

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SM 1818

SPONSOR: Senator Lynn

SUBJECT: Payment in Lieu of Taxes

DATE: March 25, 2003 REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Molloy</u>	<u>Kassack</u>	<u>RC</u>	<u>Favorable</u>
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

## I. Summary:

This memorial encourages the United States Congress to fully fund the federal Payment In Lieu of Taxes (PILT) Program established under the Payment in Lieu of Taxes Act of 1976.

## II. Present Situation:

The federal Payment In Lieu of Taxes Act was enacted by the United States Congress in 1976 and is administered by the Bureau of Land Management in the Department of the Interior. The program reimburses local governments for losses incurred when lands acquired by the federal government become exempt from ad valorem assessments.

Annual payments, which average around \$104 million, are calculated on a per acre basis according to formulas created in Title 31, United States Code, Parts 6901-6907 and adjusted to the Consumer Price Index. In fiscal year 2002, local governments were paid either \$1.99 per acre less the amount of federal funds received under other land sharing programs, or 27¢ per acre with no deductions, whichever formula would yield the highest return. Since 1977, more than \$2.4 billion has been distributed to state and local governments.<sup>1</sup>

The Payment in Lieu of Taxes Act created three categories of entitlement lands:

(a) Federal lands in the National Forest System and the National Park System, lands administered by the Bureau of Land Management, lands in federal water resource projects, dredge areas maintained by the Corps of Engineers, inactive and semi-active Army installations, and some donated lands.

<sup>1</sup> "Questions and Answers about PILT", [www.ca.blm.gov/caso/pilt\\_questions\\_and\\_answers.html](http://www.ca.blm.gov/caso/pilt_questions_and_answers.html)

- (b) Federal lands acquired after December 30, 1970, as additions to lands in National Park System or the National Forest Wilderness Areas.
- (c) Federal lands in the Redwood National Park or lands acquired in the Lake Tahoe Basin.

Funds received by local governments through the federal PILT program are intended to supplement other federal land sharing revenues and can be used for any governmental purpose. Most payments go directly to the counties, but the states can enact legislation that requires payment to the state with the state responsible for allocating the funds. Legislation may also be enacted that requires reallocation or redistribution of funds, in whole or in part, to small units of local government within a county boundary.

Payments to eligible counties are calculated and disbursed before September 30 of each year. For 2001, the federal program was funded in the amount of \$199.5 million. The 2002 enacted amount was \$210 million of which \$400,000 was for administrative expenses. The remainder was distributed to approximately 1900 local governments throughout the states, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands. In 2003, the budget request submitted by the Bureau of Land Management is for \$165,000,000 with administrative expenses limited to \$400,000.

In fiscal year 2002, Florida received a total of \$2.9 million as payment for a little more than 2.5 million acres of land. Collier County received the most PILT money, \$634,138 for 507,821 acres of land. Osceola County received \$197 for 166 acres, and nine counties received nothing because the federal government owned less than 100 acres in each county.<sup>2</sup> Florida's local governments received about \$1.15 per acre of land.

### **III. Effect of Proposed Changes:**

This bill is a memorial to the Congress of the United States to urge that the Payment in Lieu of Taxes Program for federally owned lands be fully funded. The reasons for the memorial, as provided in the "Whereas" clauses, include:

- Payments for the federal PILT program depend upon annual Congressional appropriations.
- The PILT program is seldom funded at the full level.
- Over the past four years, Florida's local governments could have received more than \$10 million in accrued additional funds.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

None.

#### **B. Public Records/Open Meetings Issues:**

None.

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<sup>2</sup> "Payment in Lieu of Taxes", Bureau of Land Management, Department of the Interior, [www.blm.gov/pilt/QandA.htm](http://www.blm.gov/pilt/QandA.htm)

C. Trust Funds Restrictions:

None.

**V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

If Congress does fully fund the PILT program, local governments will receive increases in PILT payments.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.