

TESTIMONY OF

THE HONORABLE DON DAVIS
COMMISSIONER
RIO BLANCO COUNTY, COLORADO

ON BEHALF OF

THE NATIONAL ASSOCIATION OF COUNTIES
&
COLORADO COUNTIES, INC.

BEFORE THE

SUBCOMMITTEES
ON
PUBLIC LANDS & FORESTS
FORESTS & FOREST HEALTH
&
FISHERIES CONSERVATION, WILDLIFE & OCEANS

OF THE

COMMITTEE ON RESOURCES

UNITED STATES HOUSE OF REPRESENTATIVES

JULY 25, 2002

Mr. Chairman, and distinguished subcommittee members, it is an honor to appear before you to present this

testimony in support of H.R. 1811. My name is Don Davis, and I am a County Commissioner from Rio Blanco County, Colorado. I serve as Chairman of the Public Lands Steering Committee of Colorado Counties, Inc., and as first Vice President of the Western Interstate Region of the National Association of Counties (NACo).

H.R. 1811, the PILT and Refuge Revenue Sharing Permanent Funding Act, represents a bipartisan effort to provide an ongoing secure source of funding for the Payment in Lieu of Taxes program. This legislation, introduced by my Congressman, Chairman McInnis and co-sponsored by Chairman Radanovich and 24 other members of Congress from both parties, would permanently fund this program so critical to the communities which are surrounded by federally managed land.

The Payments in Lieu of Taxes program has a two fold purpose: (1) to help compensate counties "in lieu" of property taxes for the tax exempt nature of federally owned lands; and (2) to help reimburse counties for a portion of the costs of local services impacted by the activities on and visitors to the public lands.

Counties are the general purpose local government that must provide the local public services both for the federal employees and their families and for the users of federal lands. These local services include law enforcement, search and rescue, fire fighting, health care, solid waste disposal, local recreation programs, road and bridge maintenance, etc. There are more than 1900 counties nationwide that are eligible to receive PILT.

In 1976, Congress enacted, and President Ford signed, the Payments in Lieu of Taxes Act. It was sponsored by Rep. Frank Evans of Colorado. This legislation was based upon a key finding of the Congressional Public Land Law Review Commission co chaired by Rep. Wayne Aspinall of Colorado and Rep. Mo Udall of Arizona. Under the 1976 PILT formula, total payments nationwide averaged about \$100 million annually, depending upon the level established each year in the appropriation process. There was no allowance for inflation.

In 1994 Congress amended the PILT formula, at the request of the National Association of Counties, to recognize inflationary costs. Unfortunately, in the intervening eight years, no President has asked for, nor has any Congress appropriated, the full amount authorized under the revised formula. This lack of secure funding has been particularly distressing for rural public land counties like Rio Blanco County and Hinsdale County in Colorado. In the PILT formula there is a *pro rata* payment provision to disperse payment when less than full payment is provided. This

provision adversely affects counties with large holdings of public lands that also have low populations. For example, one year the payment for Rio Blanco County actually dropped by \$12,000 (about 8%) even though overall payment nationwide increased. NACo supports an amendment to the statutory formula which would, in conjunction with permanent full funding, allow the low-population high-entitlement-acreage counties to realize more of the benefit from PILT. However, even absent such an adjustment to the formula, this is an inequity that can largely be corrected by the enactment of H.R. 1811.

In Colorado, 56 out of 63 counties contain federal lands. There are a total of 23.6 million "entitlement" acres of federal lands in Colorado, with annual PILT payment in 2002 of approximately \$14.5 million. This works out to about sixty-one cents per acre.

However, in Rio Blanco County with 1.5 million acres of federal land, the PILT payment was \$241,554, or about sixteen cents per acre. In Hinsdale County the situation is even worse. With 676,515 acres of federal land their PILT payment was only \$62,630, less than nine cents per acre.

The 676,515 acres of public lands in Hinsdale County represents 95% of the county. There are only about 37,000 acres of private land. This means that 305 miles of the 326 miles of county roads are located on federal lands. In summer months, the population of Hinsdale County swells as much as a twenty fold. The influx of recreation seeking visitors creates extreme law enforcement challenges which carry commensurate costs. In fact, a former Hinsdale County Sheriff was killed on public lands by a poacher. Local property taxes for the 37,000 acres of private lands averaged \$8.30 per acre, compared to the nine cents per acre averaged for the PILT payment.

In Rio Blanco County we have a similar situation. Approximately 500 miles of the 900 miles of county roads are located on federal lands. The county is impacted by extensive natural resource activities on these federal lands. We have oil and natural gas production, coal production, nacholite (or sodium bicarbonate) production, plus considerable hunting, fishing and recreation activities. Quite frankly, Rio Blanco County cannot adequately keep up with the demand for local services. We need your help. Rio Blanco County is also facing the future development of the world's richest deposit of oil shale. Shell Oil Company is currently operating a research facility in our county that looks promising. Development of these critical national resources requires extensive infrastructure investment at the local level; particularly if the development is going to be done in a manner which is sustains important ecological

values.

This year, the state and local governments in Colorado, across the west and in fact across the country, face increased fire fighting costs due to the high risk of catastrophic forest fires this summer. I am concerned that Colorado faces a real threat of more future fires from eco terrorists. We have suffered previous eco terrorist attacks in Eagle County, where a ski lodge was burned, and in Boulder County, where a new home was burned. When well-meaning mainstream environmental organizations express concern over efforts to reduce fire risk through fuel treatment programs outside the wildland urban interface, I fear that the more radical fringe groups may initiate eco terrorist activities to stop programs they oppose. In any event, whenever any of these fires spread to private lands, suppression becomes a state or local responsibility, and a costly one, at that.

The National Association of Counties also supports fully funding the Refuge Revenue Sharing program through H.R. 1811. The acreage in wildlife refuges managed by the U.S. Fish & Wildlife Service is not automatically PILT entitlement acreage. In fact, if it was acquired by the Fish & Wildlife Service from private owners, it is not covered by PILT. The Refuge Revenue Sharing program is how local governments are compensated for this special category of federally owned tax-exempt land. This program is particularly important in states outside the west where most of the wildlife refuges were not carved out of the public domain but have been acquired by the federal government from private landowners. For example, in FY 2002, counties in the State of Maryland received over \$312,000 in Refuge Revenue Sharing, but only about \$81,000 in PILT. Similarly, Delaware counties received over \$126,000 in Refuge Revenue Sharing, but only about \$2,000 in PILT.

Some have suggested that PILT does not need to be funded at its full authorization because many counties receive payments under programs like the Secure Rural Schools and Community Self-Determination Act (PL 106-393), thus implying that counties are overpaid under federal programs. Please remember the facts:

1. The National Forests have produced billions of dollars of revenues to the federal treasury in recent years. Furthermore, Title II projects under PL 106-393 will add millions more in badly needed revenues for federal forest restoration projects selected collaboratively by Resource Advisory Committees.
2. National forest moneys to counties under PL 106-393 are dedicated to roads and schools. PILT payments are

flexible, discretionary general funds, needed to pay for the services counties must provide to visitors of these federal lands and to the lands themselves (e.g., public health and safety, search and rescue, solid waste treatment and disposal). These two programs serve different, but critical functions, yet both relate directly to tax-exempt federal lands.

3. PL 106-393 Title I and III payments reduce the amount of PILT payments received by a county. By operation of the PILT formula, when the federal government increases its support for roads and schools, it reduces its support of the other federal land-related local services counties must provide. For example, our Crook County, Oregon, will see its PILT payment drop from \$754,022 to \$143,659! Baker County from \$642,721 to \$324,249. Umatilla County, Oregon from \$349,428 to \$105,854. In rural areas and where vast stretches of federal lands are located, this is real money that cannot be replaced.

The uniqueness of both the Payment in Lieu of Taxes (PILT) program and of natural resource revenue sharing programs must be explicitly recognized and strictly maintained. PILT must not be confused with the various revenue sharing programs which are linked to natural resource development and usually have strings attached as to their use.

NACo believes that Congress was correct to enact PILT and Refuge Revenue Sharing legislation to compensate counties for the tax exempt status of federal lands and to help defray some of the local costs associated with activities on these lands. As a county official actively involved in NACo's efforts to secure equitable funding for these programs, I urge you to approve H.R. 1811. This bi-partisan legislation would provide a much needed and secure level of funding of annual PILT payment to public land counties throughout the country.

-
Thank you for this opportunity to testify,