

**STATEMENT OF PAMELA K. HAZE  
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DEPARTMENT OF THE INTERIOR  
BEFORE THE  
HOUSE COMMITTEE ON NATURAL RESOURCES,  
SUBCOMMITTEE ON NATIONAL PARKS, FORESTS AND PUBLIC LANDS  
ON THE  
PAYMENTS IN LIEU OF TAXES (PILT) PROGRAM**

**OCTOBER 14, 2011**

Mr. Chairman and members of the Committee, I am pleased to have the opportunity to testify today on the Department of the Interior's Payments-in-Lieu of Taxes (PILT) Program. The Administration strongly supports ways that the Federal government can fulfill its role of being a good neighbor to local communities, such as PILT.

**Background**

The PILT Act (P.L. 94-565) was passed by Congress in 1976 to provide payments to local governments in counties where certain Federal lands are located within their boundaries. PILT is based on the concept that these local governments incur costs associated with maintaining infrastructure on Federal lands within their boundaries but are unable to collect taxes on these lands; thus, they need to be compensated for these losses in tax revenues. The payments are made to local governments in lieu of tax revenues and to supplement other Federal land receipts shared with local governments. The Department has distributed more than \$5.5 billion dollars in PILT payments since these payments began in 1977.

The annual PILT payments to local governments are computed based on the number of acres of Federal entitlement land within each county or jurisdiction. Federal entitlement lands include lands within the National Forest and National Park Systems, those managed by the Bureau of Land Management (BLM), those affected by Corps of Engineers and Bureau of Reclamation water resources development projects, and certain other Federal lands. The formula for calculating PILT payments takes into account the population within an affected unit of local government, the number of acres of eligible Federal land, and the amount of certain Federal land payments received by the county in the preceding year. These payments are made from Federal revenue generating programs (such as receipts from mineral leasing, livestock grazing, and timber harvesting) that the Federal Government transfers to the counties.

Prior to 2008, the amounts available for PILT payments to local governments required an annual appropriation by Congress. In 2007, the last year that PILT funding was subject to appropriation, PILT payments were 64.7 percent of the full authorized level for counties.

The Emergency Economic Stabilization Act of 2008 (Public Law 110-343) converted PILT to a mandatory program under which counties have received the full PILT entitlement level. In 2011,

a total of \$375.2 million was distributed to approximately 1,850 local government units (mostly counties) in 49 States, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands.

The amount authorized for the program in FY 2011 was \$375.6 million, comprising \$375.2 million for payments to counties and other local governments and \$400,000 for expenses to administer the program.

### **Conclusion**

The Administration recognizes that PILT is important to local governments, sometimes comprising a significant portion of their operating budgets. The PILT monies have been used for critical functions such as local search and rescue operations, road maintenance, law enforcement, schools, and emergency services. These expenditures often support the activities of people from around the country who visit or recreate on Federal lands.

As we look forward to reauthorization of the program, the Department hopes to continue to work to ensure an efficient and effective program.

Mr. Chairman, this concludes my prepared statement. I would be pleased to answer any questions that you or the other members may have.