

# Tax Equivalent PILT

**A Win-Win Solution!**



Enrolled Copy

H.B. 357

1                    **EVALUATING TAX REVENUE FOREGONE FROM**  
2                    **FEDERALLY CONTROLLED LANDS**  
3                    2018 GENERAL SESSION  
4                    STATE OF UTAH  
5                    **Chief Sponsor: Ken Ivory**  
6                    Senate Sponsor: David P. Hinkins  
7                    Cosponsors:                    Stephen G. Handy                    Dixon M. Pitcher  
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12                    Joel K. Briscoe                    Michael S. Kennedy                    Paul Ray  
13                    Walt Brooks                    Brian S. King                    Edward H. Redd  
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15                    Scott H. Chew                    Karen Kwan                    Adam Robertson  
16                    LaVar Christensen                    Bradley G. Last                    Angela Romero  
17                    Kay J. Christofferson                    Karianne Lisonbee                    Douglas V. Sagers  
18                    Kim F. Coleman                    A. Cory Maloy                    Scott D. Sandall  
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20                    Brad M. Daw                    Michael K. McKell                    Travis M. Seegmiller  
21                    Susan Duckworth                    Kelly B. Miles                    V. Lowry Snow  
22                    James A. Dunnigan                    Carol Spackman Moss                    Robert M. Spendlove  
23                    Rebecca P. Edwards                    Jefferson Moss                    Keven J. Stratton  
24                    Steve Eliason                    Merrill F. Nelson                    Norman K. Thurston  
25                    Justin L. Fawson                    Michael E. Noel                    Raymond P. Ward  
26                    Gage Froerer                    Derin R. Owens                    Christine F. Watkins  
27                    Francis D. Gibson                    Lee B. Perry                    R. Curt Webb  
28                    Brian M. Greene                    Jeremy A. Peterson                    Elizabeth Weight  
29                    Keith Grover                    Val L. Peterson  
                  Craig Hall

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H.C.R. 19

1                    **CONCURRENT RESOLUTION REGARDING THE IMPACT OF**  
2                    **FEDERAL LANDS ON THE STATE EDUCATION SYSTEM**  
3                    2018 GENERAL SESSION  
4                    STATE OF UTAH  
5                    **Chief Sponsor: Ken Ivory**  
6                    Senate Sponsor: Jim Dabakis

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8 **LONG TITLE**

9 **General Description:**

10                    This concurrent resolution of the Legislature and the Governor urges the President of  
11 the United States, the United States Congress, and Utah's congressional delegation to  
12 propose and secure the passage of legislation that requires PILT payments to be a fair  
13 and steady source of revenue that would otherwise be generated but for the federal  
14 control of Utah lands.

15 **Highlighted Provisions:**

16                    This resolution:

- 17                    ▶ urges the President of the United States, the United States Congress, and Utah's
- 18 congressional delegation to propose and secure the passage of legislation that
- 19 requires PILT payments to be equivalent to the tax revenue the state, subdivisions,
- 20 and school districts would otherwise be able to generate but for the federal control
- 21 of Utah lands;
- 22                    ▶ urges the President and Congress to timely and faithfully pay PILT payments; and
- 23                    ▶ urges the President and Congress to refrain from holding PILT payments hostage to
- 24 secure legislative votes.

25 **Special Clauses:**

26                    None

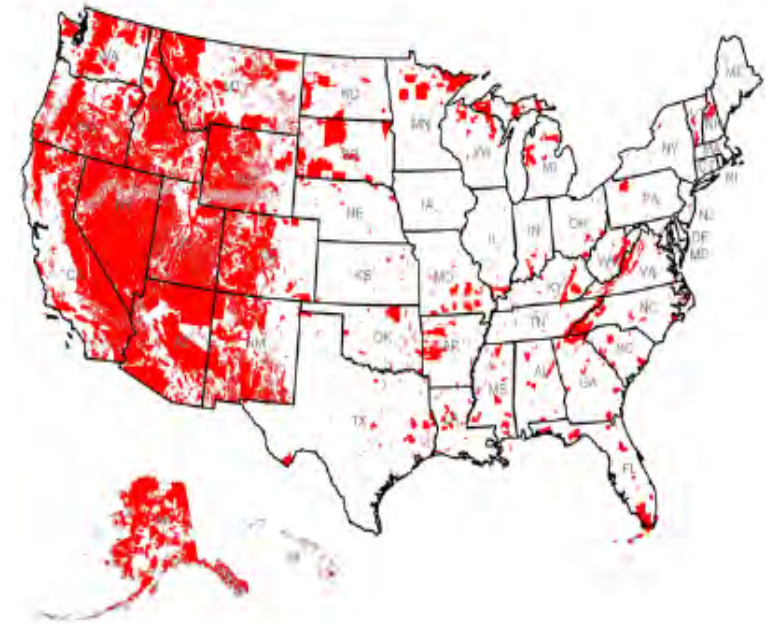
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28 *Be it resolved by the Legislature of the state of Utah, the Governor concurring therein:*

29                    WHEREAS, the power to tax is the fuel of self-governance;

“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.”

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

**GAO** U.S. Government Accountability Office

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## PAYMENTS IN LIEU OF TAXES:

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

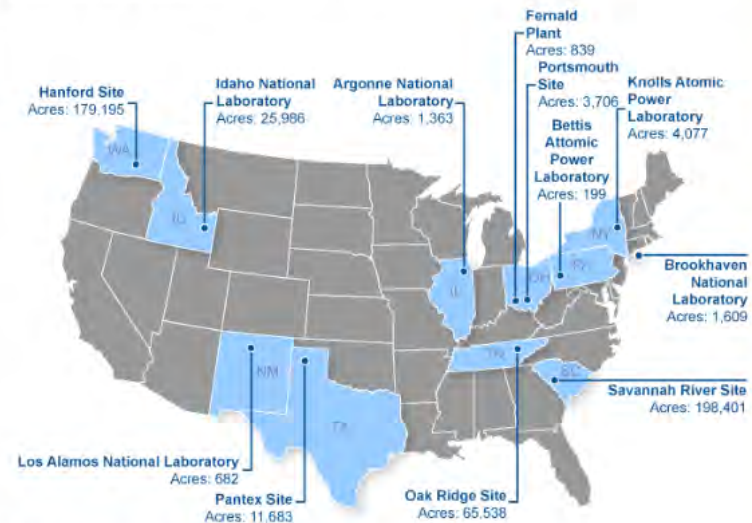
GAO-20-122: Published: Oct 29, 2019. Publicly Released: Oct 29, 2019.

FAST FACTS HIGHLIGHTS RECOMMENDATIONS VIEW REPORT (PDF, 56 PAGES)

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)

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(202) 512-4800  
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“DOE tries to make payments reflect what communities would have received had the property remained on the tax rolls.”



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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

## The Valuation of Federal Lands

“The interests of all concerned should be protected by a **continuing program of periodic valuation of Federal lands**. In the interest of **administrative simplicity and uniformity**, the implementation of a Federal payments-in-lieu-of-taxes system will **require a systematic approach to the valuation of Federal lands...valued expressly for tax purposes...**”

Page 240

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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

## The Valuation of Federal Lands

“At the operational level, **representatives** of the Federal Government, jointly with state and/or local governments, **should agree on a valuation for tax purposes consistent with the assessment of privately owned lands in the area...relating payments to the tax rates applicable to similar private 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

## The Valuation of Federal Lands: Cost of Program

“[T]he Commission ... believes, however, that **the total cost [of valuing federal lands] is irrelevant** if fairness requires the compensating of state and local governments for protecting the national interest in lands considered to warrant retention in Federal ownership. **It is a proper cost to be borne by all Federal taxpayers.**”



## 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)



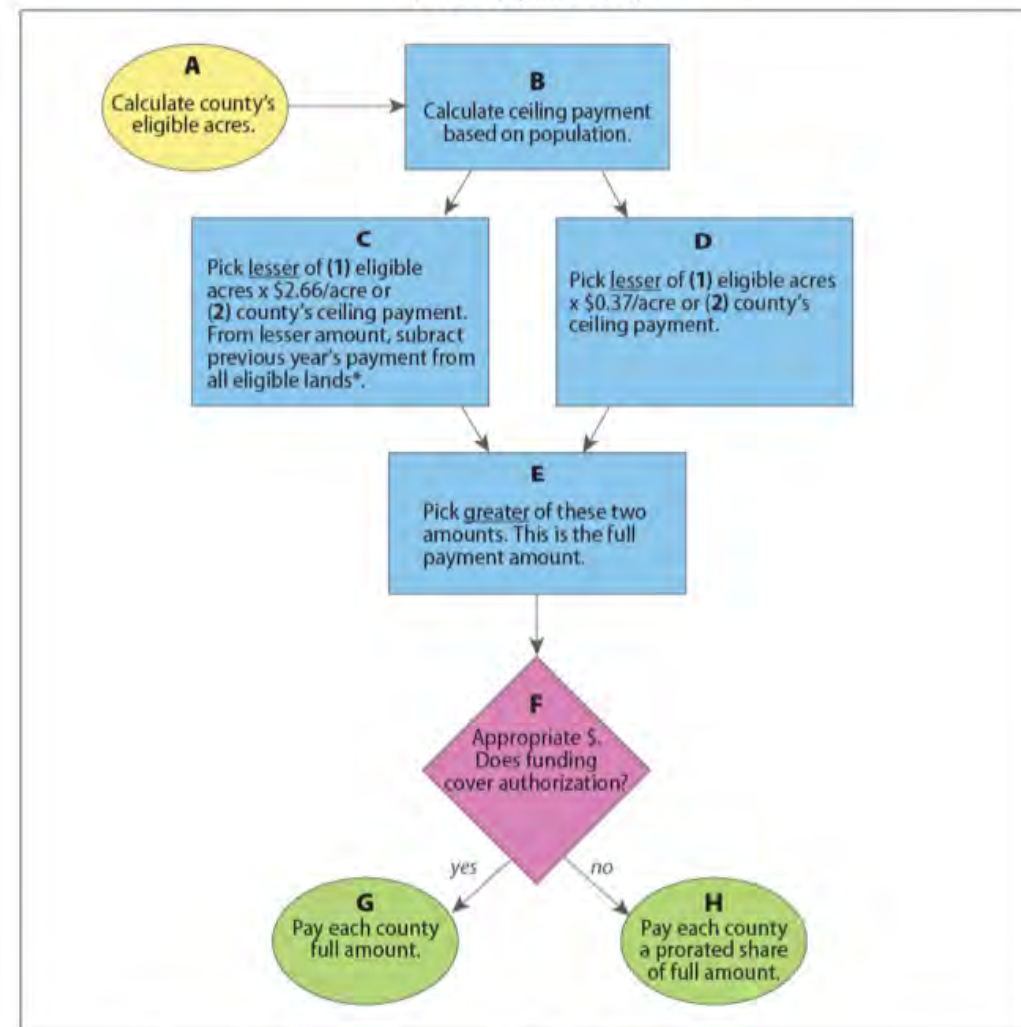


## PILT (Payments in Lieu of Taxes): Somewhat Simplified

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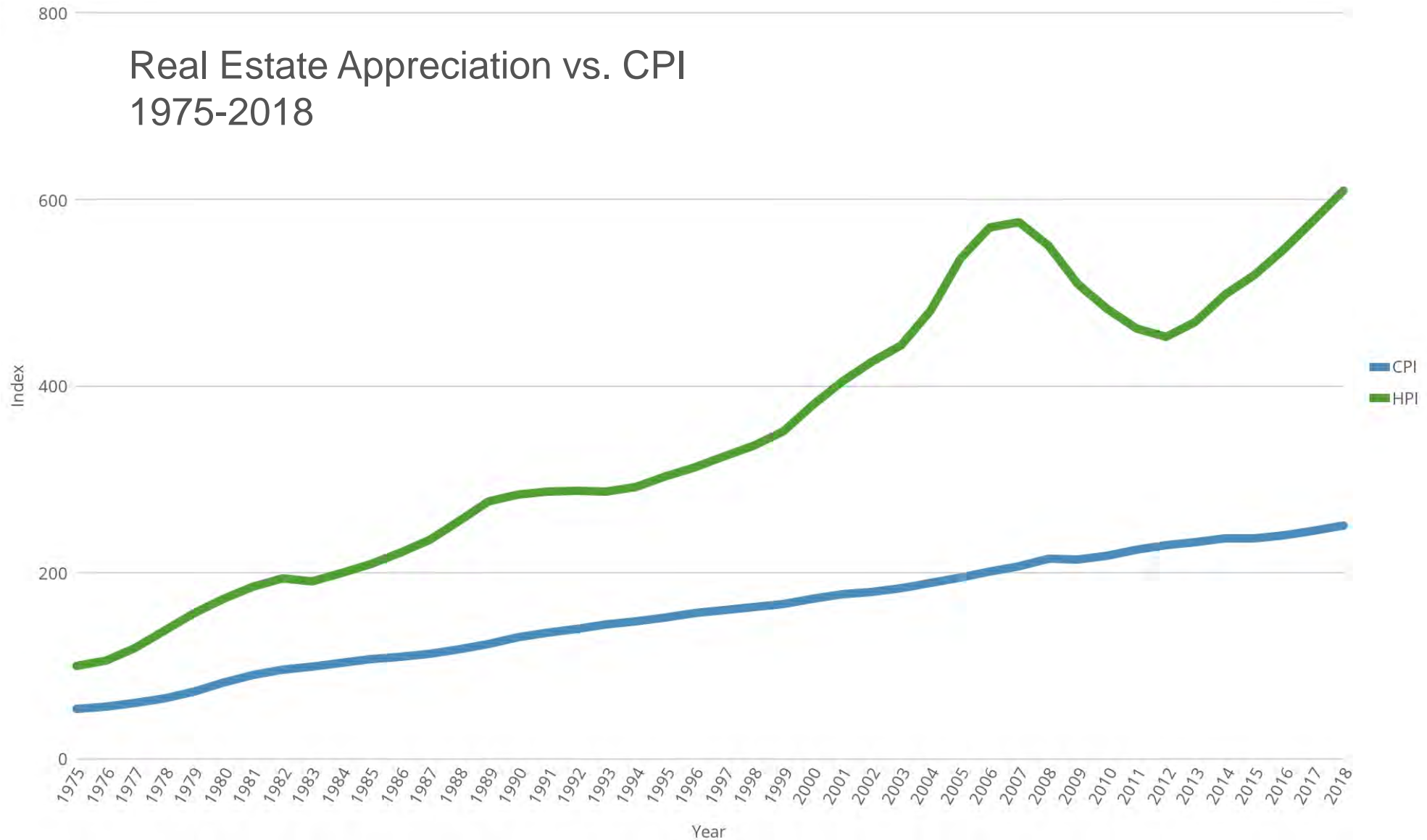
October 5, 2017

**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.





The Salt Lake Tribune

# Decline in Utah school funding effort 'unprecedented'

By Lisa Schencker The Salt Lake Tribune

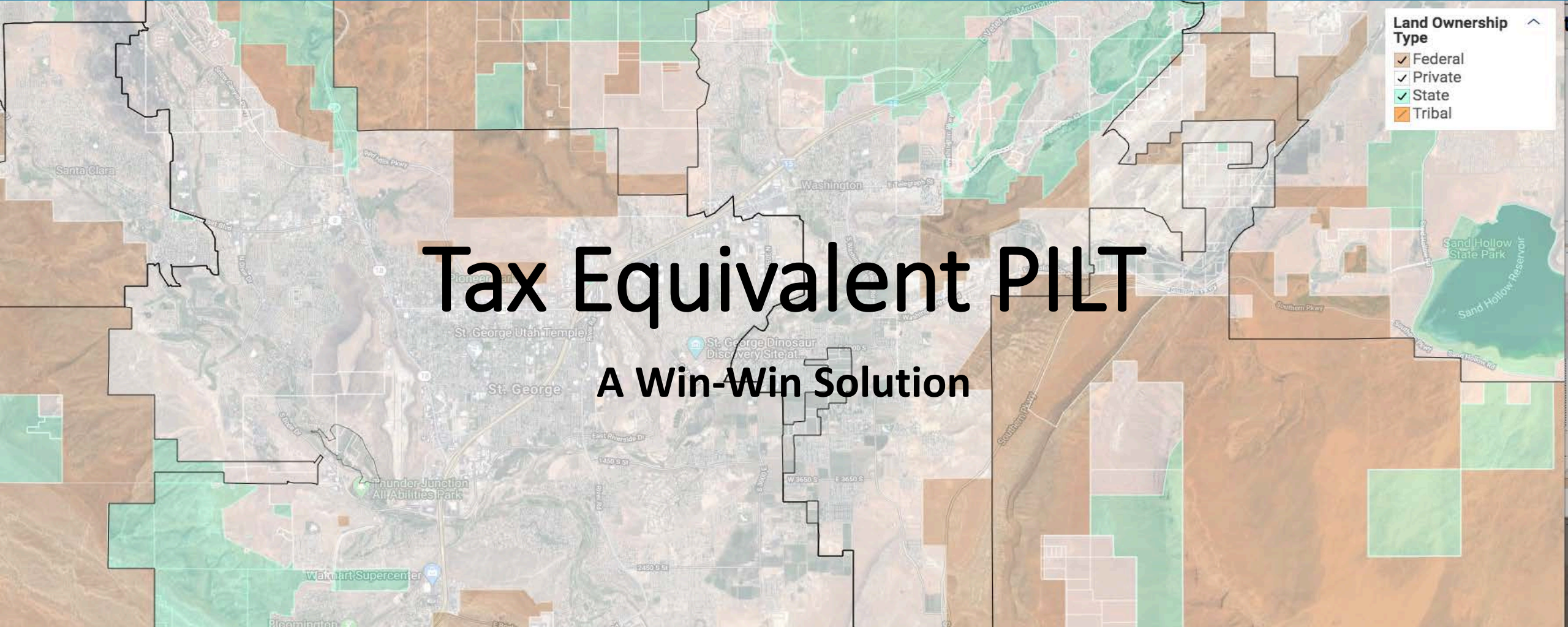
• June 29, 2011 12:48 pm

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~~ **\$3.4 Billion**

“Technology developed by Aeon AI will allow counties to better demonstrate the tax equivalent value of federal parcels surrounding their communities. Payment In Lieu of Taxes (“PILT”) is vital to funding schools and essential services in most of Utah’s counties due to the tax-exempt status of federal land. ... PILT payments should reflect the actual tax equivalent values of federally owned parcels, as recommended when the PILT Act was originally passed in 1976.”







# Tax Equivalent PILT

A Win-Win Solution

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