This report describes data and methods used in the *EPS: Federal Land Payments* report to determine how payments related to federal land ownership are distributed to state and local governments, how these payments must be used by receiving governments, and the share of total state and local government revenue that federal land payments make up.

The payment programs include Payments in Lieu of Taxes (PILT), Forest Service and Bureau of Land Management revenue sharing payments including the Secure Rural Schools and Community Self-Determination Act payments (SRS), U.S. Fish and Wildlife Service Refuge Revenue Sharing payments, and Office of Natural Resources Revenue mineral royalty distributions (See Table 1).

EPS reports distributions directly from federal agencies to state and local governments. In some instances, additional data are necessary to describe how state and local government benefit from federal land payments. For example, states are responsible for determining how Forest Service revenue sharing payments are distributed between county governments and autonomous local school districts.

The purpose of this report is to: (1) describe methods used to determine how payments are distributed to state and local governments, how payments may be used, and estimates of the percent of budget; and, (2) describe how users can collect state and local government data on federal land payments and local government finances when federally published data are not available.

This report will be continually updated as Headwaters Economics incorporates new data into the *EPS Federal Land Payments* report.

Contact: Mark Haggerty
406-570-5626 | mark@headwaterseconomics.org

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Distribution of Federal Land Payments to State and Local Governments

The Federal Government makes payments to states and counties as compensation for the non-taxable status of public lands. Payments are often made directly to state governments who must pass these through to local governments based on federal statute. Federal law often describes to what purposes federal land payments distributed to state and local governments must be used. Federal agencies that make payments to state and local government often do not provide statistics on how these payments are shared among all receiving governments, or for what purposes they must be spent. Headwaters Economics used secondary federal sources and state data to document how federal land payments distributed by the federal government to states are passed through to local governments, and how they are used.
Table 1 Federal Land Payments

<table>
<thead>
<tr>
<th>Agency</th>
<th>Payment</th>
<th>Recipient Government</th>
<th>Mandated Uses</th>
<th>Available Years</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Interior</td>
<td>Payments in Lieu of Taxes (PILT)</td>
<td>County Government</td>
<td>Unrestricted.</td>
<td>FY 1992-2014</td>
<td></td>
</tr>
<tr>
<td>Forest Service</td>
<td>Secure Rural Schools Title I</td>
<td>County government and school districts.</td>
<td>County roads and schools.</td>
<td>FY 2001-2013</td>
<td>States determine the split between roads and schools.</td>
</tr>
<tr>
<td>Forest Service</td>
<td>Secure Rural Schools Title II</td>
<td>Retained by federal treasury, spending recommendations made by Resource Advisory Councils (RACs)</td>
<td>Projects on public land that improve the maintenance of existing infrastructure; implement stewardship objectives that enhance forest ecosystems; and restore and improve land health and water quality.</td>
<td>FY 2001-2013</td>
<td></td>
</tr>
<tr>
<td>Forest Service</td>
<td>Secure Rural Schools Title III</td>
<td>County Government</td>
<td>Special county projects including activities under the Firewise Communities program, to reimburse the county for search and rescue and other emergency services, and to develop community wildfire protection plans.</td>
<td>FY 2001-2013</td>
<td></td>
</tr>
<tr>
<td>Forest Service</td>
<td>25% Fund Act of 1908</td>
<td>County government and school districts.</td>
<td>County roads and schools.</td>
<td>FY 1986-2014</td>
<td>States determine the split between roads and schools.</td>
</tr>
<tr>
<td>Forest Service</td>
<td>National Grasslands/Bankhead J ones</td>
<td>County Government</td>
<td>County roads and schools.</td>
<td>FY 1986-2013</td>
<td></td>
</tr>
<tr>
<td>BLM</td>
<td>Proceeds of Sales</td>
<td>County Government</td>
<td>Unrestricted.</td>
<td>FY 2009-2014</td>
<td></td>
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<tr>
<td>BLM</td>
<td>Taylor Grazing Act</td>
<td>Grazing Districts</td>
<td>Range improvements</td>
<td>FY 2009-2014</td>
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</tr>
<tr>
<td>BLM</td>
<td>State Distributions</td>
<td>State Government</td>
<td>Unrestricted.</td>
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<td>BLM</td>
<td>National Grasslands/Bankhead J ones</td>
<td>County Government</td>
<td>Unrestricted.</td>
<td>FY 2009-2014</td>
<td></td>
</tr>
<tr>
<td>BLM</td>
<td>Secure Rural Schools Title I</td>
<td>County government</td>
<td>Unrestricted.</td>
<td>FY 2001-2013</td>
<td>Includes O&amp;C and CBWR payments.</td>
</tr>
<tr>
<td>BLM</td>
<td>Secure Rural Schools Title II</td>
<td>Retained by federal treasury, spending recommendations made by Resource Advisory Councils (RACs)</td>
<td>Special county projects including activities under the Firewise Communities program, to reimburse the county for search and rescue and other emergency services, and to develop community wildfire protection plans.</td>
<td>FY 2001-2013</td>
<td>Includes O&amp;C and CBWR payments.</td>
</tr>
<tr>
<td>BLM</td>
<td>Secure Rural Schools Title III</td>
<td>County Government</td>
<td>Special county projects including activities under the Firewise Communities program, to reimburse the county for search and rescue and other emergency services, and to develop community wildfire protection plans.</td>
<td>FY 2001-2013</td>
<td>Includes O&amp;C and CBWR payments.</td>
</tr>
<tr>
<td>USFWS</td>
<td>Refuge Revenue Sharing</td>
<td>County Government</td>
<td>Unrestricted.</td>
<td>FY 2006, FY 2011-2013</td>
<td></td>
</tr>
</tbody>
</table>

**Forest Service Payments to States and Counties**

Forest Service Payments to States and Local Governments provide compensation based on the value of commercial receipts generated from National Forests. These revenue sharing payments include payments from the “25% Fund” and a variety of Special Acts payments. Between 1993 and 2013, two additional programs provided optional payments made from appropriations—the Northwest Forest Plan “Spotted Owl” transition payments and the Secure Rural Schools and Community Self-Determination Act (SRS).

**Payments to States Act of 1908 (the “25% Fund”)** shares 25 percent of all receipts received from commercial activities on the national forests from timber, grazing, special-use permits, power and mineral leases, and admission and user fees with the States in which the national forests are located, for public schools and public roads. States determine how these funds are allocated between these two purposes and make distributions to local governments, or in some cases retain payments intended to support local schools and include them in state school equalization funding. The 25% Fund is permanently authorized and will be the basis for Forest Service payments to counties if SRS is not reauthorized beyond FY 2015.
Forest Service Special Acts payments, including:

- **Payment to Minnesota.** The State of Minnesota is paid 0.75 percent of the appraised value of certain Superior National Forest lands in the counties of Cook, Lake, and St. Louis for distribution to these counties (16 U.S.C. 577g).

- **The Quinault Special Management Area.** The Forest Service shares 45 percent of timber sale receipts from the Quinault Special Management Area within the Olympic National Forest with the Quinault Indian Tribe and 45 percent with the State of Washington — 90 percent in total, with the remaining 10 percent to cover agency timber sale costs (P.L. 100-638, 102 Stat. 3327). These payments are shown for Grays Harbor County, WA where the Quinault Special Management Area is located.

- **Quartz sold from the Ouachita National Forest** is defined as common variety mineral materials (rather than being available under the 1872 General Mining Law), with 50 percent of the receipts to the State of Arkansas for roads and schools in the counties with Ouachita NF lands (§423, Interior Appropriations Act for FY1989; P.L. 100-446, 102 Stat. 1774). The counties that received payments in FY 2013 are Garland, Hot Springs, Howard, Logan, Montgomery, Perry, Polk, Scott, Searcy, Sebastian, and Yell.

**Northwest Forest Plan “Spotted Owl Safety Net” Payments** were made starting in 1993 to compensate local governments in the Pacific Northwest affected by the Northwest Forest Plan that called for lower levels of commercial logging to protect the endangered Northern spotted owl. Payment were valued at 85 percent of the 5-year average of recent 25% Fund payments, and was to decline by 3 percent each year through 2003, when it would reach 58 percent.

*Secure Rural Schools and Community Self-Determination Act (SRS)* adopted in 2000 and reformed in 2008 replaced the “spotted owl safety net payments” for the Pacific Northwest and extended payments to the rest of the country. SRS provided compensation to local governments based on historic timber receipts, rather than current receipts that had declined precipitously. Eligible local governments include all units that receive Forest Service and/or BLM O&C revenue sharing payments. SRS is expired after making the last payments in FY 2013. The reformed formula included three criteria: historic timber payments, acres of Forest Service and BLM O&C lands, and an economic adjustment intended to allocate payments more equitably to counties with the greatest needs. SRS is optional (with the Forest Service 25% Fund and BLM O&C 50% revenue sharing payments being the other option) and is distributed under three titles. Title I payments are paid to the States in which the national forests are located and are used for public schools and public roads in the county or counties in which the national forests are situated. Title II funds are retained by the federal agencies for use on economic development projects nominated by Resource Advisory Councils (RACs). Title III funds are special county funds to reimburse for public safety and search and rescue costs related to public lands.

**Forest Grassland Payments to Counties**

The Bankhead Jones Farm Tenant Act of 1937 allowed the federal government to purchase damaged rangelands. The U.S. Forest Service manages some of these lands as National Grasslands (the BLM manages significant acres of grasslands as well). National Grasslands make payments to counties equal to 25% of net receipts for roads and schools, similar to the 25% Fund payments from National Forests.
Data Sources:

Payments to States Act of 1908 (the “25% Fund”)
http://www.fs.fed.us/srs/.


Northwest Forest Plan “Spotted Owl Safety Net” Payments


Forest Service Secure Rural Schools and Community Self-Determination Act (SRS)

Forest Grassland Payments to Counties

Notes: Data is for calendar year receipts. Payments are made in Data begins in 1988; 1989 report is missing one page; no document for CY 1991 could be located by the agency.

Notes:
The Forest Service sends payments from the 25% Fund and Secure Rural Schools and Community Self-Determination Act (SRS), Special Acts payments, and National Grasslands directly to states. Federal law requires that these payments are used to fund local schools and road budgets (SRS payments for the BLM O&C lands in Oregon can be used for any County government purpose). Each state determines the proportion of the payment that will go to schools and roads. In addition, the state has significant discretion about how the funding will be used to benefit schools. For example, Montana requires that the portion of Forest Service payments allocated to schools (66%) is distributed directly to the school districts in the counties that have federal lands. In Oregon, the state directs Forest Service payments allocated to schools (30%) into the State School Fund and these funds are distributed to schools across the state using an equalization formula unrelated to public lands.

The Congressional Research Service authored the only detailed assessment of state by state allocation of payments between roads and schools to date (see Data Sources below). For states where no data is available on how distributions are made, the Federal Land Payments report assumes that payments are distributed evenly (50/50) between county roads and schools. To determine the split in these states, EPS users must contact the state directly. The Appendix includes a list of contacts in each state responsible for
reporting how each state distributes federal land payments to county governments for the purpose of calculating each county’s Payments in Lieu of Taxes (PILT).

**Data Sources:**

**BLM Payments to States and Local Governments**

The BLM makes payments to state governments based on the value of commercial activities, including grazing, sale of materials, and mineral leasing. The largest revenue sharing program managed by the BLM is for the Oregon and California (O&C) and the Coos Bay Wagon Road (CBWR) grant lands managed by the BLM in Oregon.

**Bureau of Land Management O&C 50% revenue sharing payments** share half of receipts generated from commercial activities on the Oregon and California Railroad Revested Lands, known as the O&C Lands, located within the boundaries of 18 counties in Oregon. The payments began in 1937 modeled on the Forest Service revenue sharing payments. The 18 counties were also eligible for “spotted owl safety net payments” between 1993 and 2000, and SRS payments between 2001 and 2013. With SRS expired, counties will receive the 50% revenue sharing payment for the first time in 20 years.

**Northwest Forest Plan “Spotted Owl Safety Net” Payments** were made starting in 1993 to compensate local governments in the Pacific Northwest affected by the Northwest Forest Plan that called for lower levels of commercial logging to protect the endangered Northern Spotted Owl. Payment were valued at 85 percent of the 5-year average of recent 25% Fund payments, and were to decline by three percent each year through 2003, when it would reach 58 percent.

**Secure Rural Schools and Community Self-Determination Act (SRS)** adopted in 2000 and reformed in 2008 replaced the “spotted owl safety net payments” for the Pacific Northwest and extended payments to the rest of the country. SRS provided compensation to local governments based on historic timber receipts, rather than current receipts that had declined precipitously. Eligible local governments include all units that receive Forest Service and/or BLM O&C revenue sharing payments. SRS is expired after making the last payments in FY 2013. The reformed formula included three criteria: historic timber payments, acres of Forest Service and BLM O&C lands, and an economic adjustment intended to allocate payments more equitably to counties with the greatest needs. SRS is optional (with the Forest Service 25% Fund and BLM O&C 50% revenue sharing payments being the other option) and is distributed under three titles. Title I payments are paid to the states in which the National Forests are located and are used for public schools and public roads in the county or counties in which the National Forests are situated. Title II funds are retained by the federal agencies for use on economic development projects nominated by Resource Advisory Councils (RACs). Title III funds are special county funds to reimburse for public safety and search and rescue costs related to public lands.

**Proceeds of Sales** include receipts from the sale of land and materials. Data are only available beginning in FY 2009.

**Mineral Leasing Act** includes oil and gas right of way lease revenue and the National Petroleum Reserve-Alaska Lands. Data are only available beginning in FY 2009. MLA payments from the BLM do not include royalties from mineral leasing on BLM lands, which are distributed by the Office of Natural Resources Revenue (ONRR). Distributions of mineral royalty revenue from ONRR are described in the section on Mineral Royalty Distributions (on page x).
Taylor Grazing Act, enacted in 1934, established grazing allotments on public land and extended tenure to district grazers. In 1936 the Grazing Service (BLM) enacted fees to be shared with the county where allotments and leases are located. Funds are restricted to use for range improvements (e.g., predator control, noxious weed programs) in cooperation with BLM or livestock organizations.

- Section 3 of the Taylor Grazing Act concerns grazing permits issued on public lands within grazing districts established under the Act.
- Section 15 of the Taylor Grazing Act concerns issuing grazing leases on public lands outside the original grazing district established under the Act.

State Payments are a variety of small distributions for revenues generated on public lands, including: These payments are made directly to state governments not to local governments.

National Grasslands has revenue derived from the management of National Grasslands under the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1012), and Executive Order 10787, November 6, 1958.

Data Sources:
BLM O&C Revenue Sharing (FY 1960-2013)
U.S. Department of Interior, Bureau of Land Management, Oregon State Office. FY 1960 to FY 2013 Receipts from O&C Grant Lands and Payments Calculated under O&C Act (50% of receipts).


BLM O&C Secure Rural Schools (FY2001-FY2013)

Other BLM Payments including Proceeds of Sales, MLA, Taylor Grazing, and National Grasslands (FY 2009-FY2014)

Notes:
The Receipts from O&C Grants Lands report is sent from Lindsey G Babcock (503) 808-6451 lindsey_g_babcock@blm.gov. Lindsey’s voice main says she’s left and now it is Rick Schultz at 503-808-6234.

To request the BLM FRD 198 report, send a FOIA request to blm_co_foia@blm.gov. Contact is Sally Cresci scresci@blm.gov. Typically available in September immediately following the end of the Fiscal Year. The FRD 198 has 10 parts. We draw data from Part 5: Distribution Detail by County.

Additional Resources
BLM Public Land Statistics table 3-31 “Legal Allocation of Bureau of Land Management Receipts” describes in detail the allocation of commercial receipts to state and local governments.
**PAYMENTS IN LIEU OF TAXES (PILT)**

Payments in Lieu of Taxes (PILT) are made annually to local governments to compensate for the loss in property taxes due to the presence of federal lands. The payments are based on the number of eligible federal acres within each jurisdiction subject to limits based on population and reduced by prior-year payments from the Forest Service and other agency-based payment programs. PILT is administered by the Department of the Interior.

**Data Sources**


http://www.doi.gov/pilt/county-payments.cfm


**FEDERAL MINERAL ROYALTY DISTRIBUTIONS**

Royalties, rents, and bonus payments from mining activities on federal land are shared with the state where the activity took place (49 percent of revenue is returned to state or origin and 51 percent is retained by the federal government). Per provisions of the Alaskan Statehood Act, Alaska gets a 90 percent share of the revenues from certain leases. Revenue from geothermal activities and a share of royalties from offshore development in the Gulf of Mexico (GOMESA) are shared directly with local governments.

States determine how to spend their share of federal mineral royalties within broad federal guidelines (priority must be given to areas socially or economically impacted by mineral development for planning, construction/maintenance of public facilities, and provision of public services).

**U.S. FISH AND WILDLIFE SERVICE REFUGE REVENUE SHARING PAYMENTS**

**Obtaining Federal Land Payment Distribution Data not Available from Federal Sources**

When are Federal Land Payments Data not published by the Federal Government?
The Federal Government makes payments to states and counties as compensation for the non-taxable status of public lands. Payments are made directly to state and local governments. In all cases, with the exception of the U.S. Fish and Wildlife Service, agencies responsible for distributing payments publish data online or make statistics available upon request. In several cases, the federal government makes distributions directly to state governments who make further distributions to local governments as mandated by federal law, or at the discretion of the states. Tracking which government, state or local, actually receives the payment must be done on a state-by-state basis.

The *EPS Federal Land Payments* report reports federal distributions, and does not provide data on subsequent state distributions to local governments, with the exception of the US Forest Service 25% Fund and SRS distributions to county governments and school districts. Appendix C provides an overview of state distribution policies and links and contacts where available. These resources are
intended to allow EPS users to track down state-level distribution statutes and statistics to better understand the local benefits of federal land payments.

**U.S. Fish and Wildlife Service Refuge Revenue Sharing**

USFWS Refuge Revenue Sharing Payments are distributed directly to counties by USFWS, but the agency does not publish or distribute these distribution data to the public on a national basis. To obtain data for your state or county, contact:

Angie Johnson, Systems Accountant  
FWS, Denver Operations  
Financial Systems Branch  
(303) 984-6856 phone  
(303) 969-6912 fax

**Federal Mineral Royalties**

Royalties, rents, and bonus payments from mining activities on federal land are shared with the state where the activity took place (49 percent of revenue is returned to state or origin and 51 percent is retained by the federal government). Per provisions of the Alaskan Statehood Act, Alaska gets a 90 percent share of the revenues from certain leases. Revenue from geothermal activities and a share of royalties from offshore development in the Gulf of Mexico (GOMESA) are shared directly with local governments.

States determine how to spend their share of federal mineral royalties within broad federal guidelines (priority must be given to areas socially or economically impacted by mineral development for planning, construction/maintenance of public facilities, and provision of public services). Some states distribute a portion of their federal mineral royalties directly to counties where extraction and leasing activities take place (the county of origin), and others direct royalties to the state general fund or to other state infrastructure and education funds.

The Office of Natural Resource Revenue (ONRR) publishes statistics on revenue and distributions at the state level. Because local government distributions are made by states, data on these distributions must be obtained from each state.

Details on where state specific data can be found for Western U.S. States only are reported in the Appendix: Data Availability and Resources for Western States. For states outside the U.S West, the user must contact the state directly to try and obtain these data. Appendix A includes a list of contacts in each state responsible for reporting how each state distributes federal land payments to county governments for the purpose of calculating each county’s Payments in Lieu of Taxes.

**Obtaining Local Government Finance Data**

The *EPS Federal Land Payments* report reports state and local government financial data from the U.S. Census of Governments in order to place payments from the federal government in context. These data allow the user to understand the share of total local and state government revenue is contributed by federal land payments.

The U.S. Census of Governments State and Local Government financial statistics has two main limitations:

1. The U.S. Census of Governments is conducted every five years, the latest was for Fiscal Year (FY) 2007. Federal land payments to states and counties and state and local government revenue can change significantly from year to year due to economic and political factors, and the Census
of Governments does not provide a current picture of how important federal land payments are to state and local governments.

2. County financial statistics reported by the Census of Governments may not match local government financial reports for three main reasons: (a) The Census of Government defines the general county government as the aggregation of the parent (county) government and all agencies, institutions, and authorities connected to it (including government and quasi-governmental entities). This may differ from the way local governments define themselves for budgeting purposes; (b) different reporting periods between the Census of Governments fiscal year and the reporting period used by local governments (for example, some counties use a calendar year for reporting purposes); and (c) survey methods introduce error.

The EPS report includes an interactive table on tab 5 that allows the user to input local financial data obtained directly from the local or state government. The interactive table is included for users who want to get a more current picture of the importance of federal land payments, or as a way of getting around the limitations inherent to the Census of Governments statistics.

Local government financial data can be obtained in several places:

- **Audited Financial Statements:** Most states require county governments to complete annual audits of government financial reports and to report these to the state. Audited annual financial statements are the best source for local financial data because they report statistics for the entire general county government as a whole, and they are standardized, allowing for easy comparison between geographies.

- **Annual Financial Reports:** Using unaudited financial statements from the county government is another option. Annual financial statements are less desirable because they often are not aggregated for the general county government, but are organized into funds. Annual financial reports are not standardized across local governments and some work may be required to understand the accounting basis for these reports.
Appendix: Data Availability and Resources for Western States

ALASKA

Federal Mineral Royalties
The Federal Government owns 242.6 million acres in Alaska, accounting for 62.5 percent of the total land area in the state.\(^1\) About half (49\%) of royalties, rents, and bonus payments from mining activities on federal land are shared with the state where the activity took place. Per provisions of the Alaskan Statehood Act, Alaska gets a 90 percent share of the revenues from certain onshore leases. Mineral revenue generated offshore are not shared with coastal states, with the exception of offshore waters in the Gulf of Mexico.\(^2\) Twenty seven percent of mineral revenue from “8g” leases issued within three miles of the coast are distributed to states.\(^3\)

In FY 2012, the state received $16.6 million in federal mineral royalties generated from mineral extraction on these federal lands, including $3.1 million from 8g leases.\(^4\) States determine how to spend their share of federal mineral royalties within broad federal guidelines (priority must be given to areas socially or economically impacted by mineral development for planning, construction/maintenance of public facilities, and provision of public services).

Alaska deposits a share of federal mineral revenue into the Alaska Permanent Fund: one quarter of revenue from federal leases issued before December 1, 1979, and half of revenue from leases issued after that date, and half of bonus payments from leases issued after February 15, 1980 are directed to the Permanent Fund.\(^5\)

The balance of federal mineral revenue from leases issued after December 1, 1979 is directed to the state’s General Fund (49.5 percent), and a small share is directed to the state School Fund (0.5%).

Local Government Financial Data
Alaska Division of Community and Regional Affairs in the Dept. of Commerce maintains a Financial Documents Delivery System that provides access to all municipal and borough financial audits and budgets from FY 1995. [http://www.commerce.state.ak.us/dca/commfin/CF_FinRec.cfm](http://www.commerce.state.ak.us/dca/commfin/CF_FinRec.cfm).

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4. Ibid.
5. Alaska Permanent Fund Corporation. Alaska constitution and law pertaining to the permanent fund. [http://www.apfc.org/home/Content/aboutAPFC/constAndLaw.cfm](http://www.apfc.org/home/Content/aboutAPFC/constAndLaw.cfm).
ARIZONA

Federal Mineral Royalties
The Federal Government owns 30.7 million acres in Arizona, accounting for 42.1 percent of the total land area in the state.6 About half (49%) of royalties, rents, and bonus payments from mining activities on federal land are shared with the state where the activity took place.7 In FY 2012, the state received $14,171 in federal mineral royalties generated from mineral extraction on these federal lands.8

States determine how to spend their share of federal mineral royalties within broad federal guidelines (priority must be given to areas socially or economically impacted by mineral development for planning, construction/maintenance of public facilities, and provision of public services).

Arizona distributes half of federal mineral revenues to the Permanent Common Schools Fund and half to the Secondary Road Fund. No monies are distributed to the counties.9

Local Government Financial Data
The State of Arizona Office of the Auditor General posts pdf’s of local government financial audits.10

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8 Ibid.
California

Federal Mineral Royalties
The Federal Government owns 48.7 million acres in California, accounting for 48.5 percent of the total land area in the state.\textsuperscript{11} About half (49\%) of royalties, rents, and bonus payments from mining activities on federal land are shared with the state where the activity took place. Mineral revenue generated offshore is not shared with coastal states, with the exception of offshore waters in the Gulf of Mexico, and “8g” leases issued within three miles of a state’s seaward boundary.\textsuperscript{12}

In FY 2012, the state received $111.6 million in federal mineral royalties generated from mineral extraction on these federal lands, including $8.5 million from 8g leases.\textsuperscript{13}

States determine how to spend their share of federal mineral royalties within broad federal guidelines (priority must be given to areas socially or economically impacted by mineral development for planning, construction/maintenance of public facilities, and provision of public services).

Please contact the California State Treasurer’s Office for information on state use of Federal Mineral Revenue distributions (http://www.treasurer.ca.gov/).

Local Government Financial Data

Local government audits can also be obtained directly from county governments.

\textsuperscript{11} U.S. Geological Survey, Gap Analysis Program. 2012. Protected Areas Database of the United States (PADUS) version 1.3.
\textsuperscript{13} ibid.
Federal Mineral Royalties
The Federal Government owns 24.1 million acres in Colorado, accounting for 36.5 percent of the total land area in the state. About half (49%) of royalties, rents, and bonus payments from mining activities on federal land are shared with the state where the activity took place.

In FY 2012, the state received $157.8 million in federal mineral royalties generated from mineral extraction on these federal lands. States determine how to spend their share of federal mineral royalties within broad federal guidelines (priority must be given to areas socially or economically impacted by mineral development for planning, construction/maintenance of public facilities, and provision of public services).

The Colorado Department of Local Affairs (DOLA) distributes 50% of Federal Mineral Royalties back to counties, cities, and school districts using both direct distributions and impact grants to affected communities. Direct distributions are made using a variety of impact metrics, including employment in mining and measures of mineral activity. Program guidelines and payment statistics can be accessed on the DOLA website.

The purpose of the Energy and Mineral Impact Assistance Program is to assist political subdivisions that are socially and/or economically impacted by the development, processing, or energy conversion of minerals and mineral fuels. The department is assisted by a twelve-member Energy and Mineral Impact Assistance Advisory Committee, which meets several times each year, to consider applications for grants and low-interest loans. Eligible entities to receive grants and loans include municipalities, counties, school districts, special districts and other political subdivisions and state agencies. The kinds of projects that are funded include -- but are not limited to -- water and sewer improvements, road improvements, construction/improvements to recreation centers, senior centers and other public facilities, fire protection buildings and equipment, and local government planning.

State Mineral Royalties
Oil and gas leases are five-year leases. The rentals are $2.50 per acre per year for life of the lease regardless of production. The royalty due the State is 1/6 or 16.67% of all production.

Local Government Financial Data
Colorado Department of Local Affairs (DOLA) maintains a listing of Active Colorado Local Government Finances that provides links to the most recent county government annual budgets and summary financial trends.

16 ibid.
**Idaho**

**Federal Mineral Royalties**
The Federal Government owns 33.8 million acres in Idaho, accounting for 63.3 percent of the total land area in the state.\(^{21}\) About half (49%) of royalties, rents, and bonus payments from mining activities on federal land are shared with the state where the activity took place.\(^{22}\)

In FY 2012, the state received $4.6 million in federal mineral royalties generated from mineral extraction on these federal lands.\(^{23}\)

States determine how to spend their share of federal mineral royalties within broad federal guidelines (priority must be given to areas socially or economically impacted by mineral development for planning, construction/maintenance of public facilities, and provision of public services).

In Idaho, 90% of federal mineral revenue returned to the state is distributed to the Public School Income Fund. The other 10% is distributed to the general fund of the counties where the revenue was generated. The exception is any monies generated on federal lands from renewable sources, of which 90% shall go into Renewable Energy Resources Fund and 10% into the general fund of the counties of the origin of the money.\(^{24}\) Distributions to counties are reported by the State of Idaho Legislative Services Office, Statement of Federal Land Payments.\(^{25}\)

**Local Government Financial Data**
Obtain local government audits directly from local governments. The State of Idaho does not require local governments to report audited financial statements.

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\(^{23}\) ibid.


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Montana

Federal Mineral Royalties
The Federal Government owns 27.7 million acres in Montana, accounting for 30 percent of the total land area in the state.26 About half (49%) of royalties, rents, and bonus payments from mining activities on federal land are shared with the state where the activity took place.27 In FY 2012, the state received $47.3 million in federal mineral royalties generated from mineral extraction on these federal lands.28

States determine how to spend their share of federal mineral royalties within broad federal guidelines (priority must be given to areas socially or economically impacted by mineral development for planning, construction/maintenance of public facilities, and provision of public services). Montana began making direct distributions equal to 25 percent of the state’s share of Federal Mineral Royalties to the county of origin in 2005.29

Montana Code Annotated 17-3-241: Mineral impact account. There is a mineral impact account. Money must be deposited in the impact account as provided in 17-3-240. The money in the impact account must be distributed to counties from which the minerals were produced that resulted in the deposit of the mineral royalty revenue in the impact account. Beginning July 1, 2003, the impact account is statutorily appropriated, as provided in 17-7-502.

Montana Code Annotated 17-3-240: Federal mineral leasing funds. (1) Except as provided in subsection (2), money paid to the state pursuant to 30 U.S.C. 191 must be deposited in the state general fund. (2) In fiscal year 2005 and each succeeding fiscal year, 25% of all money received pursuant to subsection (1) must be deposited in the mineral impact account established in 17-3-241 and is dedicated to local governments. (3) On August 15 following the close of the fiscal year, the state treasurer shall distribute the revenue dedicated in subsection (2). The distribution to the eligible counties must be based on the proportion that the total amount of revenue generated by mineral extraction in an eligible county bears to the total amount of money received by the state.

State distributions to local governments are compiled and reported by the Montana Association of Counties (MACo).30

Local Government Financial Data
The State of Montana requires all county governments to provide the state with audited financial statements on an annual basis. These reports are received as paper or electronic PDF by the Department of Administration, Local Government Services Bureau and can be accessed by contacting, or visiting the office to make copies.31

Copies can also be obtained via PDF or paper copy directly from local governments. The Montana Association of Counties maintains a directory of county government contact information and website.32

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28 ibid.
31 Montana Department of Administration, Local Government Services Bureau http://doa.mt.gov/lgsb/default.mcpx.
Federal Mineral Royalties
The Federal Government owns 60 million acres in Nevada, accounting for 84.9 percent of the total land area in the state. About half (49%) of royalties, rents, and bonus payments from mining activities on federal land are shared with the state where the activity took place.

In FY 2012, the state received $11.8 million in federal mineral royalties generated from mineral extraction on these federal lands.

States determine how to spend their share of federal mineral royalties within broad federal guidelines (priority must be given to areas socially or economically impacted by mineral development for planning, construction/maintenance of public facilities, and provision of public services).

In Nevada, the first $7 million of federal mineral revenue received is deposited directly into the State Distributive School Account (in the state General Fund). Of the remaining funds, 25 percent is also directed to the State Distributive School Account, and 75 percent is distributed to counties from which the fuels, minerals and geothermal resources are extracted.

Of the amount received by each county, one-fourth must be distributed to the school district in that county. Funds received by counties and schools must be used for: (1) Construction and maintenance of roads and other public facilities; (2) Public services; and (3) Planning.

Local Government Financial Data
Obtain local government audits directly from local governments.

35 ibid.
37 Ibid. 328.460 Account for Revenue from Lease of Federal Lands: Apportionment of money by State Controller
38 Ibid. 328.470 Account for Revenue from Lease of Federal Lands: Money payable to counties.
NEW MEXICO

**Federal Mineral Royalties**
The Federal Government owns 26.2 million acres in New Mexico, accounting for 33.7 percent of the total land area in the state.\(^{39}\) About half (49%) of royalties, rents, and bonus payments from mining activities on federal land are shared with the state where the activity took place.\(^{40}\)

In FY 2012, the state received $488.2 million in federal mineral royalties generated from mineral extraction on these federal lands.\(^{41}\)

States determine how to spend their share of federal mineral royalties within broad federal guidelines (priority must be given to areas socially or economically impacted by mineral development for planning, construction/maintenance of public facilities, and provision of public services). New Mexico does not make direct distributions to local governments. An annual appropriation is made to the Instructional Material Fund and to the Bureau of Geology and Mineral Resources. The bulk of federal mineral royalties are directed to the Public School Fund.\(^{42}\)

**Local Government Financial Data**
New Mexico Department of Finance and Administration – Local Government Budget and Finance Bureau provides links to annual financial reports and other selected financial data. [http://fmb.nmdfa.state.nm.us/content.asp?CustComKey=201762&CategoryKey=202463&pn=Page&DomainName=fmb.nmdfa.state.nm.us](http://fmb.nmdfa.state.nm.us/content.asp?CustComKey=201762&CategoryKey=202463&pn=Page&DomainName=fmb.nmdfa.state.nm.us)

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\(^{41}\) ibid.

Federal Mineral Royalties
The Federal Government owns 33.2 million acres in Oregon, accounting for 53.7 percent of the total land area in the state.\footnote{U.S. Geological Survey, Gap Analysis Program. 2012. Protected Areas Database of the United States (PADUS) version 1.3.} About half (49\%) of royalties, rents, and bonus payments from mining activities on federal land are shared with the state where the activity took place. Mineral revenue generated offshore is not shared with coastal states, with the exception of offshore waters in the Gulf of Mexico, and “8g” leases issued within three miles of a state’s seaward boundary.\footnote{U.S. Department of Interior. 2012. Office of Natural Resources Revenue. Washington, D.C. The Gulf of Mexico Energy Security Act of 2006 (GOMESA) distributes 37 percent of offshore federal mineral revenues to states and communities in Alabama, Louisiana, Mississippi, and Texas. Twenty seven percent of revenue generated from 8g leases are distributed to coastal states.}

In FY 2012, the state received $416,628 in federal mineral royalties generated from mineral extraction on these federal lands.\footnote{Ibid.}

States determine how to spend their share of federal mineral royalties within broad federal guidelines (priority must be given to areas socially or economically impacted by mineral development for planning, construction/ maintenance of public facilities, and provision of public services). Oregon distributes federal mineral revenue to counties based on each county’s share of federal land leased for mineral development.\footnote{Oregon Revised Statutes, 2011. 293.565 Apportionment among counties of moneys received from federal government under Mineral Lands Leasing Act; Federal Mineral Leases Fund. http://www.leg.state.or.us/ors/}

Local Government Financial Data
State of Oregon Secretary of State Audits Division, Local Government Audits. Provides a report search tool to find county audited financial reports. http://egov.sos.state.or.us/muni/public.do
Federal Mineral Royalties

The Federal Government owns 35 million acres in Utah, accounting for 64.6 percent of the total land area in the state. About half (49%) of royalties, rents, and bonus payments from mining activities on federal land are shared with the state where the activity took place.

In FY 2012, the state received $164.6 million in federal mineral royalties generated from mineral extraction on these federal lands.

States determine how to spend their share of federal mineral royalties within broad federal guidelines (priority must be given to areas socially or economically impacted by mineral development for planning, construction/maintenance of public facilities, and provision of public services). Utah makes direct distributions from the state’s share of federal mineral royalties to the county of origin through the Permanent Community Impact Fund and through direct distributions made by the Utah Department of Transportation. Together, direct distributions and grants return about 80 percent of the state’s share of federal mineral royalties to local governments.

The Permanent Community Impact Fund Board (CIB) is a program of the state of Utah which provides loans and/or grants to state agencies and subdivisions of the state (counties, municipalities, schools, special districts, etc…) which are or may be socially or economically impacted, directly or indirectly, by mineral resource development on federal lands. The source of the CIB’s funding are the mineral lease royalties returned to the state by the federal government.

State Transportation Department Mineral Lease Fund Distributions are available online.

Local Government Financial Data

The Office of the Utah State Auditor provides pdf’s of county government and school district audited financial reports. [http://auditor.utah.gov/lgReports.html](http://auditor.utah.gov/lgReports.html).

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49 ibid.
51 State of Utah. Housing and Community Development. Community Impact Board Programs, Permanent Community Impact Fund Board. [http://housing.utah.gov/cib/cib.html](http://housing.utah.gov/cib/cib.html). Distribution information can be obtained by contacting the Community Development Block Grant (CDBG) Program Manager Keith Heaton 801-538-8732 E-mail: kheaton@utah.gov.
**WASHINGTON**

*Federal Mineral Royalties*

The Federal Government owns 12.7 million acres in Washington, accounting for 29.6 percent of the total land area in the state.\(^{53}\) About half (49%) of royalties, rents, and bonus payments from mining activities on federal land are shared with the state where the activity took place. Mineral revenue generated offshore is not shared with costal states, with the exception of offshore waters in the Gulf of Mexico, and “8g” leases issued within three miles of a state’s seaward boundary.\(^{54}\)

In FY 2012, the state received $13,582 in federal mineral royalties generated from mineral extraction on these federal lands.\(^{55}\)

States determine how to spend their share of federal mineral royalties within broad federal guidelines (priority must be given to areas socially or economically impacted by mineral development for planning, construction/ maintenance of public facilities, and provision of public services).

Washington distributes 70 percent of federal mineral revenue from geothermal sources to the Washington Department of Natural Resources for “geothermal exploration and assessment” and 30 percent to Washington State University for “the purposes of encouraging the development of geothermal energy.”\(^{56}\) Prior to July 28, 2013, 30 percent was distributed to the Department of Natural Resources, 30 percent to Washington State University and 40 percent to the county of origin for “mitigating impacts caused by geothermal energy exploration, assessment, and development.”\(^{57}\)

*Local Government Financial Data*


The Auditor also allows users to search for local government financial audits [http://www.sao.wa.gov/EN/Audits/Pages/Search/AuditReportSearch.aspx](http://www.sao.wa.gov/EN/Audits/Pages/Search/AuditReportSearch.aspx).


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\(^{55}\) ibid.

\(^{56}\) Revised Code of Washington. 43.140.010 - 43.140.040.

**Wyoming**

**Federal Mineral Royalties**
The Federal Government owns 29.6 million acres in Wyoming, accounting for 47.6 percent of the total land area in the state.58 About half (49%) of royalties, rents, and bonus payments from mining activities on federal land are shared with the state where the activity took place.59

In FY 2012, the state received $995.2 million in federal mineral royalties generated from mineral extraction on these federal lands.60

States determine how to spend their share of federal mineral royalties within broad federal guidelines (priority must be given to areas socially or economically impacted by mineral development for planning, construction/maintenance of public facilities, and provision of public services). Wyoming does not make direct distributions of Federal Mineral Royalties to counties. Distributions are made based on a complicated formula defined in state statute,61 and statistics are reported by the Wyoming Consensus Revenue Estimating Group.62

In FY 1995 direct payments to counties were discontinued in order to maximize PILT payments to counties (the PILT “full payment amount” is reduced by the amount of Federal Mineral Royalties the county receives, along with other federal revenue sharing payments [e.g., Forest Service and BLM payments] that accrue directly to county governments). The decrease in Federal Mineral Royalty payments to counties was offset by an increase in state severance tax distributions to counties. Federal Mineral Royalties still benefit counties in other ways. They go into the Local Government Capital Construction Account that funds grants from the State Loan & Investment Board (SLIB) to cities, towns, counties, and special districts through the Mineral Royalty Grant Program. Distributions are also made to the Highway Fund County Roads and several funds that benefit school districts.

**Local Government Financial Data**
The state does not make local government audits available. Contact each local government directly for access to local financial data.

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60 ibid.