



January 29, 2016

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

The Honorable Harry Reid
Minority Leader
United States Senate
U.S. Capitol Building, Room: S-221
Washington, DC 20510

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

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

Dear Majority Leader McConnell, Minority Leader Reid, Speaker Ryan and Minority Leader Pelosi,

On behalf of the National Association of Counties (NACo), the only national organization that represents the 3,069 counties across the United States, and the Western Interstate Region of NACo (WIR), which represents the state associations of counties in 15 Western states and their 519 counties, thank you for your work to ensure the Payments in Lieu of Taxes (PILT) program was fully funded for FY 2016. As you know, 62 percent of counties have federal land within their boundaries. The PILT program helps ensure counties can continue to provide essential services to their communities and to tax-exempt federal lands within their jurisdictions.

As the second session of the 114th Congress begins, uncertainty remains for public lands counties across the United States as they work to plan their budgets for FY 2017 and beyond. Counties urge Congress to work in a bipartisan, bicameral fashion to enact long term predictable funding for PILT in FY 2017 and beyond and reauthorize the now expired Secure Rural Schools (SRS) program for FY 2016 and into the future. We also ask Congress to enact meaningful federal forest management reform to increase active management of our federal forests, improve forest health and increase forest revenue sharing with county governments.

Payments in Lieu of Taxes

The PILT program provides payments to local governments in 49 states – nearly 1,900 counties, boroughs and parishes – to offset reduced property tax revenue due to the presence of tax-exempt federal lands within their jurisdictions. We are grateful that Congress appropriated the full \$452 million necessary to fund PILT for FY 2016. However, counties are already beginning to plan their FY 2017 budgets. Without the certainty of full funding for the PILT program in FY 2017 and beyond,

counties across the nation will be unable to provide their residents with essential services such as education, law enforcement, search and rescue, road maintenance and public health to residents and millions of federal lands visitors alike.

Moving forward, counties urge Congress to enact a long-term sustainable solution to fully fund PILT and eliminate the ongoing annual funding uncertainty PILT counties face. In the meantime, however, Congress must act to fully fund PILT for FY 2017.

Secure Rural Schools

Like the PILT program, the SRS program provides crucial support to local schools, transportation infrastructure, law enforcement and other county services in more than 720 counties and 4,000 school districts, impacting nine million students across 41 states. Unfortunately, the SRS program expired on September 30, 2015 and has yet to be reauthorized. If the Secure Rural Schools program is not reauthorized, forest counties and schools will receive their last SRS payment in 2016.

Historically, the federal government has shared 25 percent of federal forest revenues with counties to compensate them for federal ownership of forests. Federal forest lands cannot be taxed at the local level, yet counties must still provide many essential services. SRS was first enacted in 2000 as local governments faced steep reductions in timber revenue sharing resulting from national policies that limited revenue-generating activities within federal forests. Current revenue sharing payments are no longer sufficient to support the services forest counties must provide.

When the authorization for SRS lapsed in FY 2014, forest payments to counties decreased by over 80 percent. Counties and school districts nationwide faced dramatic budgetary shortfalls and began preparations to halt infrastructure projects, terminate employees, cancel teacher contracts, and reduce numerous other services as a result. In that instance, Congress reauthorized the SRS program retroactively and provided full SRS payments to counties. However, in many cases services had already been impacted in counties and school districts.

Counties urge Congress to provide local governments with the budgetary certainty they need and encourage Congress to work swiftly to reauthorize the SRS program for FY 2016 and into the future, until federal forest production and revenue sharing can be restored to sustainable historic levels.

Forest Management and Wildfire Funding Reform

The SRS program provides a critical safety-net for forest counties impacted by declines in forest production and the loss of forest jobs and SRS will continue to be a critical program until the declines in forest production can be fully addressed. We encourage Congress to work to reverse these declines by enacting meaningful federal forest management reforms that improve forest health and restore production to sustainable levels. Counties also encourage Congress to enact a permanent legislative solution to end the budgeting practice commonly known as “fire borrowing,” which draws down funds from non-firefighting accounts to pay for federal firefighting needs. The drawdown of funds through

fire borrowing negatively impacts the ability of the federal government to undertake important forest health and fire prevention activities and places the safety of forest communities at risk.

Counties believe that the active management of federal lands and forests must be done in a sustainable manner to ensure the health of our federal lands for generations to come and we are active partners with the federal government in achieving these goals. The health of our federal forests has a direct effect on the public health, safety and economic wellbeing of counties across the United States. Not only do unhealthy forests increase community wildfire risk, they can also negatively impact community access to clean water and air, threaten wildlife habitats and reduce county opportunities for forest related tourism and job creation.

NACo supported comprehensive forest management legislation that passed the House earlier this Congress (H.R. 2647) and we continue to encourage the House and Senate to work together to pass comprehensive legislation to reform federal forest management and wildfire suppression practices.

Moving forward, counties encourage Congress to work swiftly to provide long term funding for PILT in FY 2017 and beyond, reauthorize the SRS program for FY 2016 and into the future and enact meaningful forest management and fire borrowing reforms to ensure the long-term viability of federal forests and forest counties. NACo and the Western Interstate Region stand ready to support you as Congress works to address these important issues impacting counties across the nation.

Sincerely,



Matthew D. Chase
Executive Director
National Association of Counties



Gordon Cruickshank
President, Western Interstate Region
Commissioner Chair, Valley County, Idaho

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
House Committee on Natural Resources
House Committee on Agriculture
House Committee on Appropriations, Subcommittee on Interior, Environment and Related Agencies