A Fiscal Profile of Federal Land Payments
Clearwater County, Idaho

Produced by the
Economic Profile System (EPS)
July 28, 2009
About The Economic Profile System for Analysts (EPSA)

This profile was produced using the 2009 version of the Economic Profile System for Analysts (EPSA), last updated in June 2009. EPSA is designed to allow users to produce detailed socioeconomic profiles automatically and efficiently at a variety of geographic scales using the spreadsheet program Microsoft Excel (version 2003).

EPSA is part of the Economic Profile System (EPS) family of products that includes EPS (a 45-page profile with county or multi-county trends in employment, income, average earnings, business development, and more) and EPSC (with community level profiles using Census data, with information on poverty, race, education rates, demographics, and more).

EPS was developed in partnership with the Bureau of Land Management and the Forest Service.

EPS and Acrobat files (.pdf) of completed profiles for the entire country are available for free download at www.headwaterseconomics.org/eps.

For technical questions, contact Jeff van den Noort at jeff@headwaterseconomics.org.

Headwaters Economics is an independent, nonprofit research group. Our mission is to improve community development and land management decisions in the West.

The Bureau of Land Management (BLM), an agency within the U.S. Department of the Interior, administers 262 million acres of America's public lands, located primarily in 12 Western States. It is the mission of the Bureau of Land Management to sustain the health, diversity, and productivity of the public lands for the use and enjoyment of present and future generations.

The Forest Service, an agency of the U.S. Department of Agriculture, administers national forests and grasslands encompassing 193 million acres. The Forest Service's mission is to achieve quality land management under the "sustainable multiple-use management concept" to meet the diverse needs of people while protecting the resource.
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Section I: Revenue from Federal Land Payments to Counties.

How Important are Federal Land Payments to County Finances?

Local governments generate revenue from a variety of local sources including local property taxes, charges for services, and earnings on investments. Non-local sources (or intergovernmental revenue) include federal land payments and a wide variety of grants and payments from federal and state government.

Sources of County Government Revenue, 2007

<table>
<thead>
<tr>
<th>Sources of Revenue</th>
<th>Dollars</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>2,942,882</td>
<td>36.2%</td>
</tr>
<tr>
<td>Other Intergovernmental Revenue</td>
<td>2,517,607</td>
<td>31.0%</td>
</tr>
<tr>
<td>Federal Land Payments</td>
<td>1,124,618</td>
<td>13.8%</td>
</tr>
<tr>
<td>Charges for Services</td>
<td>783,192</td>
<td>9.6%</td>
</tr>
<tr>
<td>Other Local Revenue</td>
<td>404,482</td>
<td>5.0%</td>
</tr>
<tr>
<td>Licenses and Permits</td>
<td>233,629</td>
<td>2.9%</td>
</tr>
<tr>
<td>Fines and Penalties</td>
<td>122,956</td>
<td>1.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8,129,366</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Note: county and federal fiscal year end on September 30. Secure Rural Schools payments for FY 2008 are sent to counties in FY 2009. To be consistent, county FY 2008 financial data are compared to Secure Rural Schools FY 2007 payments, which were received by the county in January 2008.

Sources of County Government Revenue, FY 2002-2008

- Property taxes are the single largest source of local government revenue, making up 36.2 percent of all county government revenue.
- Intergovernmental revenue from the federal and state government make up 44.8 percent of all county government revenue.
How Important are Federal Land Payments?

What do we measure in the previous page?

On the previous page we describe different sources of county government revenue. This allows for a quick understanding of the overall importance of federal land payments to the county. On subsequent pages, we describe the makeup of federal land payments, and how the county can spend them on local priorities.

Why is it important?

Public lands are exempt from local property taxes, but still place demands on county services, particularly roads, law enforcement, and search and rescue. Federal land payments are designed to compensate counties for non-taxable federal lands and mitigate costs associated with service demands.

Definitions and Notes

Not all federal land payments are returned to county government to spend as they choose. Some are restricted to specific county programs and services. Others are restricted to public lands projects, including range improvements and forest restoration. Federal land payments reported on the previous page include only payments directly to the county government. Payments that accrue to federal, state or local school district governments are excluded (e.g., Secure Rural Schools Title II payments which are retained by the federal treasury for use on federal lands within the county’s boundaries are excluded).

Data Sources and References


Clearwater County, Idaho

Federal Land Payments

Section I: Revenue from Federal Land Payments to Counties

What are federal land payments?

There are two main types of federal land payments to counties:

- Payments in Lieu of Taxes (PILT) that compensate counties for the presence of non-taxable federal lands
- Revenue sharing payments from public lands activities-logging, mining, grazing, and recreation-that help offset demands on county infrastructure and services generated by these same activities.

Total Federal Land Payments, FY 2008

<table>
<thead>
<tr>
<th></th>
<th>Clearwater County, ID</th>
<th>Idaho</th>
<th>Nation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secure Rural Schools Title I</td>
<td>1,512,032</td>
<td>37,777,448</td>
<td>410,241,501</td>
</tr>
<tr>
<td>PILT</td>
<td>485,248</td>
<td>25,831,812</td>
<td>339,513,964</td>
</tr>
<tr>
<td>Secure Rural Schools Title II</td>
<td>249,041</td>
<td>6,149,527</td>
<td>47,666,122</td>
</tr>
<tr>
<td>Secure Rural Schools Title III</td>
<td>17,789</td>
<td>923,008</td>
<td>25,506,747</td>
</tr>
<tr>
<td>Federal Mineral Royalties</td>
<td>278</td>
<td>1,978,856</td>
<td>2,490,206,582</td>
</tr>
<tr>
<td>Taylor Grazing</td>
<td>32</td>
<td>181,609</td>
<td>2,303,904</td>
</tr>
<tr>
<td>Total</td>
<td>2,264,420</td>
<td>72,842,260</td>
<td>3,315,438,820</td>
</tr>
</tbody>
</table>

Percent of Total

<table>
<thead>
<tr>
<th></th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secure Rural Schools Title I</td>
<td>66.8%</td>
</tr>
<tr>
<td>PILT</td>
<td>21.4%</td>
</tr>
<tr>
<td>Secure Rural Schools Title II</td>
<td>11.0%</td>
</tr>
<tr>
<td>Secure Rural Schools Title III</td>
<td>0.8%</td>
</tr>
<tr>
<td>Federal Mineral Royalties</td>
<td>&lt;0.1%</td>
</tr>
<tr>
<td>Taylor Grazing</td>
<td>&lt;0.1%</td>
</tr>
</tbody>
</table>

Total Federal Land Payments, FY 1986-2008

Note: Blue bar denotes start of Secure Rural Schools which replaced Forest Service 25% Fund revenue sharing in FY 2001.
Note: the county and federal fiscal year end on September 30.

Trends in federal land payments prior to 2002 are closely tied to commodity extraction on public lands. For more on the economic importance of these activities, see an Economic Profile System (EPS) report for the county at www.headwaterseconomics.org/eps.
Federal Land Payments

What are federal land payments?

What do we measure in the previous page?

On the previous page, we describe the different federal land payments and revenue sharing programs that accrue to all governmental units within the county's boundaries.

Why is it important?

Federal land payments are derived from a variety of sources, so understanding the particular make-up of payments in the county will build understanding of how economic trends, recreation, and policy changes will affect federal land payments. For example, a drop in commodity prices may result in fewer revenue sharing dollars from federal mineral royalties or Taylor Grazing Act payments. Federal policy also has a strong influence. For example, because authorization of PILT payments and appropriations of required funds are independent steps in the federal process, appropriates often lag behind authorization.

Definitions and Notes

The Secure Rural Schools and Community Self-Determination Act (Secure Rural Schools) has three titles that allocate payments to specific purposes:

- Title I - payments to counties make up 80 to 85% of the total payment and must be dedicated to funding roads and schools. States determine the split between these two services, and some states let the counties decide.
- Title II - funds are retained by the federal treasury to be used on special projects on federal land. Resource advisory committees (RACs) at the community level help make spending determinations and monitor project progress.
- Title III - payments may be used to carry out 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.

Each of the specific federal land payments programs is described in more detail in the subsequent pages:

- Page 9 - Payments in Lieu of Taxes (PILT)
- Page 11 - Secure Rural Schools and Community Self-Determination Act, Public Law 110-343 (Secure Rural Schools)
- Page 13 - Federal Mineral Royalties (FMR)
- Page 15 - Taylor Grazing Act Payments to Counties (Taylor Grazing)

Data Sources and References


Section I: Revenue from Federal Land Payments to Counties

How are Federal Land Payments Distributed?

State and county government, local school districts, resource advisory councils (RACs) and public land grazing districts all receive federal land payments. Federal and state governments each have a hand in determining how payments are distributed between different units of government.

Distribution of Federal Land Payments, FY 2008

<table>
<thead>
<tr>
<th></th>
<th>Dollars</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>County Government</td>
<td>1,561,738</td>
<td>68.9%</td>
</tr>
<tr>
<td>Local Schools</td>
<td>453,610</td>
<td>20.0%</td>
</tr>
<tr>
<td>Resource Advisory Council</td>
<td>249,041</td>
<td>11.0%</td>
</tr>
<tr>
<td>State Government</td>
<td>2,505</td>
<td>0.1%</td>
</tr>
<tr>
<td>Grazing Districts</td>
<td>32</td>
<td>&lt;0.1%</td>
</tr>
<tr>
<td>Total</td>
<td>2,266,925</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Distribution of Federal Land Payments, FY 1986-2008

Note: Blue bar denotes start of Secure Rural Schools, which replaced Forest Service 25% Fund revenue sharing in FY 2001.
How are Federal Land Payments Distributed?

What do we measure in the previous page?
On the previous page we describe how federal land payments are distributed between different units of government at the federal, state and local level.

Why is it important?
A variety of agencies and governments receive payments due to the presence of public lands, and payments are used to fund a wide range of federal, state, and local services.

Definitions and Notes
County Government - Counties receive both PILT payments and revenue sharing from a variety of agencies managing public lands within their boundaries.

Local Schools - School districts are autonomous local government bodies that operate and fund local public schools. Revenue to school districts largely come from local property taxes and state and federal aid. School districts in counties with U.S. Forest Service lands also receive a portion of 25% Fund or Secure Rural Schools payments to compensate for non-taxable federal land. States determine the distribution to roads and schools. Idaho distributes 30 percent of Forest Service revenue sharing to schools.

State Government - States have the discretion to retain all or a portion of federal mineral royalty distributions from the Minerals Management Service. Idaho keeps 90 percent of these distributions and returns 10 percent to the county of origin.

Resource Advisory Councils (RACs) - Secure Rural Schools Act Title II dollars are retained by the federal government to be used on special projects on public lands within the county's boarders. Local RACs make recommendations about spending.

Grazing Districts - Taylor Grazing Act payments must be spent on range improvement projects within public land grazing districts where grazing fees are paid.

Data Sources and References
US Forest Service, Department of Agriculture. Secure Rural Schools and Community Self Determination Act payments available online at www.notes.fs.fed.us/r4/payments_to_states.nsf. 25% Fund payments database maintained by the Rocky Mountain Research Station, US Forest Service, Missoula, MT.


Section I: Revenue from Federal Land Payments to Counties

How Can Federal Land Payments be Spent by Counties?

Federal land payments can be restricted to specific uses, or spent at the discretion of county government.

**Restricted Funds:** Secure Rural Schools Title I funds are federally restricted to roads and schools, and Title III funds must be spent on special county projects including Firewise Communities projects, search and rescue, and community fire plans.

**Unrestricted Funds:** PILT, USFWS Refuge Revenue Sharing, and, in most states, Mineral Royalties are unrestricted.

### County Government Use of Federal Land Payments, FY 2008

<table>
<thead>
<tr>
<th>Category</th>
<th>Dollars</th>
<th>Percent of Total Federal Land Payments Received by County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted: County Roads</td>
<td>1,058,423</td>
<td>67.8%</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>485,526</td>
<td>31.1%</td>
</tr>
<tr>
<td>Restricted: Special County Projects</td>
<td>17,789</td>
<td>1.1%</td>
</tr>
<tr>
<td>Total</td>
<td>1,561,738</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

### County Government Use of Federal Land Payments, FY 1986-2008

Note: county and federal fiscal year end on September 30.
How Can Counties Spend Federal Land Payments?

What do we measure in the previous page?
On the previous page we describe how counties can spend federal land payments. Some federal land payments are flexible and can be used for virtually any purpose the county government chooses. Others are restricted to specific uses.

Why is it important?
Impacts from public lands can vary from the direct impact of different public land uses (e.g., logging trucks traveling across county roads or law enforcement associated with off-road vehicle use on public lands) to a general increase in service demand from tourism and migration associated with public lands. A county’s ability to apply federal land payments to the infrastructure and services where they are most needed is often limited. Understanding these limitations will help communities to better plan budgets and provide services.

Definitions and Notes
County Government Restricted - Title III dollars from the Secure Rural Schools Act must be used for specific projects that include 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.

County Roads - 25% Fund and Secure Rural Schools Act Title I. Federal law mandates payments be used for county roads and schools, but states determine the proportion to each. Idaho distributes 70% to roads.

Local Schools - 25% Fund and Secure Rural Schools Act Title I. Federal law mandates payments be used for county roads and schools, but states determine the proportion to each. Idaho distributes 30% to schools.

USFS Projects - Secure Rural Schools Act Title II Dollars are retained by the federal government to be used on projects on public lands within the county. Local Resource Advisory Councils make recommendations about spending.

Grazing Districts - Taylor Grazing Act payments must be spent on range improvement projects on public lands where grazing fees are paid.

Data Sources and References


PILT Payments

Section II: More Detailed Data on Federal Land Payments to Counties

Payments in Lieu of Taxes (PILT)

PILT are federal payments to local governments that help offset losses in property taxes due to nontaxable Federal lands within their boundaries. Counties have full discretion over how PILT funds are spent.

PILT, FY 1988-2008

- PILT payments account for 12.4% of federal land payments, and 6% of all county government revenue (see pages 3 and 5).

PILT Eligible Acres by Agency, 1999-2008

Average PILT Payment per Acre, FY 1999-2008
Payments in Lieu of Taxes (PILT)

What do we measure in the previous page?
On the previous page, we track PILT and the agencies responsible for these payments. PILT are federal land payments to local governments that help offset losses in property taxes due to nontaxable federal lands within their boundaries. Counties have full discretion over how PILT funds are spent.

Why is it important?
PILT payments are among the most important to counties because they can be used for any county services. Tracking PILT over time shows trends in congressional authorizations and appropriations.

Definitions and Notes

Data Sources and References
Section II: More Detailed Data on Federal Land Payments to Counties

U.S. Forest Service Revenue Sharing

The U.S. Forest Service shares revenue generated from the sale of commodities on public land with the counties where the activities take place. The 25% Fund was replaced by Secure Rural Schools in 2001.

Secure Rural Schools and Community Self Determination Act Payments, FY 2001-2008

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title I</td>
<td>1,254,369</td>
<td>1,244,725</td>
<td>1,231,593</td>
<td>1,215,241</td>
<td>1,202,452</td>
<td>1,176,525</td>
<td>1,141,595</td>
<td>1,512,032</td>
</tr>
<tr>
<td>Title II</td>
<td>206,602</td>
<td>205,014</td>
<td>202,851</td>
<td>200,157</td>
<td>198,051</td>
<td>193,781</td>
<td>188,027</td>
<td>249,041</td>
</tr>
<tr>
<td>Title III</td>
<td>14,757</td>
<td>14,644</td>
<td>14,489</td>
<td>14,297</td>
<td>14,146</td>
<td>13,841</td>
<td>13,431</td>
<td>17,789</td>
</tr>
<tr>
<td>Total</td>
<td>1,475,729</td>
<td>1,464,382</td>
<td>1,448,933</td>
<td>1,429,695</td>
<td>1,414,650</td>
<td>1,384,146</td>
<td>1,343,053</td>
<td>1,778,862</td>
</tr>
</tbody>
</table>

U.S. Forest Service revenue sharing payments, FY 1986-2008

- Secure Rural Schools Revenue Sharing (Secure Rural Schools) accounts for 78.6% of all federal land payments and 19.2% of all county revenue in FY 2008.

Note: Secure Rural Schools replaced Forest Service 25% Fund revenue sharing in FY 2001.
U.S. Forest Service Revenue Sharing

What do we measure in the previous page?
On the previous page we track revenue sharing payments from the U.S. Forest Service to counties.

Why is it important?
Many activities on public lands generate impacts on neighboring counties. For example, timber extraction can place wear and tear on county roads that lie between the forest and sawmills or railroad connections. Similarly, recreation activities may require additional law enforcement activities. Revenue sharing is intended to compensate counties for costs imposed by commodity extraction and other activities on public lands within their boundaries.

Definitions and Notes

U.S. Forest Service 25% Fund
The 25% Fund, established in 1911, shares revenue generated from the sale of commodities produced on public land with the county where the activities take place. Twenty five percent of the value of public land receipts are distributed directly to counties and must be used to fund roads and schools. States determine how to allocate receipts between these two local services.

The Secure Rural Schools and Community Self-Determination Act of 2000, Public Law 106-393
Secure Rural Schools was enacted in FY 2001 to provide five years of transitional assistance to rural counties affected by the decline in revenue from timber harvests on federal lands. Secure Rural Schools was reauthorized for a single year in 2007, and again in 2008 for a period of four years. The Secure Rural Schools Act has three titles that allocate payments for specific purposes.

Title I - payments to counties make up 80 to 85 percent of the total payment and must be dedicated to funding roads and schools. States determine the split between these two services, and some states let the counties decide.

Title II - funds are retained by the federal treasury to be used on special projects on federal land. Resource advisory committees (RACs) at the community level help make spending determinations and monitor project progress.

Title III - payments may be used to carry out 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.

25% Fund or Secure Rural Schools?
Counties elect to receive Secure Rural Schools Payments, or to continue with 25% Fund payments. Most counties have elected to receive Secure Rural Schools payments. Some counties, particularly in the East continue to prefer 25% Fund payments to Secure Rural Schools.

Data Sources and References
US Forest Service, Department of Agriculture. Secure Rural Schools and Community Self Determination Act payments available online at www.notes.fs.fed.us/r4/payments_to_states.nsf. 25% Fund payments database maintained by the Rocky Mountain Research Station, US Forest Service, Missoula, MT.

Section II: More Detailed Data on Federal Land Payments to Counties

Federal Mineral Royalties

Royalties from mining activities on federal land are shared 48% to the state of origin and 52% to the federal government. States have broad discretion on how they allocate their share. However, 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.

Total Value of Royalties Received by the Federal Government, and Distributions to the State and County Government, FY 1996-2008

* Federal mineral royalties make up less than 0.1% of all federal land payments and less than 0.1% of all county government revenue in FY 2008

Source of Federal Mineral Royalties by Commodity, Rents, and Bonuses, FY 1996-2008

* Federal data on royalty value by product and county of origin not published after FY 2000.
Federal Mineral Royalties

What do we measure in the previous page?

On the previous page, we track federal mineral royalties that accrue to the federal government, states, and county of origin. We also show the total value of federal mineral royalties by commodity.

Why is it important?

Mineral royalties are the single largest source of revenue derived from extraction activities on public lands. Distribution of these revenues helps describe who benefits from these activities. Mineral extraction can place significant demands on federal, state, and local services. Royalty revenue helps meet some of these demands. They are also designed to provide an ongoing public benefit from the depletion of non-renewable resources owned by the public.

States determine how to spend federal mineral royalties within broad federal guidelines. Some states distribute royalties directly to counties where extraction and leasing activities take place, others direct royalties to the state general fund or to specific infrastructure and education funds.

Definitions and Notes

Royalties are generated from the extraction of oil, natural gas, coal, hardrock minerals, and other mining activities. Revenue are also generated from the sale of lease rights at competitive auctions (bonuses) and from payments made by companies to maintain their leases (rents).

- **Total Royalty Value** = all royalties paid by commodity, rents, and bonuses to the federal government.
- **State Distribution** = The amount of money distributed back to the state of origin. Currently, the federal government shares 48% of total royalty value with states.
- **County Distribution** = the amount of money distributed back to the county of origin by the state. States can choose how to distribute their share of total royalty value. Some states distribute all or part of their share back to the county of origin.

Source of Total Federal Mineral Royalty Value:

- **Commodities** - payments based on the value of resources extracted, including oil, natural gas, coal, and hardrock minerals such as uranium and gold.
- **Rent** - payments made to the federal government to maintain lease rights on active mineral leases.
- **Bonuses** - payments made a lease sales to gain the right to extract minerals from public lands.

Data Sources and References

Section II: More Detailed Data on Federal Land Payments to Counties

Taylor Grazing Act

The Taylor Grazing Act regulates grazing on federal public land by establishing grazing districts to prevent overgrazing and provide for range improvements. Permittees are required to pay a fee, and revenue from these fees are shared with counties where the grazing district is located. Taylor Grazing Act revenue sharing must be used for range improvements on public lands in the county of origin.

<table>
<thead>
<tr>
<th>Grazing District</th>
<th>Total Collections</th>
<th>State Share (12.5%)</th>
<th>Total Collections</th>
<th>State Share (50%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ID420</td>
<td>64</td>
<td>32</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Taylor Grazing Revenue and Distributions to Grazing Districts, 1997-2008

- Taylor Grazing payments make up less than 0.1% of all federal land payments and less than 0.1% of all county government revenue in FY 2008
Taylor Grazing Act Payments

Taylor Grazing Act

What do we measure in the previous page?

On the previous page we describe Taylor Grazing Act payments to counties. The Taylor Grazing Act regulates grazing on federal land, and payments to counties are revenue sharing payments from grazing permits and leases within the counties boundaries.

Why is it important?

Permittees pay grazing fees for the privilege of running stock on federal lands, and some of these revenues are distributed back to the district where the grazing takes place in order to mitigate damage and provide for range improvements and restoration.

Definitions and Notes

The Taylor Grazing Act of 1934 (43 USC 315), signed by President Roosevelt, was intended to "stop injury to the public grazing lands [excluding Alaska] by preventing overgrazing and soil deterioration; to provide for their orderly use, improvement, and development; [and] to stabilize the livestock industry dependent upon the public range" (USDI 1988).

Section 3 of the Taylor Grazing Act concerns grazing permits issued on public lands within the grazing districts established under the Act. Receipts from grazing on section 3 lands are distributed three ways: 50 percent goes to range betterment projects, 37.5 percent remains in the US Treasury, and 12.5 percent is returned to the state.

Section 15 of the Taylor Grazing Act concerns issuing grazing leases on public lands outside the original grazing district established under the Act. Receipts from grazing on section 15 lands are distributed two ways: 50 percent goes to range betterment projects and 50 percent is returned to the state.

Data Sources and References