Act through 2011. The Committee included these titles since they provide a framework and incentive for community groups to collaborate with the Forest Service on forest management projects and have proven successful in the past.

##### *Section 4. Special requirements regarding transition payments to certain States*

Section 4 provides additional transition funding for Oregon, Washington, California, Louisiana, Texas, Pennsylvania, South Dakota, and South Carolina to assist in their adjustment to the new funding formula.

##### *Section 5. Conservation of resources fees*

Section 5 provides for an offset of the cost of the bill to satisfy PAYGO requirements. The offset utilizes \$2.875 billion that would be generated from new fees on certain outer-continent shelf (OCS) oil and gas leases.

#### COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Natural Resources’ oversight findings and recommendations are reflected in the body of this report.

## FEDERAL ADVISORY COMMITTEE STATEMENT

The functions of the advisory committee that is proposed to be reauthorized in the bill are not currently being nor could they be performed by one or more agencies, an advisory committee already in existence or by enlarging the mandate of an existing advisory committee.

## CONSTITUTIONAL AUTHORITY STATEMENT

Article I, section 8 of the Constitution of the United States grants Congress the authority to enact this bill.

## COMPLIANCE WITH HOUSE RULE XIII

1. Cost of Legislation. Clause 3(d)(2) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out this bill. However, clause 3(d)(3)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974.

2. Congressional Budget Act. As required by clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, any new budget authority included in this bill will include a comparison of the total estimated funding level for the relevant programs to the appropriate levels under current law, as described in the cost estimate obtained from the Director of the Congressional Budget Office, which follows below.

3. General Performance Goals and Objectives. As required by clause 3(c)(4) of rule XIII, the general performance goal or objective of this bill, as ordered reported, is to amend chapter 69 of title 31, United States Code, to provide full payments under such chapter to units of general local government in which entitlement land is located, to provide transitional payments during fiscal years 2008 through 2011 to those States and counties previously entitled to payments under the Secure Rural Schools and Community Self-Determination Act of 2000, and for other purposes.

4. Congressional Budget Office Cost Estimate. Under clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for this bill from the Director of the Congressional Budget Office:

*H.R. 3058—Public Land Communities Transition Assistance Act of 2007*

Summary: H.R. 3058 would provide direct spending authority for certain payments to states and counties made by the Forest Service and the Department of the Interior (DOI). The bill also would impose a new “conservation of resources” fee on certain oil and gas leases on lands on the Outer Continental Shelf (OCS).

CBO estimates that enacting H.R. 3058 would increase net direct spending by \$409 million over the 2008–2012 period, but reduce such spending by about \$4.2 billion over the 2008–2017 period. En-

acting the bill would not affect revenues but could result in savings in discretionary spending by reducing the need for annual appropriations for payments in lieu of taxes (PILT). Assuming that appropriations are reduced accordingly, CBO estimates that discretionary spending would fall by \$975 million through 2012.

H.R. 3058 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

By establishing the “conservation of resources” fee, H.R. 3058 would impose a private-sector mandate, as defined in UMRA. CBO estimates that those fees, in aggregate, would be approximately \$500 million in 2008. Consequently, the cost of the mandate to the private sector would exceed the annual threshold established in UMRA (\$131 million in 2007, adjusted annually for inflation).

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 3058 is shown in the following table. The costs of this legislation fall within budget functions 800 (general government) and 950 (undistributed offsetting receipts).

	By fiscal year, in millions of dollars—											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008–2012	2008–2017
<b>DIRECT SPENDING</b>												
Spending Under Current Law:												
Forest Service and BLM Payments to States and Counties:												
Estimated Budget Authority .....	101	98	101	103	105	106	109	110	112	115	508	1,060
Estimated Outlays .....	101	98	101	103	105	106	109	110	112	115	508	1,060
Proposed Changes:												
Transition Payments to States and Counties:												
Estimated Budget Authority .....	0	585	514	450	393	0	0	0	0	0	1,942	1,942
Estimated Outlays .....	0	585	514	450	393	0	0	0	0	0	1,942	1,942
Payments in Lieu of Taxes:												
Estimated Budget Authority .....	286	294	376	386	0	0	0	0	0	0	1,342	1,342
Estimated Outlays .....	286	294	376	386	0	0	0	0	0	0	1,342	1,342
Conservation of Resources Fees:												
Estimated Budget Authority .....	-500	-300	-325	-875	-875	-975	-975	-925	-875	-825	-2,875	-7,450
Estimated Outlays .....	-500	-300	-325	-875	-875	-975	-975	-925	-875	-825	-2,875	-7,450
Total Changes:												
Estimated Budget Authority .....	-214	579	565	-39	-482	-975	-975	-925	-875	-825	409	-4,166
Estimated Outlays .....	-214	579	565	-39	-482	-975	-975	-925	-875	-825	409	-4,166
Spending Under H.R. 3058:												
Estimated Budget Authority .....	-113	677	666	64	-377	-869	-866	-815	-763	-710	917	-3,106
Estimated Outlays .....	-113	677	666	64	-377	-869	-866	-815	-763	-710	917	-3,106
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>												
Estimated Authorization Level .....	-237	-242	-246	-250	0	0	0	0	0	0	-975	-975
Estimated Outlays .....	-237	-242	-246	-250	0	0	0	0	0	0	-975	-975

Basis of estimate: For this estimate, CBO assumes that H.R. 3058 will be enacted before the end of calendar year 2007. Estimated payments to states and counties under sections 2 and 3 of the bill are based on information provided by the Forest Service and DOI.

*Direct spending*

CBO estimates that providing direct spending authority for PILT and for additional payments under the secure rural schools program as provided by H.R. 3058 would increase direct spending by about \$3.3 billion over the 2008–2012 period. (Authority for the payments would expire after that.) We estimate that new spending would be offset by new fees on OCS lessees of about \$7.5 billion over the 2008–2017 period. The net result of enacting those provisions would be an increase in direct spending of \$409 million over the 2008–2012 period, and a reduction of nearly \$4.2 billion over the 2008–2017 period.

**Secure Rural Schools Transition Payments.** Section 3 would provide new direct spending authority for the Forest Service and the Bureau of Land Management (BLM) to make payments to states and counties to support rural schools.

**Payments Under Current Law.** Currently, the Forest Service and BLM share a portion of their offsetting receipts with states and counties in order to compensate those local governments that have tax-exempt federal lands within their jurisdictions. (Generally, state and local governments may not impose taxes on federal lands unless specifically authorized to do so by federal statute.) The Forest Service shares receipts generated mainly from selling forest and grassland resources. Those receipts must be used by state and local governments for school and road programs. BLM also shares receipts with counties from various types of activities on BLM lands.

CBO estimates that states and counties would receive about \$1.1 billion over the next 10 years under current law.

**Payments Under H.R. 3058.** Section 3 would authorize new payments to state and local governments, called secure rural school transition payments. Based on information provided by the Forest Service, CBO estimates that states and counties would receive a total of \$3 billion over the 2008–2017 period, about \$1.9 billion more than they will receive under existing receipt-sharing laws.

**Payments in Lieu of Taxes.** Section 2 would provide new direct spending authority for DOI to make annual payments in lieu of taxes for fiscal years 2008 through 2011. CBO estimates that enacting this provision would increase direct spending by about \$1.3 billion over the 2008–2017 period.

**PILT Under Current Law.** The PILT program compensates local governments for losses in their tax bases (and thus tax revenues) caused by having certain federal lands within their jurisdictions. Currently, funding for the program is provided in annual appropriations acts; in recent years, such funding has fallen short of the full amount that local governments would be authorized to receive under the PILT statute. That full authorization amount is calculated each year by DOI based on factors such as population and the number of acres owned by certain federal agencies, and is reduced by the amount of certain other federal payments received by the locality. If necessary, the department then calculates individual

payments to local jurisdictions by prorating the aggregate appropriation amount among the different localities. In 2007, the PILT appropriation was \$233 million (about 65 percent of the full authorization). A final appropriation for PILT has not been enacted for 2008.

PILT Under H.R. 3058. Section 2 would provide direct spending authority for PILT payments to be made by DOI over the 2008–2011 period, but funding would be phased in over that period. Under the provision, eligible local governments would receive a:

- 2008 payment equal to 80 percent of the full PILT authorization level calculated for 2007;
- 2009 payment equal to 90 percent of the 2008 full PILT authorization level; and
- 2010 and 2011 payments equal to 100 percent of the previous years' PILT authorization level.

Payments made after 2011 would be subject to appropriation.

CBO's estimates of payments for 2008 through 2011 are based on DOI's most recent estimate of the full authorization level for PILT in 2007, which is nearly \$360 million. CBO reduced those estimated annual payments to reflect the effects on PILT authorization levels of making higher payments to counties under the Secure Rural Schools Program as authorized by section 3 of the bill.

Conservation of Resources Fees. Section 5 would require lessees of certain OCS lands to pay a "conservation of resources" fee and direct that those payments be classified as offsetting receipts (a reduction in direct spending). CBO estimates that enacting this provision would increase offsetting receipts by \$7.45 billion over the 2008–2017 period. Most of that increase would result from provisions affecting certain deepwater OCS leases issued in 1998 and 1999 that provided royalty relief regardless of the market price of oil or gas.

#### *Spending subject to appropriation*

By providing direct spending authority for PILT for fiscal years 2008 through 2011, the bill would reduce the need for appropriations for the program over that period. Assuming that annual appropriations are reduced accordingly, CBO estimates that discretionary spending would be reduced by \$975 million over the four-year period that mandatory funding under the bill would be in effect.

The potential savings in spending are equal to the CBO baseline for PILT appropriations. Such savings are less than the estimated increase in direct spending under the bill because discretionary appropriations for PILT have historically been about 65 percent of the full amount authorized for such payments.

Estimated impact on state, local, and tribal governments: H.R. 3058 contains no intergovernmental mandates as defined in UMRA. Enacting this bill would benefit the states and counties that would receive the authorized payments.

Estimated impact on the private sector: H.R. 3058 would impose fees on certain holders of federal oil and gas leases in the Gulf of Mexico. The bill would require DOI to establish a "conservation of resources" fee set at \$9 per barrel for oil and \$1.25 per million Btu for natural gas (both in 2005 dollars) on production from certain leased acreage. Leaseholders could avoid the fee if they renegotiate

the royalty relief provisions of their original leases with the Secretary of the Interior to pay royalties on oil and gas production when prices exceed the price thresholds specified in the bill (\$34.73 per barrel of oil and \$4.34 per million Btu of natural gas, both in 2005 dollars). DOI also would be required to establish a “conservation of resources” fee on all acreage that is not producing in both new and existing leases. The bill would set that fee at \$3.75 per acre per year (in 2005 dollars). Because new leases that include the “conservation of resources” fees would be entered into voluntarily, the fees would only constitute a mandate for leases in existence on the date the Public Land Communities Transition Assistance Act is enacted.

The fees on both producing and nonproducing leases would apply retroactively to volumes produced since October 1, 2006.

CBO estimates that the direct cost of the mandate on leaseholders of acreage in production would be approximately \$275 million in 2008, assuming most leaseholders opt to pay royalties under a renegotiated lease instead of the proposed fee. CBO estimates that the direct cost of the mandate on leaseholders of acreage not in production would be approximately \$225 million in 2008. Consequently, the cost to comply with the mandates would exceed the annual threshold established in UMRA for private-sector mandates (\$131 million in 2007, adjusted annually for inflation).

Previous CBO cost estimates: The provision concerning “conservation of resources” fees are similar to those contained in other legislation, including:

- H.R. 6, the CLEAN Energy Act of 2007, as introduced on January 12, 2007. CBO’s cost estimate was transmitted on January 12, 2007.
- H.R. 2419, the Farm, Nutrition, and Bioenergy Act of 2007, as passed by the House of Representatives on July 27, 2007. CBO’s cost estimate was transmitted on October 5, 2007.
- H.R. 3221, the Renewable Energy and Conservation Tax Act of 2007, as passed by the House of Representatives on August 4, 2007. CBO’s cost estimate was transmitted on November 9, 2007.

Estimate prepared by: Federal costs: Tyler Kruzich, Deborah Reis, and Kathleen Gramp; Impact on State, local, and tribal governments: Lisa Ramirez-Branum; Impact on the private sector: Amy Petz.

Estimate approved by: Theresa Gullo, Deputy Assistant Director for Budget Analysis.

#### COMPLIANCE WITH PUBLIC LAW 104–4

This bill contains no unfunded mandates.

#### EARMARK STATEMENT

H.R. 3058 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(d), 9(e) or 9(f) of rule XXI.

#### PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.



CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

**TITLE 31, UNITED STATES CODE**

\* \* \* \* \*

**SUBTITLE V—GENERAL ASSISTANCE ADMINISTRATION**

\* \* \* \* \*

**CHAPTER 69—PAYMENT FOR ENTITLEMENT LAND**

Sec						
6901.	Definitions.	*	*	*	*	*
6908.	<i>Secure rural schools transition payments.</i>	*	*	*	*	*

**§ 6906. Authorization of appropriations**

(a) *IN GENERAL.*—Necessary amounts may be appropriated to the Secretary of the Interior to carry out this chapter. Amounts are available only as provided in appropriation laws.

(b) *TRANSITION TO FULL FUNDING.*—Amounts authorized under this chapter shall be made available to the Secretary of the Interior, out of any other funds in the Treasury not otherwise appropriated and without further appropriation, for obligation or expenditure in accordance with this chapter as follows:

- (1) For fiscal year 2008, 80 percent of the amount authorized under this chapter in the prior fiscal year.
- (2) For fiscal year 2009, 90 percent of the amount authorized under this chapter in the prior fiscal year.
- (3) For fiscal years 2010 and 2011, 100 percent of the amount authorized under this chapter in the prior fiscal year.

\* \* \* \* \*

**§ 6908. Secure rural schools transition payments**

(a) *DEFINITIONS.*—In this section:

(1) *ADJUSTED SHARE.*—The term “adjusted share” means the number equal to the quotient obtained by dividing—

(A) the number equal to the quotient obtained by dividing—

- (i) the base share for the eligible county; by
- (ii) the income adjustment for the eligible county; by

(B) the number equal to the sum of the quotients obtained under subparagraph (A) and paragraph (8)(A) for all eligible counties.

(2) *BASE SHARE.*—The term “base share” means the number equal to the average of—

(A) the quotient obtained by dividing—

- (i) the number of acres of Federal land described in paragraph (7)(A) in each eligible county; by
- (ii) the total number acres of Federal land in all eligible counties in all eligible States; and
- (B) the quotient obtained by dividing—
  - (i) the amount equal to the average of the 3 highest 25-percent payments and safety net payments made to each eligible State for each eligible county during the eligibility period; by
  - (ii) the amount equal to the sum of the amounts calculated under clause (i) and paragraph (9)(B)(i) for all eligible counties in all eligible States during the eligibility period.
- (3) COUNTY PAYMENT.—The term “county payment” means the payment for an eligible county calculated under subsection (c).
- (4) ELIGIBLE COUNTY.—The term “eligible county” means any county that—
  - (A) contains Federal land (as defined in paragraph (7)); and
  - (B) elects to receive a share of the State payment or the county payment under subsection (f).
- (5) ELIGIBILITY PERIOD.—The term “eligibility period” means fiscal year 1986 through fiscal year 1999.
- (6) ELIGIBLE STATE.—The term “eligible State” means a State or territory of the United States that received a 25-percent payment for 1 or more fiscal years of the eligibility period.
- (7) FEDERAL LAND.—The term “Federal land” means—
  - (A) land within the National Forest System, as defined in section 11(a) of the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1609(a)) exclusive of the National Grasslands and land utilization projects designated as National Grasslands administered pursuant to the Act of July 22, 1937 (7 U.S.C. 1010–1012); and
  - (B) such portions of the revested Oregon and California Railroad and reconveyed Coos Bay Wagon Road grant land as are or may hereafter come under the jurisdiction of the Department of the Interior, which have heretofore or may hereafter be classified as timberlands, and power-site land valuable for timber, that shall be managed, except as provided in the former section 3 of the Act of August 28, 1937 (50 Stat. 875; 43 U.S.C. 1181c), for permanent forest production.
- (8) 50-PERCENT ADJUSTED SHARE.—The term “50-percent adjusted share” means the number equal to the quotient obtained by dividing—
  - (A) the number equal to the quotient obtained by dividing—
    - (i) the 50-percent base share for the eligible county; by
    - (ii) the income adjustment for the eligible county; by
  - (B) the number equal to the sum of the quotients obtained under subparagraph (A) and paragraph (1)(A) for all eligible counties.
- (9) 50-PERCENT BASE SHARE.—The term “50-percent base share” means the number equal to the average of—

- (A) the quotient obtained by dividing—  
 (i) the number of acres of Federal land described in paragraph (7)(B) in each eligible county; by  
 (ii) the total number acres of Federal land in all eligible counties in all eligible States; and  
 (B) the quotient obtained by dividing—  
 (i) the amount equal to the average of the 3 highest 50-percent payments made to each eligible county during the eligibility period; by  
 (ii) the amount equal to the sum of the amounts calculated under clause (i) and paragraph (2)(B)(i) for all eligible counties in all eligible States during the eligibility period.
- (10) **50-PERCENT PAYMENT.**—The term “50-percent payment” means the payment that is the sum of the 50-percent share otherwise paid to a county pursuant to title II of the Act of August 28, 1937 (chapter 876; 50 Stat. 875; 43 U.S.C. 1181f), and the payment made to a county pursuant to the Act of May 24, 1939 (chapter 144; 53 Stat. 753; 43 U.S.C. 1181f–1 et seq.).
- (11) **FULL FUNDING AMOUNT.**—The term “full funding amount” means—  
 (A) \$520,000,000 for fiscal year 2008; and  
 (B) for fiscal years 2009, 2010, and 2011, the amount that is equal to 90 percent of the full funding amount for the preceding fiscal year.
- (12) **INCOME ADJUSTMENT.**—The term “income adjustment” means the square of the quotient obtained by dividing—  
 (A) the per capita personal income for each eligible county; by  
 (B) the median per capita personal income of all eligible counties.
- (13) **PER CAPITA PERSONAL INCOME.**—The term “per capita personal income” means the most recent per capita personal income data, as determined by the Bureau of Economic Analysis.
- (14) **SAFETY NET PAYMENTS.**—The term “safety net payments” means the special payment amounts paid to States and counties required by section 13982 or 13983 of the Omnibus Budget Reconciliation Act of 1993 (Public Law 103–66; 16 U.S.C. 500 note; 43 U.S.C. 1181f note).
- (15) **SECRETARY CONCERNED.**—The term “Secretary concerned” means—  
 (A) the Secretary of Agriculture or the designee of the Secretary of Agriculture with respect to the Federal land described in paragraph (7)(A); and  
 (B) the Secretary of the Interior or the designee of the Secretary of the Interior with respect to the Federal land described in paragraph (7)(B).
- (16) **STATE PAYMENT.**—The term “State payment” means the payment for an eligible State calculated under subsection (b)
- (17) **25-PERCENT PAYMENT.**—The term “25-percent payment” means the payment to States required by the sixth paragraph under the heading of “forest service” in the Act of May 23, 1908 (35 Stat. 260; 16 U.S.C. 500), and section 13 of the Act of March 1, 1911 (36 Stat. 963; 16 U.S.C. 500).

(b) *CALCULATION OF STATE PAYMENT AMOUNT.*—For each of fiscal years 2008 through 2011, the Secretary of Agriculture shall calculate for each eligible State an amount equal to the sum of the products obtained by multiplying—

(1) the adjusted share for each eligible county within the eligible State; by

(2) the full funding amount for the fiscal year.

(c) *CALCULATION OF COUNTY PAYMENT AMOUNT.*—For each of fiscal years 2008 through 2011, the Secretary of the Interior shall calculate for each eligible county that received a 50-percent payment during the eligibility period an amount equal to the product obtained by multiplying—

(1) the 50-percent adjusted share for the eligible county; by

(2) the full funding amount for the fiscal year.

(d) *PAYMENT AMOUNTS FOR ELIGIBLE STATES.*—The Secretary of the Treasury shall pay to each eligible State an amount equal to the sum of the amounts elected under subsection (f) by each county within the eligible State for—

(1) if the county is eligible for the 25-percent payment, the share of the 25-percent payment; or

(2) the share of the State payment of the eligible county.

(e) *PAYMENT AMOUNTS FOR ELIGIBLE COUNTIES.*—The Secretary of the Treasury shall pay to each eligible county an amount equal to the amount elected under subsection (f) by the county for—

(1) if the county is eligible for the 50-percent payment, the 50-percent payment; or

(2) the county payment for the eligible county.

(f) *ELECTION TO RECEIVE PAYMENT AMOUNT.*—

(1) *ELECTION; SUBMISSION OF RESULTS.*—

(A) *IN GENERAL.*—The election to receive a share of the State payment, the county payment, a share of the State payment and the county payment, a share of the 25-percent payment, the 50-percent payment, or a share of the 25-percent payment and the 50-percent payment, as applicable, shall be made at the discretion of each affected county by August 1, 2008, and thereafter in accordance with paragraph (2)(A), and transmitted to the Secretary concerned by the Governor of each eligible State.

(B) *FAILURE TO TRANSMIT.*—If an election for an affected county is not transmitted to the Secretary concerned by the date specified under subparagraph (A), the affected county shall be considered to have elected to receive a share of the State payment, the county payment, or a share of the State payment and the county payment, as applicable.

(2) *DURATION OF ELECTION.*—

(A) *IN GENERAL.*—A county election to receive a share of the 25-percent payment or 50-percent payment, as applicable, shall be effective for 2 fiscal years.

(B) *FULL FUNDING AMOUNT.*—If a county elects to receive a share of the State payment or the county payment, the election shall be effective for all subsequent fiscal years through fiscal year 2011.

(g) *SOURCE OF PAYMENT AMOUNTS.*—The payment to an eligible State or eligible county under this section for a fiscal year shall be derived from—

(1) any revenues, fees, penalties, or miscellaneous receipts, exclusive of deposits to any relevant trust fund, special account, or permanent operating funds, received by the Federal Government from activities by the Bureau of Land Management or the Forest Service on the applicable Federal land;

(2) for fiscal year 2008, any funds appropriated to carry out this section; and

(3) to the extent of any shortfall, out of any amounts in the Treasury of the United States not otherwise appropriated.

(h) DISTRIBUTION AND EXPENDITURE OF PAYMENTS.—

(1) DISTRIBUTION METHOD.—A State that receives a payment under this section shall distribute the appropriate payment amount among the appropriate counties in the State in accordance with—

(A) the Act of May 23, 1908 (16 U.S.C. 500); and

(B) section 13 of the Act of March 1, 1911 (36 Stat. 963; 16 U.S.C. 500).

(2) EXPENDITURE PURPOSES.—Subject to paragraph (3), payments received by a State under this section and distributed to counties in accordance with paragraph (1), and payments received directly by an eligible county under this section, shall be expended in the same manner in which 25-percent payments or 50-percent payments, as applicable, are required to be expended.

(3) RESERVATION OF PORTION OF PAYMENTS.—Each eligible county receiving a payment under this section or a portion of a State’s payment under this section shall reserve not less than 15 percent of the amount received for expenditure in accordance with titles II and III of the Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. 500 note; Public Law 106–393).

(i) TIME FOR PAYMENT.—The payments required under this section for a fiscal year shall be made as soon as practicable after the end of that fiscal year.

\* \* \* \* \*

**SECURE RURAL SCHOOLS AND COMMUNITY SELF-DETERMINATION ACT OF 2000**

\* \* \* \* \*

**TITLE II—SPECIAL PROJECTS ON FEDERAL LANDS**

**SEC. 201. DEFINITIONS.**

In this title:

(1) PARTICIPATING COUNTY.—The term “participating county” means an eligible county that elects under section 102(d)(1)(B)(i) or 103(c)(1)(B)(i) to expend a portion of the Federal funds received under section 102 or 103 in accordance with this title or that is required to reserve funds under section 6908(h)(3) of title 31, United States Code, or section 4(e) of the Public Land Communities Transition Act of 2007.

(2) PROJECT FUNDS.—The term “project funds” means all funds an eligible county elects under sections 102(d)(1)(B)(i) and 103(c)(1)(B)(i) to reserve for expenditure in accordance with this title *or reserves under section 6908(h)(3) of title 31, United States Code, or section 4(e) of the Public Land Communities Transition Act of 2007 for expenditure in accordance with this title.*

\* \* \* \* \*

**SEC. 203. SUBMISSION OF PROJECT PROPOSALS.**

(a) SUBMISSION OF PROJECT PROPOSALS TO SECRETARY CONCERNED.—

(1) PROJECTS FUNDED USING PROJECT FUNDS.—Not later than September 30 for fiscal year 2001, and each September 30 thereafter for each succeeding fiscal year through fiscal year **[2007]** 2011, each resource advisory committee shall submit to the Secretary concerned a description of any projects that the resource advisory committee proposes the Secretary undertake using any project funds reserved by eligible counties in the area in which the resource advisory committee has geographic jurisdiction.

\* \* \* \* \*

**SEC. 204. EVALUATION AND APPROVAL OF PROJECTS BY SECRETARY CONCERNED.**

(a) \* \* \*

\* \* \* \* \*

(e) IMPLEMENTATION OF APPROVED PROJECTS.—

(1) \* \* \*

\* \* \* \* \*

(3) MERCHANTABLE MATERIAL CONTRACTING PILOT PROGRAM.—

(A) \* \* \*

(B) ANNUAL PERCENTAGES.—Under the pilot program, the Secretary concerned shall ensure that, on a nationwide basis, not less than the following percentage of all approved projects involving the sale of merchantable material are implemented using separate contracts:

(i) \* \* \*

\* \* \* \* \*

(vi) For fiscal year **[2007]** 2011, 50 percent.

\* \* \* \* \*

**SEC. 207. AVAILABILITY OF PROJECT FUNDS.**

(a) SUBMISSION OF PROPOSED PROJECTS TO OBLIGATE FUNDS.—By September 30 of each fiscal year through fiscal year **[2007]** 2011, a resource advisory committee shall submit to the Secretary concerned pursuant to section 203(a)(1) a sufficient number of project proposals that, if approved, would result in the obligation of at least the full amount of the project funds reserved by the participating county in the preceding fiscal year.

\* \* \* \* \*

**SEC. 208. TERMINATION OF AUTHORITY.**

The authority to initiate projects under this title shall terminate on September 30, [2007] 2011. Any project funds not obligated by September 30, [2008] 2012, shall be deposited in the Treasury of the United States.

**TITLE III—COUNTY PROJECTS**

**SEC. 301. DEFINITIONS.**

In this title:

(1) PARTICIPATING COUNTY.—The term “participating county” means an eligible county that elects under section 102(d)(1)(B)(ii) or 103(c)(1)(B)(ii) to expend a portion of the Federal funds received under section 102 or 103 in accordance with this title *or that is required to reserve funds under section 6908(h)(3) of title 31, United States Code, or section 4(e) of the Public Land Communities Transition Act of 2007.*

(2) COUNTY FUNDS.—The term “county funds” means all funds an eligible county elects under sections 102(d)(1)(B)(ii) and 103(c)(1)(B)(ii) to reserve for expenditure in accordance with this title *or reserves under section 6908(h)(3) of title 31, United States Code, or section 4(e) of the Public Land Communities Transition Act of 2007 for expenditure in accordance with this title.*

\* \* \* \* \*

**SEC. 303. TERMINATION OF AUTHORITY.**

The authority to initiate projects under this title shall terminate on September 30, [2007] 2011. Any county funds not obligated by September 30, [2008] 2012 shall be available to be expended by the county for the uses identified in section 302(b).

\* \* \* \* \*

