

FISCAL CHALLENGES AND RECOMMENDATIONS

Clearwater Basin Collaborative

Clearwater & Idaho Counties



**HEADWATERS
ECONOMICS**

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About Headwaters Economics

Headwaters Economics is an independent, nonprofit research group. Our mission is to improve community development and land management decisions in the West. For more information about Headwaters Economics, go to: www.headwaterseconomics.org.

Headwaters Economics prepared this report for consideration by the Clearwater Basin Collaborative as members deliberate a public lands bill. For more information on this report, contact Mark Haggerty: 406-570-5626, mark@headwaterseconomcs.org.

This report and additional economic and fiscal resources are available at the web site: www.headwaterseconomics.org/clearwater.

EXECUTIVE SUMMARY

Challenges

County governments are dependent on uncertain federal land payments

- Federal land payments make up 14 percent of total county revenue in Clearwater County and 47 percent of total county revenue in Idaho County in 2008.
- Payments are decoupled from declining timber harvests, and fully funded in fiscal year 2008, but uncertainty of PILT and Secure Rural Schools after 2012 places county services at risk.

Local revenue options are limited

- Clearwater and Idaho counties' tax levies are below the state average, and growth is restricted by state revenue limits.
- Total assessed values have increased in both counties, with residential property making up the largest source of taxable value. Timber values are volatile and declining.

Law enforcement costs on public lands exceed federal funding

- PILT, Secure Rural Schools Title III, and law enforcement cooperative agreements are not covering local government costs.
- New public lands designations are likely to increase demands for public safety services, creating the need for additional resources.

Recommendations

Meet expected increase in public safety costs associated with new public lands designations

- Fully fund cooperative law enforcement agreements.
- Secure a one-time appropriation associated with increased capital needs.
- Pursue other options including an increase in the Forest Service law enforcement budget, charging fees for services on public lands (e.g., search and rescue), and funding cultural resource protection on public lands.
- Continue fully-funding federal land payments.

Decrease dependence on federal land payments

- Diversify and grow local revenue base.
- Establish a rainy-day fund.

CHALLENGES

Counties are dependent on uncertain federal land payments

Clearwater and Idaho counties are heavily dependent on federal land payments to fund local government services. Federal land payments make up 14 percent of total county revenue in Clearwater County and 47 percent of total county revenue in Idaho County.¹

This dependency is problematic because the Secure Rural Schools and Community Self-Determination Act (Secure Rural Schools) and Payments in Lieu of Taxes (PILT) are only authorized through 2012, and reauthorization and full appropriations are far from certain.

For a detailed description of these programs over time, see detailed fiscal profiles for Clearwater and Idaho counties at: www.headwaterseconomics.org/clearwater.

Figure 1: Sources of County Government Revenue, Clearwater County, FY 2002-2008 (2008 Dollars)

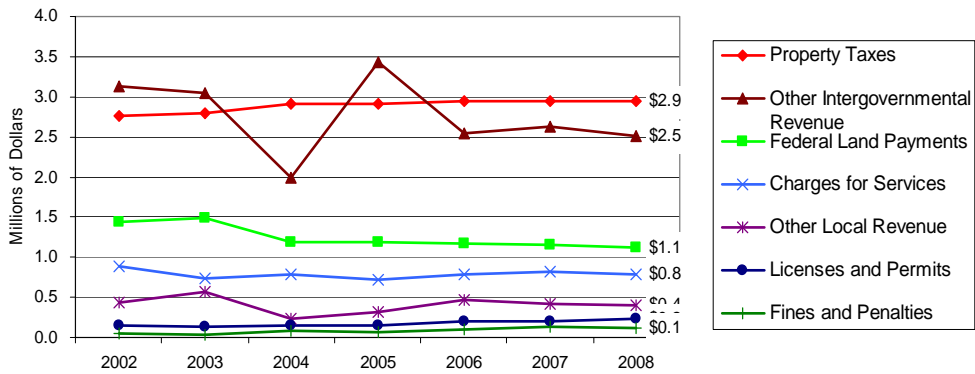
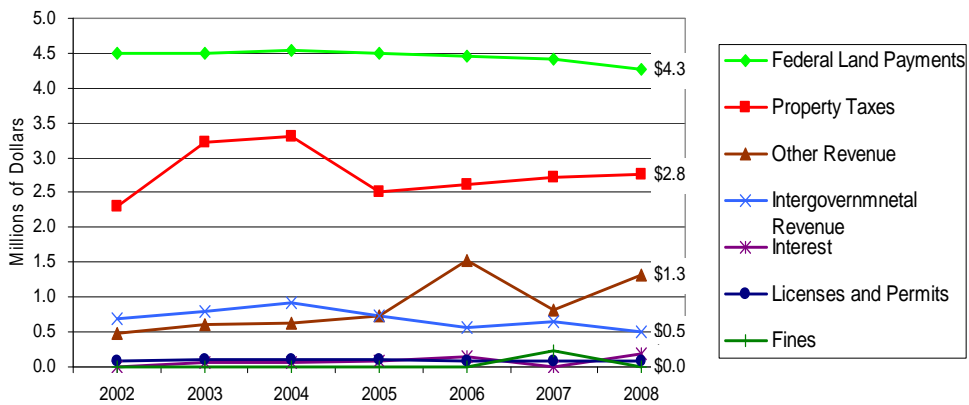


Figure 2: Sources of County Government Revenue, Idaho County, FY 2002-2008 (2008 Dollars)



Note: Federal payments appropriated in federal fiscal year 2008 do not arrive in the two counties until county fiscal year 2009. As a result, federal land payments reported in Figures 1 and 2 appear to lag federal land payments reported in Figures 3 and 4 by one year.

Figures 3 and 4 below show the volatility and long-term decline of Forest service revenue sharing (the 25% Fund) from 1986 to 2000. In 2001, Secure Rural Schools decoupled county payments from timber harvests, both stabilizing and increasing payments. Clearwater County received over \$1 million more in 2001 than it did in 2000, and Idaho County saw its payment increase by nearly \$4 million.²

Figure 3: Total Federal Land Payments, Clearwater County, FY 1986-2008 (2008 Dollars)

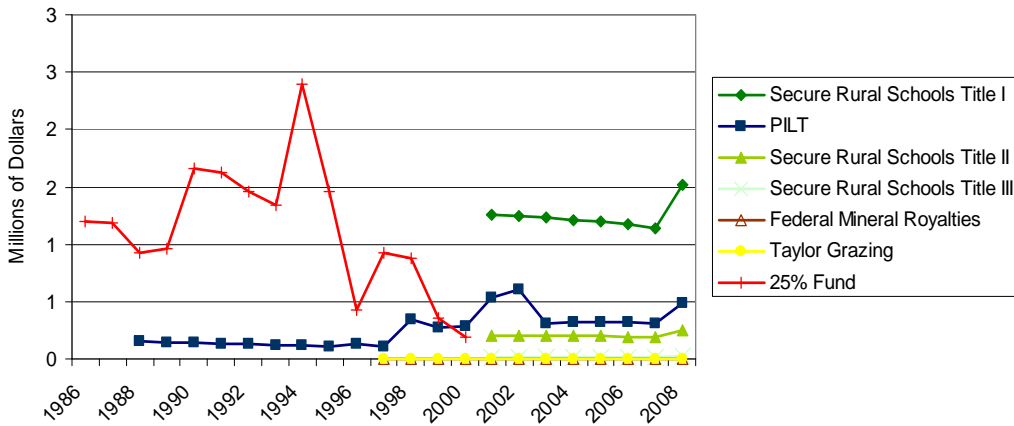
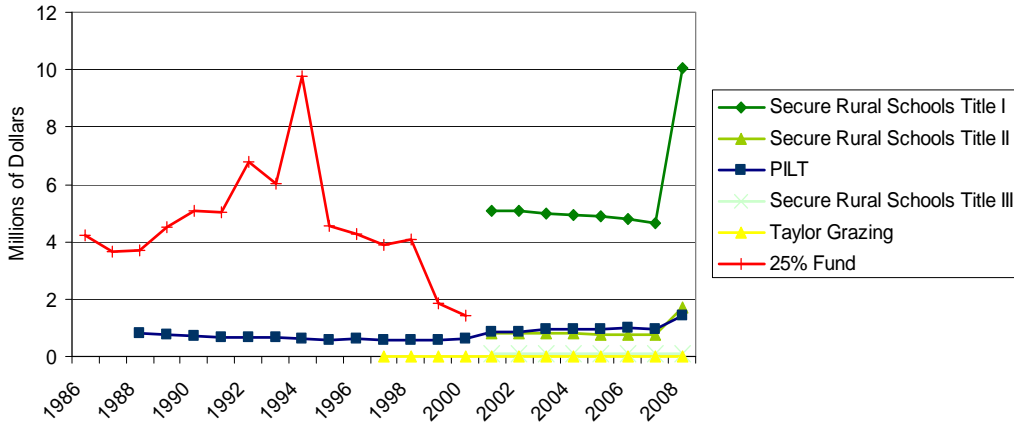


Figure 4: Total Federal Land Payments, Idaho County, FY 1986-2008 (2008 Dollars)



Despite recent gains for the two counties, federal land payments are highly uncertain, placing county government services at risk. Secure Rural Schools and PILT are only authorized through 2012. Both programs must be re-authorized and secure similar appropriations to avoid declines in revenue to counties.

Federal land payments are often restricted to specific uses. County governments in Idaho receive about two-thirds of total federal land payments with the rest distributed to school districts, local grazing districts, and resource advisory committees (RACs) (See Figures 5 and 6).³ Most of the counties' portion of federal land payments are restricted to funding county roads (See Figures 7 and 8 on the next page).

Figure 5: Distribution of Federal Land Payments, Clearwater County, FY 1986-2008

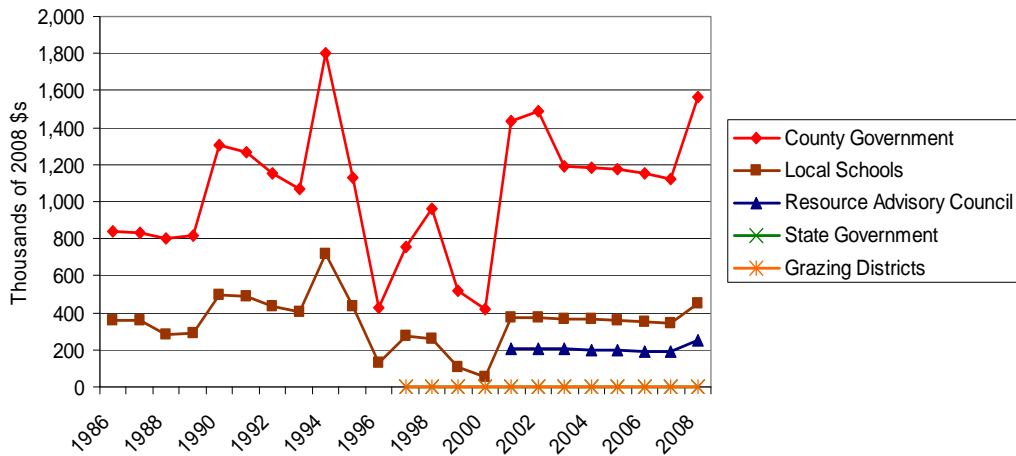


Figure 6: Distribution of Federal Land Payments, Idaho County, FY 1986-2008

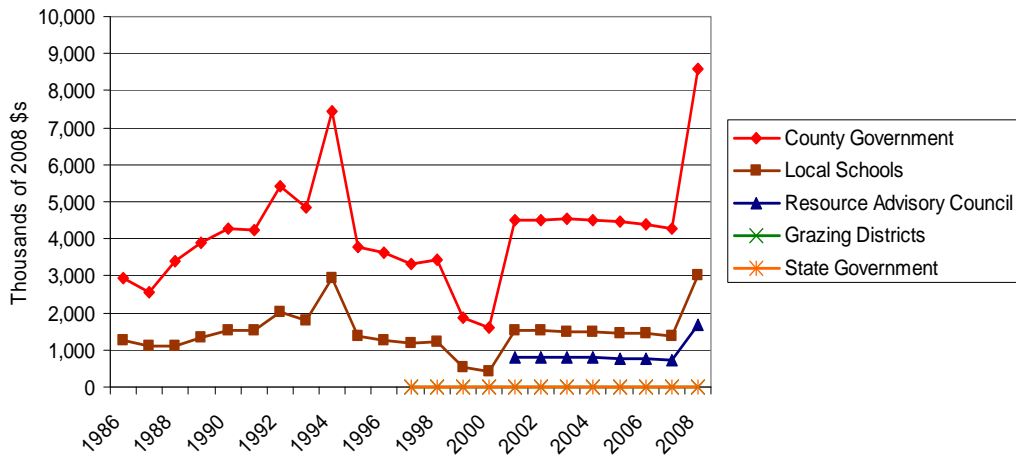


Figure 7: Restricted and Unrestricted Use of County Government Portion of Federal Land Payments, Clearwater County, FY2008

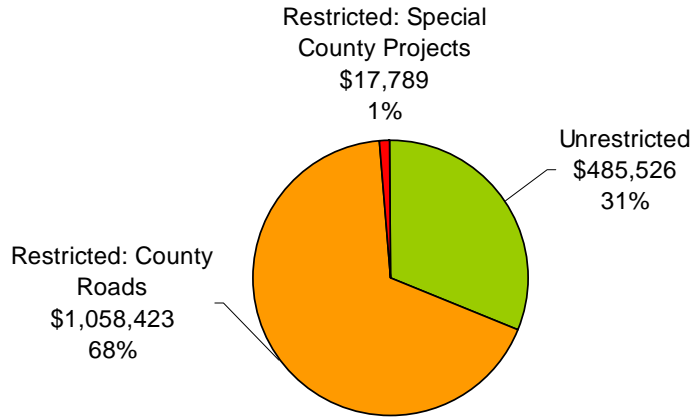
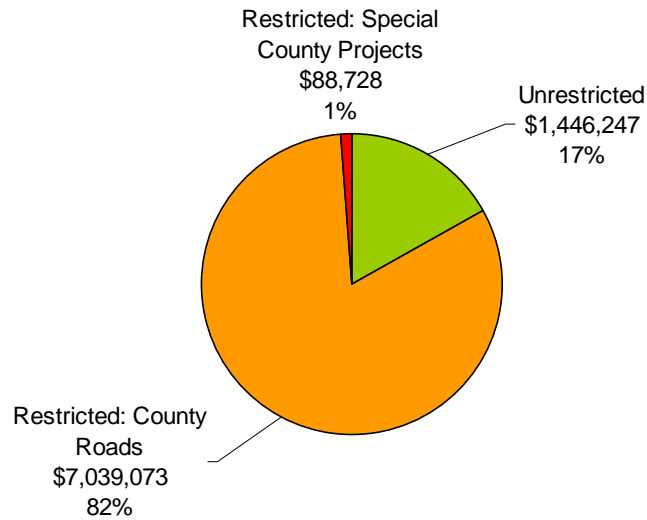


Figure 8: Restricted and Unrestricted Use of County Government Portion of Federal Land Payments, Idaho County, FY2008



Local revenue options are limited

Counties across Idaho are heavily dependent on property taxes for local revenue. Fully 97.3 percent of all local tax revenue is derived from property taxes state-wide (sales taxes are levied by the state and distributed back to counties).⁴

Property taxes are based on the assessed value of personal and real property. Figures 9 and 10 show that in the two study counties, assessed values are on the rise, despite volatility in timber assessments.⁵

Figure 9: Assessed Value of Property by Class, Clearwater County, 1997-2008 (2008 Dollars)

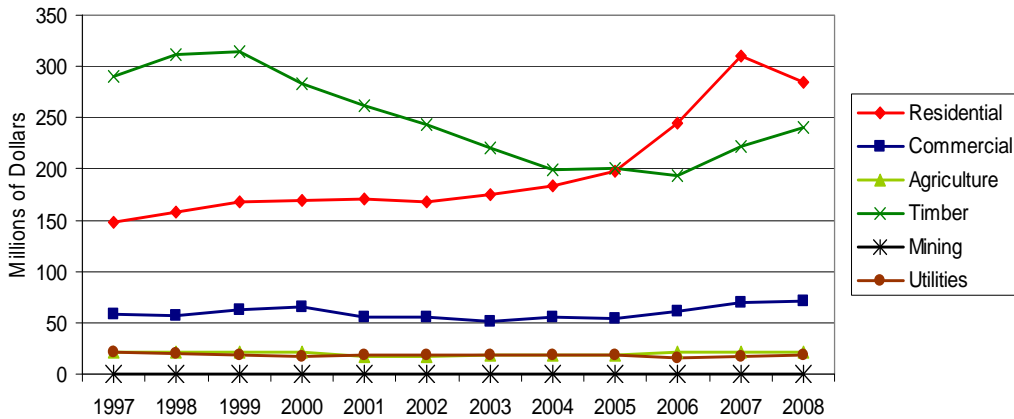
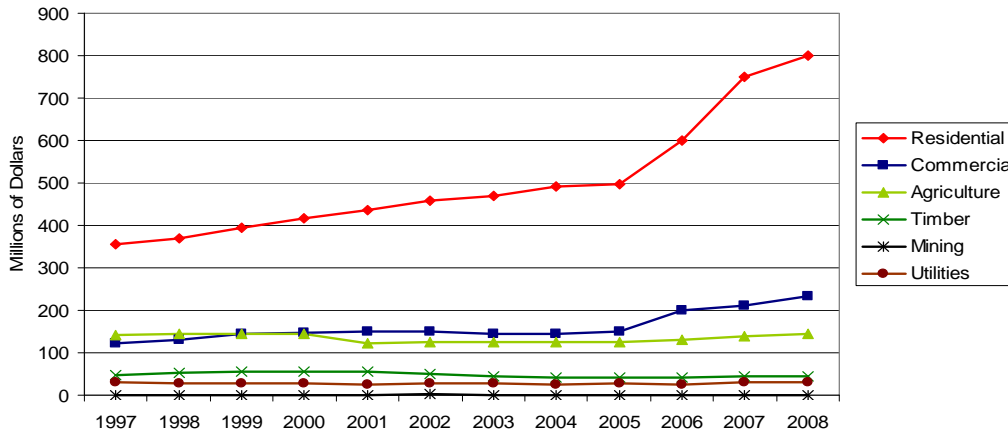
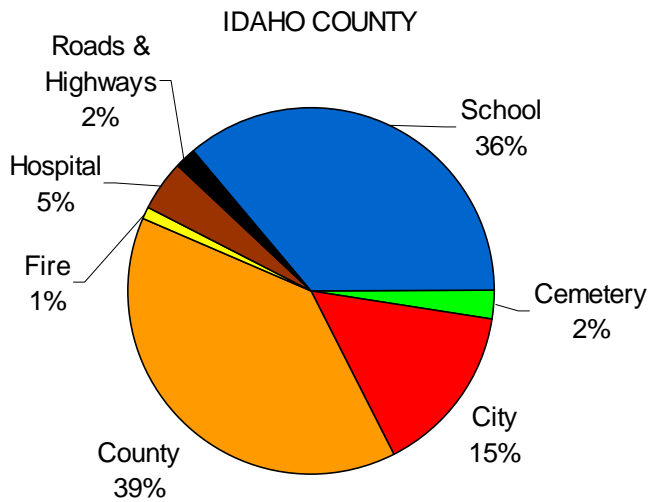
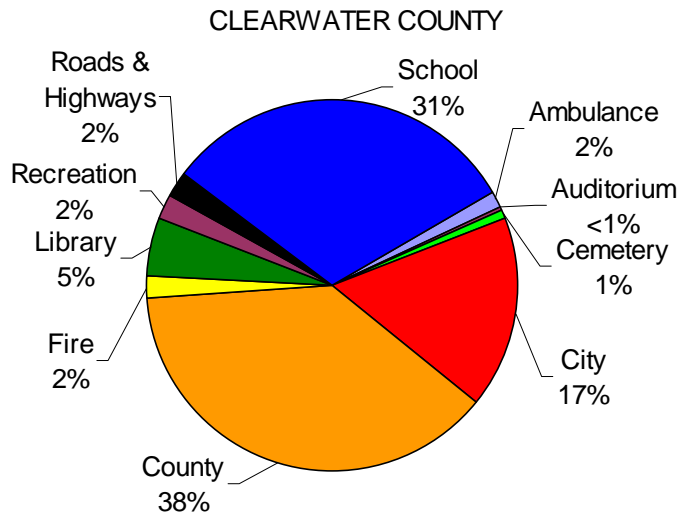


Figure 10: Assessed Value of Property by Class, Idaho County, 1997-2008 (2008 Dollars)



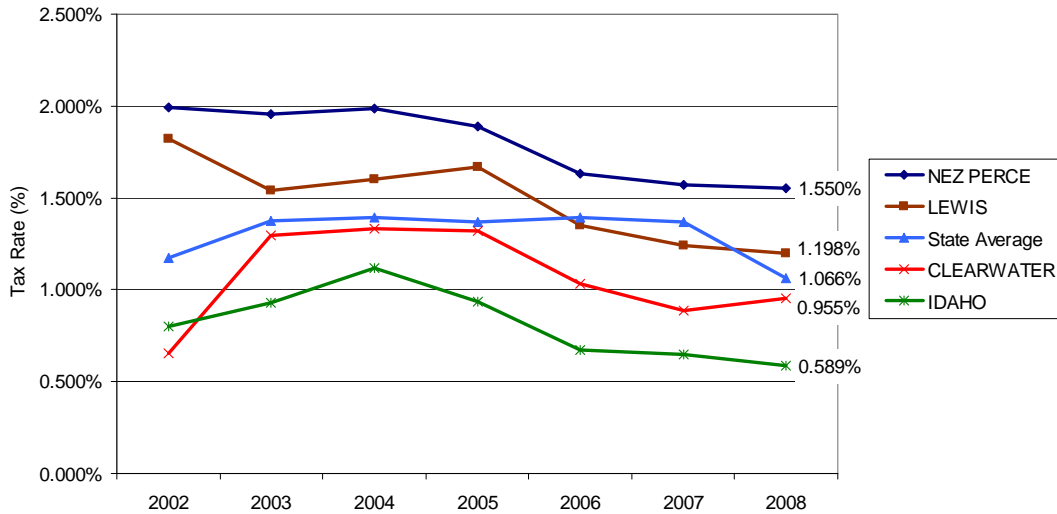
Taxes are levied to support the county government, local school districts, cities, and a variety of special districts. Figure 11 shows the proportion of property taxes levied to support different local governments in the two counties.⁶

Figure 11: Property Taxes by Local Government, Clearwater and Idaho Counties, 2008



Average county-wide property tax levies (tax rates) in Clearwater and Idaho counties are declining over time, consistent with a state-wide trend. Clearwater and Idaho counties' tax levies are also currently below the state average (see Figure 12 below).⁷

Figure 12: County-Wide Property Tax Levies, Clearwater, Idaho, Nez Perce and Lewis Counties, FY 2002-2008



Idaho law sets a three percent cap on the annual increase in a taxing district's overall budget. The limit also applies to budget components, including general property taxes. In other words, counties can only increase their property tax revenue by three percent annually (there are exemptions for the value of new construction, and voter-approved bonds and special service district levy increases).⁸ Counties and other local government entities that do not increase budgets by three percent in a give year have the ability to recapture that "foregone amount" at a later date.

In both Idaho and Clearwater County, budgets have been conservative, remaining relatively stable. Because of rising assessed values (mainly residential property) the proportion of Idaho County's budget funded by property taxes declined 22 percent between 2003 and 2008. In Clearwater County, the portion of the budget funded by property taxes increased by 14 percent over the same period. Because the assessed value of property in the two counties have increased, levies have declined or grown more slowly than the three percent limit would otherwise allow.

Most of the growth of assessed values in both counties is from residential property (see Figures 9 and 10). Stabilizing, diversifying, and growing the industrial and commercial tax base should be a priority to increase local revenue.

In response to declining federal funding, increasing local property taxes, fees, and charges might be an option. High local tax rates are often assumed to discourage growth. However, growth is strongly associated with the quality of local services and amenities, including local schools, parks, and recreational opportunities. Within reason, in other words, tax rates are less important than the quality of services and amenities.⁹

Because Clearwater and Idaho counties have relatively low tax rates currently, there may be opportunities to raise taxes for strategic and efficient service delivery intended to promote economic development. However, with no “foregone amount” available,¹⁰ options are limited to impact fees, charges, bonding, special service levies, or voter-approved levy increases.

Law enforcement costs on public lands exceed federal funding

Three federal funding sources can be used by county governments to fund law enforcement activities on public lands (including search and rescue): PILT, Secure Rural Schools Act Title III payments, and specific cooperative agreements with the Forest Service. In addition, the Forest Service has its own law enforcement budget. Opportunities may also exist to fund Tribal law enforcement and cultural resource protection on public lands.

Currently, Clearwater and Idaho counties' public safety costs on Forest Service land outstrip their available federal funding, and existing funding sources remain uncertain.

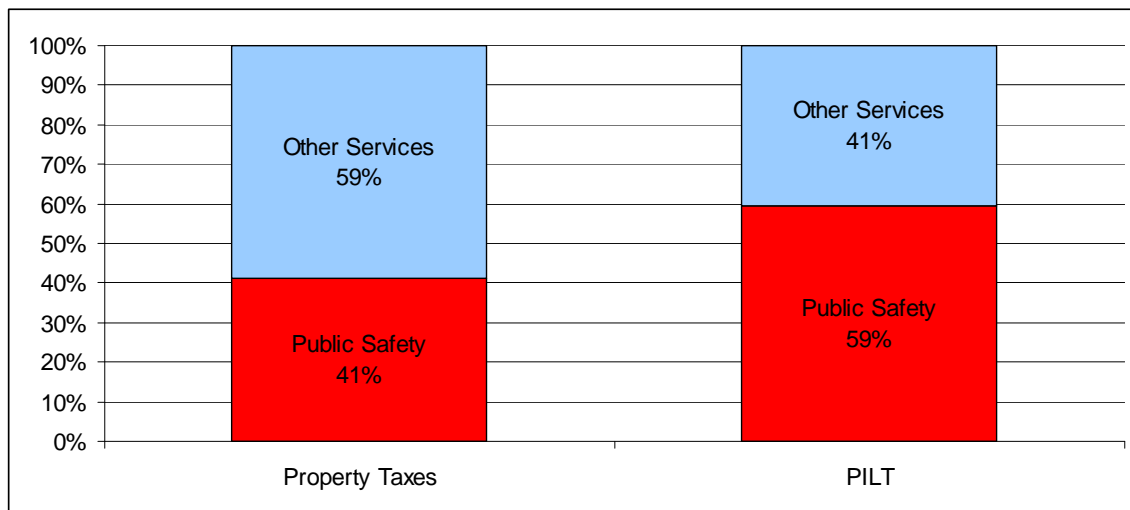
PILT

PILT is intended to compensate counties for non-taxable federal lands, and can be used at the discretion of the county government. PILT helps cover basic law enforcement, search and rescue, criminal investigations, courts, and justice services provided by the county on public lands.

Breaking down Clearwater County's property tax levy shows that 41 percent of property taxes are dedicated to the Justice Fund for the Sheriff's Department and related public safety services. The Sheriff accounts for about 86 percent of the Justice Fund's total expenditures.

Clearwater County directs 59 percent of PILT funds to the Justice Fund, exceeding the 41 percent of property taxes directed to the same fund. That means the county disproportionately directs PILT to cover public safety costs, effectively reducing revenue for other county government services.¹¹

Figure 13: Proportion of Property Taxes and PILT Payments Dedicated to Public Safety, Clearwater County, FY 2008



Idaho County’s Sheriff is funded by the Current Expense fund which received 63 percent of all property taxes levied by the county government in 2008. Idaho County typically directs 100 percent of PILT funds to the Current Expense fund (2008 was an exception because of the “extra payments” the county received in that fiscal year that was directed to other priorities). The Sheriff’s Office represents about one-fifth of all Current Expense fund expenditures, but less than 13 percent of all expenditures funded through property taxes. Using the property tax metric to allocate PILT funds means the Sheriff should receive just under 13 percent of PILT, not the 20 percent the Sheriff actually receives.

PILT is currently fully-funded and the recent increase may cover shortfalls in the short-run. It may also be possible to invest some of the current increase in PILT funds in anticipation of declining payments in the future. PILT payments to Idaho County increased by \$540,000 between federal fiscal year 2007 and 2008 while Clearwater County’s PILT payment increased by \$185,000 over the same period.

Despite being fully-funded at appropriated levels, PILT is not tax-equivalent in Clearwater or Idaho counties. Tax-equivalency is a comparison of PILT payments on a per-acre basis to average per-acre property tax on lands used for similar purposes. Table 1 shows that timber-assessed lands pay \$3.70 more per acre on average than PILT in Clearwater County and \$1.49 more per acre on average than PILT in Idaho County.

Table 1: PILT and Property Tax Equivalency, Idaho Counties, FY 2008

COUNTY	Average Per-Acre Tax	Average Per-Acre PILT Payment	Tax Equivalency (PILT minus Tax)
Adams	0.92	0.32	(0.60)
Benewah	2.93	0.99	(1.94)
Boise	0.83	0.32	(0.51)
Bonner	2.52	0.56	(1.95)
boundary	3.41	0.36	(3.05)
Clearwater	4.28	0.58	(3.70)
Elmore	0.63	1.49	0.86
Gem	0.57	1.83	1.26
Idaho	1.81	0.32	(1.49)
Kootenay	2.76	2.29	(0.47)
Latah	4.70	2.01	(2.69)
Lewis	2.89	2.29	(0.60)
Nez Perce	2.01	2.25	0.24
Shoshone	3.10	0.32	(2.78)
Valley	1.02	0.32	(0.70)

Negative value means PILT under-compensates counties and **positive** values means PILT more than compensates counties for non taxable federal lands when compared to property taxes on private land assessed for timber production.

The Idaho County Board of Commissioners sent a letter to the Clearwater Basin Collaborative Economic Subcommittee on September 15, 2009 stating that they would like to see PILT funded at a “market based” payment level of \$4 per acre per year, and that this payment should be permanent and annually adjusted for inflation.¹² The Board of Commissioners are correct that PILT must be stable and secure, but they provide no evidence for the \$4 per acre payment. Table 1 suggests the payment amount in Idaho County should be closer to \$2 per acre based on a comparison to similarly taxed lands (the comparison assumes the timber value of public lands is similar to the value of private lands assessed for timber production).

In the recommendation section of this report, we support the effort to ensure PILT and other federal lands payments continue at fully-funded levels, and tax equivalency is an important metric to use when determining the appropriateness of payment levels. However, PILT is a national issue and there may be little leverage for the Clearwater Basin Collaborative within the limits of a public lands bill.

Secure Rural Schools Title III

Permitted uses of Title III funds changed with the reauthorization of Secure Rural Schools in 2009. Title III funds may be used *only* to carry out the *Firewise Communities* program, develop community wildfire protection plans, and reimburse for emergency services paid for by counties and performed on Federal land (e.g., search and rescue, firefighting).¹³

The total amount of money allocated to Title III in FY 2008 was \$17,789 in Clearwater County and \$88,728 in Idaho County.

Law Enforcement Cooperative Agreements

The Forest Service Cooperative Law Enforcement Program authorizes the agency to enter into cooperative agreements to reimburse state and local government for “extraordinary expenditures incurred in providing additional services requested by the Forest Service that are not normally provided by the local law enforcement agency.”¹⁴

Clearwater County’s Cooperative Agreement with the Forest Service pays \$23,000 annually for specific patrol activities and reimbursements in 2008. Providing seven-day-a-week patrol coverage on public lands for the areas set out in the Cooperative Agreement essentially requires two full-time sheriff’s deputies dedicated to the National Forest, at a cost of \$140,000 annually.¹⁵

Idaho County’s Cooperative Agreement in 2008, according to the Annual Financial and Operating Plan, allocated \$27,600 for specific patrol activities. In the same year, Idaho County’s Sheriff’s Office incurred \$46,831 in actual costs providing these patrol activities.¹⁶

Insufficient funding to cover the current costs of services outlined by the agreements results in a lower level of service on public lands and/or diverts resources from other priorities on private land. One clear outcome is longer response-times and lower patrol coverage in general on public and private lands. Long distances involved in patrol and responding to incidents on public lands make it more difficult to provide adequate coverage with limited resources.¹⁷

One problem is that the cooperative agreements have not kept pace with inflation or changing demands and costs on local government law enforcement. As a result, the two counties receive less today in inflation adjusted dollars than when the agreements began. This is a national problem not limited to Clearwater and Idaho counties.¹⁸

Another complicating factor is that national cooperative agreement appropriation are tied to the Forest Service's law enforcement appropriation and budget. That means increasing funding for cooperative agreements necessarily reduces the Forest Service law enforcement budget unless additional funding can be found.

Federal Law Enforcement Activities

The Forest Service has its own law enforcement officers and budget on the Clearwater and Nez Perce National Forests. Federal employment and funding has been declining in the two counties over time, and it is likely that this trend will continue. In addition, new federal law enforcement training requirements, resulting from the events of September 11, 2001, have made federal law enforcement officers more costly to train and place on the ground.

It is possible, however, that new public lands designations could bring additional money and resources to the Clearwater and Nez Perce National Forests, halting or reversing the trend of declining budgets and staffing.

Tribal Law Enforcement and Resource Protection

The Owyhee Initiative resulted in broad support for a Cultural Resource Protection Project that includes significant new funding for education, interpretation, and patrol on BLM lands in Owyhee County.¹⁹ Up to five tribal rangers will be trained in law enforcement and will be primarily responsible for protection of cultural resources on public lands. Under the current proposal, the Tribal rangers will be deputized by Owyhee County, although the implementation of the Cultural Resource Protection Project is still evolving.

There may be potential in the Clearwater Basin to secure additional funding for public safety, cultural resource protection, and other law enforcement activities on public lands by empowering, funding, and training tribal rangers in a manner similar to the outlines of the Owyhee Initiative. The most important lesson from Owyhee may not be the specifics of the final agreement, but the mutual commitment to the preservation and protection of cultural resources on public lands. If the same kind of agreement and commitment can be forged among Clearwater Basin Collaborative members, the Nez Perce Tribe will have support to pursue agreement with the counties or with the federal government.

Case Statement for Law Enforcement Funding

We provide a case study of Clearwater County as a way of identifying if and where law enforcement funding shortfalls occur.

Table 2 on the next page shows total federal land revenue available to the Clearwater County Sheriff's Department for use on public lands compared to the Sheriff's need for two supplied deputies to provide seven-day-a-week coverage (considered by the Sheriff to be an adequate level of service). The data in Table 2 indicate that federal funding is roughly equivalent to patrol costs with surpluses in some years, and deficits in others.

Table 2: Comparison of Federal Funding Available for Law Enforcement to Local Government Public Safety Expenditures on Public Lands (2008 Dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
PILT	289,976	538,727	601,519	312,250	317,315	315,989	317,763	311,979	485,248
Justice Fund	118,890	220,878	246,623	128,023	130,099	129,556	130,283	127,911	198,952
Sheriff's Department	86,993	161,618	180,456	93,675	95,194	94,797	95,329	93,594	145,574
Coop Agreement	23,300	23,300	23,300	23,300	23,300	23,300	23,300	23,300	23,300
Sheriff's Dept. Total	110,293	184,918	203,756	116,975	118,494	118,097	118,629	116,894	168,874
Patrol Needs	112,742	115,950	117,783	120,467	123,676	127,866	131,990	135,750	140,962
Surplus (Deficit)	(2,449)	68,968	85,972	(3,492)	(5,181)	(9,769)	(13,362)	(18,856)	27,912

Demands for public safety services are likely to grow if new public lands designations and investments in infrastructure occur. For example, the Owyhee County Sheriff reported a spike in emergency response, and search and rescue demands after Wilderness designations that resulted from the Owyhee collaborative effort. These costs are associated with increased recreation use and enforcing new regulations related to designations and the new travel plan.²⁰

The Lewis and Clark Bicentennial Public Safety Strategy provides scope for understanding total costs associated with comprehensive public safety costs in Clearwater and Idaho counties. Table 3 below shows the range of different service providers and funding requests on the Clearwater and Nez Perce National Forests which include nearly \$3 million in capital needs during 2002, and annual public safety costs of \$3.7 million from 2002 to 2006.²¹ Resource needs for the Sheriff's Offices in the two counties include \$1.2 million in capital facilities and combined annual costs of \$1.3 million.

Table 3: Lewis and Clark Bicentennial Public Safety Strategy Summary of Resource Needs and Cost Analysis (Thousands of Dollars)

	2002	2003	2004	2005	2006
Lowell QRU	53				
Kooskia Voluntary Fire Department	175	24	24	24	24
Forest Service	198	217	217	217	217
Idaho County Sheriff's Office	1706	856	871	856	856
Clearwater Valley Hospital	815				
Clearwater County Ambulance Service	316				
Clearwater Search and Rescue	310	199	199	199	199
Orofino Fire Department	50				
Orofino Police Department	8				
Idaho Department of Correcitons	199	6	6	6	6
Clearwater County Sheriff's Office	<u>800</u>	<u>450</u>	<u>450</u>	<u>450</u>	<u>450</u>
Total	6632	3755	3771	3757	3758

The example of Clearwater County (See Table 2) looked at the cost of funding two full-time supplied deputies on public lands to provide a level of service adequate for existing conditions. It shows that federal funding is adequate over time, with surpluses in some years and deficits in others, to fund two supplied deputies for patrol of public lands.

When other factors are considered, however, it becomes clear that federal funding is or will become inadequate. We identified three important considerations, and there may be more.

First, we expect federal land payments to decline after 2012 (PILT and Secure Rural Schools), and for cooperative agreements to remain stagnant (not keeping pace with inflation or changing demands). If and when this happens, maintaining the desired level of service (two Sheriff's deputies) will not be possible.

Second, we expect demands for law enforcement, search and rescue, and cultural resource protection to increase over time, particularly if new public lands designations are put into place. Increasing costs will further limit the ability to make ends meet with existing or declining funding. The Lewis and Clark Bicentennial Strategy provides some context for how many additional resources may be required (up to \$3 million in capital investments and \$3.5 million in annual operating costs for a wide-range of service providers from local to state to federal agencies).

Third, basic patrol costs can be exceeded if a single human or natural event occurs on the National Forest. For example, a major criminal investigation or natural disaster can easily exceed existing resources, requiring expenditure of county resources for public lands activities.

RECOMMENDATIONS

Meet expected increase in public safety costs associated with new public lands designations.

Fully fund cooperative law enforcement agreements: (low potential)

There may be an opportunity for the Clearwater Basin Collaborative to ask for a new appropriation associated with a public lands bill that would fully fund existing coop agreements and allow for annual adjustments for inflation and changing service demands and needs as requested by the Forest Service. This would allow for ongoing collaboration and re-assessment of needs and costs to provide the best possible resource protection and public safety on the National Forest. For example, the Annual Financial and Operating Plan should be responsive to higher (or lower) public safety demands and costs associated with changes in recreation use. Coop agreements could also be adjusted down if the Forest Service's own law enforcement budget and capacity is increased.

There are two possible ways to accomplish this goal. The first is to secure a new congressional appropriation. Previous efforts to reform and increase funding for the Cooperative Agreement program have been unsuccessful,²² although a specific appropriation tied to new public lands designations may have potential. The second option is to shift money from the Forest Service to local government (essentially a "local" solution). This solution may have some limited gains in the level of service provided assuming that local government can provide services in a more cost effective manner.

Secure a one-time appropriation associated with increased capital needs: (high potential)

The Clearwater Basin Collaborative could ask for a one-time appropriation to fund capital needs (and a budget for maintenance and depreciation) directly related to expected increases in demands that stem from new public lands designations. For example, increased demand for search and rescue and emergency response services could require additional staff and resources. Capital costs associated with increased capacity may include vehicles, buildings and shops, computers, or even a search and rescue helicopter.

This option requires a new Congressional appropriation, which is never certain and may complicate a public lands bill. However, the Owyhee Initiative offers an encouraging example, and a one-time appropriation is the most likely option for a new funding to counties.

Increase Forest Service law enforcement budget: (unknown potential)

Another option for controlling county government costs is to remove some of the county's responsibility for providing public safety on public lands by ensuring proper funding for the Forest Service's own law enforcement activities.

It is unlikely that all county costs can be eliminated. Idaho counties have a statutory responsibility for public safety on all lands within their jurisdiction, and often play roles (including criminal investigation) that the Forest Service is less involved in. It is also less costly for the two counties to provide the same level of service, making coop agreements fiscally attractive in the face of tight federal budgets.

However, there is precedent from the Owyhee Initiative where additional law enforcement resources went to the BLM instead of to the Owyhee County for public safety. Designation of new Wilderness and 316 miles of river as Wild and Scenic resulted in the BLM funding two additional full-time rangers on the Boise District.²³

Continue fully funding federal land payments: (low potential)

The Clearwater Basin Collaborative has very little say over PILT and Secure Rural Schools Title III funding. While the Collaborative and its members should continue to push for sustained payments, Clearwater and Idaho counties should also plan for declining federal land payments to avoid steep cuts in services and budgets.

Impose fees or provide for voluntary contributions for search and rescue efforts: (unknown potential)

States typically charge a fee to hunters and anglers to offset search and rescue mission costs. In Colorado, the state also provides for a voluntary contribution from hikers, mountain bikers, kayakers, and others to the Colorado Search and Rescue Fund. In 2008 these voluntary contributions made up 15 percent of all revenues into this fund.²⁴

Seek funding for Tribal law enforcement and cultural resource protection: (high potential)

The Owyhee Initiative resulted in a Cultural Resource Protection Program and funding for five Tribal rangers. It would be worthwhile discussing if and how a similar approach may work on the Clearwater and Nez Perce National Forests. It may prove to be easier to secure funding for cultural resource protection than for general local government law enforcement.

Decrease dependence on federal land payments

This year, full funding for PILT and a big increase in Secure Rural Schools payments are helping counties to weather the economic downturn (Clearwater County's payments increased by \$440,000 in 2008; Idaho County's payments increased by \$4.3 million in 2008). In the long run, however, PILT will likely decline and Secure Rural Schools is highly uncertain after 2012.

Reducing dependencies on federal land payments means growing and diversifying revenues. While the two counties should continue to push for sustained PILT and Secure Rural Schools payments, they also must begin planning for these programs to decline or sunset. Clearwater and Idaho counties should consider—if they are not already—pursuing some or all of the options below.

Increase Local Property Taxes: (moderate potential)

Idaho counties are heavily dependent on property taxes for local revenue, and Idaho law sets a three percent cap on the annual increase of a taxing district's total budget, and total revenue collected by property taxes (plus an amount for new construction and annexation). A two-thirds popular vote is required for increases above the three percent budget limit.

Clearwater and Idaho counties should maximize the three percent increase annually and consider new district and specific service taxes (e.g., search and rescue, ambulance and emergency response, and/or special law enforcement districts) as a hedge against declining federal land payments.

Impose New Charges for Services: (moderate potential)

The second largest source of local revenue in the two counties (after property taxes) are charges for services. The two counties could look at charging additional fees for services directly related to public lands (e.g., search and rescue). Impact fees on new development offers another opportunity to fund required services, but revenue from impact fees is restricted to services that directly benefit the new development paying the fee.

Establish a Rainy-Day Fund: (unknown potential)

Investing a portion of federal land payments as a hedge against long-term volatility and uncertainty should be possible. For example, PILT payments can be used at the county's discretion. Clearwater County's PILT payments increased by \$185 thousand in 2008. Idaho County's PILT payments increased by \$450 thousand in 2008.

Maximizing the allowed budget increase from property taxes could also help to build a rainy-day fund. If more secure federal payments are ultimately secured, the property taxes invested could be returned to taxpayers.

There may be restrictions imposed by the State of Idaho on how much counties can save relative to their annual revenues and expenditures.

References

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¹³ See note 2, US Forest Service.

¹⁴ Public Law 92-82 (Title 16 United States Code 551(a)). See note 18: Richard R. Glodowski, 2000, p. 2.

¹⁵ Personal Communication by e-mail, Clearwater County Sheriff Christopher Goetz, July 22, 2009. Costs for two supplied deputies, including equipment, training, and vehicle replacement. See also Lewis and Clark Bicentennial Agreement costs for a deputy (adjusted for inflation to 2008 dollars).

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