



January 7, 2019

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

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

The Honorable Nancy Pelosi  
Speaker  
United States House of Representatives  
U.S. Capitol Building, Room: H-232  
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, Congress plays a key role in guiding the management of 640 million acres of federal public lands. Sixty-two percent of counties across 49 states nationwide have untaxable federal land within their boundaries, leaving a sizable portion of their budgets subject to appropriations from the federal legislative branch. As Congress develops appropriations legislation for FY 2019, we strongly encourage you to keep the PILT and SRS programs in mind and ensure that federal public lands counties receive the full funding they need.

#### **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 their constituents.

In FY 2018, Congress appropriated the necessary \$533 million to fully fund PILT, which counties greatly appreciated. However, unless and until Congress guarantees long-term full funding for PILT, counties will not be properly able to provide public services such as emergency management, law enforcement, education, healthcare and road maintenance to residents and federal lands visitors.

Counties therefore urge Congress to fully fund PILT for FY 2019 and eliminate the annual funding uncertainty faced by PILT counties in the long-term.

### **Secure Rural Schools**

The SRS program provides counties containing significant U.S. Forest Service lands with funding to make up for revenue shortfalls resulting from declining timber sales off federal forest lands beginning in the early 1990s. SRS was last reauthorized retroactively for FYs 2017 and 2018 with final payments to counties and schools scheduled to go out in spring 2019. Currently, over 720 counties and 4,000 school districts in 41 states count on SRS funds to provide a quality education to nine million students.

NACo supports better federal forest management policies including increasing timber harvests on public lands to generate revenues for local governments and schools. However, until necessary land management reforms become law, rural counties will be left with a major revenue shortfall if SRS lapses. Should Congress fail to reauthorize SRS, county forest payments will revert to the 25 percent revenue sharing payments permanently authorized 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 school teachers. Additionally, many 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 remedy the need to find temporary patches for SRS, counties believe that Congress should create a system that ensures reliable revenue streams to federal forest counties. As an example, Sens. Mike Crapo (R-Idaho) and Ron Wyden (D-Ore.) have introduced the Forest Management for Rural Stability Act, which would make SRS permanent by creating an endowment fund to ensure forest counties receive stable, long-term payments not subject to the annual appropriations process. The fund, which would be managed by an independent non-profit corporation chartered by Congress, would be designed to provide increased payments to counties over time as the fund matures, with the interest earned from the endowment's investments financing the payments. Counties urge congressional leaders to act on this legislation in 2019.

NACo and WIR commit to working with Congress to ensure robust funding for county governments in FY 2019 and in the years ahead. 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. Counties across the nation urge Congress to protect vital revenue streams that ensure these public services will not be interrupted in the coming year and in the long-term.

Sincerely,



Matthew D. Chase  
Executive Director  
National Association of Counties



The Honorable Tommie Martin  
President  
Western Interstate Region