

2005 Payment in Lieu of Taxes (PILT) to Wyoming Counties: Goshen

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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. Goshen County is 2 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 1.25 percent from 2004 to 2005 (\$14,627,837 to \$14,810,770). Goshen County PILT payments increased 2.20 percent in 2005 from \$38,100 to \$38,940. Table 1 shows how Goshen County 2005 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 Bulletin B-1055. 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 the 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 of 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 2005, Congress authorized a pro-rated share (68.2 percent) of PILT payments be paid to counties.

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Using the Standard Method, 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 U.S.F.S. 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. Goshen County received \$1.43 per acre in 2005. This value will change 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 Goshen County, Wyoming, PILT payments.

Goshen			
Standard Method Calculations		Minimum Method Calculations	
Acres of entitlement land	27,306	Acres of entitlement land	27,306
Multiplied by dollars per acre (standard)	\$2.09	Multiplied by dollars per acre (minimum)	\$0.29
Subtotal	\$57,069.54	Subtotal	\$7,918.74
Subtract prior year's payments	\$0.00		
<u>Estimated payment based on acreage</u>	<u>\$57,069.54</u>	<u>Estimated payment based on acreage</u>	<u>\$7,918.74</u>
Compared to:		Compared to:	
Population unit	12,000	Population unit	12,000
Multiplied by unit per capita rate	\$92.87	Multiplied by unit per capita rate	\$92.87
Subtotal	\$1,114,440.00	Subtotal	\$1,114,440.00
Subtract prior years payments	\$0.00		
<u>Est. payment population limited</u>	<u>\$1,114,440.00</u>	<u>Est. payment population limited</u>	<u>\$1,114,440.00</u>
Does the population ceiling apply?	No	Does the population ceiling apply?	No
Smaller of Standard Method Calculations	\$57,069.54	Smaller of Minimum Method Calculations	\$7,918.74
	Larger of Standard or Minimum calculations	\$57,069.54	
	Congressionally mandated pro-rated share	0.682326	
	<u>Net payment to county</u>	<u>\$38,940.00</u>	
	Effective payment per entitlement acre	\$1.43	

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 2005.

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