

Federal Lands
Payments in Lieu of Taxes
in Colorado

March 6, 2009

Federal government payments to counties to compensate for the tax exempt status of federal lands are provided primarily through two programs:

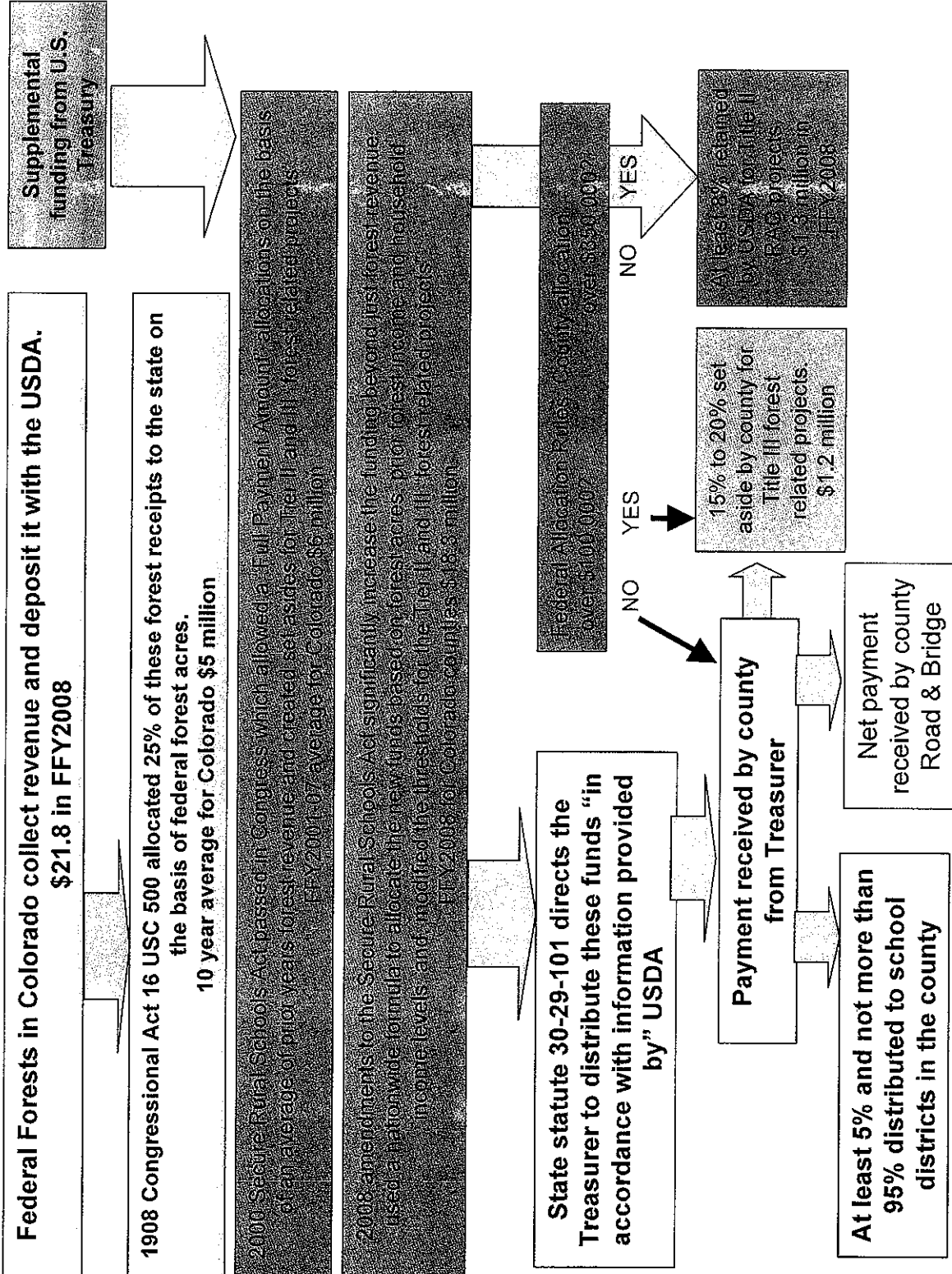
- USDA Forest payments, and
- Department of Interior Payments-in-Lieu of Taxes

The first makes a payment with various set asides for forest related projects. State statute requires that at least 5% of this forest payment be directed to school districts.

The PILT program makes a calculation which may deduct payments received from the forest program.

This has been interpreted to imply that counties could increase their forest diversion to school districts above the 5% minimum and get "backfilled" by the PILT payment.

The actual outcome in Colorado from the implementation of these complex federal formulas means that such a "backfill" will not occur in many counties and is not assured in any.



Federal Forests in Colorado collect revenue and deposit it with the USDA.
\$21.8 in FFY2008

1908 Congressional Act 16 USC 500 allocated 25% of these forest receipts to the state on the basis of federal forest acres.
10 year average for Colorado \$5 million

2000 Secure Rural Schools Act passed in Congress which allowed a Full Payment Amount Allocation on the basis of an average of prior years forest revenue and created set asides for Title II and III forest related projects.
FFY2001-07 average for Colorado \$6 million

2008 amendments to the Secure Rural Schools Act significantly increase the funding beyond just forest revenue based a nationwide formula to allocate the new funds based on forest acres, prior forest income and household income levels and modified the thresholds for the Title II and III forest related projects.
FFY2008 for Colorado counties \$18.3 million

Supplemental funding from U.S. Treasury

State statute 30-29-101 directs the Treasurer to distribute these funds "in accordance with information provided by" USDA

Federal Allocation Rates: County allocation over \$1,000,000

NO YES

At least 3% retained by USDA for Title II FAP projects \$1.3 million in FFY2008

15% to 20% set aside by county for Title III forest related projects \$1.2 million

Payment received by county from Treasurer

At least 5% and not more than 95% distributed to school districts in the county

Net payment received by county Road & Bridge

Federal Department of Interior administers a Payment in Lieu of Taxes (PILT) formula to compensate counties for the tax exempt status of federal lands

The formula is set in federal statute 31 USC 6904 to provide a payment per acre with various adjustments and limits and a deduction of prior federal lands payments already received by the county. One of the largest of these prior payments in Colorado are the USDA Forest payments.

The PILT formula can have two outcomes "A" which pays a higher rate per acre (\$2.29 in FFY08) but deducts these prior federal payments and "B" which pays a lower rate per acre (\$0.32) and does not deduct prior federal payments. Department of Interior automatically picks the larger of the two to calculate the intended payment to each county.

The nationwide aggregate of these calculations is reported each year to Congress.

Each fiscal year Congress decides how much funding to provide to the PILT program independent of the calculation made by the Department of Interior.

This results in the "Congressional Appropriation Ratio"

which has ranged as low as 41% in the last decade.

In the emergency legislation passed in October, Congress increased this ratio to 100% for the FFY2008 thro FFY2012 payments.



In Colorado for FFY2008 this resulted in payments directly from the Department of Interior totaling \$28.3 million to general county operating budgets.

**Department of Interior FFY2008 Payment in Lieu of Taxes Calculation
Moffat County**

Reported entitlement acres: 1,671,738
 Population Ceiling Class: 14,000
 The Population ceiling factor for this class is: \$94.89
 Therefore the Population Ceiling Payment is: \$1,328,460

Outcome A Acre rate minus federal land payments

acreage payment rate: \$2.29
 Gross Acreage Payment Calculation: \$3,828,280

Limited by Population Ceiling? YES

Min of Pop Ceiling or Acre Dollars \$1,328,460

Deduct Prior Federal Payments from the ceiling: \$570,730

composed of: Federal Mineral Lease: \$543,750

Forest Payments: \$26,921

Other Payments: \$59

Yielding Net Outcome A calculation of: \$757,730

Outcome B Acre rate without deductions

acreage payment Rate: \$0.32

Gross Acreage Payment Calculation: \$534,956

Limited by Population Ceiling? NO

Yielding Net Outcome B calculation of: \$534,956

Choose the higher Outcome

Outcome A

\$757,730

PILT Payments	FFY06	Congress	USDA		FFY07	Congress	USDA		FFY08	Congress	USDA	
Congress Approp %	BLM PILT	Approp %	Forest	School	BLM PILT	Approp %	Forest	School	BLM PILT	Approp %	Forest	School
	Option	67%	Payments	District	Option	65%	Payments	District	Option	100%	Payments	District
											(after Title II deductions)	
State Total \$M		\$17.48	\$6.43	Share		\$17.35	\$6.43	Share		\$28.28	\$18.30	Share
Adams		\$0	\$0	0%		\$0	\$0	0%		\$0	\$0	NA
Alamosa	A	\$108,044	\$8,328	5%	A	\$95,373	\$8,311	5%	A	\$173,810	\$39,860	
Arapahoe	A	\$6,581	\$0	0%	A	\$6,543	\$0	0%	A	\$9,387	\$0	
Archuleta	A	\$543,012	\$117,459	5%	A	\$529,492	\$117,218	5%	A	\$859,622	\$730,344	
Baca	A	\$276,008	\$0	0%	A	\$269,725	\$0	0%	A	\$424,821	\$0	
Bent	A	\$27,590	\$0	0%	A	\$26,935	\$0	0%	A	\$44,414	\$0	
Boulder	A	\$231,060	\$28,445	5%	A	\$220,450	\$28,387	5%	A	\$351,038	\$64,050	
Broomfield		\$0	\$0	0%		\$0	\$0	0%		\$0	\$0	
Chaffee	A	\$733,995	\$82,632	85%	A	\$730,803	\$82,463	85%	A	\$1,160,031	\$602,996	
Cheyenne		\$0	\$0	0%		\$0	\$0	0%		\$0	\$0	
Clear Creek	A	\$110,095	\$230,159	5%	A	\$106,392	\$229,687	5%	A	\$172,504	\$243,199	
Conejos	LidA	\$579,215	\$92,258	5%	LidA	\$609,120	\$92,069	5%	LidA	\$917,058	\$884,911	
Costilla	A	\$1,268	\$108	50%	A	\$1,245	\$108	50%	A	\$1,977	\$1,218	
Crowley	A	\$6,148	\$0	0%	A	\$5,851	\$0	0%	A	\$9,286	\$0	
Custer	A	\$234,056	\$29,527	5%	A	\$233,125	\$29,466	5%	A	\$371,707	\$229,510	
Delta	A	\$207,837	\$62,299	5%	A	\$231,636	\$62,171	5%	A	\$274,797	\$321,980	
Denver		\$0	\$0	0%		\$0	\$0	0%		\$0	\$0	
Dolores	B	\$85,422	\$91,069	5%	B	\$84,704	\$90,882	5%	B	\$135,127	\$559,198	
Douglas	A	\$201,495	\$12,870	5%	A	\$202,279	\$16,496	5%	A	\$321,743	\$65,804	
Eagle	A	\$891,320	\$551,928	5%	A	\$891,765	\$550,795	5%	A	\$1,423,955	\$480,462	
Elbert		\$0	\$0	0%		\$0	\$0	0%		\$0	\$0	
El Paso	A	\$145,129	\$15,683	5%	A	\$141,992	\$15,651	5%	A	\$225,782	\$96,747	
Fremont	A	\$652,572	\$18,170	5%	A	\$642,699	\$18,133	5%	A	\$1,022,447	\$229,692	
Garfield	A	\$1,065,158	\$467,024	5%	A	\$1,078,087	\$466,066	5%	A	\$1,732,974	\$539,183	
Gilpin	A	\$47,509	\$33,379	5%	A	\$47,938	\$25,297	5%	A	\$64,862	\$33,544	
Grand	LidA	\$502,276	\$809,235	34%	LidA	\$458,557	\$807,574	34%	LidA	\$714,724	\$818,944	
Gunnison	LidA	\$339,420	\$325,014	5%	B	\$329,003	\$324,346	5%	B	\$525,175	\$1,419,786	
Hinsdale	LidB	\$76,805	\$151,745	5%	LidB	\$74,056	\$151,434	5%	LidB	\$125,717	\$711,583	
Huerfano	A	\$232,655	\$25,417	5%	A	\$217,527	\$25,365	5%	A	\$337,863	\$322,359	
Jackson	B	\$104,369	\$222,264	5%	B	\$103,454	\$221,808	5%	B	\$165,042	\$513,260	
Jefferson	A	\$143,042	\$14,331	5%	A	\$143,579	\$15,607	5%	A	\$226,570	\$58,572	
Kiowa	A	\$7,951	\$0	0%	A	\$6,485	\$0	0%	A	\$16,260	\$0	
Kit Carson		\$0	\$0	0%		\$0	\$0	0%		\$0	\$0	
Lake	A	\$254,587	\$29,419	5%	A	\$253,797	\$29,358	5%	A	\$403,743	\$308,970	
La Plata	A	\$556,139	\$109,780	5%	A	\$552,890	\$109,555	5%	A	\$877,851	\$325,624	
Larimer	A	\$1,131,314	\$131,411	5%	A	\$1,088,378	\$131,142	5%	A	\$1,729,441	\$543,063	
Las Animas	A	\$188,952	\$4,002	5%	A	\$234,170	\$3,994	5%	A	\$420,689	\$39,074	
Lincoln	A	\$2,522	\$0	0%	A	\$2,981	\$0	0%	A	\$4,731	\$0	
Logan		\$0	\$0	0%		\$0	\$0	0%		\$0	\$0	
Mesa	LidA	\$1,567,390	\$236,432	5%	LidA	\$1,255,414	\$235,947	5%	LidA	\$2,417,977	\$653,749	
Mineral	LidB	\$90,513	\$157,045	5%	LidB	\$90,223	\$156,722	5%	LidB	\$142,602	\$750,604	
Moffat	LidA	\$456,296	\$28,337	5%	LidA	\$431,032	\$28,279	5%	LidA	\$757,730	\$53,683	
Montezuma	A	\$204,015	\$69,978	5%	A	\$287,295	\$69,834	5%	A	\$471,641	\$338,608	
Montrose	A	\$1,186,990	\$75,278	5%	A	\$1,277,559	\$75,123	5%	A	\$1,926,600	\$409,012	
Morgan	A	\$2,588	\$0	0%	A	\$3,169	\$0	0%	A	\$4,052	\$0	
Otero	A	\$248,775	\$0	0%	A	\$242,200	\$0	0%	A	\$385,888	\$0	
Ouray	A	\$210,112	\$30,284	5%	A	\$209,016	\$30,222	5%	A	\$335,018	\$96,745	
Park	LidA	\$896,924	\$109,780	5%	LidA	\$853,783	\$109,555	5%	LidA	\$1,386,343	\$669,443	
Phillips		\$0	\$0	0%		\$0	\$0	0%		\$0	\$0	
Pitkin	A	\$526,639	\$453,180	5%	A	\$536,195	\$452,250	5%	A	\$844,659	\$398,309	
Prowers	B	\$0	\$0	0%	B	\$0	\$0	0%	B	\$138	\$0	
Pueblo	A	\$90,138	\$5,949	5%	A	\$88,057	\$5,936	5%	A	\$140,138	\$53,430	
Rio Blanco	B	\$303,197	\$301,868	25%	B	\$300,537	\$301,248	25%	B	\$479,452	\$328,239	
Rio Grande	A	\$430,010	\$85,985	5%	A	\$428,651	\$85,809	5%	A	\$681,364	\$361,082	
Routt	A	\$512,367	\$388,502	5%	A	\$587,881	\$387,705	5%	A	\$943,480	\$313,439	
Saguache	LidA	\$466,634	\$267,582	5%	LidA	\$465,483	\$267,033	5%	LidA	\$739,663	\$2,794,158	
San Juan	B	\$43,399	\$48,022	5%	B	\$43,078	\$47,923	5%	B	\$68,747	\$224,932	
San Miguel	LidA	\$112,235	\$32,243	5%	LidA	\$191,178	\$47,997	5%	LidA	\$531,257	\$91,682	
Sedgwick	A	\$368	\$0	0%	B	\$0	\$0	0%	A	\$387	\$0	
Summit	A	\$174,476	\$457,615	5%	A	\$176,047	\$456,676	5%	A	\$286,673	\$471,723	
Teller	A	\$220,599	\$19,468	20%	A	\$223,878	\$19,428	20%	A	\$355,436	\$108,177	
Washington	B	\$161	\$0	0%	B	\$159	\$0	0%	B	\$254	\$0	
Weid	B	\$39,954	\$0	0%	B	\$39,604	\$0	0%	A	\$134,005	\$0	
Yuma	B	\$1,512	\$0	0%	B	\$1,499	\$0	0%	B	\$2,390	\$0	

Counts	
Option A (deductions)	38
Option A w Pop Lid	8
Option B (no deductions)	8
Option B w Pop Lid	2

56
37
7
10
2

56
39
7
8
2