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State Comparison of Payments in Lieu of Taxes for 1999

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Almost one-third of total U.S. acreage is federal lands with the largest percentage in the thirteen Western states.¹ Of the total federally administered acreage in 1999, approximately 92.3 percent were located in the thirteen Western states. Because of the vast quantities of public lands in the West, the management of these public lands greatly impact county economies and local government fiscal balances.

Since public lands are administered by the federal and/or state government, these lands are not subject to local government taxation. However, the U.S. Congress passed Public law 94-565 in 1976, which enacted the Payment in Lieu of Taxes (PILT) program. The act has gone through several revisions since 1976. In 1982, it was amended and recorded as Chapter 69, 31 U.S.C. In 1983, it was amended to clarify the definition of "unit of general local government" and authorized state governments to redistribute payments to smaller units of government through legislation. The most recent change occurred following the passage of an Act in 1994 that increased payments to each county. Due to its distinction as the largest federal land management

agency, the Bureau of Land Management was chosen by the Secretary of the Interior to administer the PILT program.

Although all fifty states plus the District of Columbia, Guam, the Virgin Islands and Puerto Rico are eligible to receive federal land-based payments, western states receive the majority due to substantially greater percentages of Federal land ownership. Table 1 shows the thirteen western states received \$103,907,660 in PILT which accounts for 83.4 percent of total PILT payments made in 1999.

Table 1. Payment in Lieu of Taxes by Thirteen Western States and Rest of U.S. 1999

State	Entitlement Acres	Total PILT	PILT per Entitlement Acre
California	42,820,923	\$12,789,337	\$0.30
New Mexico	22,571,110	\$11,597,426	\$0.51
Arizona	27,539,895	\$10,275,296	\$0.37
Montana	27,210,659	\$9,846,022	\$0.36
Utah	32,440,085	\$9,783,359	\$0.30
Colorado	23,617,846	\$9,294,770	\$0.39
Alaska	104,823,543	\$8,734,619	\$0.08
Idaho	32,328,703	\$8,354,480	\$0.26
Wyoming	29,933,836	\$7,969,204	\$0.27
Nevada	56,856,175	\$7,180,805	\$0.13
Oregon	28,733,148	\$3,720,267	\$0.13
Washington	11,485,941	\$3,707,574	\$0.32
Hawaii	13,267	\$14,500	\$1.09
Rest of U.S.	39,395,740	\$21,313,318	\$0.54
TOTAL	479,770,871	\$124,580,977	\$0.26

Table 1 shows that the state of Nevada had the second largest amount of entitlement acreage with 56,856,175 acres. However, the state of Nevada received only \$7,180,805 in PILT which ranks Nevada tenth highest in the nation in PILT payments. Nevada PILT payments translated to \$0.13 in PILT payments per entitled acre. Only Alaska had a smaller PILT payment per entitlement acre at \$0.08.

The Western states of California, New Mexico, Arizona, Montana, Utah, Colorado, Alaska, Idaho and Wyoming received larger PILT payments than Nevada. Only the state of Alaska has a greater entitlement acreage than Nevada. Only the states of Washington, Oregon and Hawaii had lower PILT payments than Nevada.

The state of California realized the largest PILT payments in 1999 at \$12,789,337 or \$0.30 in PILT payments per entitlement acreage. Even though California had approximately 14 million entitlement acres less than the state of Nevada, California received approximately \$5.0 million more than the state of Nevada in PILT payments. The disparity between overall payments to these states is a result of the PILT formula which is discussed in Zimmerman and Harris (2000). While providing more overall revenue, the new PILT formula apparently has caused little change in payments between states.

Table 2. Federal Payments in Lieu of Payments for the Thirteen Western States from 1995 to 1999.

State	1995	1996	1997	1998	1999
Alaska	\$4,713,149	\$4,881,171	\$6,780,912	\$8,067,394	\$8,734,619
Arizona	\$8,435,276	\$9,637,593	\$9,439,156	\$10,033,602	\$10,275,296
California	\$9,620,931	\$10,981,158	\$11,144,562	\$12,001,299	\$12,783,359
Colorado	\$6,621,107	\$7,817,409	\$8,083,786	\$8,464,227	\$9,294,770
Hawaii	\$0	\$0	\$9,865	\$13,987	\$14,500
Idaho	\$7,055,419	\$7,995,619	\$7,719,459	\$8,024,068	\$8,354,480
Montana	\$7,728,062	\$8,932,523	\$8,932,282	\$9,345,804	\$9,846,022
Nevada	\$6,462,215	\$7,061,291	\$6,863,738	\$6,973,002	\$7,180,805
New Mexico	\$10,526,826	\$11,799,581	\$11,152,959	\$11,375,334	\$11,597,426
Oregon	\$2,750,818	\$3,469,868	\$3,497,163	\$3,778,244	\$3,720,267
Utah	\$8,682,991	\$9,587,416	\$9,308,104	\$9,477,033	\$9,783,359
Washington	\$4,790,444	\$2,210,219	\$2,812,553	\$3,253,931	\$3,707,574
Wyoming	\$5,740,222	\$7,220,748	\$7,465,499	\$7,658,654	\$7,969,204

Table 2 shows a time trend of PILT payment to the thirteen Western States from 1995 to 1999. PILT payments to the state of California and Colorado increased by 32.9 percent and 40.4 percent, respectively for the past five years. However the state of Nevada realized only an 11.1 percent increase while PILT payments to Washington declined by 22.6 percent from 1995 to 1999. Table 2 shows that as PILT payments have changed, allocation among states has not been equitable.

¹ The thirteen Western States are Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming.

REFERENCES

Zimmerman, John and Thomas R. Harris. "An Update of Federal and State Land-Based Payments in Nevada." University Center for Economic Development Technical Report UCED 2000/01-06. September 2000.

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