



National Forest Payments An Overview for Colorado Counties

The Federal program commonly known as National Forest Payments has undergone many changes over the years. Its origins lie in the 1908 act to create federal revenue sharing from leases and timber receipts from National Forests located within counties. Over time, and with the decline in timber production, there have been changes that have altered how each county can have its payments calculated.

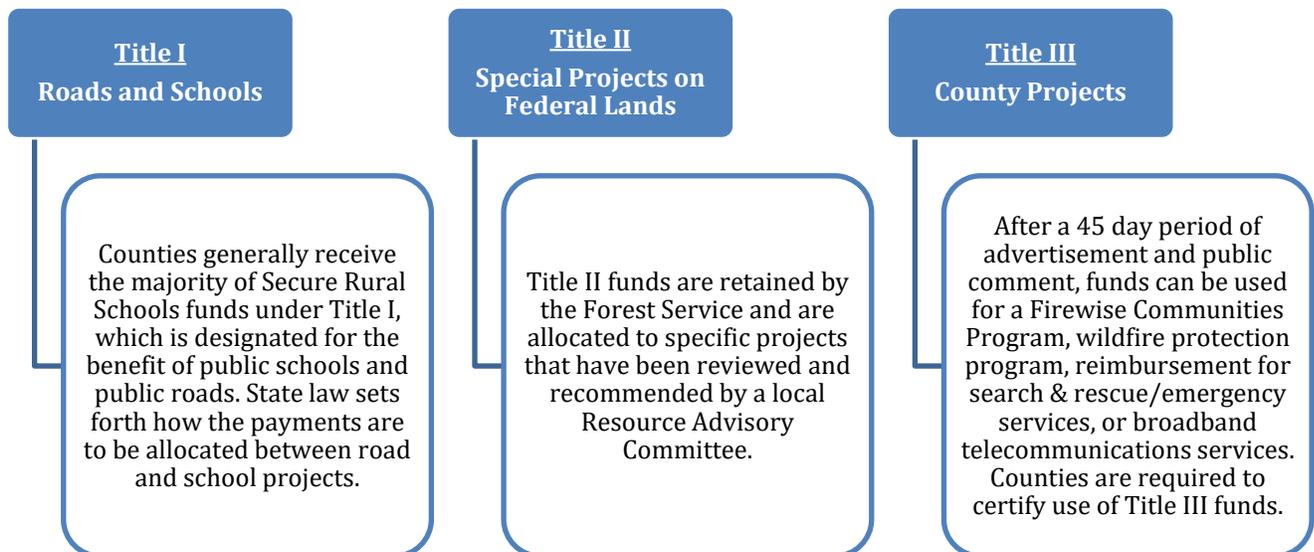
1908 Act Amended (“Traditional 25% Payment”)

In 1906, a law passed to transfer 10 percent of the forest receipts to states to support public roads and schools. Two years later, Congress ratified an Act (1908 Act) to expand payments to the states from 10 percent to 25 percent. In 2008, the original 1908 Act was amended and payment became 25 percent of average gross receipts over the previous 7 years rolling average. Currently, there are 5 counties in Colorado (73 nationwide) that are receiving payments under this methodology. The Act is fixed and does not need to be reauthorized.

Secure Rural Schools and Community Self Determination Act of 2000 (“Full Payment”)

By the year 2000, after decades of declining agency revenues, Congress passed the Secure Rural Schools and Community Self Determination Act (SRS) to help stabilize the funds available to rural counties. The Act created an alternative methodology of calculating amounts to be paid to counties, but required additional restrictions on portions of funds for counties which selected the new payment methodology. Payments are divided into three distinct categories, or Titles. The Act must be reauthorized by Congress. In the event it is not, the 1908 Act (as amended) will go into effect.

Secure Rural Schools Act - Titles



Please visit the U.S. Forest Service website for more in-depth information and additional requirements:
www.fs.usda.gov/working-with-us/secure-rural-schools/categories



Secure Rural Schools Act - Distribution Category

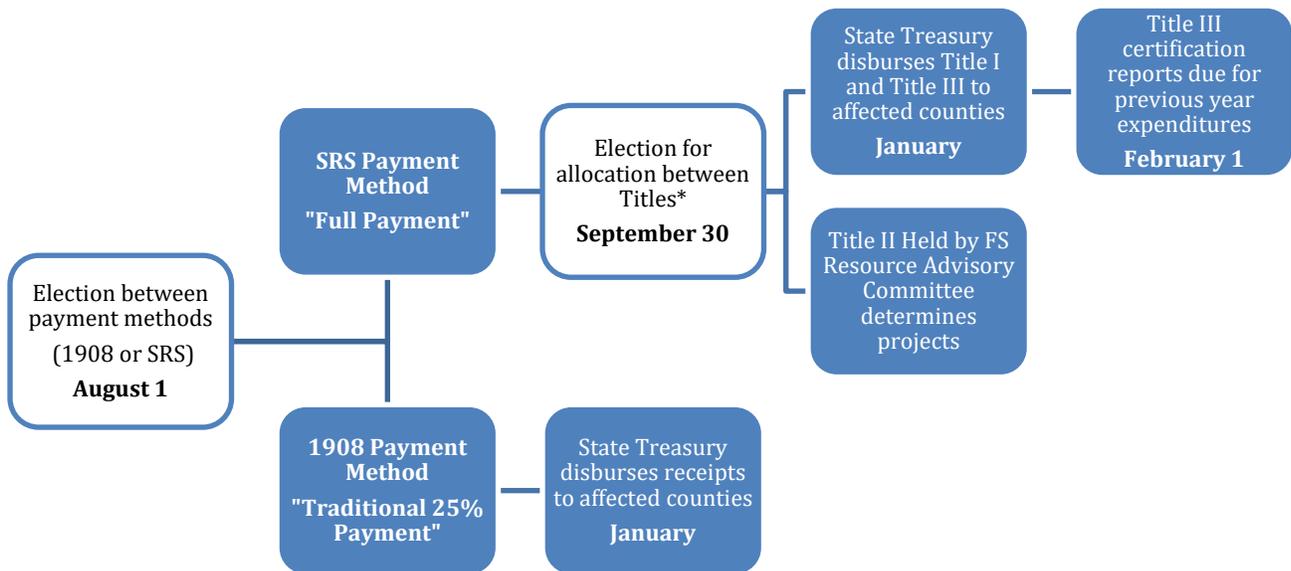
Counties that elect to receive the “full payment” method must also elect how funds are allocated among Titles. Allocations are limited by distribution categories.

Title	Minor Distribution (less than \$100,000)	Moderate Distribution (\$100,000 - \$349,999)	Major Distribution (\$350,000 and above)
Title I	100% <u>OR</u>	80%-85% <u>AND</u>	80%-85% <u>AND</u>
Title II	15%-20% between Titles II and III	15%-20% between Titles II and III	13%-20%
Title III	15%-20% between Titles II and III	15%-20% between Titles II and III	Less than 7%

Department of Local Affairs’ Role and Elections

The Department of Local Affairs’ role is primarily to provide information regarding the federal payment program, its interaction with “Payment in Lieu of Taxes” (PILT) payments, and the collection of election information when prompted by the U.S. Forest Service for certain years of an SRS cycle. Elections can include selection of payment methodology and/or allocations among Titles. The last full election cycle occurred in 2013, which are still in effect.

National Forest Payment Distribution - Federal and State Level



*If no election is submitted, funds will be set to the default allocation: 80% for Title I, 20% for Title II.



National Forest Payment Distribution - Colorado County Level (C.R.S. 30-29-101)

In January, county treasurers of affected counties typically receive payments from the State Treasurer, who will disburse payments in accordance with information provided by the U.S. Forest Service. C.R.S. 30-29-101 outlines the use and distribution of funds at the county level.

“Payments in Lieu of Taxes” (PILT)

“Payments in Lieu of Taxes” (or PILT) are annual Federal payments to local governments that help offset losses in property taxes due to nontaxable Federal lands within their boundaries. PILT payments are one of the ways the Federal Government can fulfill its role of being a good neighbor to local communities. The formula used to compute the payments is contained in the PILT Act and is based on population, revenue-sharing payments (including National Forest Payments), and the amount of federal land within an affected county.

Resources

- U.S. Forest Service
The Forest Service site explains in more detail the National Forest Payments, historic information, and other requirements of distribution.

<https://www.fs.usda.gov/working-with-us/secure-rural-schools>

- U.S. Department of the Interior, Payments in Lieu of Taxes
This site provides information about PILT, including frequently asked questions regarding eligibility, deductions, and calculation information.

<https://www.doi.gov/pilt>

- Office of the State Auditor Report - Statement of Federal Land Payments
This site includes information on the prior year payments that contribute to the PILT calculation (released in March of each year)

<https://leg.colorado.gov/audits-for-department/Treasury>

If there are additional questions, please contact Mia Gonzales with the Department of Local Affairs, Division of Local Government at 303-864-7744 or mia.gonzales@state.co.us.