SRS Trust Fund Issue Paper

INTRO

Public lands are an important part of the culture and economy of the rural West. Unlike the country as a whole, nearly half the land in the region is managed by the federal government. This abundance of public lands offers both opportunities and challenges, and has tied the economic stability of rural counties to federal land management policy in a way that is unique.

Since 1908, the federal government has made payments to counties to compensate state and local governments for the opportunity costs associated with federal ownership of land. Historically, these payments were designed as a “revenue-sharing” mechanism whereby local governments received a share of the revenue generated on the federal lands within their jurisdiction.

After World War II, the burden on municipalities to provide services to the increasing number of people living near and visiting public lands grew substantially. In response, Congress passed Payments in Lieu of Taxes (PILT) in 1976—a fixed per-acre payment—to ensure a minimum payment for all counties that contained federal public domain lands.

In 2000, in response to years of declining revenue from public lands, Congress further enacted the Secure Rural Schools and Community Self-Determination Act (SRS), to help stabilize funding for county roads, public schools, and emergency services for previously timber-dependent communities. SRS “Title II” funds have also played an important role in funding on-the-ground restoration projects and supporting collaboration between diverse partners.

SRS relies on annual or biennial appropriations to continue supporting timber-dependent counties. The absence of a dedicated funding source for SRS has put the program in a precarious position; each reauthorization growing more difficult. Although another two-year reauthorization has been introduced in the Senate, a long term solution is essential to stabilize budgets for historically timber-dependant counties and those that have fish and wildlife refuges within their boundaries.

A STABLE PATH FORWARD

The Forest Management for Rural Stability Act, first introduced by Senators Ron Wyden (OR) and Mike Crapo (ID) in the 115th Congress, would create a permanent endowment fund, offering stable and reliable funding for county services, separate from the annual appropriations process. In this proposal, Congress would be required to appropriate money for the fund initially, but all commercial revenue generated on National Forests, Oregon & California lands administered by the Bureau of Land Management, and Fish & Wildlife refuges would then help capitalize the fund. Absent full capitalization of the fund, the Act would mandate annual payments to counties at the SRS FY 2017 level, even if this requires additional funds. This proposal would provide stability to county budgets, independent of local revenue generation and annual appropriations fights.
RVCC is supportive of this approach and believes that a trust fund is an appropriate solution to stabilize SRS and the budgetary needs of public-lands dependent counties. It is our hope that an SRS trust fund will continue to meet the social contract between the federal government and rural communities, while also allowing for a focus on ecologically-appropriate stewardship of public lands.

Coupling, but offsetting, revenue-sharing through an aggregated trust will help create a more modernized funding structure for county payments. It will also encourage continued land stewardship, while providing public land management agencies the flexibility to use the appropriate restoration contract or agreement pathway for a given project. Without continuation or replacement of SRS, counties may be incentivized to encourage traditional timber sales to the detriment of other approaches, such as stewardship contracting or Good Neighbor Authority, out of concern for the impacts on county budgets.

[Side bar or box] “Key Points”

- RVCC supports stable county budgets, and recognizes that adequately funded county governments are essential for vibrant rural communities.
- The SRS approach provides important benefits to schools, rural roads, and restoration projects, yet continued funding is unstable at best and requires a longer-term solution.
- An approach to SRS that aggregates commercial revenue in a trust would help stabilize county payments, independent of activities in a given year or location, or the annual appropriations process.
- A trust fund will continue to meet the social contract between the federal government and rural communities, while also allowing for a focus on ecologically-appropriate stewardship of public lands.

CONCLUSION

Public lands play an important role in rural counties in the West, both culturally and economically. County payments in various forms have provided important contributions to county budgets over the years, but need to be modernized and stabilized to better meet the needs of rural communities. A trust fund approach to SRS provides an important opportunity to meet these needs with a sustainable, long-term solution. RVCC urges Congress to adopt such a policy for the long-term stability of rural communities and the ecological health of public lands.