

Tax Equivalent PILT

A Win-Win-Win-Win Solution!

Utah once again dead last in per-student educational spending

By ANDREAS RIVERA, Standard-Examiner Staff Jun 10, 2016



Census report: Utah still last in country in spending

By Morgan Jacobsen | Jun 2, 2015, 5:20pm MDT

The Salt Lake Tribune

We're No. 51: Utah last again for per-student spending

NEWS > LOCAL NEWS

Utah schools rank last in per-pupil spending, again



EDUCATION NEWS
EDUCATION POLICY TECHNOLOGY HIGHER EDUCATION ONLINE SCHOOLS PARENTING INTERNATIONAL / UK
New York #1, Utah Last In Money Spent Per Student

TUESDAY
06 10, 2014
NICK GREEN
FILED UNDER
CENSUS DATA EDUCATION

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The Salt Lake Tribune

Decline in Utah school funding effort 'unprecedented'

By Lisa Schencker The Salt Lake Tribune

• June 29, 2011 12:48 pm

According to the report, Utah would have had to have spent an additional \$392 million — 11 percent more — on education funding just to move up one spot from its ranking of last in the nation for per-pupil spending in 2009. To have risen to the national average for per-pupil spending in 2009, the state would have had to spend a whopping \$2.2 billion more.

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**CONCURRENT RESOLUTION CALLING ON CONGRESS TO
PROVIDE PERMANENT MULTIYEAR FUNDING
FOR THE PAYMENT IN LIEU OF TAXES PROGRAM**

2014 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ralph Okerlund

House Sponsor: Michael E. Noel

98 WHEREAS, counties in Utah are required to provide law enforcement, search and

116 WHEREAS, the counties of Utah need and deserve long-term stability in PILT funding

117 in a timely manner year to year, so that counties may establish their own annual operating

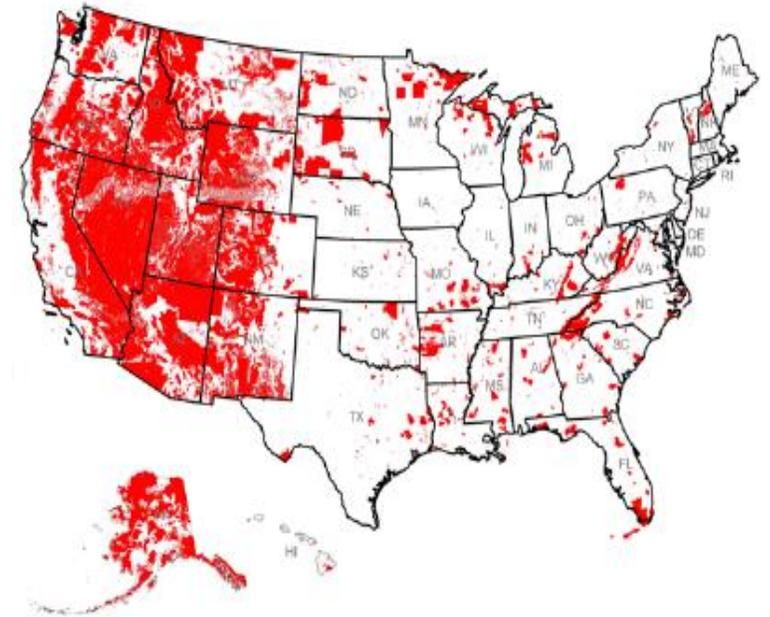
118 budgets with timeliness and certainty;

115 accompanied this crisis;

103 solvency of some public land counties;

“The Payments in Lieu of Taxes Act of 1976 was passed at a time when U.S. policy was shifting from one of disposal of federal lands to one of retention. The policy meant the retained lands would no longer be expected to enter the local tax base at some later date. **Because of that shift, Congress agreed** with recommendations of a federal commission that if these federal lands were never to become part of the local tax base, **some compensation should be offered to local governments (generally counties) to make up for the presence of nontaxable land within their jurisdictions.**” Congressional Research Service (CRS), PILT

Somewhat Simplified, October 5, 2017, page 1



● Non-taxable Federal lands



United States
Department
of Agriculture

Forest Service

Rocky Mountain
Research Station

General Technical Report
RMRS-GTR-36WWW

September 1999



An Analysis of PILT-Related Payments and Likely Property Tax Liability of Federal Resource Management Lands

Ervin G. Schuster
Paul R. Beckley
Jennifer M. Bushur
Krista M. Gebert
Michael J. Niccolucci

Published exclusively on the World Wide Web

“The Payments in Lieu of Taxes (PILT) Act (31 USC 1601-1607) was passed in October 1976, thus promoting the Public Land Law Review Commission’s recommendation of nearly a decade earlier. ... **PILT**

held the promise of both stabilizing Federal payments to counties and improving prospects for tax equivalency.”

GAO

United States General Accounting Office
Report to the Honorable
Vic Fazio, House of Representatives

September 1998

LAND MANAGEMENT AGENCIES

Revenue Sharing Payments to States and Counties



“The Bureau of Land Management also compensates counties by providing payments in lieu of taxes that would have been received by these jurisdictions if the federal lands were privately owned.”

Page 1

REVIEW: THE "AGREEMENT" PILT TAX EQUIVALENCY $\Lambda E \Omega^{AI}$

PAYMENTS IN LIEU OF TAXES:

Revisions to DOE Order Could Provide Better Assurance That Payments Meet Goals

GAO-20-122: Published: Oct 29, 2019. Publicly Released: Oct 29, 2019.

FAST FACTS

HIGHLIGHTS

RECOMMENDATIONS

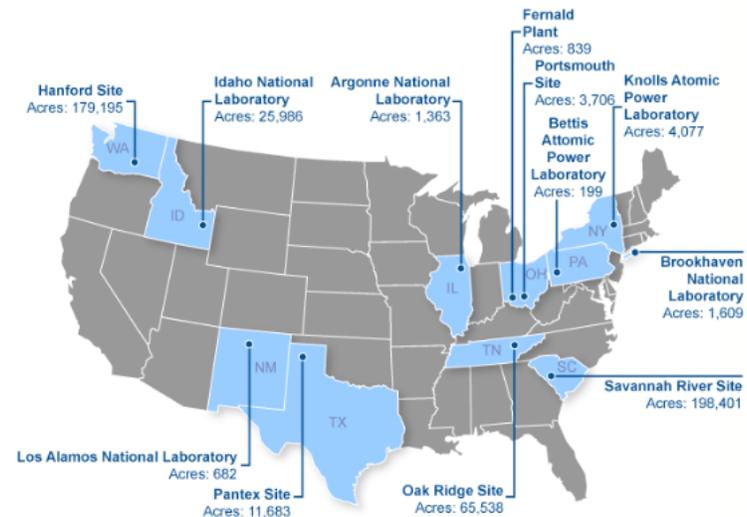
VIEW REPORT (PDF, 56 PAGES)

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The federal government has acquired over 2 million acres for nuclear weapons development and energy research. This property is not subject to property taxes. In lieu of taxes, the Department of Energy provides payments to some local communities that host DOE sites. In fiscal year 2017, payments totaled \$23 million for eligible acreage, with 70% going to communities near the largest sites—Hanford, Washington, and Savannah River, South Carolina.

DOE tries to make payments reflect what communities would have received had the property remained on the tax rolls. However, DOE has not consistently met this goal. We **recommended** actions to make payments more consistent.

DOE Sites with Communities that Receive Payments in Lieu of Taxes and the Amount of Acres Associated with Payments



Sources: GAO analysis of Department of Energy data; Map Resources (map). | GAO-20-122

Additional Materials:

- Highlights Page: (PDF, 1 page)
- Full Report: View Report (PDF, 56 pages)

Contact:

David Trimble
(202) 512-3841
TrimbleD@gao.gov

Office of Public Affairs
(202) 512-4800
youngc1@gao.gov

“DOE tries to make payments reflect what communities would have received had the property remained on the tax rolls.”



PILT (Payments in Lieu of Taxes): Somewhat Simplified

Katie Hoover
Specialist in Natural Resources Policy

October 5, 2017

“No precise dollar figure can be given in advance for each year’s PILT authorized level. Five factors affect the calculation of a payment to a given county:

- (1) the number of acres eligible for PILT payments,
- (2) the county’s population,
- (3) payments in prior years from other specified federal land payment programs,
- (4) state laws directing payments to a particular government purpose, and
- (5) the Consumer Price Index as calculated by the Bureau of Labor Statistics. If the appropriation for PILT funding is less than the full authorized amount, each county receives a prorated payment.”

(Summary)

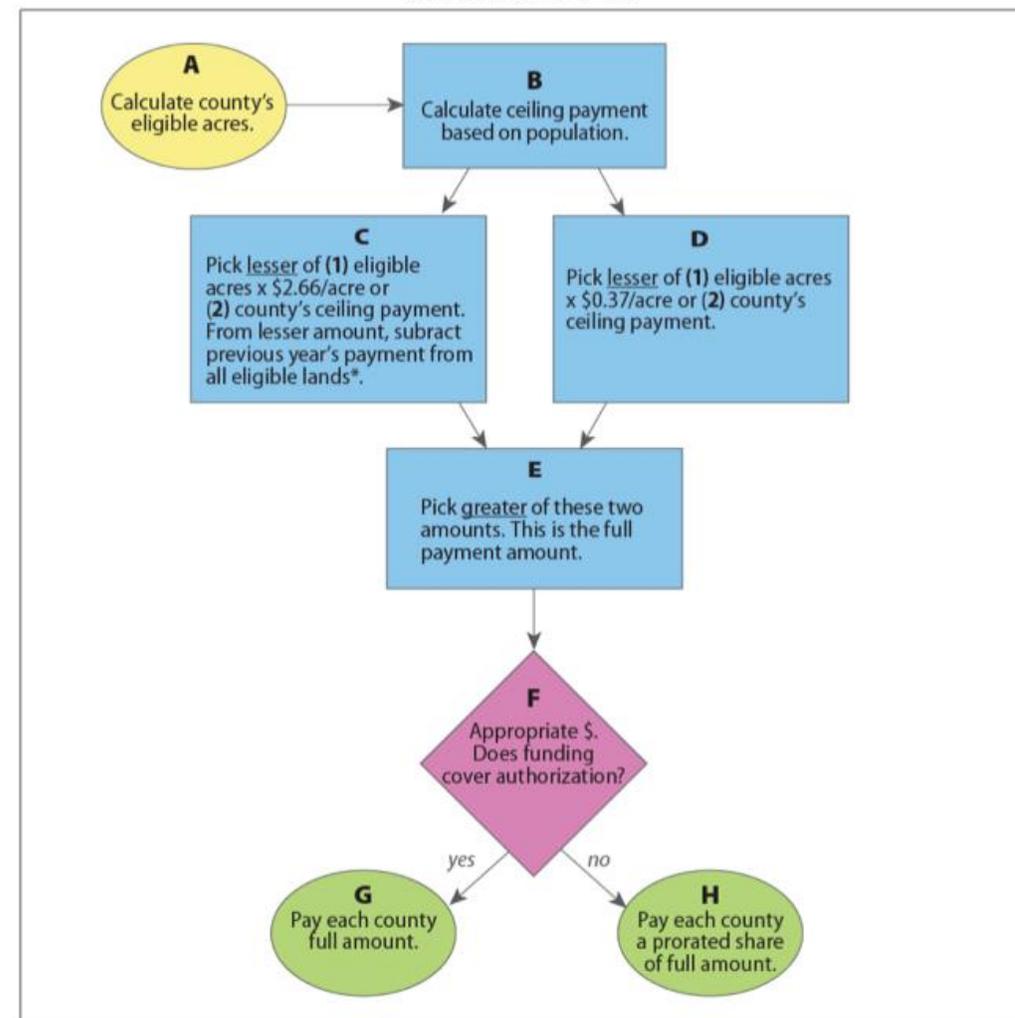


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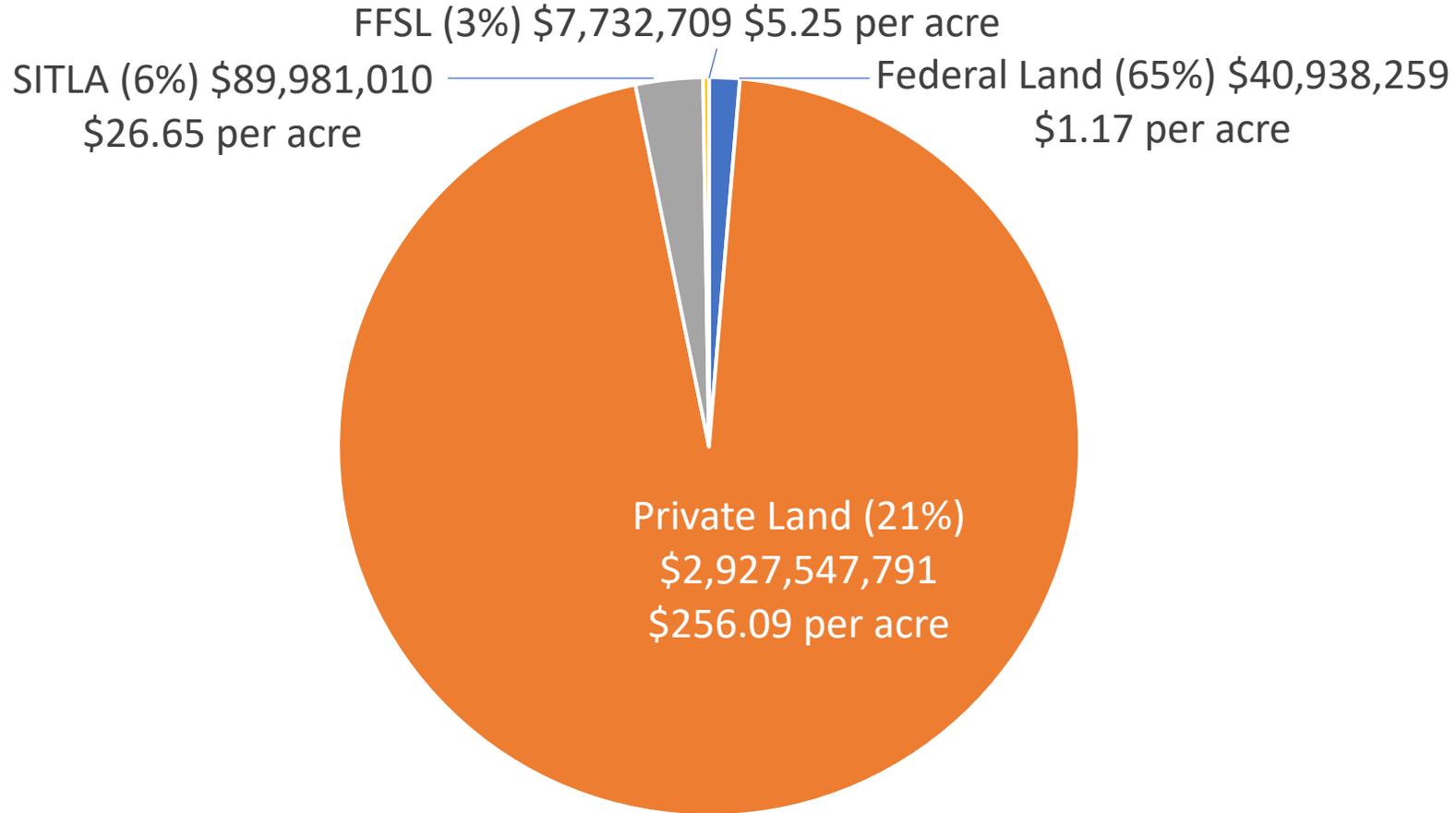
Figure 5. Steps in Calculating PILT for Eligible Federal Lands
(FY2017 payment levels)



Source: Prepared by CRS, based on PILT statute (31 U.S.C. §§6901-6907).

Notes: The payments (marked *) are the specific payments for federal lands. The amount subtracted in box C is reduced in states with pass-through laws.

Revenues by Ownership



■ Federal Land ■ Private Land ■ SITLA ■ FFSL

Utah receives more property tax in **6 days** from **21%** taxable lands (**\$48.1 Million**)

...than it receives in **an entire year in PILT** from **65%** non-taxable federal lands (**\$40.9 Million**)

PILT (Payments in Lieu of Taxes):
Somewhat Simplified

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Table 2. PILT Payments to Selected Urban Counties, FY2016

County	Eligible Acres	FY2016 Appropriated Amount (\$)
Sacramento County (CA)	9,618	24,956
Cook County (IL)	139	361
Cuyahoga County (OH)	2,594	6,730
Arlington County (VA)	27	0 ^a
District of Columbia	8,482	22,007

Source: *National Summary, FY2016.*

In FY2016, the counties in which Sacramento, Chicago, and Cleveland are found, as well as the District of Columbia, all received PILT payments, although the property tax on similar nonfederal lands likely would have been substantially greater. ...PILT payments are by no means acting as an equivalent to property tax payments.

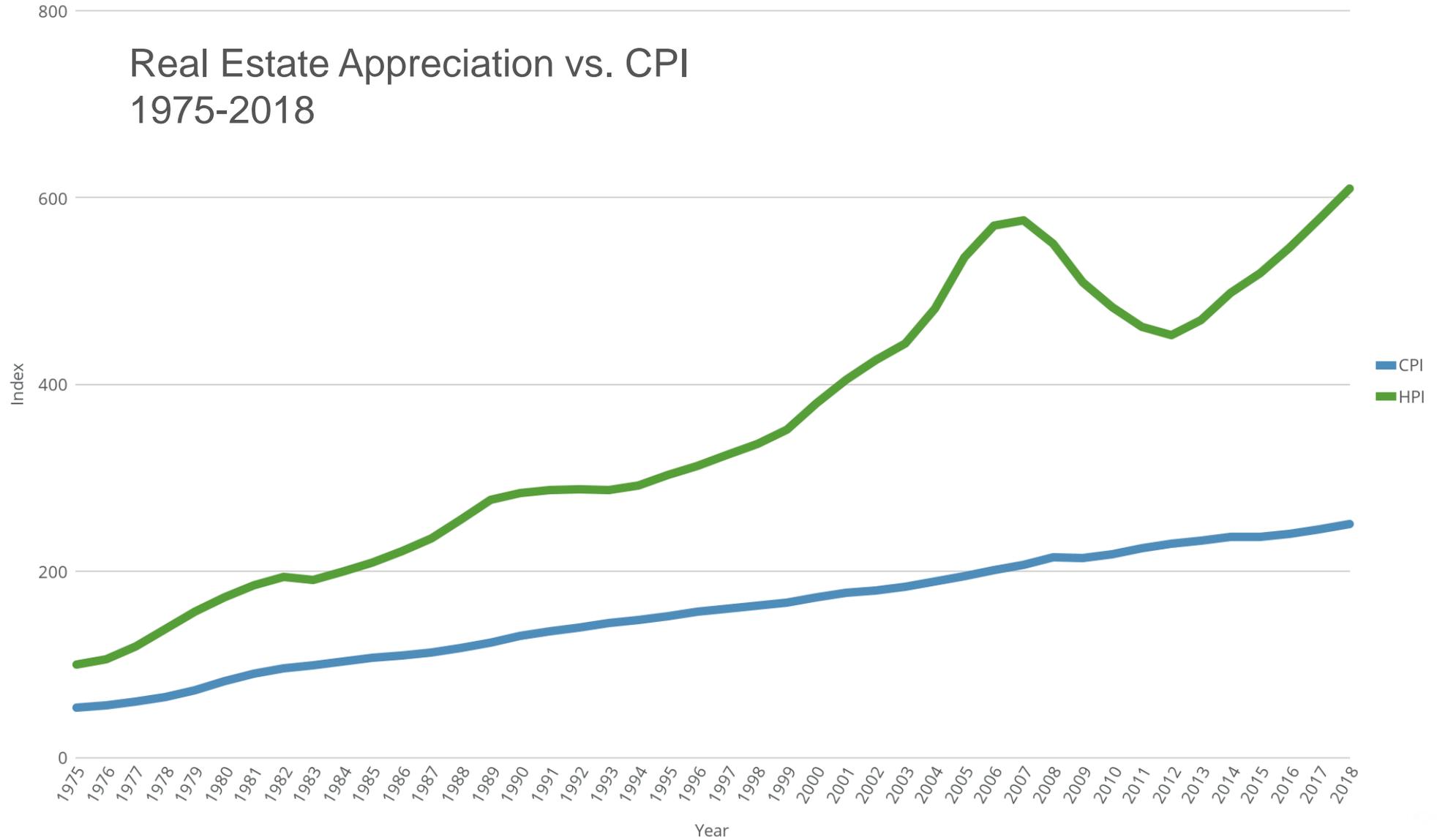
The Salt Lake Tribune

Decline in Utah school funding effort 'unprecedented'

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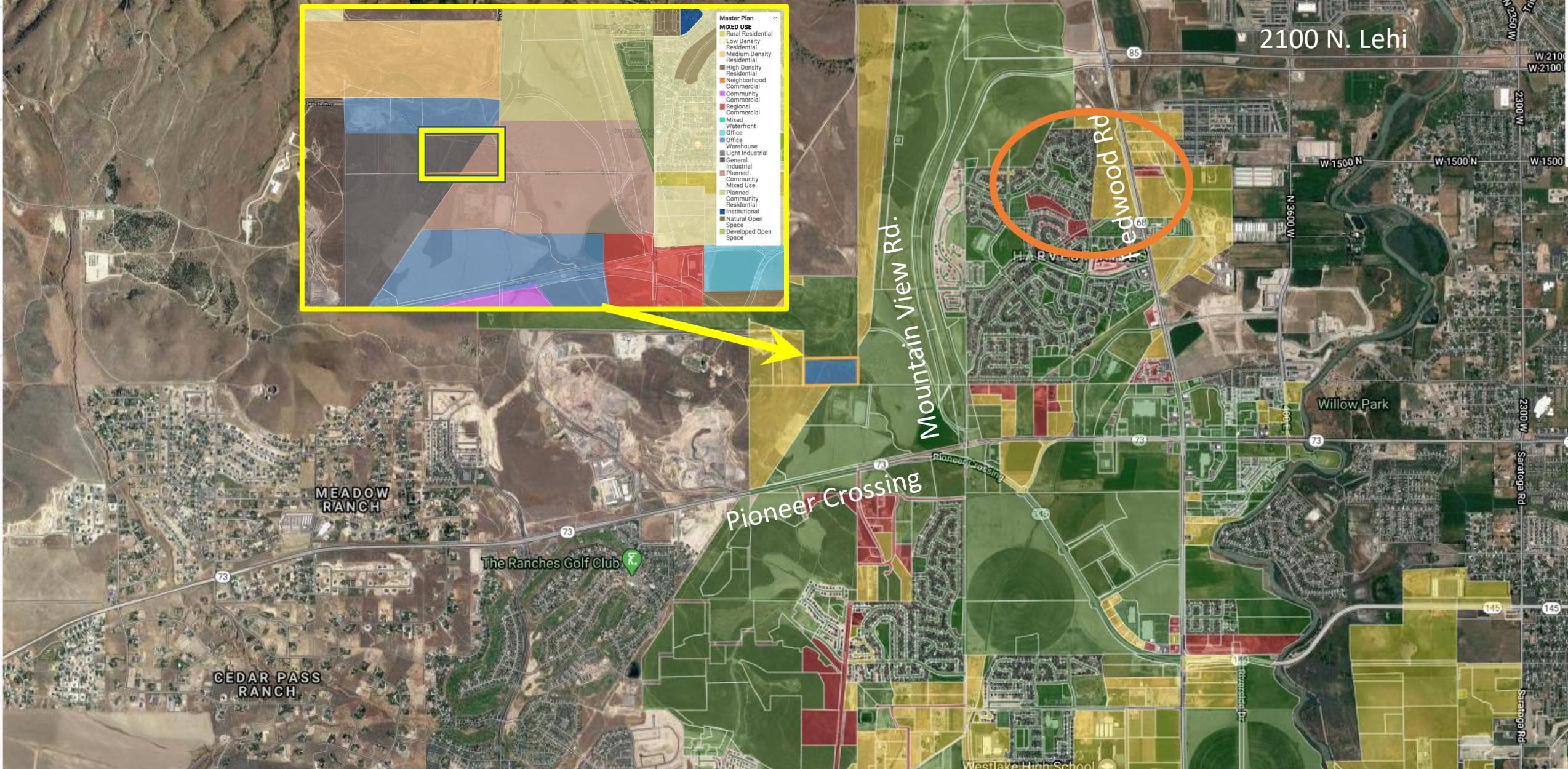
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Tax Equivalent? 20.32 Acres of BLM Land in Saratoga Springs



Tax Equivalent? \$55.27 in PILT for 20.32 Acres of BLM Land in Saratoga Springs



MATRIX: TAX EQUIVALENCY vs. PILT IN HELD FEDERAL PARCELS (BLM/USFS)

AEON^{AI}

For Every **\$1,000** Tax Equivalent

The Federal Government Pays ...



(if it gets around to it... *heavy sigh!*)

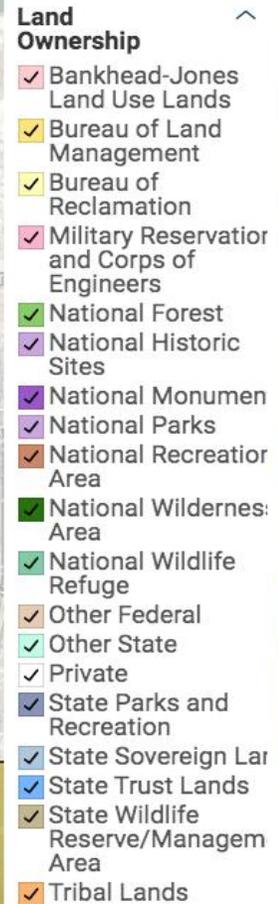
Federally Controlled Public Lands Entirely “In Held” within Utah City Boundaries:

- Acres of garden-variety federal land (BLM & USFS only, NOT Nat’l Parks, Military, etc.) **>217,000**
- Percentage of total federal land in Utah **<1% (0.0066)**
- PILT paid by the federal govt **=\$505,000**
- Tax Equivalent amount **>\$131 Million**
- PILT percentage of Tax Equivalent amount **<4/10ths of 1%**



1 Mile from Utah City Boundaries are an additional:

- Acres of garden-variety federal land (BLM & USFS only, NOT Nat'l Parks, Military, etc.) **>441,000**
- Percentage of total federal land in Utah **<1.7%**
- PILT paid by the federal govt **<\$843,000**
- Tax Equivalent amount **>\$227 Million**
- PILT percentage of Tax Equivalent amount **<4/10ths of 1%**



Total Utah City Limits + 1 mile:

- Acres of garden-variety federal land (BLM & USFS only, NOT Nat'l Parks, Military, etc.) **>650,000**
- Percentage of total federal land in Utah **<2%**
- PILT paid by the federal govt **<\$1.4 Million**
- Tax Equivalent amount **>\$344 Million**
- PILT percentage of Tax Equivalent amount **<4/10ths of 1%**

Demographics: Income Median

- \$0-40,000
- \$40,000-\$52,000
- \$52,000-\$62,000
- \$62,000-\$72,000
- \$72,000-\$81,000
- \$81,000-\$95,000
- \$95,000+
- Not Rated

Tax Equivalent Amount for PILT at the Lowest Taxable Value – Unimproved Recreational Use:

- Federally controlled public lands in Utah **>32 million acres**
- **PILT** paid to Utah in 2019 **\$40.9 million**
- **Property Tax Equivalent** as unimproved recreational property is more 4.5 times PILT **>\$180 million**
- **Property Tax Equivalent** as unimproved recreational property **plus** in-held lands* **>\$309 million**
- **Property Tax Equivalent** as unimproved recreational property **plus** city limits + 1 mile* **>\$534 million**

* Assumes raw land



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One Third of the Nation's Land

A Report to the President
and to the Congress
by the Public Land
Law Review Commission

June 1970

Urban Expansion and New Cities

“Recommendation 97: A new statutory framework should be enacted to make public lands available for the expansion of existing communities and for the development of new cities and towns.”

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One Third of the Nation's Land

A Report to the President
and to the Congress
by the Public Land
Law Review Commission

June 1970

Urban Expansion and New Cities

“The Nation's population is expected to increase by nearly 100 million persons by the year 2000. ... With the prospect of this rapid growth of our population, the Commission has considered **the role the public lands might play in meeting the increasing demands for land for urban uses over the next several decades.**”

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One Third of the Nation's Land

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June 1970

Establishment of New Cities

“... as many as **100 cities of 100,000 population** each and **10 cities of about a million population** each must be established nationwide during the next 30 years.

“... the Department of Housing and Urban Development has the matter under study, as do committees of Congress.”

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One Third of the Nation's Land

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Law Review Commission

June 1970

Expansion of Existing Communities

“We believe such a measure would facilitate planning and more orderly urban growth, get public lands needed for development onto the tax rolls more quickly, return a fair value to the U.S. Treasury, and reduce the administrative cost of disposal to the Federal Government.”

Southern Nevada Public Lands Management Act

People are still moving “out West” to California, Arizona and Nevada. Since 1980, the population of **Las Vegas has grown almost four-fold**, from 164,000 to 633,000.

With growth comes the need for more houses and more property, but the city has also been confined by federal land. An opaque system of land trading eventually prompted congress to pass the Southern Nevada Public Lands Management Act (SNPLMA) in 1998 to usher in an era of orderly expansion onto federal land. The act allows Congress to set a disposal

<https://ourland.arizona.edu>

The sale of 35,000 acres has generated **\$3.5 billion** over the last 20 years.

85% of the proceeds have remained in Nevada for various public projects, including the purchase and protection of 70,000 acres of environmentally sensitive areas. The revenue has generated attention from special interest groups across the West as a model for accelerating the sale of public land.

How was the money spent?

Search the [SNPLMA database](#) or read an analysis by the [New York Times](#).

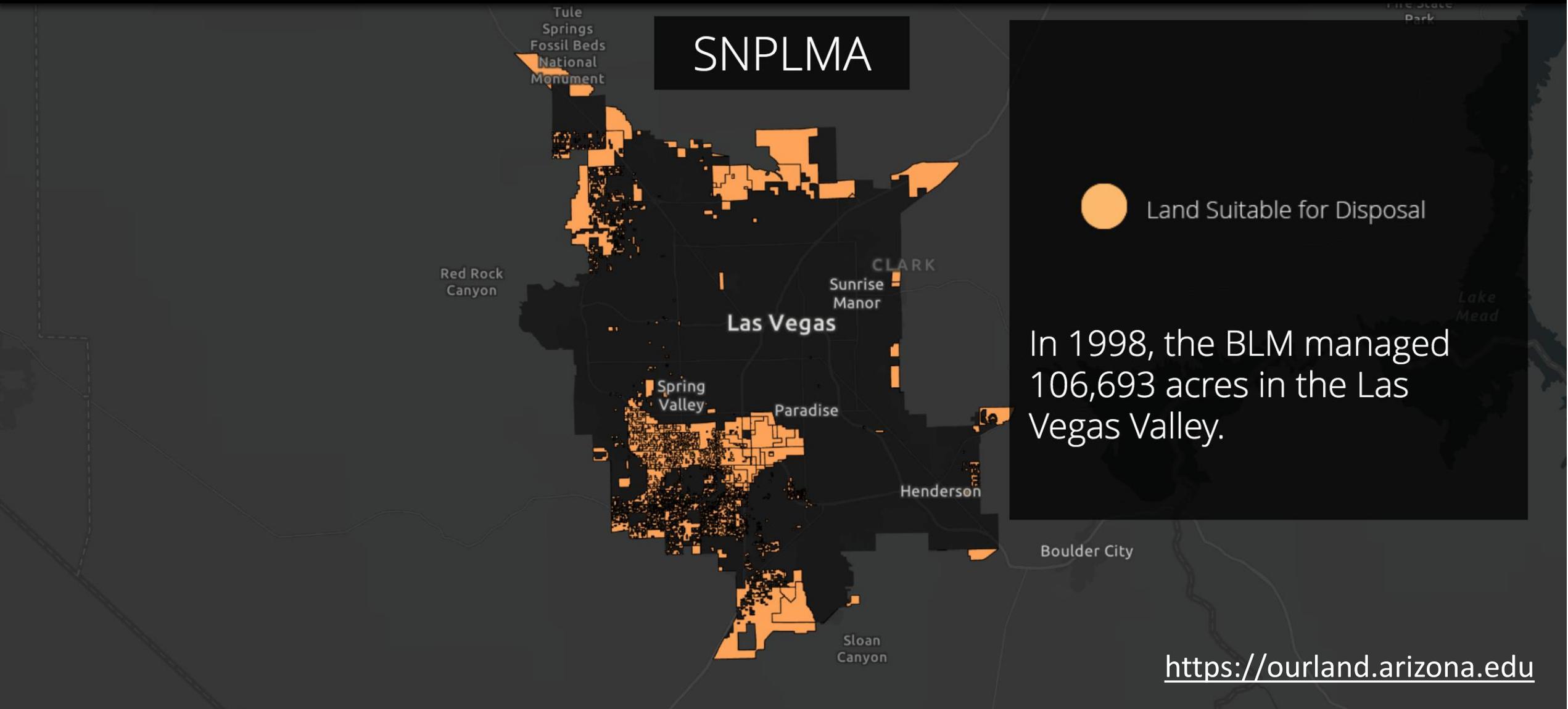
<https://ourland.arizona.edu>

It's Been Done Before Southern Nevada Public Lands Management Act

AEON^{AI}

esri OUR LAND

[FEDERAL] [FRAGMENTING] INHOLDINGS NEVADA [DISPOSAL] A Story Map



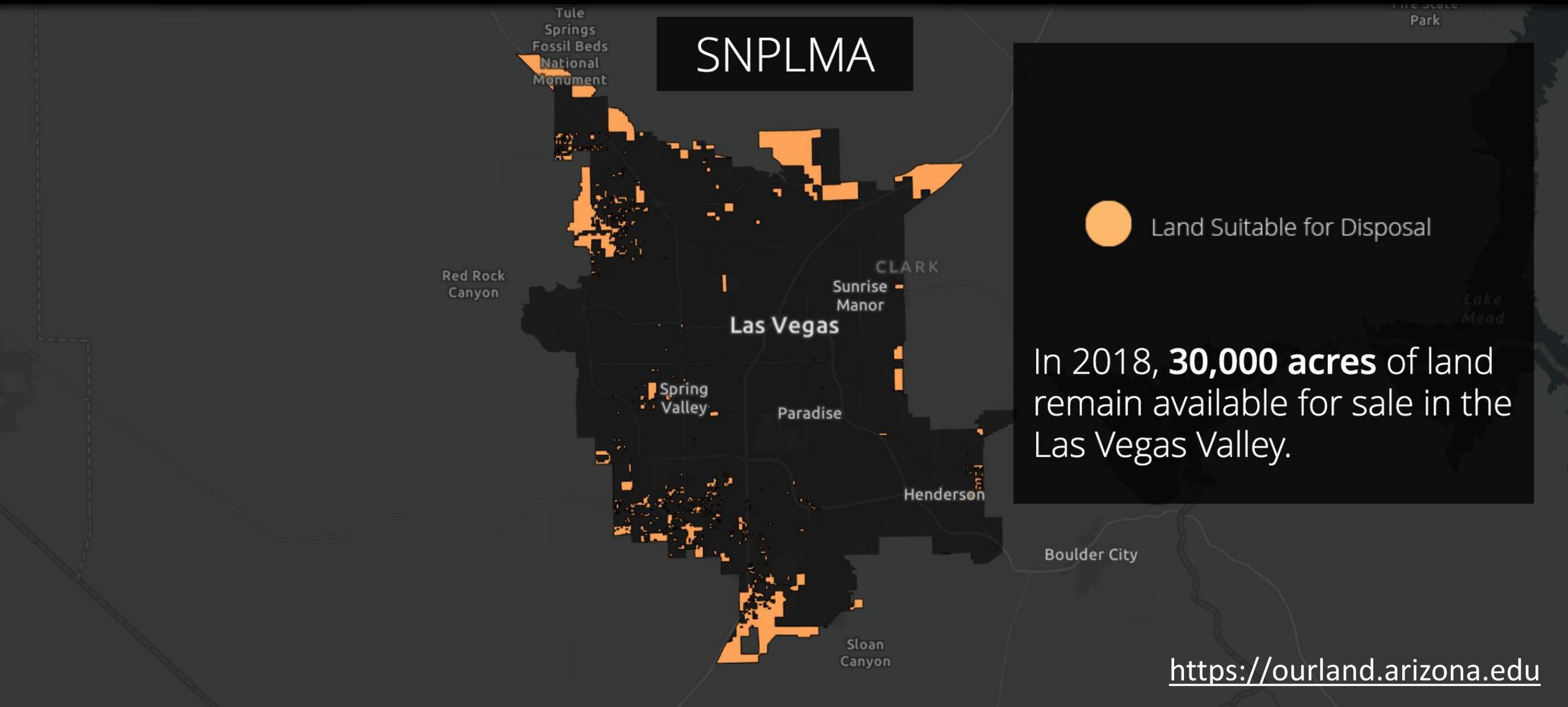
<https://ourland.arizona.edu>

It's Been Done Before Southern Nevada Public Lands Management Act

AEON^{AI}

esri OUR LAND

[FEDERAL] [FRAGMENTING] INHOLDINGS NEVADA [DISPOSAL] A Story Map



<https://ourland.arizona.edu>

Land Ownership Type ^

- Federal
- Private
- State
- Tribal

Potential Tax Equivalent amount Assuming Low Density Residential Use (lowest improved taxable value)

- Entirely “In Held” within City Boundaries **>\$361 Million**
- 1 Mile from City Boundaries (ex. in held) **>\$1.3 Billion**
- In held + 1 mile from City Boundaries **>\$1.7 Billion**
- PILT paid by federal govt **<\$1.4 Million**
- PILT percentage of Tax Equivalent amount **<8/100ths of 1%**

"That five per centum of the proceeds of the sales of public lands lying within said State, which shall be sold by the United States ... shall be paid to the said State ... for the support of the common schools within said State."

Utah Enabling Act, Section 9, (July 16, 1894)

Resource Management Plan

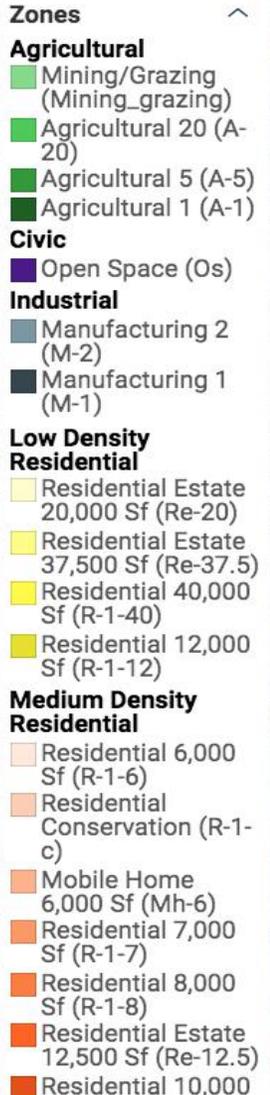
- Coal 4 Foot Seam
- Energy Corridor Areas
- Energy - Corridor Resource Lines
- Energy - Phase 1 Transmission
- Geologic - Veins
- Geothermal - Zones
- Grazing - Allotment
- Mineral Deposits - Geoscience Mineral Deposits
- Oil and Gas - Gas Deposits
- Oil and Gas - Gas Fields
- OilShale - Deposits 1988
- Phosphate - Deposits 1988
- Potash - Deposits
- Shallow Ground Water
- Solar Zones
- Wind Zones

To “facilitate planning and more orderly urban growth”

Acres of garden-variety federal land inside of 1 Mile of Utah City Boundaries

>650,000

- **Win #1** Market value (raw land)
Fed Revenue <math>< \\$56 \text{ Billion}</math>
- **Win #2** 5% paid to Utah schools $> \\$2.8 \text{ Billion}$
- **Win #3** Annual Property Tax (raw land) $> \\$358 \text{ Million}$
- **Win #4** Land + Liberty = **American Dream**



PILT CONSULTING

As Governor Herbert noted, success for such a transformative initiative requires:

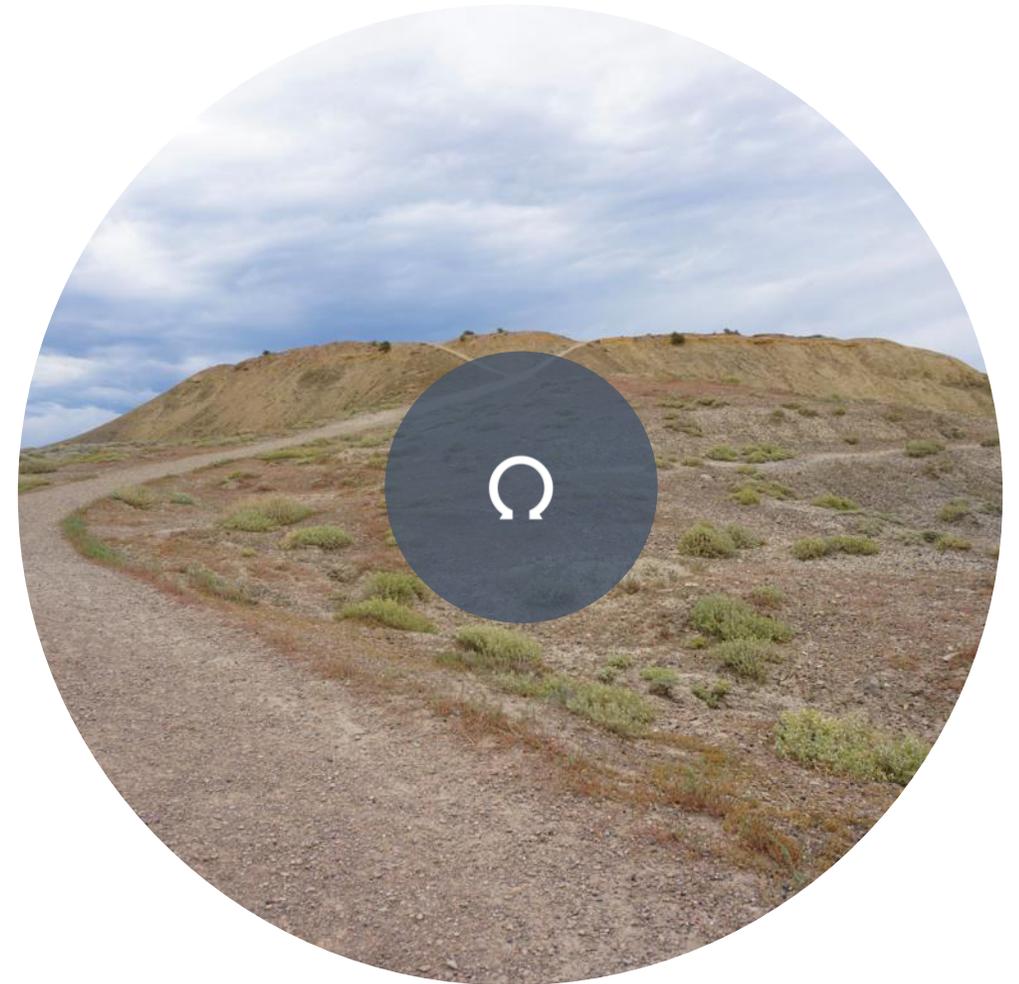
Education

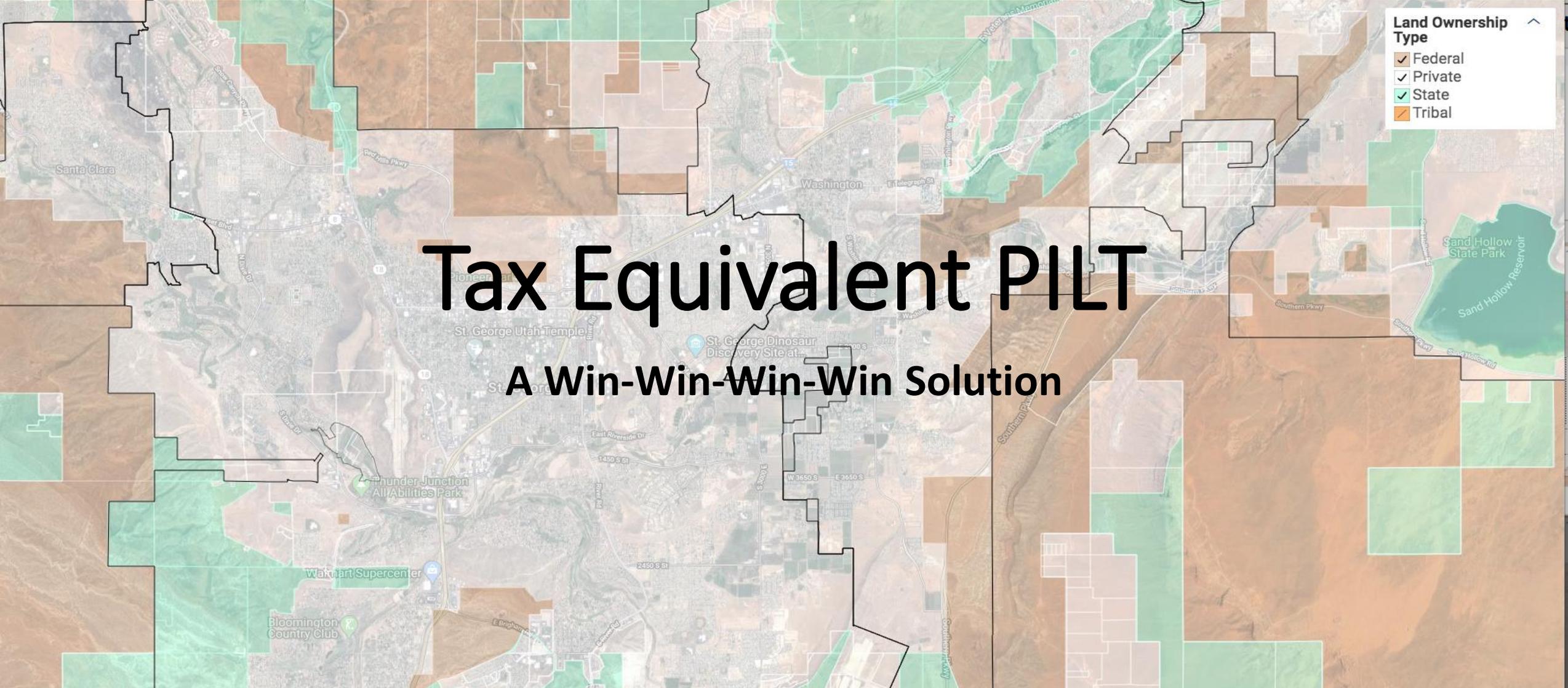
Negotiation

Legislation, and, potentially,

Litigation

Going forward, we have the unique expertise experience, and connections in each of these areas to help the Commission secure the tax equivalent PILT for our children and communities.





Tax Equivalent PILT

A Win-Win-Win-Win Solution