



July 23, 2019

The Honorable Mitch McConnell
Majority Leader
United States Senate
U.S. Capitol Building, Room: S-230
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
U.S. Capitol Building, Room: H-232
Washington, DC 20515

The Honorable Charles Schumer
Minority Leader
United States Senate
Hart Senate Office Building, Room: 419
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
U.S. Capitol Building, Room: H-204
Washington, DC 20515

Dear Majority Leader McConnell, Minority Leader Schumer, Speaker Pelosi and Minority Leader McCarthy,

On behalf of the National Association of Counties (NACo) – the only national organization representing all 3,069 counties across the United States – and the Western Interstate Region (WIR), we write to request that Congress provide urgent relief to counties with significant percentages of federal land within their jurisdictions by fully funding the Payments In Lieu of Taxes program (PILT) and reauthorizing the Secure Rural Schools program (SRS).

As you know, 62 percent of counties in 49 states nationwide have untaxable federal land within our boundaries, leaving a sizable portion of our budgets subject to appropriations from the federal government. As Congress develops appropriations legislation for FY 2020, we strongly encourage you to fully fund PILT and reauthorize SRS.

Payments In Lieu of Taxes

Nearly 1,900 counties, boroughs, and parishes in 49 states rely on PILT to make up for lost property tax revenue from tax-exempt federal public lands. PILT provides an important safety net so local governments can reliably provide essential services to our constituents. In FY 2019, Congress appropriated the necessary \$515 million to fully fund PILT, which counties greatly appreciated. However, unless and until Congress guarantees full funding for PILT, counties will not be able to provide public services such as emergency management, law enforcement, education, healthcare, and road maintenance to residents and federal lands visitors.

We therefore urge Congress to fully fund PILT for FY 2020 and eliminate the annual funding uncertainty faced by PILT counties in the long-term by passing H.R. 3043, the Permanently Authorizing PILT Act, which would fund PILT in perpetuity. Additionally, counties with populations under 5,000 are not on an equal footing with larger counties due to monetary and population caps under the PILT formula. To remedy this, counties urge Congress to pass H.R. 3716 or its companion, S. 2108, which would fix the PILT formula to benefit smaller population counties without impacting the PILT payment for any counties above 5,000 in population.

Secure Rural Schools

The SRS program provides funding for over 720 counties and 4,000 school districts in 41 states with significant U.S. Forest Service lands to make up for the revenue shortfall resulting from declining timber sales off federal forestlands beginning in the early 1990s. SRS was last reauthorized retroactively for FY 2017 and FY 2018 with final payments going to counties and schools in April 2019.

Should Congress not reauthorize SRS, county forest payments will revert to the permanently authorized 25 percent revenue sharing payments under the National Forest Revenue Act of 1908. This will negatively impact county government revenues. When SRS authorization expired in FY 2016, county payments nationwide decreased by a staggering 80 percent. Another revenue cut like this will force many public lands counties and schools to lay off vital employees, including schoolteachers. Additionally, local governments that receive PILT may see a payment reduction as SRS payments would no longer be deducted under the PILT formula, spreading PILT thinner across more localities.

To ensure counties do not face these funding shortfalls, there are companion bills within both chambers to reauthorize SRS for FY 2019 and FY 2020, H.R. 3048 and S. 430. Additionally, counties support the bipartisan long-term funding solution for SRS, S. 1643, the Forest Management for Rural Stability Act. This bill would establish an endowment fund to permanently fund these necessary payments to national forest counties and schools.

State and county governments are responsible for implementing a broad array of services, such as educating our nation's youth, responding to emergency calls, and maintaining public infrastructure. We urge Congress to protect vital revenue streams that ensure these public services will not be interrupted in the coming year and over the long-term.

Sincerely,

Matthew D. Chase



Executive Director
National Association of Counties

cc: U.S. Senate Committee on Energy and Natural Resources
 U.S. Senate Committee on Agriculture, Nutrition, and Forestry
 U.S. Senate Committee on Appropriations, Subcommittee on Interior, Environment, and Related Agencies
 U.S. House Committee on Natural Resources
 U.S. House Committee on Agriculture
 U.S. House Committee on Appropriations, Subcommittee on Interior, Environment, and Related Agencies
 The Honorable John Thune, Majority Whip, U.S. Senate
 The Honorable Richard Durbin, Minority Whip, U.S. Senate
 The Honorable Steny Hoyer, Majority Whip, U.S. House
 The Honorable Steve Scalise, Minority Whip, U.S. House