
November 18, 2019

The Honorable Lisa Murkowski
Chairman
Committee on Energy and Natural Resources
United States Senate
304 Dirksen Senate Building
Washington, DC 20510

The Honorable Joe Manchin
Ranking Member
Committee on Energy and Natural Resources
United States Senate
304 Dirksen Senate Building
Washington, DC 20510

Dear Chairman Murkowski and Ranking Member Manchin:

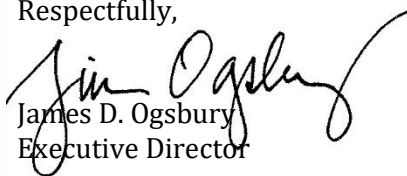
Western Governors appreciate the Committee's attention to the Payment in Lieu of Taxes (PILT) and Secure Rural Schools (SRS) programs in its upcoming hearing on November 21, 2019. Attached please find two Western Governors' items related to the PILT and SRS programs:

- Western Governors' Association Policy Resolution 2017-03, Tax-Exempt Federal Lands and Secure Rural Schools; and
- A letter from Western Governors to Congressional leadership communicating the importance of PILT and SRS to western communities.

I request that you include these documents in the permanent record of the hearing, as they articulate Western Governors' policy positions and recommendations on this important issue.

Thank you for your consideration of this request. Please contact me if you have any questions or require further information. In the meantime, with warm regards and best wishes, I am

Respectfully,



James D. Ogsbury
Executive Director

Attachments



**WESTERN
GOVERNORS'
ASSOCIATION**

Western Governors' Association Policy Resolution 2017-03

Tax-Exempt Federal Lands and Secure Rural Schools

A. BACKGROUND

1. The land ownership pattern in the West is a patchwork of federal, state, tribal and privately owned and managed lands.
2. This ownership pattern results in part from the withdrawal of lands by the federal government for various federal purposes, including national parks, national forests, lands administered by the Bureau of Land Management, national wildlife refuges, national monuments, and military bases.
3. The federally-owned lands are exempt from property taxes, and recognizing the costs to states and counties from the presence of tax-exempt federal lands within their borders, in 1976 Congress enacted Public Law 94-565 to create the Payments in Lieu of Taxes (PILT) program.
4. Congress also enacted the Twenty Five Percent Fund Act of 1908 to share receipts from timber sales on U.S. Forest Service lands. Because of a dramatic decline in the amount of timber the U.S. Forest Service offered for sale starting in the late 1980s, Congress enacted the Secure Rural Schools and Community Self-Determination Act (Public Law 106-393) as an alternative mechanism to compensate states and counties for timber sold on federal lands. Congress recognized that communities adjacent to federal lands still need to provide infrastructure and services (schools, roads, emergency response, etc.) for residents and visitors, including land managers, as well as to protect wildlife and natural resources despite the loss of shared timber sales receipts. Attempting to provide SRS funding levels through the 1908 law alone would require a 400 percent increase in logging on federal lands using 2015 U.S. Forest Service receipts – an unachievable short-term outcome given current capacity planning and executing sales, appropriating sufficient funds, and local mill infrastructure.
5. In recent years, funding for both of these historic federal-state-county agreements and programs has not kept pace with inflation, has been the target of budget cutbacks and has been subjected to sequestration under the Budget Control Act.

6. Sustained and predictable payments to local government under these programs is vital to ensure continued support for federal ownership and management of lands within western states.

B. GOVERNORS' POLICY STATEMENT

1. Western Governors believe that the federal government must honor its historic PILT agreement with states and counties in the West to compensate them for tax-exempt federal lands within their borders.
2. Western Governors believe it is incumbent that the federal government ensure counties and states continue to receive predictable and adequate payments under the Secure Rural Schools program. These payments are vital to providing state and county public goods and services, such as roads, emergency response, and wildlife and natural resources protection in communities adjacent to federal lands.
3. Western Governors encourage continuation of three important programs under the Secure Rural Schools program: 1) active management and restoration of federal forests; 2) revenue sharing; and 3) collaborative processes (Title II & III) which facilitate gathering input from the general public, local government and other local community stakeholders to inform federal land management decisions.
4. Payments to states and counties under these programs should not be subject to federal sequestration. Western Governors support legislation that clarifies the unique nature of these programs.

C. GOVERNORS' MANAGEMENT DIRECTIVE

1. The Governors direct WGA staff to work with Congressional committees of jurisdiction, the Executive Branch, and other entities, where appropriate, to achieve the objectives of this resolution.
2. Furthermore, the Governors direct WGA staff to consult with the Staff Advisory Council regarding its efforts to realize the objectives of this resolution and to keep the Governors apprised of its progress in this regard.

Western Governors enact new policy resolutions and amend existing resolutions on a bi-annual basis. Please consult www.westgov.org/policies for the most current copy of a resolution and a list of all current WGA policy resolutions.

May 23, 2019

The Honorable Mitch McConnell
Majority Leader
United States Senate
S-230 U.S. Capitol
Washington, D.C. 20510

The Honorable Charles Schumer
Minority Leader
United States Senate
419 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker
House of Representatives
H-232 U.S. Capitol
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader
House of Representatives
H-204 U.S. Capitol
Washington, D.C. 20515

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

Western Governors respectfully request your active support for the Payment in Lieu of Taxes (PILT) and Secure Rural Schools and Community Self Determination Act (SRS) programs during the current Congressional session. Western Governors have long advocated that the federal government must fulfill its obligation to fund these programs for rural counties with tax-exempt federal lands and for timber-dependent counties that rely on this funding to provide necessary government services to their citizens.

PILT compensates counties for lost property tax revenue from tax-exempt federal lands, a majority of which are in western states. These payments are not a subsidy to local governments. PILT provides funding to offset the loss of property tax revenues, because federal lands cannot be taxed. These payments also help to fund critical services on public lands, including law enforcement, search and rescue, fire management, solid waste management, and emergency medical services. Without PILT payments, local governments often lack even minimal resources to manage these important functions.

Congress passed SRS in 2000 to compensate more than 700 forest counties and school districts for timber harvesting revenue lost due to changes in federal forest management policy. SRS payments help fund critical education, infrastructure, and other basic needs in rural, forest-dependent communities.


SRS and PILT payments have been reauthorized through fiscal years 2018 and 2019 respectively. Congressional leadership is necessary to ensure that rural communities do not experience financial hardships due to delayed or discontinued payments from these programs.


Western Governors' Association Policy Resolution [2017-03](#), *Tax-Exempt Federal Lands and Secure Rural Schools*, expresses and explains Governors' support for these two important programs. We hope that the Governors' perspectives are helpful and that Congress fully funds PILT and SRS in the coming year.

The Honorable Mitch McConnell
The Honorable Charles Schumer
The Honorable Nancy Pelosi
The Honorable Kevin McCarthy
May 23, 2019
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Western Governors appreciate the positive effects that PILT and SRS payments have had in communities across the West. Thank you for your leadership on this matter.

Sincerely,


David Ige
Governor of Hawai'i
Chair, WGA


Doug Burgum
Governor of North Dakota
Vice Chair, WGA