107TH CONGRESS
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HOUSE OF REPRESENTATIVES

REPORT
107–688

PILT AND REFUGE REVENUE SHARING PERMANENT FUNDING ACT

SEPTEMBER 25, 2002.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HANSEN, from the Committee on Resources, submitted the following

R E P O R T

[To accompany H.R. 1811]

[Including cost estimate of the Congressional Budget Office]

The Committee on Resources, to whom was referred the bill (H.R. 1811) to provide permanent funding for the payment in lieu of taxes program, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

The purpose of H.R. 1811 is to provide permanent funding for the payment in lieu of taxes program, and for other purposes.

BACKGROUND AND NEED FOR LEGISLATION

PAYMENTS IN LIEU OF TAXES (PILT)

Congress enacted PILT (Public Law 94–565; 31 U.S.C. 6901–6907) in 1976 as a mechanism for the federal government to make payments to local governments to offset losses in property taxes resulting from the presence of nontaxable federal lands within a locality's boundaries. PILT, which is administered by the Bureau of Land Management (BLM), provides a funding stream to local governments (typically counties) which provide a range of public services on federal lands, including public safety, transportation and social services. Payments are generally made directly to the counties and can be used for any governmental purpose.

Lands qualifying for federal reimbursement (entitlement lands) under PILT include federal lands administered by the U.S. Forest Service, the National Park Service, BLM, dredge areas maintained

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by the Army Corps of Engineers, inactive and semi-active Army installations, U.S. Fish and Wildlife Service lands reserved from the public domain, and some lands donated to the federal government. Funds are allocated based on a complex statutory formula that takes into consideration such variables as the number of entitlement acres, the population of the eligible county, and the amount of money a county received during the previous year under non-PILT reimbursement programs like the Refuge Revenue Sharing Act, the Secure Rural Schools and Community Self-Determination Act, the National Forest Fund, the Mineral Leasing Act and others. A county's net-receipts under these non-PILT programs are subtracted from what a county would otherwise receive under PILT in the following year.

The other primary determinant of a county's reimbursement under PILT is Congressional appropriations. While PILT's formula sets the authorization bar, Congressional appropriations have rarely equaled the formula's authorized levels. In Fiscal Year (FY) 2002, for example, Congress appropriated $210 million to PILT, but full payments to counties under the formula would have totaled approximately $351 million. In this case, as in most prior years, the amounts prescribed under the formula were reduced across-the-board on a pro rata basis, meaning all counties saw their allocation reduced by an identical amount. In FY 2002, this meant that counties received only 59.7% of the amount authorized by the PILT program.

Refuge Revenue Sharing Act

The Refuge Revenue Sharing Act (RRSA, 16 U.S.C. 715s) was enacted in 1935 to authorize payments to be made to localities to offset tax losses to counties where the U.S. Fish and Wildlife Service (FWS) owns and manages nontaxable land. Like PILT, RRSA is funded according to a complicated formula through receipts from various FWS fees, including grazing, mineral development, sale of forest products, and other activities. To the extent that these fees do not cover outlays prescribed by the funding formulas, the RRSA authorizes the use of appropriations from the general fund to meet shortfalls. If fee and appropriated moneys still do not meet the formula's authorized levels, as has often been the case, then payments are reduced across-the-board on a pro rata basis, in a manner similar to PILT.

Like PILT, RRSA appropriations have historically fallen well short of authorized levels. In FY 2002, Congress appropriated $17.3 million for RRSA, just 52% of the authorized level, at $33.5 million.

Shortfalls in appropriated dollars to both PILT and RRSA over the years have had a debilitating impact on the scores of county governments, which rely heavily on these programs to fund local operations. These funding inadequacies adversely affect schools, roads, social services, and local police and fire departments. While the problem is most acute in western communities, where the federal government controls vast swaths of tax immune land, the pangs of inadequate funding have been felt in communities all across the nation.

H.R. 1811 would solve this problem once and for all, by fully funding PILT and RRSA without further appropriation beginning in 2002.

Committee Action

H.R. 1811 was introduced on May 10, 2001, by Congressman Scott McInnis (R–CO). It was referred to the Committee on Resources and within the Committee to the Subcommittees on Forests and Forest Health, National Parks, Recreation and Public Lands and Fisheries

Conservation, Wildlife and Oceans. The Subcommittees held a legislative hearing on the bill on July 25, 2002. On September 12, 2002, the Full Resources Committee met to consider the bill.

The Subcommittees were discharged from further consideration by unanimous consent. No amendments were offered and the bill was ordered reported to the House of Representatives by unanimous consent.

Committee Oversight Findings and Recommendations

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Resources' oversight findings and recommendations are reflected in the body of this report.

Constitutional Authority Statement

Article I, section 8 of the Constitution of the United States grants Congress the authority to enact this bill.

Compliance With House Rule XIII

1. Cost of Legislation. Clause 3(d)(2) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out this bill. However, clause 3(d)(3)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974.

2. Congressional Budget Act. As required by clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, this bill does not contain any new budget authority, credit authority, or an increase or decrease in revenues or tax expenditures. According to the Congressional Budget Office, enactment of this bill will result in new direct spending.

3. General Performance Goals and Objectives. As required by clause 3(c)(4) of rule XIII, the general performance goal or objective of this bill is to provide permanent funding for the payment in lieu of taxes program.

4. Congressional Budget Office Cost Estimate. Under clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for this bill from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 19, 2002.

Hon. JAMES V. HANSEN,
Chairman, Committee on Resources,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1811, the PILT and Refuge Revenue Sharing Permanent Funding Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts for this estimate are Megan Carroll and Deborah Reis.

Sincerely,

BARRY B. ANDERSON
(For Dan L. Crippen, Director).

Enclosure.

H.R. 1811—PILT and Refuge Revenue Sharing Permanent Funding Act

Summary: H.R. 1811 would provide new direct spending authority for the Secretary of the Interior to make payments to states and counties under the payment in lieu of taxes (PILT) program and the refuge revenue sharing program. CBO estimates that enacting H.R. 1811 would increase direct spending by $157 million in 2002 and by $3.9 billion over the 2002–2012 period. Because the bill would affect direct spending, pay-as-you-go procedures would apply.

By making PILT and refuge revenue sharing payments fully available without appropriation action, H.R. 1811 could create savings in discretionary spending. Assuming that annual appropriations are reduced accordingly, CBO estimates potential discretionary savings of $228 million in fiscal year 2003 and about $1.4 billion over the 2003–2007 period.

H.R. 1811 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. Enacting this legislation probably would benefit local governments that receive payments under these two programs.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 1811 is shown in the following table. The costs of this legislation fall within budget function 800 (general government).

	By fiscal year, in millions of dollars—					
	2002	2003	2004	2005	2006	2007
DIRECT SPENDING						
Mandatory spending under current law for PILT and refuge revenue sharing: [1]						
Estimated budget authority	7	7	8	8	8	8
Estimated outlays	7	7	8	8	8	8
Proposed changes:						
Estimated budget authority	157	273	278	286	296	305
Estimated outlays	157	273	278	286	296	305
Mandatory spending under H.R. 1811 for PILT and refuge revenues sharing:						
Estimated budget authority [1]	164	280	286	294	304	313

	By fiscal year, in millions of dollars—					
	2002	2003	2004	2005	2006	2007
Estimated outlays	164	280	286	294	304	313
CHANGES IN SPENDING SUBJECT TO APPROPRIATION [2]						
Estimated authorization level	0	−228	−233	−238	−242	−248
Estimated outlays	0	−228	−233	−238	−242	−248

[1] These figures represent the estimated mandatory portion of annual funding for refuge revenue sharing payments under current law.
[2] The changes in spending subject to appropriation represent savings that could occur under H.R. 1811 beginning in 2003, when all PILT and refuge revenue sharing payments would become mandatory spending. A total of $224 million was approved for these payments in 2002, including $210 million for PILT and $14 million for refuge revenue sharing.

Basis of estimate

CBO estimates that enacting H.R. 1811 would increase direct spending for PILT and refuge revenue sharing payments by $157 million in 2002, $273 million in 2003, and about $3.7 billion over the 2003–2012 period. Enacting this legislation would reduce the need for future appropriations for these programs, but any resulting savings would depend on future appropriation actions. In 2002, funds provided in appropriations acts for these payments totaled nearly $230 million. The total estimated cost to fully fund the PILT and refuge revenue sharing program in 2002 in $391 million.

This estimate is based on information provided by the Department of the Interior and on CBO baseline assumptions regarding future payments to local governments under certain other payment programs as well as continuing land acquisitions and increases in the fair market value of public lands. For this estimate, CBO assumes that H.R. 1811 will be enacted before the end of fiscal year 2002, and that payments would be made in this fiscal year. If the legislation were enacted in fiscal year 2003, we expect that amounts authorized for 200 PILT payments would be made in 2003.

Permanent funding for PILT

PILT is a payment program that compensates local governments for losses in their tax bases due to the presence of certain federal lands within their jurisdictions, which are exempt from state and local taxation. The Bureau of Land Management (BLM) calculates the PILT payment authorized for each local jurisdiction based on population, the number of federal acres present, and other federal payments received by the jurisdiction. H.R. 1811 would provide permanent funding for PILT payments, which under current law are subject to appropriation. According to BLM, the full authorization level for PILT payments in fiscal year 2002 is $351 million, and the agency already has received appropriations totaling $210 million for those payments. Hence, CBO estimates that fully funding the program this year would create direct spending of $141 million. We also estimate that H.R. 1811 would create PILT direct spending of $241 million in 2003 and about $3.3 billion over the 2003–2012 period.

Refuge revenue sharing payments

The Refuge Revenue Sharing Act authorizes the U.S. Fish and Wildlife Service (USFWS) to make payments to counties where national refuges and other USFWS-administered land is located. Generally, the authorized level of such payments for each county is equal to the greater of: (1) $0.75 per acre of USFWS land located in the county, (2) 25 percent of net offsetting receipts (if any) earned from commercial activities on such land, or (3) three-fourths of 1 percent of the land's fair market value. The annual payments are funded by a combination of direct spending authority and discretionary appropriations. In the last 20 years, those two sources have not been sufficient to fully fund the entire authorized level of refuge revenue sharing payments, and each county's payment has been reduced proportionately. Beginning in fiscal year 2002, H.R. 1811 would make available without further appropriation the entire amount necessary to fund all payments to counties at the authorized level. CBO estimates that the bill would increase direct spending by $16 million in 2002, by $32 million in 2003, and by $442 million over the 2003–1012 period.

Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects through fiscal year 2006 are counted.

	By fiscal year, in millions of dollars—										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Changes in outlays	157	273	278	286	296	305	315	465	478	492	507
Changes in receipts	Not applicable										

Intergovernmental and private-sector impact: H.R. 1811 contains no intergovernmental or private-sector mandates as define in UMRA and would impose no costs on state, local, or tribal governments. Enacting this legislation probably would benefit local governments that receive payments under these two programs.

Previous CBO estimate: On June 20, 2002, CBO transmitted a cost estimate for S. 454 as ordered reported by the Senate Committee on Energy and Natural Resources on June 5, 2002. The two bills are very similar, and our cost estimates are the same.

Estimate prepared by: Federal costs: Megan Carroll and Deborah Reis; Impact on State, local, and tribal governments: Marjorie Miller; Impact on the private sector: Cecil McPherson.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

COMPLIANCE WITH PUBLIC LAW 104–4

This bill contains no unfunded mandates.

PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 6906 OF TITLE 31, UNITED STATES CODE

[§ 6906. Authorization of appropriations

[Necessary amounts may be appropriated to the Secretary of the Interior to carry out this chapter. Amounts are available only as provided in appropriation laws.]

§ 6901. Authorization of appropriations

There is authorized to be appropriated such sums as may be necessary to the Secretary of the Interior to carry out this chapter. Beginning in fiscal year 2002 and each fiscal year thereafter, amounts authorized under this chapter shall be made available to the Secretary of the Interior, out of any other funds in the Treasury not otherwise appropriated and without further appropriation, for obligation or expenditure in accordance with this chapter.

SECTION 401 OF THE ACT OF JUNE 15, 1935

AN ACT To amend the Migratory Bird Hunting Stamp Act of March 16, 1934, and certain other Acts relating to game and other wildlife, administered by the Department of Agriculture, and for other purposes

SEC. 401. (a) * * *

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(d) If the net receipts in the fund which are attributable to revenue collections for any fiscal year do not equal the aggregate amount of payments required to be made for such fiscal year under subsection (c) to counties, there are authorized to be appropriated to the fund an amount equal to the difference between the total amount of net receipts and such aggregate amount of payments. *Beginning in fiscal year 2002 and each fiscal year thereafter, such amount shall be made available to the Secretary, out of any other funds in the Treasury not otherwise appropriated and without further appropriation, for obligation or expenditure in accordance with this section.*

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