

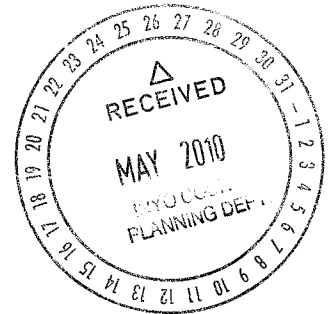
In the Rooms of the Board of Supervisors

County of Inyo, State of California

I, HEREBY CERTIFY, that at a meeting of the Board of Supervisor of the County of Inyo, State of California, held in their rooms at the County Administrative Center in Independence on the 18th day of *May*, 2010 an order was duly made and entered as follows:

Planning/PILT Policy

The Board and the Planning Director, Mr. Josh Hart, discussed the disparity of Inyo County's PILT payment in comparison to other counties, like San Bernardino, that don't have anywhere near the acreage of federal lands as Inyo County. Supervisor Arcularius explained that she felt it was important for the County to have a strategy on how to fix the inequities. The Board and staff discussed the pros and cons of highlighting the issue. The Board discussed the types of formulas used to establish PILT levels and talked about the need to not have Inyo County's formula based on population. The Board discussed participating in the Quad State Alliance and/or the Western States Alliance both of which address the issue of PILT. The County Administrator suggested Staff get in touch with the two organizations to follow-up on participation requirements and to schedule a workshop.



WITNESS my hand and the seal of said Board this 18th

Day of May 2010



Patricia Gunsolley
Patricia Gunsolley, Assistant

By:

Routing
CC _____
Purchasing _____
Personnel _____
Auditor _____
CAO _____
Other Planning _____
DATE: May 24, 2010



AGENDA REQUEST FORM
BOARD OF SUPERVISORS
COUNTY OF INYO

For Clerk's Use Only:
AGENDA NUMBER

17

- Consent Departmental Correspondence Action Public Hearing
 Scheduled Time for Closed Session Informational

FROM: Inyo County Planning Department

FOR THE BOARD MEETING OF: May 18, 2010

SUBJECT: Payments In-lieu of Taxes

DEPARTMENTAL RECOMMENDATION: Engage staff in discussions of the Payments In-lieu of Taxes and provide policy direction and input for potential future correspondence.

SUMMARY DISCUSSION:¹ Payments in Lieu of Taxes (or PILT) are Federal payments to local governments that help offset losses in property taxes due to nontaxable Federal lands within their boundaries. PILT payments help local governments carry out such vital services as firefighting and police protection, construction of public schools and roads, search-and-rescue operations, etc. The payments are made annually for tax-exempt Federal lands administered by the Bureau of Land Management (BLM), the National Park Service, the U.S. Fish and Wildlife Service, the U.S. Forest Service, Federal water projects, and some military installations. The law that implements the payments is Public Law (PL) 94-565, dated October 20, 1976. This law was rewritten and amended by PL 97-258 (refer to attached) on September 13, 1982 and codified at Chapter 69, Title 31 of the United States Code. The Department of the Interior's (DOI) implementing regulations are found in 43 CFR Part 44 and Subpart 1881 (refer to attached).

Eligibility: Local governments (usually counties) that provide services are eligible for PILT, such as those related to public safety, environment, housing, social services, and transportation. Payment is usually made directly to the eligible local government.

- PL 97-258 Section 6902 indicates that payments may be used by recipients for any governmental purpose and are not required to be further distributed by recipients to other local government units such as school districts or cities.
- Payments made under sections 6904 and 6905 must be redistributed proportionally by recipients to units and school districts that lost real property taxes as a result of the Federal acquisition. Recipients may then use the payment for any governmental purpose.

Formula: DOI's Office of the Secretary administers the PILT program. In addition to other responsibilities, DOI calculates payments according to the formulas established by law, and distributes the funds appropriated by Congress. The formula used to compute the payments is contained in the PILT Act and is based on population, receipt sharing payments, and the amount of Federal land within an affected county. PILT payments are in addition to other Federal revenues (such as oil and gas leasing, livestock grazing, and timber harvesting) that the Federal Government transfers to the States. DOI has distributed more than \$4.7 billion dollars in PILT payments (on average, \$147 million annually).

¹ Refer to <http://www.doi.gov/pilt/>, which provided much of the baseline information for this report.

DOI computes payments authorized under Section 6902 using the greater of the following two alternatives:

- (A) \$2.37 (in fiscal year 2009) times the number of acres of qualified Federal land in the county (as defined above), reduced by the amount of funds received by the county in the prior fiscal year under certain other Federal land receipt sharing programs such as the twenty-five percent timber program or the mineral leasing program

-or-

- (B) Thirty-three cents (in fiscal year 2009) times the number of acres of qualified Federal land in the county, with no deduction for prior-year payments.

Both alternatives explained above are subject to a population ceiling limitation computed by multiplying the county population times a corresponding dollar value (adjusted annually for inflation) contained in the Act. These amounts are adjusted for inflation.

The following provisions also apply:

- Section 6904 and 6905 payments are computed by taking one percent of the fair market value of land acquired for addition to the National Forest or National Park systems and comparing the result to the amount of property taxes paid on the land in the year prior to Federal acquisition. The county payment is the lesser of the two.
 - Section 6904 payments are made annually for a period of five years. The first payment begins in the Federal fiscal year following the fiscal year in which the land was acquired by the Federal Government, unless mandated otherwise by law.
 - Section 6905 payments are also made annually but continue until five percent of the fair market value is fully paid. The first payment begins in the Federal fiscal year following the fiscal year in which the land was acquired by the Federal Government, unless mandated otherwise by law. However, the yearly payment may not exceed the lesser of one percent of the fair market value or the property taxes that were assessed prior to Federal acquisition.
- Funding limitations are equitably applied to all payments under the program. Any PILT payment or portion of a payment that is not made as a result of funding limitations is not carried forward to future years.

Payments: The table below summarizes funding for select California counties since 2005. As indicated, payments to Inyo County have fluctuated, and were approximately \$1.5 million in 2008 and 2009. Due to the formula, payments do not have a linear relationship with acres in federal ownership. For example, Inyo County has more than twice the amount of federal land as Riverside County, but the 2009 payment to Inyo County was about half of that of the payment to Riverside County.

Table – PILT Payments and Acreage for Select California Counties (2005-2009)

County	2005		2006		2007		2008		2009	
	Pay.	Acres	Pay.	Acres	Pay.	Acres	Pay.	Acres	Pay.	Acres
Alpine	83,315	421,047	85,204	421,047	84,457	421,047	134,735	n/a	137,433	421,047
Fresno	981,096	1,521,768	1,009,352	1,521,768	1,020,886	1,521,531	1,616,716	n/a	1,739,068	1,524,212
Imperial	250,095	1,263,908	1,803,006	1,266,138	1,803,554	1,266,138	2,895,113	n/a	3,093,802	1,352,705
Inyo	984,650	5,500,387	1,002,298	5,500,501	998,027	5,500,501	1,582,560	n/a	1,566,892	5,500,612
Kern	1,363,457	1,078,509	1,390,889	1,079,151	1,383,581	1,078,180	2,203,924	n/a	2,267,042	1,080,086
Mono	552,766	1,756,165	576,931	1,756,165	574,999	1,756,165	909,446	n/a	948,671	1,760,213
Riverside	1,879,979	2,337,255	1,914,550	2,337,025	1,907,243	2,336,944	3,026,517	n/a	3,105,827	2,382,390
San Bern.	1,782,856	8,302,543	1,819,881	8,312,352	1,808,465	8,317,578	2,877,981	n/a	2,958,395	8,380,992
Tulare	1,489,375	1,529,419	1,523,662	1,529,420	1,523,429	1,531,693	2,424,192	n/a	2,511,800	1,532,011

n/a = not available; payments are in unadjusted dollars.

Recent Developments: PILT payments to local governments have not always been made in full. In 2008, Congress enacted the Emergency Economic Stabilization Act of 2008 that authorized counties to receive their full PILT entitlement from 2008 through 2012. The amount authorized for the program in 2009 was \$382 million, including \$381.6 million for local governments and the balance for expenses to administer the program. This was reduced to \$377.8 million, which was distributed to approximately 1,850 local government units.

OTHER AGENCY INVOLVEMENT: Federal agencies, State of California, other California counties

FINANCING: General Planning Department funds are utilized for monitoring federal programs, such as the PILT.

APPROVALS	
COUNTY COUNSEL: <i>n/a</i>	AGREEMENTS, CONTRACTS AND ORDINANCES AND CLOSED SESSION AND RELATED ITEMS (Must be reviewed and approved by county counsel prior to submission to the board clerk.)
AUDITOR/CONTROLLER: <i>n/a</i>	ACCOUNTING/FINANCE AND RELATED ITEMS (Must be reviewed and approved by the auditor-controller prior to submission to the board clerk.)
PERSONNEL DIRECTOR: <i>n/a</i>	PERSONNEL AND RELATED ITEMS (Must be reviewed and approved by the director of personnel services prior to submission to the board clerk.)

DEPARTMENT HEAD SIGNATURE:

(Not to be signed until all approvals are received)



Date: 5-12-10

Attachment: PILT Regulations