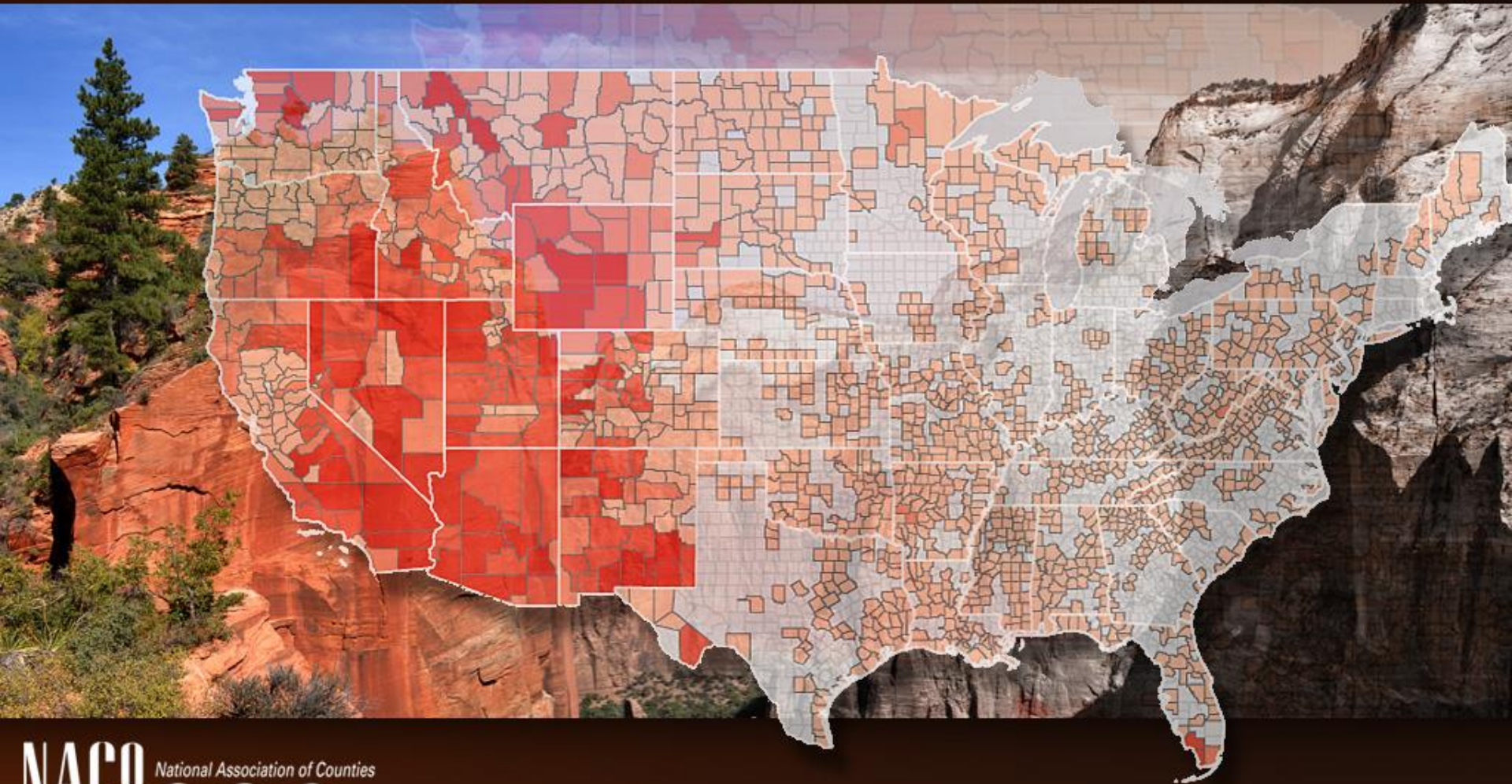


The Payment in Lieu of Taxes (PILT) Program



Why Counties Matter

With America's system of **FEDERALISM**, counties are a **KEY LEVEL** of government, **DIRECTLY** serving the people.

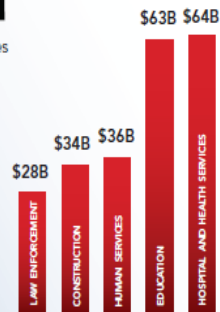


As governments created by states, counties provide **ESSENTIAL PUBLIC SERVICES** including many mandated by **FEDERAL** and **STATE** laws and regulations.

Expenditures

Total expenditures for counties in 2007

\$472 BILLION



Services

Counties employ more than

3.2 MILLION

Americans delivering a variety of services

- Healthcare
- Transportation
- Public Safety and Jails
- Courts
- Mental Health Services
- Build Local Economies
- Restaurant Inspections
- Community Colleges
- Recycling
- Solid Waste Management
- 911 Emergency Systems
- Parks and Recreation
- Elections
- Record Keeping



Elections

Counties fund and oversee more than

112,000

polling places and coordinate

700,000

poll workers **EVERY TWO YEARS**



There are more than

18,000



ELECTED COUNTY OFFICIALS

Preventive Health

Counties provide flu shots and other preventive health services through

1,947

HEALTH DEPARTMENTS

Counties own **75%**



of publicly owned **NURSING HOMES**

Counties own

964

hospitals and spent **\$68.3 BILLION** on healthcare services in 2007



The United States Has **3,069** County Governments

Population

- 100,000 or more
- 70,000 to 99,999
- 50,000 to 69,999
- 30,000 to 49,999
- 10,000 to 29,999
- Less than 10,000

500 Miles

County Population Range

9,787,747

62

Loving Co. Texas | Los Angeles Co. California

Counties invested **\$60 BILLION** on infrastructure in 2007 (highways, roads, bridges, utilities, water, and sewer)

Counties spent **\$34 BILLION** on construction of county facilities

Counties invested **3,105** county sheriff and police departments nationwide

11.8M Persons admitted to county jails in 2011.

Counties own and maintain

44% of America's Roadways,

228,026 of America's Bridges,

and almost **1/3** of America's Transit Systems and Airports

NACO Data, 2012; NACO Analysis of U.S. DOT Data, 2008; U.S. DOT, 2011; NACO Analysis of U.S. FTA Data, 2011; NACO Analysis of American Hospital Directory Data, 2011; NACO Analysis of Census of Government Expenditure Data, 2007; Bureau of Justice Statistics, 2012; National Association of County and City Health Officials, 2012; U.S. Census Bureau, Population Division, Vintage 2011 Resident Population Estimates.

NACO National Association of Counties

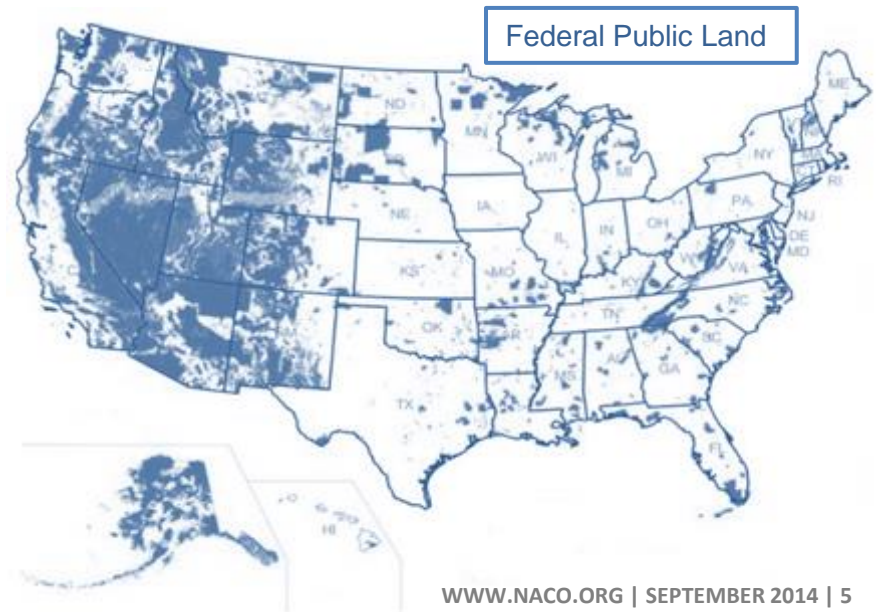
Presentation Overview

- **Why PILT Matters to Counties**
- **How PILT Works**
- **The History of PILT**
- **Current Funding Levels**

Why PILT Matters to Counties

The Purpose of PILT is to Offset Losses in Tax Revenue

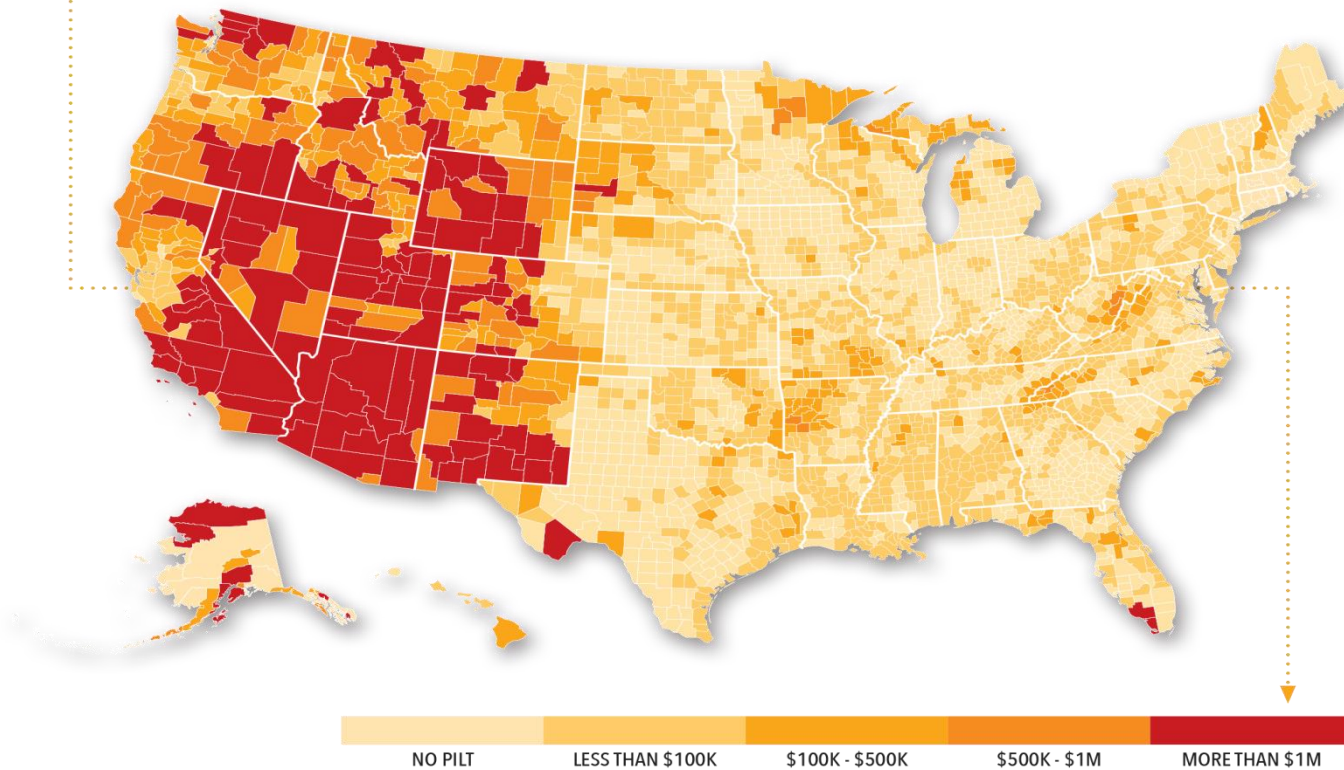
- Land owned by the federal government, referred to as federal or public land, is exempt from local property taxes
- **The Payment in Lieu of Taxes (PILT) program provides payments to counties and other local governments to offset losses in tax revenues due to the presence of tax-exempt federal land in their jurisdictions**
- Nearly 28 percent of land in the U.S. is public land
- Many counties have over 90 percent of their jurisdiction occupied by public land



Why PILT Matters to Counties

2014 PAYMENT IN LIEU OF TAXES (PILT)

2014 PILT AMOUNT



Why PILT Matters to Counties

PILT Funding and Public Land Presence in Selected Counties

As shown in the chart below, counties across the country rely on PILT funding to offset losses in tax revenue as a result of public lands in their jurisdictions

	FY2013 PILT Funding	Acres of Public Land	Total Acres	Percentage of County that is Public Land	Population
Clark County, NV	\$3,118,324	4,826,655	5,178,240	93%	2,000,759
Collier County, FL	\$1,243,582	511,762	1,475,136	35%	332,427
Eddy County, NM	\$3,168,147	1,578,129	2,686,720	59%	54,419
Harney County, OR	\$1,001,367	4,461,075	6,544,640	68%	7,212
Kenai Peninsula Borough, AK	\$2,662,396	6,553,513	10,248,320	64%	55,400
St. Louis County, MN	\$281,113	843,999	4,390,400	19%	200,319
Swain County, NC	\$577,301	239,725	346,240	69%	14,141
Sweetwater County, WY	\$3,073,531	4,603,356	6,714,240	69%	45,267

Why PILT Matters to Counties

Counties Often Provide Services on Public Lands

In addition to the services traditionally provided by counties across the country to their residents, counties with public lands in their jurisdictions often provide services on those lands that are crucial to their operation and maintenance, including the following:



**Search and
Rescue**



**Fire
Management**



**Solid Waste
Disposal**



**Emergency
Medical
Services**



**Law
Enforcement**

How PILT Works

PILT Payments and Categories of Public Lands

PILT payments are typically made **directly to counties**. However, states can choose to receive and reroute funds to local governments. Currently, only Wisconsin and Alaska employ this option.

According to the formula established by PILT law, there are three categories of public lands:

Federal lands in the National Forest System and the National Park System, lands administered by BLM, lands in Federal water resource projects, dredge areas maintained by the U.S. Corps of Engineers, inactive and semi-active Army installations, and some lands donated to the Federal government (**section 6902 payments**)

Federal lands acquired after December 30, 1970, as additions to lands in the National Park System or National Forest Wilderness Areas (**section 6904 payments**)

Federal lands in the Redwood National Park or lands acquired in the Lake Tahoe Basin near Lake Tahoe under the Act of December 23, 1980, (**section 6904 or 6905 payments**)



How PILT Works

Management of Public Lands (635-640 million total acres in the U.S.)



The Bureau of Land Management manages **248 million** acres of public land and is responsible for 700 million acres of subsurface mineral resources



The U.S. Department of Agriculture (USDA) Forest Service manages **193 million** acres of public land



The Fish and Wildlife Service manages **89 million** acres of public land



The National Park Service manages **80 million** acres of public land

The History of PILT

PILT Has Long Been a Top Priority for NACo

- In 1954, elected county officials from several western states joined together to develop a regional coalition of counties called the Interstate Association of Public Land Counties – an organization that would ultimately evolve into the Western Interstate Region (WIR) of NACo
 - ◆ *The primary purpose of WIR is to educate policy makers in Washington and advocate for federal payments to counties in lieu of lost property tax revenue due to the presence of a vast federal estate*
- While western counties continue to strongly support ongoing advocacy efforts to maintain annual PILT funding, PILT has been elevated to an issue of national prominence by counties across the country with federal land



The History of PILT

PILT's Major Legislative Milestones

PILT First Signed into Law – October 1976

After several years of growing pressure from county officials nationwide, the 94th Congress passed the Payment in Lieu of Taxes Act (PL 94-565) – which provided annual payments to counties. The PILT Act was codified in Chapter 69 of Title 31 of the United States Code.



PILT Reform in 1994

The Act was amended in 1994 to provide for a more equitable authorization level in light of disparities that existed between property values and current PILT payments. The law, as amended, uses the consumer price index (CPI) to adjust the population limitation and the per acre dollar amounts.



PILT Reform in 2008

The Emergency Economic Stabilization Act (PL110-343) was enacted in 2008. The Act included language that modified the PILT program from a discretionary program (subject to annual appropriations) to a fully funded mandatory entitlement program. Congress provided five years of mandatory funding for PILT, from FY2008-FY2012.



The History of PILT

PILT's Authorization and Appropriation Levels

1976-1994

Historically, PILT payments were limited to an amount appropriated by Congress. Initially authorized at \$100 million, that amount was appropriated annually during the first decade of the Act. During the 1980s, there were attempts to zero out the amount in budgets, but Congress made the minimum amount available each year.

1995-2007

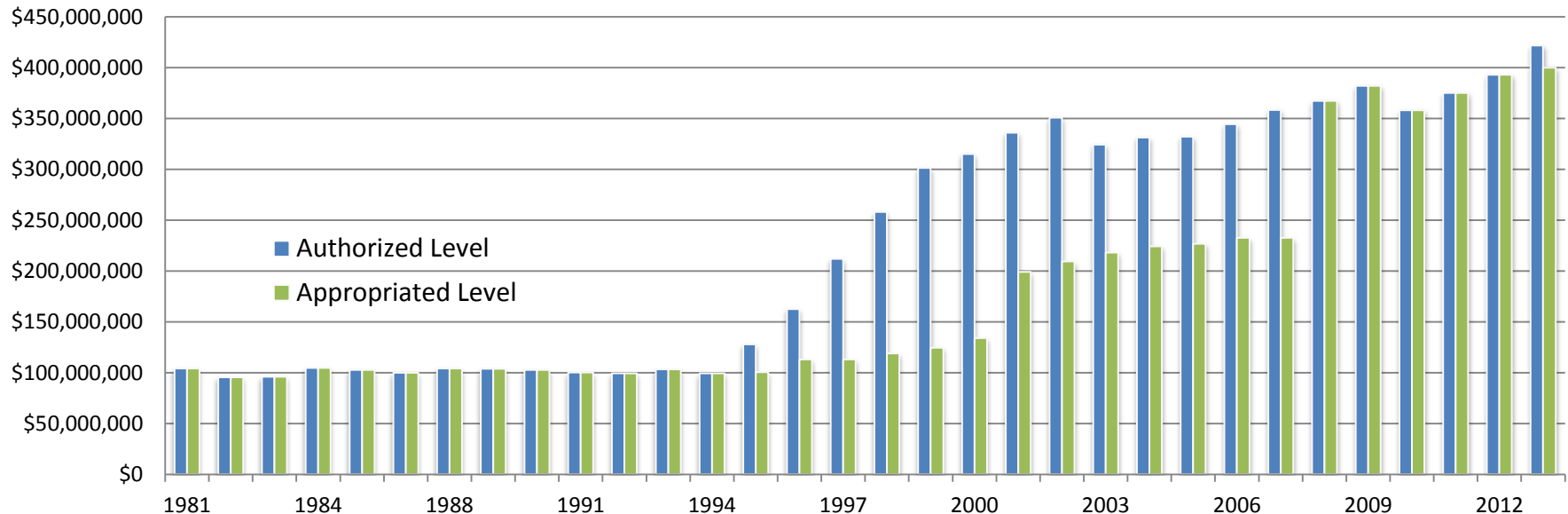
After the 1994 PILT reform, which tied authorization levels to the consumer price index (CPI), authorized and appropriated levels began to diverge. PILT is one of the few federal funding programs that has a "floating authorization" amount.

2008-2012

Despite increasing authorized levels after 1994, PILT was not fully funded until 2008, when it was changed from a discretionary to a mandatory program. As a result, PILT was fully funded between 2008 and 2012.

2013

The Moving Ahead for Progress in the 21st Century Act (MAP-21), enacted in July 2012, included mandatory PILT funding for 2013.



Current Funding Levels

FY2013

Authorized	Appropriated
\$421m	\$400m (post sequestration)

FY2014

Authorized	Appropriated
\$425m	\$425m

FY2015

Authorized	Appropriated
?	?

- **The current authorization for PILT is set to expire on September 30, 2014.**
- The FY 2015 House Interior, Environment and Related Agencies appropriations bill included \$442 million, however the Senate has no comparable measure.
- Without congressional action, counties will face budget shortfalls that will impact their ability to provide essential services to residents and visitors.

For More Legislative Analysis, visit naco.org



Comprehensive Immigration Reform and the Outlook for Counties

WWW.NACO.ORG | JULY 2013

President's FY 2015 Budget Highlights for Counties

WWW.NACO.ORG | MARCH 2014

Notable Bills and Trends in 2013 State Legislatures

WWW.NACO.ORG | OCTOBER 2013

CALL TO ACTION: PROTECT MUNICIPAL BONDS

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The Voice of America's Counties

WASHINGTON WATCH
Federal News for the Nation's Counties

Issue #26 • October 25, 2013

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Washington Hilton
March 1-5
Registration opens
December 2013

Webinars

Critical Infrastructure and Cybersecurity
October 30, 2 PM (EDT)
Register ▶

Staying Financially Resilient in the Face of Disaster
November 14, 2 PM (EDT)
Register ▶

Grow Your County's Green Building Industry
November 21, 2 PM (EDT)
Register ▶

Affordable Care Act Part 1: Impact on Counties as Employers
November 22, 2 PM (EDT)
Register ▶

U.S. Communities
Nationwide Retirement Solutions
Prescription Discount Card Program
Dental Discount Program

Legislative News

House Passes WRRDA with Overwhelming Support
On October 23, the U.S. House of Representatives passed the Water Resources Reform and Development Act (WRRDA) by a vote of 417-3. WRRDA addresses many key issues of importance to counties. WRRDA is based on the Water Resources and Development Act (WRDA), which is biannual legislation last authorized in 2007. [More ▶](#)

House Leadership Names Farm Bill Conferees, Action Needed
On October 12, U.S. House of Representatives leaders announced the members of their farm bill conference committee. The newly appointed House conferees will join their Senate counterparts, who were named prior to the August recess, to hash out the differences between the two chambers' farm bills. The House conferees include 17 Republicans and 12 Democrats, while the Senate's consist of 7 Democrats and 5 Republicans. [More ▶](#)

First-Ever FEMA Reauthorization Introduced in House
On October 22, leaders of the House Committee on Transportation and Infrastructure introduced the first ever reauthorization of the Federal Emergency Management Agency (FEMA). This bipartisan legislation is designed to ensure accountability, and strong Congressional oversight of FEMA. FEMA programs assist states and local communities to better prepare for, respond to, recover from, and mitigate the broad range of hazards frequently facing our nation. [More ▶](#)

House Passes Adoption and Guardianship Bill
On October 22, the U.S. House of Representatives unanimously approved the Promoting Adoption and Legal Guardianship for Children in Foster Care Act (H.R. 3205). The bill reauthorizes the Adoption Incentive Grants Program and the Family Connections Grant Program through 2018. County child welfare agencies can apply for Family Connections grants directly. [More ▶](#)

House Committee Holds Hearing on IP transition
On October 23, the House Energy and Commerce Committee's Subcommittee on Communications and Technology held a hearing on the topic of IP transition with witnesses from industry, government and think tanks. IP transition commonly refers to the provision of phone service via the internet rather than traditional copper lines; phone service provided through an internet network is called Voice Over Internet Protocol (VOIP). [More ▶](#)

Questions?



Contact Us!

For questions or more information, feel free to contact us

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NACo was named one of nine remarkable associations in the United States after a four-year study conducted by the American Society of Association Executives and The Center for Association Leadership because of its commitment to members and purpose