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BY THE COMPTROLLER GENERAL

Report To The Honorable Jim Weaver United States House Of Representatives

OF THE UNITED STATES

Proposed Changes To The Payment In Lieu Of Taxes Program Can Save Millions

116070

GAO analyzed four proposed changes to the Payment In Lieu of Taxes Program to determine the impact both Government-wide and on certain States.

Although actual budget impact could not be quantified, the estimated savings, depending on the proposal implemented, ranges from $9.3 million to $66.4 million per year.

GAO restates its prior recommendation on this same subject, that the Congress change the laws to require computation of payments on a tax equivalency basis; i.e., amounts equal to taxes if the land were privately owned.

UNITED STATES GENERAL ACCOUNTING OFFICE

PAD-81-82
JULY 10, 1981

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

B-167553

The Honorable Jim Weaver
House of Representatives

Dear Mr. Weaver:

This is in response to your May 12, 1981, letter in which you expressed your concerns about Public Law 94-565, which authorizes the Payment in Lieu of Taxes Program (PILT). Your letter (see appendix I) referred to some unfairness in payments made under this legislation and stated that you were considering some amendments to the original PILT legislation.

The main features of the existing PILT formula for distributing the amount appropriated to counties are: (1) the number of entitlement acres (mostly Federal range, timber, or park lands) in each county, (2) an offset of money received directly by county from 10 other receipt sharing programs, (3) a maximum payment to each county of $1 million, and (4) a minimum payment of $.10 per acre.

Specifically you asked us to analyze the budgetary impact, both singly and cumulatively, of three proposals for amending the PILT formula. The three proposals would:

Proposal I

Set a maximum payment to each county of $500,000.

Proposal II

Deduct from a State's PILT payment all Federal payments made under acts listed in the PILT law regardless of whether they were actually passed through to the counties.

Proposal III

Amend the section governing deductions to include payments generated from Federal lands under other acts, and as in Proposal II have all other Federal payments deducted from PILT payments.

In addition, we also analyze the potential saving of substituting a $.10 per acre payment, as an alternative payment method for PILT payments (herein referred to as Proposal IV).

In the following section of this report we analyze each of the proposed amendments to the PILT program. Since you requested that we expedite our analysis, we limited the scope of our analysis to information that was readily available at the Department of the Interior's Bureau of Land Management (BLM), which administers the program. BLM officials not only provided the basic data for our analysis but were extremely cooperative and helpful, and without their assistance we could not have performed our analysis.

As you are aware, in 1979, we issued a report entitled "Alternatives for Achieving Greater Equities in Federal Land Payment Programs" (PAD-79-64, September 25, 1979). Therefore, in addition to providing the analysis requested, we also have evaluated each proposal to determine whether it would help overcome the problems discussed in our earlier report.

As we analyzed your proposals we found that changes to the payment formula in the PILT program could be accomplished in a variety of ways. For example, in Proposals II and III we found it was necessary to develop a method of allocating the land payments back to the counties. To accomplish this, we used both an acreage ratio and a population ratio to compute each county's land payment deduction. In Proposal IV the $.10 per acre minimum payment could be applied with or without a dollar ceiling limit--we made both calculations. In our opinion, the four proposals do not lend themselves to cumulative analysis. Therefore, we have analyzed each of them independently.

OVERALL POSSIBLE BUDGET SAVINGS

Our analysis discloses as shown in table 1, that the proposals--depending on the proposal and the type of distribution method used--would result in budget savings ranging from $9.3 million to $66.4 million per year. 1/ While the Government-wide budget savings are substantial, our analysis also disclosed (see tables 2 through 6) that certain States' 2/ PILT payments are reduced as much as 78 percent while other States' PILT payments have little or no impact, and some States receive an increase in PILT payments under certain proposals.

1/The estimated savings are computed by using the base funding level of $103.5 million (the current level of PILT payments not including administrative costs or prior year adjustments).

2/Our analysis of the impact on individual States was limited to the top 20 percent of States ranked by size of PILT payments.

Table 1

Estimated Government-Wide Budgetary Savings
Under the Four Proposals

Proposal/and Alternative Methods	Estimated Savings ($ in Millions)
Proposal I	
$500,000 maximum payment	$9.3
Proposal II	
Pass through 100 percent of payments	
--acreage ratio	$49.1
--population ratio	$25.0
Proposal III	
Pass through 100 percent plus adding new programs	
--acreage ratio	
BLM's 7 land payment programs added	$55.2
adding 10 land payment programs	$49.5
--population ratio	
adding 10 land payment programs	$24.5
Proposal IV	
Minimum payment	
--$.10 per acre adding BLM's programs with current ceiling	$66.4
--$.10 per acre adding 10 programs without a ceiling	$56.8

The following sections provide a detailed discussion of our analysis. First, we describe the PILT program including the current funding problems, then discuss assumptions and methodology. Finally, we discuss each proposal in detail, including total overall budgetary savings, selected individual State impacts, and how well the proposals would correct the problems and inequities in land payment programs that were cited in our prior report.

BACKGROUND

Public Law 94-565, which authorizes the Payment in Lieu of Taxes Program (PILT), was enacted in October 1976 to compensate local units of government for lost tax revenue and the economic burden of tax exempt Federal lands within local taxing jurisdictions. PILT was enacted because many counties were inadequately compensated under other existing receipt-sharing programs which make payments based on percentages of annual receipts generated from public lands, and not on tax equivalency. To prevent overcompensation, the Act's payment formula provided that maximum acreage payments would be reduced by selected receipt-sharing payments that are received by local government.

Almost from the start, the PILT Act was plagued with problems of interpretation and procedural difficulties in administering the program, as well as with substantive concerns that the legislative intent of providing compensation for lost tax revenue and the economic burdens of tax-exempt Federal land was not being met. A major concern discussed in our 1979 report was that some payments often exceed what the comparable tax payment would be--that is, amounts equal to taxes if the land were privately owned. At the same time some States receive little or no payment.

Recent funding problems

As a result of these concerns, funding for the PILT program for fiscal years 1981 and 1982 has been a subject of congressional interest. For fiscal year 1981, the executive branch recommended that the $108 million appropriated for this program be rescinded. Subsequently the Congress restored the $108 million to allow for full fiscal year 1981 PILT payments.

Uncertainties regarding PILT's future funding levels continue. In the March 1981 budget revisions for fiscal year 1982, the President's budget plan recommended budget authority for this program to be $45 million. That level of funding was contingent upon passage of new legislation revising the payment formula. The President requested this amendment of the program to simplify procedures by which calculations are made, eliminate the need to rely on State reports for basic information, provide for a more equitable system for making payments to local governments, and assure that the payment formula nets out all revenue payments made to either the State or local governments.

BLM, in cooperation with the Office of Management and Budget, prepared a revised PILT payment formula. This proposal, S1282, was introduced on May 21, 1981, and was referred to the Senate Committee on Energy and Natural Resources.

ASSUMPTIONS AND METHODOLOGY

To complete an analysis of your proposals within the allotted time, we needed to make certain limiting assumptions and to use readily available BLM data on acreage, receipts and payments. Since payment data for fiscal year 1981 was not available, we used actual fiscal year 1980 payment data. According to officials at BLM, the difference between fiscal year 1981 and 1980 data would be less than 1 percent.

Each of the proposals considered retains the minimum payment level of $.10 per acre and a maximum county payment ceiling of $500,000 in Proposal I, and of $1 million in Proposals II, III, and IV. We computed total payments under each proposal and estimated the budgetary savings in the PILT payments.

To evaluate the impact of each of the proposals on the individual States, we selected a sample of 20 percent of the States and territories with the largest PILT payments. These 11 States received more than 75 percent of total fiscal year 1980 PILT payments. To evaluate budgetary impacts we calculated the differences in PILT payments for each of the proposals and compared them with PILT payments under current law.

ANALYSIS OF PROPOSALS

Proposal I - $500,000 Maximum Payment Per County

Your first proposal requested that we determine the estimated savings if $500,000 were the limit a county could receive under the current law. (Note: we did not revise the existing dollar limit formula but simply limited the maximum payment to $500,000.) Under this proposal the estimated Government-wide savings would be about $9.3 million.

Base PILT payments	$103.5 million
Estimated PILT payments adjusted for $500,000 limit	94.2 million
Estimated savings	$ 9.3 million

As shown in table 2, this proposal has the largest impact on Arizona, where funds are cut by $2.1 million or 28 percent. The least affected States would be Idaho and Oregon, where the funds of each are reduced by one percent or less.

Table 2

Proposal I: $500,000 Maximum Payment

($ in thousands)

	Acreage Ratio	
	$ Reduction	% Reduction
California	$ 1545	13
New Mexico	1773	18
Utah	444	5
Montana	214	3
Arizona	2139	28
Colorado	398	5
Idaho	6	*
Wyoming	919	14
Nevada	996	19
Alaska	780	19
Oregon	34	1
Government-wide reduction total	$ 9274	9%
Estimated FY 1981 PILT payment	$94240	

*Reductions are less than 1 percent.

This proposal does not resolve any of the inequities and inconsistencies in the current PILT law that were cited in our 1979 report. It is only successful in reducing maximum payments to counties with large amounts of Federal land. Problems with budgetary control and administration continue because States are able to influence the size of their Federal payments. Moreover, administrators must continue to rely on State reports for payment data.

Proposal II - Deduct All Land Payments

Your second proposal calls for deducting from PILT payments all revenues paid to States and localities under any of the programs currently listed in the PILT Act, not just the deduction of payments "passed through" to local units of government as the law now provides. Such deduction implies that all localities in a State share in the benefits of land payment programs, even though they may not actually receive any payment. This proposal retains the $.10 per acre minimum payment.

To analyze this proposal fully, we believe three methods should be considered for redistributing the total payments amount back to the individual counties in each State. We developed two of these methods but were unable to obtain data on the third. The methods are: acreage ratio, population ratio, and a mixed ratio using actual receipts.

Acreage ratio method

For this method, total land payments would be offset against PILT payments and the county PILT payments would be redistributed by applying a ratio of a countys entitlement acres to State acres.

$$\frac{\text{county entitlement acres } 1/}{\text{State entitlement acres } 1/} \times \begin{array}{l}\text{prior year State land payments}\\ \text{limited by current population}\\ \text{ceiling}\end{array}$$

This method results in an estimated Government-wide budget savings of $49.1 million.

Base PILT payments	$103.5 million
Estimated PILT payments adjusted for the proposal	54.4 million
Estimated savings	$ 49.1 million

Table 3

Proposal II: 100 Percent Pass Through with Current Programs
($ in thousands)

	Acreage Ratio		Population Ratio	
	$ Reduction	% Reduction	$ Reduction	% Reduction
California	$ 4982	42	$ 355	3
New Mexico	7641	78	7641	78
Utah	4664	56	3236	39
Montana	5479	67	4789	58
Arizona	2587	33	1038	13
Colorado	5314	70	1328	17
Idaho	3021	44	2803	41
Wyoming	3861	57	3861	57
Nevada	1344	25	1752	33
Alaska	20	*	1177	28
Oregon	129	4	130	5
Government-wide reduction total	$49095	47%	$25049	24%
Estimated FY 1981 PILT payment	$54419		$78466	

*Reductions are less than 1 percent.

As shown in table 3, this method would cut PILT payments in New Mexico, Utah, Montana, Colorado, and Wyoming by more than 50 percent. On the other hand, Alaska and Oregon would lose

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1/Entitlement acres refer to Federal lands in States and counties eligible in computing payments under the PILT law.

$20 thousand or less than 1 percent, and $129 thousand or 4 percent, respectively.

This method improves budgetary control since States cannot influence payment deductions. Also, administration requirements are easier and less expensive since payment computations do not rely on State data. But the method does not resolve the lack of tax equivalence or address the use of a minimum payment when States are already receiving substantial amounts per Federal acre from total land payment programs.

Population ratio method

This method reduces county payments by an amount equal to

$$\frac{\text{county population}}{\text{State population}} \times \text{prior year State and local land payments}$$

This formula assumes that receipt-sharing payments benefit all people in a State and land payments should be passed through to units of local government based on their share of the State's population. Thus, a larger portion of payments are passed through to counties with large populations than to more rural counties.

In some cases, this method would pass payment through to counties that have no entitlement lands and, therefore, are not eligible to receive PILT payments. In other cases large payments would be passed through to heavily populated counties with few entitlements lands, thereby reducing their PILT payments to a minimum of $.10 per acre. Thus, other more rural localities would be less affected by deductions and would receive larger PILT payments.

Because a whole State's population is used, instead of the total population of counties receiving PILT payments, the population method would not result in 100 percent of land payments being offset against PILT payments. Thus, overall this method generally results in higher PILT payments for the counties with entitlement acres than does the acreage ratio discussed in the prior section. The population ratio under this proposal results in a Government-wide budget saving of $25 million.

Base PILT payments	$103.5	million
Estimated PILT payments adjusted for this proposal	78.5	million
Estimated savings	$ 25.0	million

Using the population ratio method, payments in three States in our sample would be cut by more than 50 percent (see table 3). These are New Mexico, 78 percent ($7.6 million); Montana, 58 percent ($4.8 million); and Wyoming, 57 percent ($3.9 million). States with the smallest cuts would be California and Oregon at 3 and 5 percent each. This method does not offset all payments against PILT but it does improve budgetary control. Like all the prior proposals, it does not result in tax equivalence and there are minimum PILT payments to States that already receive large land payments.

A mixed method using actual receipts

This method would connect payments to the county from other revenue sources and thereby subtract such payments directly from the county's PILT payment whenever possible. For a program where we could not identify the direct source, an acreage or population ratio would be used to compute the pass through reduction. We were unable, however, to obtain cost figures on this method since officials at BLM could not readily extract the data in this format. Therefore, we have no Government-wide budget impact savings or State impact figures.

This method would improve budgetary control since State laws cannot influence the size of payments. It is likely to distribute PILT payments more fairly than the other two methods, since receipt-sharing payments are deducted from a county's PILT payments whenever possible. However, data gathering problems make administration more complex and costly than a straight acreage or population ratio method.

Summary of methods

None of the three alternative methods discussed under this proposal would provide for tax equivalency--lost tax revenues and the economic burden of tax-exempt Federal land. Futhermore, the law still would provide minimum payments to counties already substantially compensated under other land payment programs. In addition, these methods do not provide an all-inclusive land payments program, since a variety of land payment laws are not included in the PILT payment formula.

Proposal III - Add Seven Land Payment Programs to PILT

Your third proposal calls for an all-inclusive program, whereby all land payment acreage qualifies as entitlement lands for computing PILT payments. All land related payments would be deducted from PILT payments. This proposal retains the $.10 per acre minimum payment. Currently many land payment laws are excluded from the PILT program, while others are included only for determining entitlement acres. This results in some local units of government with Federal lands receiving no PILT payment while others receive both PILT payments and payments provided under other receipt-sharing laws.

While we were unable to obtain sufficient data to determine whether to include all receipt sharing programs, we did include two methods which partially reflect this proposal. They are BLM's proposal which added 7 programs, and our own adding 10 additional land payment programs.

Add seven land payment programs to PILT

As noted earlier, BLM has developed a proposal (S1281), which would add seven programs to the PILT payment formula. Since this bill substantially meets the requirements of this proposal we have included it in our analysis (the list of the seven programs added by BLM are in appendix II). BLM's proposal uses an acreage ratio to redistribute State-wide deductions to the counties and it retains the current population ceiling limitations and $.10 per acre minimum. This proposal results in estimated budget savings of about $55.2 million. This method comes closer to the President's proposed program limit of $45 million for the program than any other method included in this analysis.

Base PILT payments	$103.5	million
Estimated payments per BLM proposal 1/	48.3	million
Estimated savings	$ 55.2	million

Table 4

Bureau of Land Management Current Proposal
($ in thousands)

	$ Reduction	% Reduction
California	$ 7386	63
New Mexico	7611	78
Utah	4676	57
Montana	5482	67
Arizona	2763	36
Colorado	5327	70
Idaho	3025	44
Wyoming	3874	57
Nevada	1368	26
Alaska	24	*
Oregon	127	4
Government-wide reduction total	$55175	53%
Estimated FY 1981 PILT payment	$48339	

*Reductions are less than 1 percent.

1/BLM's proposal does not include Section three payments of the PILT law. Therefore, to that extent, it is inconsistent with our other proposals.

As shown in table 4, four States would have payment reductions greater than 60 percent under this method. These are New Mexico, $7.6 million (78 percent); Colorado, $5.3 million (70 percent); Montana, $5.5 million (67 percent); and California, $7.4 million (63 percent). In contrast, Alaska and Oregon would be cut by less than 1 percent and 4 percent, respectively.

This method does not eliminate all problems and inconsistencies that have plagued the PILT program. Although this method simplifies administration requirements and improves budgetary controls, it does not insure that payments are equal to lost taxes or compensate for disparities in other laws. Furthermore, BLM's proposal does not include all remaining land payment programs.

Add 10 land payment programs to PILT

In our prior report on the PILT program, we identified other land payment programs that could or should be added as deductions under the PILT law. In developing our current analysis we added three other programs to the seven already included in the BLM proposal. Our basis for adding these laws was that they were administered by the Department of the Interior and the necessary payment, acreage, and receipt data were readily available. We have included a list of these three with their legal references as appendix III.

While in this analysis we only included three additional programs, we believe that many other payment laws could be added if the PILT law is to be all-inclusive. In appendix IV, we list an additional three laws which could be considered after a complete analysis of their compatibility to the PILT programs. As in Proposal II, we use both an acreage and a population ratio to redistribute total land payments.

--Acreage ratio

This method would result in estimated Government-wide savings of $49.5 million.

Base PILT payment	$103.5	million
Estimated PILT payments adjusted for this method	54.0	million
Estimated savings	$ 49.5	million

As illustrated in table 5, the States most adversely affected by this method would be New Mexico (a 78 percent reduction) and Colorado (a 70 percent reduction). On the other end of the scale estimated PILT payments in Alaska would be reduced less than 1 percent while Oregon's PILT payments would increase 4 percent. Although this method is more inclusive, it contains many of the same weaknesses as other proposals.

Table 5

Proposal III: 100 Percent Pass Through With New Programs
($ in thousands)

	Acreage Ratio		Population Ratio	
	$ Reduction	% Reduction	$ Reduction	% Reduction
California	$ 4884	42	$ 347	3
New Mexico	7611	78	7611	78
Utah	4673	56	3236	39
Montana	5469	67	4783	58
Arizona	2734	35	1116	14
Colorado	5310	70	1323	17
Idaho	3020	44	2803	41
Wyoming	3859	57	3859	57
Nevada	1367	26	1764	33
Alaska	20	*	1178	28
Oregon	(-100)	(-4)**	(-100)	(-4)**
Government-wide reduction total	$49482		$24500	
Estimated FY 1981 PILT payment	$54032		$79014	

*Reductions are less than 1 percent.
**Budgetary impact was an increase in PILT payments over prior year.

--Population ratio

This method results in a smaller PILT savings for the same reasons noted in our previous population ratio analysis. The estimated Government-wide budget savings would be $24.5 million.

Base PILT payment	$103.5	million
Estimated PILT payments	79.0	million
Adjusted for this method	$ 24.5	million

The States most severely affected were New Mexico and Montana. Oregon again would have an increase in payments. The weaknesses remain the same under this proposal as those noted under Proposal II.

Proposal IV

Your final comment related to retaining the minimal PILT payment of $.10 per acre as an alternative payment method. In computing the estimated savings under this provision we used two methods, the $.10 per acre using the BLM proposal of seven additional programs with the current PILT dollar payment ceilings, and $.10 per acre using 10 additional programs and no dollar ceilings.

The first method, paying all States a flat \$.10 per acre while keeping an overall dollar ceiling, results in the largest savings of any proposal or method. This method would result in an estimated savings of \$66.4 million.

Base PILT payment	\$103.5	million
Estimated PILT payments adjusted for this method	37.1	million
Estimated savings	\$ 66.4	million

Table 6 shows that New Mexico would be cut the most (78 percent) while Oregon would be affected the least (4 percent).

Table 6

Proposal IV: 10 Cents Minimum Payment Per Acre
(\$ in thousands)

	BLM Lands		10 Additional Laws	
	\$ Reduction	% Reduction	\$ Reduction	% Reduction
California	\$ 7389	63	\$ 7353	63
New Mexico	7611	78	7474	77
Utah	5159	62	4989	60
Montana	5483	67	5481	67
Arizona	4926	64	4926	64
Colorado	5329	70	5280	69
Idaho	3767	55	3559	52
Wyoming	3874	57	3849	57
Nevada	1980	37	(-416)	(-8)*
Alaska	1569	38	(4567)	(-110)*
Oregon	127	4	(-361)	(-13)*
Government-wide reduction total	\$66420	64%	\$56774	55%
Estimated FY 1981 PILT payment	\$37094		\$46740	

*Budgetary impact was an increase in PILT payments over prior years.

This method disassociates PILT payments from receipt-sharing payments. It also simplifies administration requirements. However, it does not bring equity or uniformity to other land payment laws that have evolved over the years.

The second method would result in an estimated Government-wide saving of about \$56.8 million, or almost \$10 million less than if there were a dollar ceiling. In effect this is a flat \$.10 per acre.

Base PILT payment	$103.5	million
Estimated PILT payment adjusted for this method	46.7	million
Estimated savings	$ 56.8	million

The impact is about the same as the other method with New Mexico being cut $7.5 million or 77 percent. However, three States, Alaska, Oregon, and Nevada, would receive added PILT payments of 110 percent, 13 percent, and 8 percent.

Impact on States 1/

To develop some way to analyze the impact of the proposals in a cumulative manner we went below the proposal savings level down to the State level. We cumulatively assessed the impact of the eight different proposals/methods discussed in our anaylsis of the top 11 States. See tables 2-6.

The following States would have the largest percentage reduction 2/ to their PILT payments:

--New Mexico--of the eight proposals/methods, New Mexico was the most adversely impacted in seven of the eight methods and was forth in one method. PILT payments would reduce about 78 percent in most proposals except the $500,000 limit.

--Montana--of the eight proposals/methods, Montana had the second largest impact 2 times and third 5 times.

--Colorado--of the eight proposals/methods, Colorado has the second largest impact 5 times.

Generally two States would be impacted the least--Alaska, which was impacted the least for three proposals/methods and was second once--and Oregon which was first three times, and second 5 times.

There are many reasons why a State could have large or small changes in PILT payments. For example, one reason why States like New Mexico and Colorado have large changes is that they did not pass through a high percentage of payments to the counties. Therefore, under proposals II and III they would be significantly impacted. On the other hand, the States of Alaska and Oregon were very close to either the dollar limit or $.10 per acre minimum payments already. Hence their overall PILT payments do not

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1/The PILT payments actually go to counties. However, for this analysis, we computed impact at the total State level.

2/We limited our analysis to the top four States in terms of adverse impact.

change significantly except under proposal IV, the $.10 per acre with no dollar limit, when both actually get larger payments.

CONCLUSION

Our analysis of Proposals I-IV discloses that each, if implemented, would result in substantial Government-wide budget savings. In view of the current efforts to reduce budgetary totals, implementation would be a step in that direction. However, as long as the minimum $.10 payment per acre exists, there really is no proposal which will result in a total offsetting of land payments against PILT payments to the local entities. Furthermore, our analysis indicates that the proposals do not provide payments based on true tax equivalency as the law intended. The decision should be made whether these programs should be tax equivalency programs or amended to delete the "tax equivalency" implications.

As long as the basic purpose of the land payment programs is expressed in terms of tax equivalency, we continue to believe that the recommendations included in our report entitled, "Alternatives for Achieving Greater Equities in Federal Land Payment Programs" (PAD-79-64, September 25, 1979) are valid and should be implemented to change the laws to require computation on a tax equivalent basis.

Because of your need for the data we were not able to obtain comments from the Department of the Interior on the substance of this letter as is our normal practice, we suggest that you may want to provide the Department a copy of this letter for their official response.

As agreed with your office, we plan no further distribution of this material until 30 days from the issuance date. At that time, we will send copies to the other interested persons, including representatives of the 11 States used in our analysis.

Sincerely yours,

Milton J. Socolar

Acting Comptroller General
of the United States

JIM WEAVER
4TH DISTRICT, OREGON

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May 12, 1981

Mr. Milton Socolar
Acting Comptroller General
U.S. GAO
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Scolar:

As the prime sponsor of the Payments in Lieu of Taxes Act of 1976, I am greatly concerned about our responsibility to fully fund this program. I understand the criticism of this program and am aware that there has been some unfairness in federal payments made under this legislation.

I am, therefore, considering some amendments to the original legislation that I anticipate will save the Treasury money. For FY '81, P.I.L.T. was funded at $108 million. This existing payments level has faced opposition from the Interior Appropriations Subcommittee. Part of the opposition was based upon the supposition that P.I.L.T. would be substantially amended. I would like to propose my amendments soon, so that some of the uncertainty regarding P.I.L.T. funding levels can be ended and FY '81 payments can be made.

I would like the Government Accounting Office to analyze three proposals amending P.I.L.T. in terms of saving Treasury outlays relative to a full funding level for the program. This first would be to set a maximum payment to each county of $500,000 (this should save about $8.5 million, by my calculations). The second would be to deduct from a state's P.I.L.T. payment <u>all</u> federal payments made under acts listed in the P.I.L.T. law. These deductions should be made regardless of whether states passed them through to counties, or not. My third proposal would be to amend the section governing deductions to include payments generated from federal lands under other Acts (such as O & C, etc.)

The 10¢ per acre minimum payment would remain intact, as an alternative method for setting P.I.L.T. funding levels. Could you please analyze the budgetary impact of each of the three proposals, both singly and cumulatively? To satisfy this request, I believe a letter report will be sufficient. For further information, please call Greg Skillman, at the Forests Subcommittee, 225-0301. Thank you.

Sincerely,

Jim Weaver

JIM WEAVER
Member of Congress

JW:gsd

LISTING OF SEVEN PROGRAMS ADDED BY THE BUREAU OF LAND MANAGEMENT'S PROPOSAL

PROGRAMS

Three of the programs added by BLM were already included in PILT entitlement lands and therefore eligible for payments. However, the receipts from these lands which are shared with States and counties were not included as deductions from PILT payments:

--Grand Teton National Park, 16 USC 406d-3: 64 Stat 851
Administered by Interior (Park Service), provides payment from visitors' fees to State of Wyoming for the benefit of affected counties for taxes lost because of acquisitions of privately owned lands within the boundaries of Grand Teton National Park.

--Federal Land Flood Control, 33 USC 701c-3: 55 Stat 650
Administered by Army Corps of Engineers, provides 75 percent of receipts from leases on specified Federal land to States for the benefit of public schools and public roads or for flood control expenses of counties where Federal land is situated.

--Impact Aid--Yellowstone National Park, 16 USC 40a: 62 Stat 338
Administered by Interior (Park Service), provides impact aid from park revenues to school districts for pupils who are dependents of persons working and living in Yellowstone National Park.

Federal lands covered by three other laws are not eligible as entitlement lands in the current PILT law:

--Klamath Project, 16 USC 695m: 78 Stat 850
Administered by Interior (Bureau of Reclamation), provides 25 percent of receipts from the leasing of Klamath project reserved lands to counties where Lower Klamath and Tule Lake National Wildlife Refuges are located.

--Hoover Dam Lands, 43 USC 618a: 54 Stat 774 1/
Administered by Interior (Bureau of Reclamation), provides payments to States under limited circumstances from Hoover Dam revenues.

1/Technical error in Bill. Reference probably should be to 43 USC 617c, 45 Stat 1058, which provides payments to Arizona and Nevada for real property acquired for Boulder Canyon Project (now Hoover Dam).

--Trinity River Basin Project, 69 Stat 719 (Act of 8-12-55) Administered by Interior (Bureau of Reclamation), provides a payment in lieu of taxes to Trinity County, California, for real property and improvements acquired for the Trinity River Basin Project.

The seventh item added was not in fact a complete program but an expansion of coverage to both "fee" and reserve lands of the National Wildlife Refuge System as entitlement lands.

Source: S1282, 97th Congress, 1st Session.

LISTING OF PROGRAMS ADMINISTERED BY THE DEPARTMENT OF THE INTERIOR THAT WERE ADDED TO GAO's METHOD UNDER PROPOSAL III

--Columbia River Basin Project, 16 USC 835c-1 57: Stat 19
Bureau of Reclamation provides payment in lieu of taxes from lease receipts to States or localities for property acquired for the Columbia River Basin Project.

--Oregon and California Lands, 43 USC 1181f: 50 Stat 875
BLM provides payment in lieu of taxes to counties out of the Oregon and California land-grant fund.

--Coos Bay Lands, 43 USC 1181f-1: 53 Stat 753
BLM provides payment in lieu of taxes out of Coos Bay Wagon Road grant funds to Coos and Douglas Counties in Oregon.

LISTING OF PROGRAMS INCLUDED IN GAO REPORT PAD 79-64, BUT NOT ADDED TO ANY PROPOSAL

--Statutes providing for admission of new States into the Union 1802-1958, administered by Interior (BLM, Reclamation).

These laws deserve consideration since a similar act, the enabling Act for Arizona and New Mexico, is currently included in PILT.

--Educational Impact Grants, 20 USC 237: 64 Stat 1101

This law, which provides impact aid to local educational agencies, is excluded from PILT's definition of entitlement land. It is similar in some ways to the Yellowstone National Park impact aid provision which BLM is proposing to add to the PILT law.

--St. Lawrence Seaway Act, 33 USC 986: 68 Stat 95

This act provides a payment in lieu of taxes to States and counties for acquired property and is similar to laws currently included in PILT.

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