

2004 Payment in Lieu of Taxes (PILT) to Wyoming Counties: Big Horn

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Forty-nine percent of Wyoming land is owned and managed by the federal government. Federal lands are not subject to property taxes that support county governments and education yet local communities play an important role in supporting the management of federal lands. Big Horn County is 77 percent federally owned. In 1976, Congress authorized federal land-management agencies to share income with states and counties and provided a payment in lieu of taxes (PILT) program to help offset lost tax revenue.

Overall, PILT payments to Wyoming counties increased 2.25 percent from 2003 to 2004 (\$14,305,828 to \$14,627,837). Big Horn County PILT payments increased 2.94 percent in 2004 from \$623,309 to \$641,615. Table 1 shows how Big Horn County 2004 PILT payments were calculated.

The procedure used to calculate PILT payments is a function of federal revenues, revenue sharing, and population. For a detailed explanation, see University of Wyoming Cooperative Extension Service Bulletin B-1055 at <http://agecon.uwyo.edu/EconDev/pubs.htm>. A simplified procedure is presented below.

PILT payments are based on three factors:

- Eligible federal acres in the county
- Federal revenue sharing going to the county in the prior year
- County population up to a pre-determined ceiling

These factors are used in a process of two calculations—a “standard” and a “minimum.” The different calculations are compared to each other in an approach similar to that used for federal income taxes. Instructions direct the use of the smaller or larger of two numbers. The minimum method calculation is used when significant revenue sharing in the previous year would mean no PILT in the current year for the county. The main difference between the standard and minimum method calculations is that the minimum method uses a different per-acre rate and does not take into account the prior year’s revenue-sharing payments.

I. Standard method calculation

- A. Eligible acres x standard rate – prior year’s federal revenue sharing = estimated PILT payment
- B. Estimated PILT payment is compared to the county population ceiling amount.
- C. Using the standard method, the estimated payment is the **smaller** of the two amounts in B.

II. Minimum method calculation

- A. Eligible federal acres x minimum rate = estimated PILT payment
- B. Estimated PILT payment is compared to the county population ceiling amount.
- C. Using the minimum method, the estimated payment is the **smaller** of the two amounts in B.

III. The estimated payments for the standard and minimum methods are compared, and the **larger** of the two amounts is the PILT payment.

IV. Congress must authorize funding for PILT. In recent years, funding has not been at the 100 percent level. In 2004, Congress authorized a pro-rated share (67.7 percent) of PILT payments to be paid to counties.

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Using the standard method, the prior year's revenue sharing only counts federal payments going directly into the county general fund. In Wyoming, this currently applies to 95 percent of the U.S. Forest Service's 25-percent payments. (The USFS pays 25 percent of a national forest's annual revenues to the state for forest lands within each county. The state in turn distributes these funds back to the counties for general expenditures. State statutes mandate that a minimum of 5 percent of these funds must be used for education and roads.)

Another way to look at PILT payments is through effective payment per entitlement acre. This measure shows what the county received on a per-acre basis for the year. Big Horn County received \$0.42 per acre in 2004. This value will change from year to year based on a number of variables including entitlement acres, per-capita rate, population, and the prorated share.

For more information on PILT payments to Wyoming counties, visit the Wyoming Economic Atlas at Agecon.uwyo.edu/EconDev.

Table 1. Calculations for Big Horn County, Wyoming, PILT payments.

Big Horn			
Standard Method Calculations		Minimum Method Calculations	
Acres of entitlement land	1,533,667	Acres of entitlement land	1,533,667
Multiplied by dollars per acre (standard)	\$2.06	Multiplied by dollars per acre (minimum)	\$0.28
Subtotal	\$3,159,354.02	Subtotal	\$429,426.76
Subtract prior year's payments	\$88,274.00		
<u>Estimated payment based on acreage</u>	<u>\$3,071,080.02</u>	<u>Estimated payment based on acreage</u>	<u>\$429,426.76</u>
<i>Compared to:</i>		<i>Compared to:</i>	
Population unit	11,000	Population unit	11,000
Multiplied by unit per capita rate	\$94.14	Multiplied by unit-per-capita rate	\$94.14
Subtotal	\$1,035,540.00	Subtotal	\$1,035,540.00
Subtract prior year's payments	\$88,274.00		
<u>Est. payment population limited</u>	<u>\$947,266.00</u>	<u>Est. payment population limited</u>	<u>\$1,035,540.00</u>
Does the population ceiling apply?	Yes	Does the population ceiling apply?	No
Smaller of Standard Method Calculations	\$947,266.00	Smaller of Minimum Method Calculations	\$429,426.76
Larger of Standard or Minimum calculations	\$947,266.00		
Congressionally mandated pro-rated share	0.67733		
<u>Net payment to county</u>	<u>\$641,615.00</u>		
Effective payment per entitlement acre	\$0.42		

References

Pindell, Darla D., David T. Taylor, and Brett R. Moline, *Wyoming: Payment in Lieu of Taxes* University of Wyoming Cooperative Extension Service Bulletin, B-1055, Laramie, Wyoming, 1998.

United States Department of the Interior, Bureau of Land Management, *Payment in Lieu of Taxes Fiscal Year 2004*.

Payment in Lieu of Taxes Act of 1976, Pub. L. 94-565, 31 Chap. 69 (as amended by PL98-63 and PL103-397).

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