

HEADWATERS ECONOMICS RESEARCH UPDATE

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ECONOMICS

County Payments, Jobs, and Forest Health

Federal land payments—compensation to counties for non-taxable federal lands—are used by local governments across the country to pay for roads, schools, and public safety. These payments also play a critical role in how public lands are managed and the kinds of economic opportunities that are created for adjacent communities.

Payments started in 1906 and originally were paid for from a share of commodity receipts, such as from timber harvests. More recently, Congress decoupled payments from commodity receipts and added new funding for restoration, stewardship, and job creation goals (achieved through activities such as improving watershed health, wildlife habitat, and wild-fire safety).

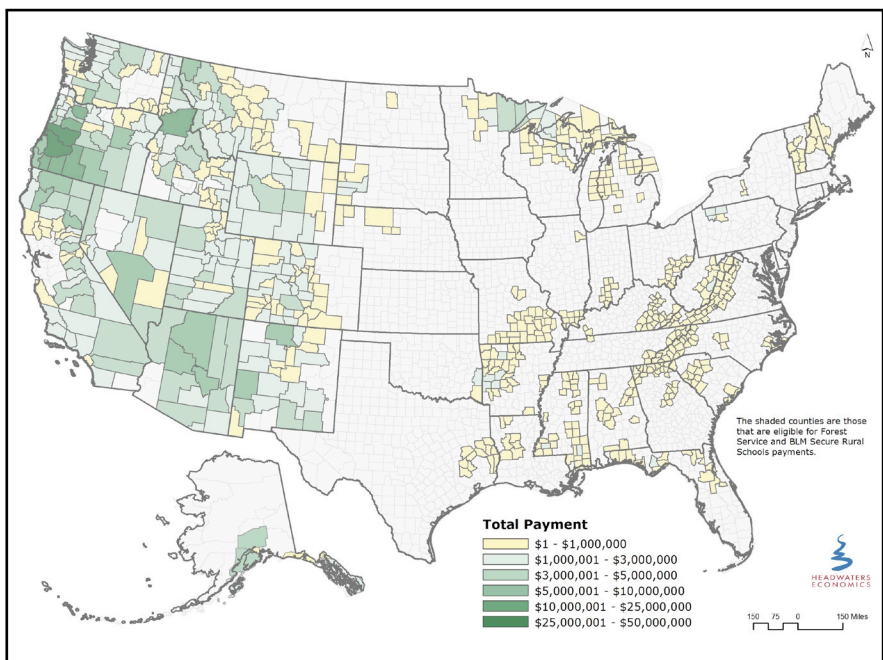
Future county payments are at risk because the pending sunset of Secure Rural Schools in 2011 and the need to reappropriate Payments in Lieu of Taxes after 2012. Growing budget deficit concerns make these actions uncertain. If SRS is not reauthorized, payments again would be tied to commodity receipts meaning lower funding for most counties and less incentive to support land management activities designed to create jobs and improve forest health.

Headwaters Economics is working with partners across the West

on a white paper that analyzes a number of reform and funding ideas for reauthorizing the SRS and PILT programs.

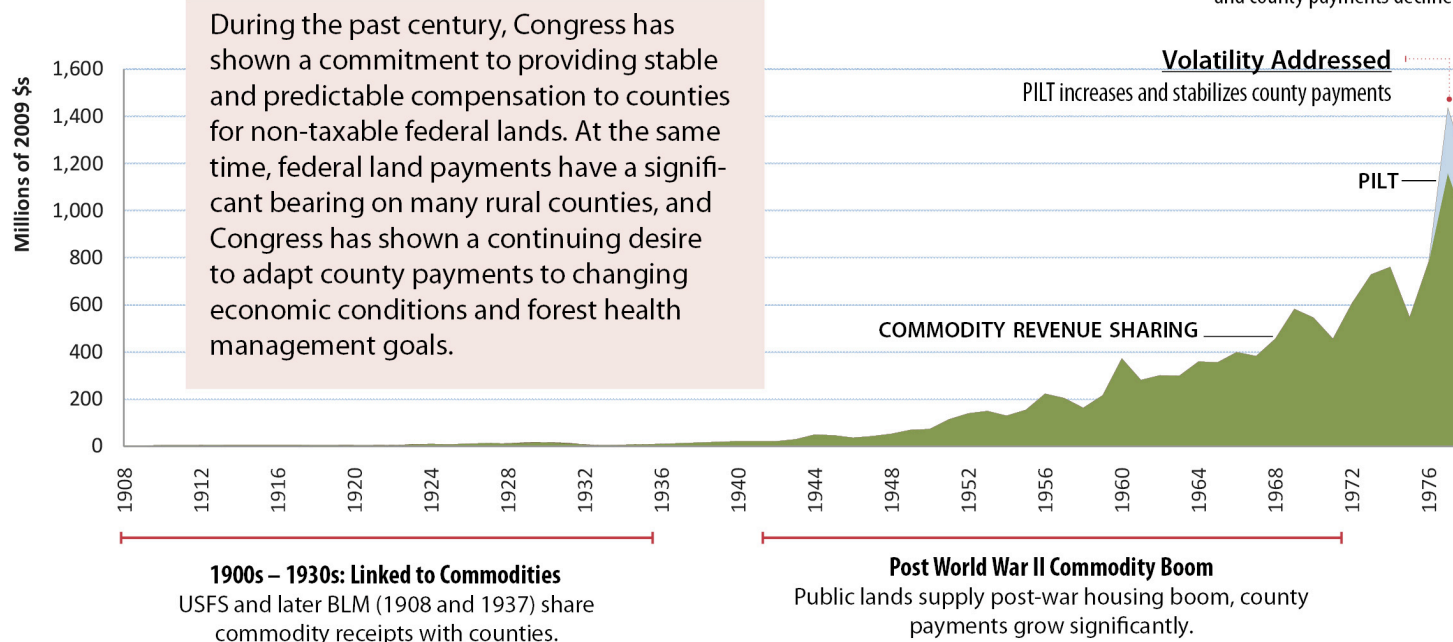
Our goal is to identify ways to provide counties with stable and predictable compensation while reinforcing today's economic and land-health goals. Reforms could include new incentives and standards related to forest restoration and stewardship (e.g., removing roads, planting trees, improving wildlife habitat) and efforts to protect watersheds or forests (e.g., production of fresh water, carbon sequestration).

Current County Payments



Maps of current payments to counties and additional analysis are available at:
www.headwaterseconomics.org/county payments.

Key Developments in the History of County Payments



Linking County Payments to Jobs, Forest Health

Headwaters Economics is analyzing ways to value the worth of collaborative projects that create jobs and improve the health of public lands.

One idea would expand the “gross receipts” eligible for revenue sharing from commodity production to include a variety of activities such as stewardship, restoration, and conservation projects that increase values produced on public lands through watershed restoration, forest health, and wildlife habitat improvements.

As public lands increasingly are managed for stewardship, restoration, and conservation goals, forest managers are using new tools that produce real value, but which are not shared with counties.

This disconnect between the old payment mechanism (commodity only) and today’s management goals and forest values needs to be fixed to ensure counties continue to benefit from forest management activities.

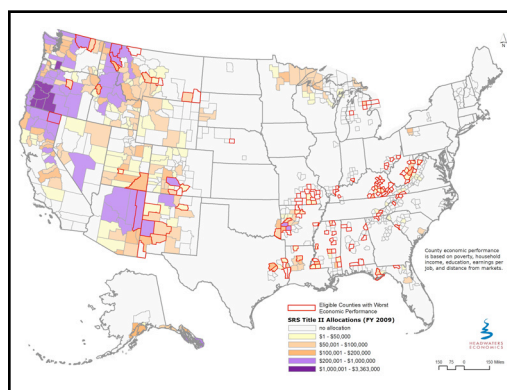
The Changing Role of Public Lands, and Meeting Economic Need

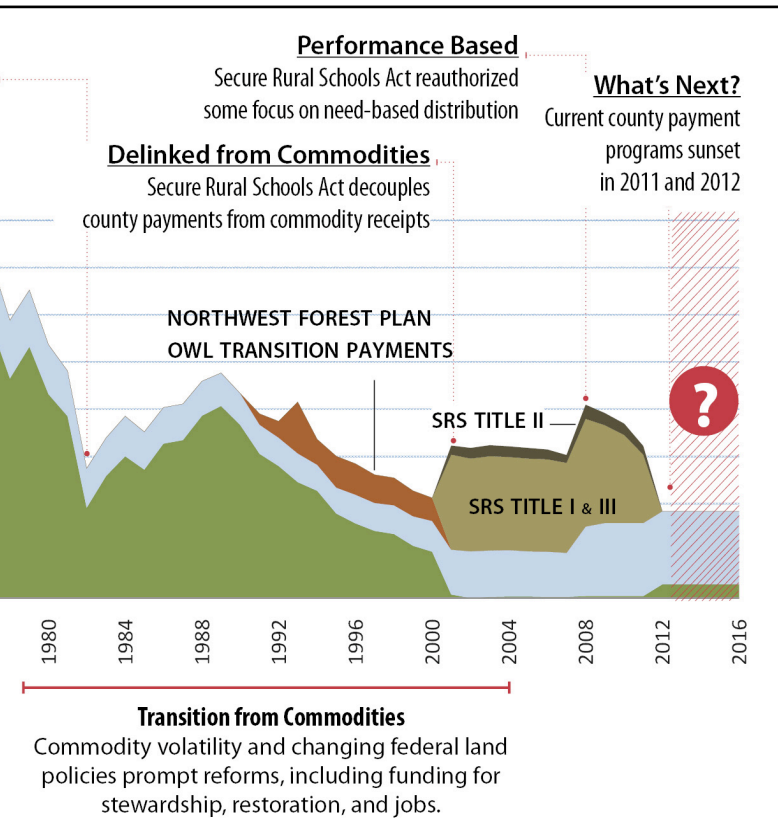
In the last thirty years, many rural counties with significant public lands have seen a dramatic shift in their economy. Timber-related industries have been shrinking as the U.S. economy has evolved to reflect new industry and job opportunities in expanding services-related sectors.

Some counties have capitalized on these new opportunities which are closely tied to the amenity values of public lands. Other counties struggled to transition away from dependence on timber to a broader and more resilient economy.

In 2008, Congress reformed SRS to direct higher payments to these counties, but—with a few exceptions—current payments are poorly targeted. We are exploring ways to better account for economic need and opportunity, using factors such as household income and wages, levels of poverty, educational attainment, and access to markets.

Payments Compared to County Economic Performance





Analyzing the Impact of Possible Reforms

Headwaters Economics is assessing the pros and cons of eight options—ranging from ending or extending SRS payments to a variety of new reform ideas. We describe how each idea will work, how it will affect counties, and whether the idea will contribute to predictable payments, economic opportunity, and forest health.

We also are preparing a series of national maps that provide county-specific illustrations of reform options, allowing for easy comparisons. This interactive mapping tool can be found at:

www.headwaterseconomics.org/countypayments.



Clearwater County, Idaho Commissioner Don Ebert is looking for ways to ensure his county, with 50 percent federal land, has adequate resources to provide quality services that support communities and the region's economy.

ALSO AT HEADWATERS ECONOMICS

www.headwaterseconomics.org

Yellowstone River Study

Headwaters Economics worked with the U.S. Army Corps of Engineers and others to document current and future homebuilding in counties bordering the Yellowstone River.

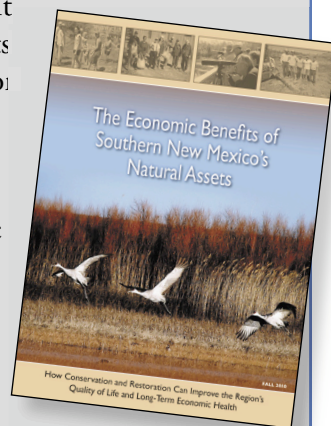


www.cms.headwaterseconomics.org/tools/atlas/yellowstone-river

New Mexico's Natural Assets

This report shows how southern New Mexico's natural areas are a foundation for economic vibrancy and quality of life. It also confirms that investments in conservation and restoration provide not only an immediate return through employment and revenue, but also promote long-term economic growth and development that extends far beyond tourism.

www.headwaterseconomics.org/NMnaturalassets



New Web Page

Visit our new web page later this month which will make it easier than ever to search, share, and cross-reference reports, data, analysis tools, and other information.

www.headwaterseconomics.org



Welcome!

Headwaters Economics welcomes Josh McCord to our team. Josh is working on a variety of research projects involving public lands in the western United States. He has experience in systems administration, database management, and research. Josh holds a B.S. in Economics from Montana State University.



Ongoing Work

Natural Gas Economy

Headwaters Economics is analyzing how western communities with significant natural gas development performed during the most recent recession.

Climate Change Research

We are studying the impacts of climate change on the downhill skiing and recreational fishing industries inside Montana's Crown of the Continent region.

MISSION STATEMENT

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

HEADWATERS ECONOMICS

Mail:

P.O. Box 7059, Bozeman MT 59771

Deliveries:

810 N. Wallace Avenue, Suite D, Bozeman MT 59715

Staff:

Ray Rasker, Ph.D. 406.570.7044

Ben Alexander 406.599.7423

Patty Gude 406.599.7425

Mark Haggerty 406.570.5626

Josh McCord 406.570.2914

Julia Hobson Haggerty, Ph.D. 406.600.1766

Chris Mehl 406.570.8937

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