

Proposed Resolution on Amendments to PILT Side B Funding - Establishing a Minimum

ISSUE: Counties, Boroughs, Townships, and Parishes with large Federal entitlement acreage and small populations have monetary caps within the PILT formula that place them in an unfavorable position in relation to the majority of all other Counties.

PROPOSED POLICY: NACo supports amending the PILT formula to establish a base funding to all counties by setting the per-acre variable on the Alternative B to a minimum funding level adjusted by the CPI every year. In 2018, this number was \$0.38 per acre. The maximum payment to counties would not be adjusted. The current population threshold would remain at 50,000.

BACKGROUND: In Oct. of 1976, Congress passed Public Law 94-565, commonly referred to as the "Payments in Lieu of Taxes Act" (PILT). This Act provides for payments to local units of government containing certain federally owned lands. At the establishment of the current PILT, Congress put together a very complicated formula with deductions and caps. These restrictions were added to reduce amounts paid out because \$100 million was the original amount appropriated for PILT. NACo has policy to decouple Prior Year Payments (deductions), but has never fully addressed the "population caps".

Local governments with large Federal entitlement acreage and low populations are not treated fairly and equitably in the PILT formula. Currently, there are 37 Counties in the nation that receive less than the minimum funding level established on the alternative B side. These Counties, due to their low population in comparison to the large Federal entitlement land mass, are funded below a base minimum that is adjusted yearly by the CPI.

This is not fair or equitable. To achieve fairness and equality, there needs to be a minimum payment based on an acre of land. This can be achieved by simply adjusting the alternative B side of the formula to read:

Alternative B: \$0.38 for each acre of "entitlement land" within the unit of government. Here, no deductions are made for the Federal land payments received by the unit of government in the preceding fiscal year. Entitlement land payments to each unit of general local government will only be subject to the maximum population payment cap of 50,000.

FISCAL/URBAN/RURAL IMPACTS:

- 1) This amendment would have no negative impacts to any counties in context of the proposed amendment and current statute.
- 2) According to Headwaters Economics calculations, 37 counties would have received an increase in PILT payments in FY2018
- 3) According to Headwaters Economics, in FY2018 this would have been an increase of \$30.8 million to fully fund PILT Attached is an analysis of counties that will see a PILT funding increase under this proposal.

Sponsor: Mark Owens, Harney County, Oregon