

HB 2174 A

Distribution of Federal Forest Reserve Money

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OUTLINE

1. Background

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- What is Secure Rural Schools (SRS)?
- What is Payment in Lieu of Taxes (PILT)?

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- What does HB 2174 A do?
- What HB 2174 A does not do

Federal Land in Oregon

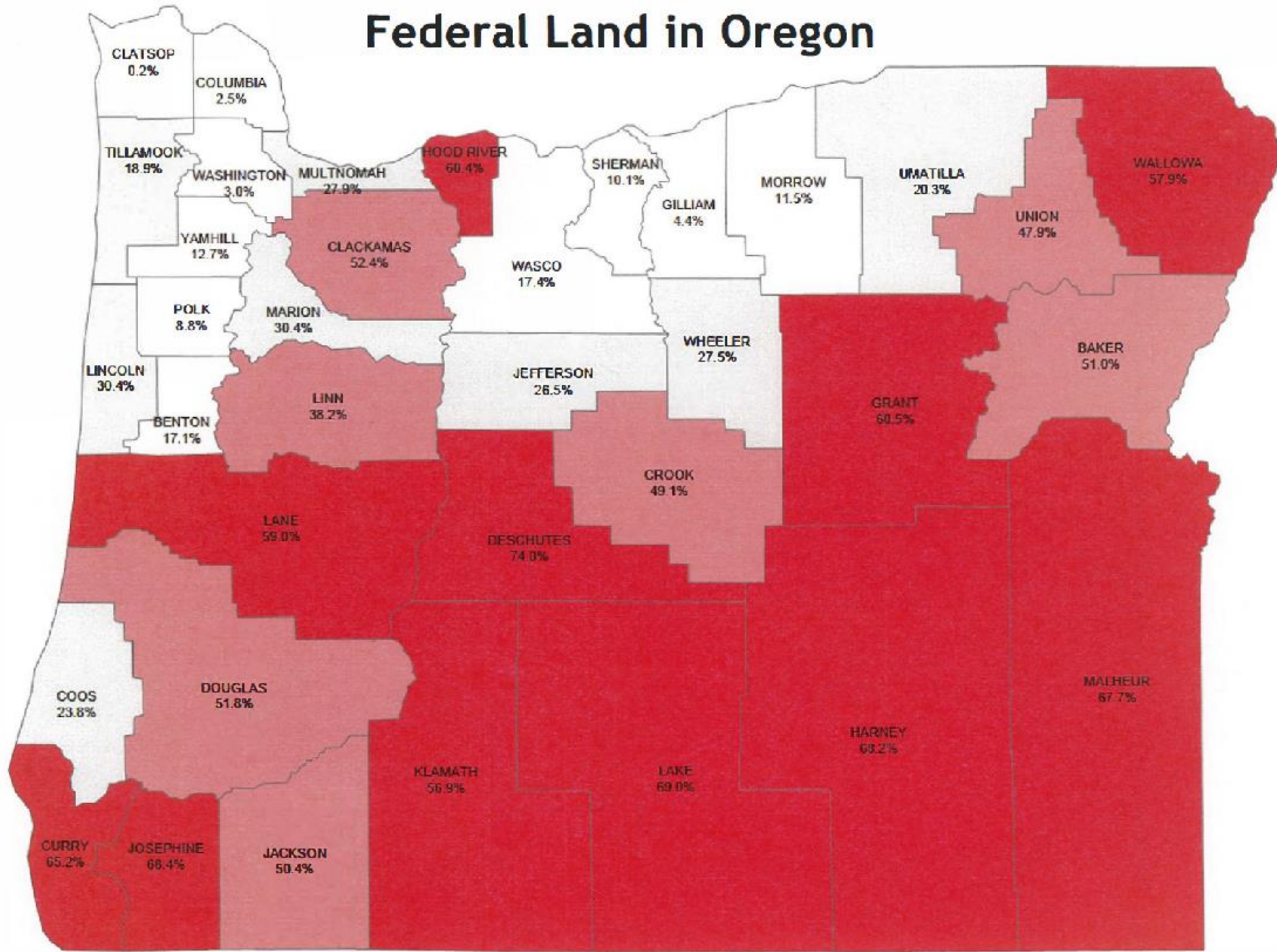
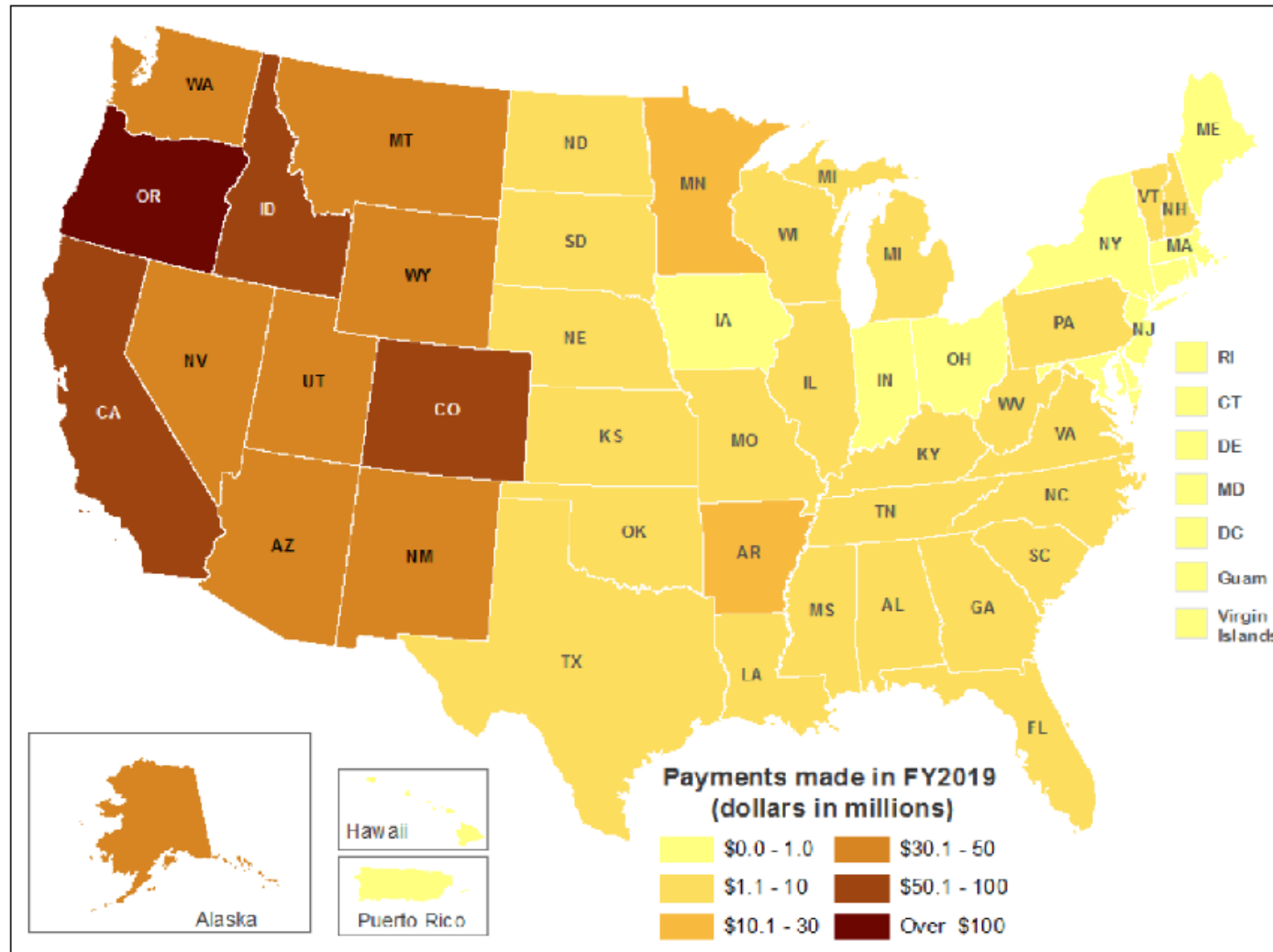


Figure 5. PILT, BLM, and FS Payments Made in FY2019

(sum total of all payments shown on the map)



Source: Prepared by CRS from data reported in **Table 6**.

Notes: The data reflect payments made in FY2019. This includes the FY2019 Payments in Lieu of Taxes (PILT) payment, and the FY2018 Bureau of Land Management (BLM) and Forest Service (FS) payments made in FY2019. The FS payments include the revenue-sharing payment and FS SRS Title I and Title III payments. The BLM payment consists of the SRS Title I and Title III payments (\$32.6 million), which were paid to the Oregon and California (O&C) counties in Oregon only.

What is SRS?

- Since 1908, the Forest Service provided counties and schools 25 percent of the revenues collected from management activities on the National Forest System.
- The SRS program was enacted in 2000 to provide funding for counties and schools to compensate for steep reductions in revenues from timber harvests.
- The SRS program aids rural counties and school districts affected by the decline in revenue from timber harvests on federal lands.
- Historically, rural communities and schools have relied on a share of receipts from timber harvests to supplement local funding for education services and roads.

What is PILT?

- The U.S. Department of Interior makes PILT payments to over 1,900 counties in 49 states, the District of Columbia, Guam, Puerto Rico and the U.S. Virgin Islands.
- PILT provides payments to counties to offset lost property tax revenues due to the presence of non-taxable federal lands within their jurisdictions.
- The PILT program was created in 1976 to offset costs incurred by counties for services provided to federal employees and families, the public and to the users of public lands.
- Services include education, solid waste disposal, law enforcement, search and rescue, health care, environmental compliance, firefighting, parks and recreation and other important community services.

What does HB 2174 A do?

- It would allow flexibility for county governments to increase federal dollars that flow into rural communities.
- Under HB 2174 A a county government could elect to divert the 75% of their Secure Rural Schools (SRS) payment that is statutorily reserved for the county road fund to a separate public body potentially.
- HB 2174 A would potentially bring an estimated additional **\$22** million federal dollars into Oregon's counties.

Why do we need HB 2174 A ?

- Under the current Payment in Lieu of Taxes (PILT) formula, federal receipts from SRS, Refuge Revenue Sharing Fund, The National Forest Fund, Taylor Grazing Act, Mineral Leasing Act, Federal Power Act, and the Community Self Determination Act of 2000 are deducted from the next year's PILT allocation as prior payments received by the county.
- If a separate public body receives the payment instead of the county, the amount is not deducted from the next year's PILT payment as a prior payment.

Which public bodies are eligible for election?

- The bill limits the eligible public bodies a county can elect to receive their SRS payment to:
 - An intergovernmental entity created by an agreement under ORS 190.003 to 190.130
 - A county road district under ORS 371.055 to 371.110
 - A service district for roads under ORS Chapter 451

Parameters of HB 2174 A

- HB 2174 A creates an ***option*** for counties to increase their PILT payment by electing another eligible local government to receive their designated credit forest reserve moneys that would otherwise be credited to county road fund.
- The moneys credited to a public body under this legislation **shall** be used in the same manner and subject to the same restrictions as would have applied to the moneys in the hands of the county.
- A county may request that the department discontinue crediting the moneys to the public body at any time.

What HB 2174 A does not do

- HB 2174 A makes no changes to any of the payment formulas or the intent of the payment programs.
- HB 2174 A does not require any county to divert SRS funds to another local government if they do not wish to do so.
- HB 2174 A does not create any new local government entities under Oregon law.

QUESTIONS?