

**Information for
California Bay-Delta Public
Advisory Committee
Meeting Regarding
Payment-In-Lieu of Taxes
“PILT”**

June 8, 2005

Context and Background

- The PILT Programs are designed to mitigate the impacts of land acquisitions by state and federal government on local government tax revenues
- The CALFED ROD recognizes the important role agricultural lands play in the State's environment and economy, and directs the CALFED agencies to implement the program in a manner consistent with meeting program goals while minimizing impacts to agriculture

Context and Background (continued)

- The CALFED ROD includes implementation commitments regarding land acquisition:
 - Partnerships with landowners, including easements from willing landowners, if existing public land is not available for the intended purpose
 - Acquisition of fee title will be from willing sellers only, and will be used when neither available public land nor partnerships are appropriate or cost-effective for the specific need
 - Such acquisitions will consider the potential for third-party impacts and redirected impacts

Intent of Recommendations

- The recommendations presented by the Working Landscapes Subcommittee provide a strategy to help secure the equitable payment of PILT to local governments
- These recommendations are intended to lessen the burden on local governments, primarily in the rural areas of the State, who are less able to absorb the loss of revenue from property taxes associated with any land acquisition program

Agenda Item 5B

Information to the Bay-Delta Public
Advisory Committee
from the Working Landscapes
Sub-committee on
Payment-In-Lieu-of-Taxes (PILT)

**Presentation From Working
Landscapes
Sub-committee**

June, 2005

**Recommendations to BDPAC
on Payment-In-Lieu of Taxes
“PILT”**

Documents included in BDPAC June 8, 2005 Agenda Packet

Staff report and
agenda transmittal

Reducing Dissatisfaction
with the Economic Impacts
of Habitat Acquisition
Activities In the SRCAF
Dated 5/12/03

PILT Workgroup
Report on Prop 218
Benefit Assessments
Dated 10/21/04

PILT Workgroup
Progress Report and
Recommendations to WLS
Dated 10/26/04

WORKING LANDSCAPES SUB-COMMITTEE

- Provides advice and guidance to BDPAC to ensure that CALFED implementation values the role of the private land owner and operator in meeting CALFED objectives.
- Provides a forum for landowners, local governments, NGOs, and agencies to explore issues and foster solutions related to CALFED implementation and agriculture.

Sub-Committee PILT Workgroup Participation

- WLS Co-Chair/Glenn County Supervisor
- Sac River Conservation Area Forum
- Regional Council of Rural Counties
- Family Water Alliance
- Resources Law Group
- North Delta Water Agency
- CA Dept of Food & Agriculture staff
- CA Dept of Fish & Game staff
- CBDA staff

DEFINITION OF ‘PILT’

Payments made to local governments to compensate for foregone real estate taxes on certain federal or state properties

INTENT OF “PILT”

Off-set adverse impacts on local property tax revenues associated with State and Federal government acquisitions of private property

Federal “PILT”

- Administered by:
 - Department of the Interior
- Statutory Formula for payment based on:
 - County population
 - Entitlement acreage
- Acres include:
 - National Forests
 - Bureau of Land Management lands
 - National Parks
 - National Wildlife Reserves

State “PILT”

- Administered by:
 - California Department of Fish and Game
- Based on appraisals that are made at the time of acquisition and are not adjusted for inflation
- Acres include:
 - Wildlife Management Areas only

Federal PILT

- DOI budget
- Annual appropriations
- Direct federal payments to counties
- Historically 40% to 50% payment shortfall
- Payments to counties based on authorized amounts

State PILT

- CDFG budget
- Annual appropriations
- Partial payments to counties based on assumed needs
- Shortfall payments typically made current when funding is available

REVENUE IMPACTS TO LOCAL GOVERNMENT

PILT non-payment as a percentage of general fund budget

FY 02/03

- Total Non-payment FY 02/03 \$8,983,095
- Average Impact Statewide 1.18%
- Average Impact Rural Counties 2.39%

REQUEST BDPAC MAKE ADMINISTRATIVE RECOMMENDATIONS

- DF&G list PILT as a distinct line-item in the State budget
- State recommend to legislature to appropriate full PILT funding annually
- State work with Congressional leaders for full appropriations of federal PILT funding

REQUEST BDPAC MAKE LEGISLATIVE RECOMMENDATIONS

- State agencies open dialogue with stakeholders regarding expanding state PILT legislation to include other resource-related land acquisitions
- State amend PILT legislation to include periodic re-evaluation of land value

NEXT STEPS

- Monitor judicial review of Prop 218
Benefit Assessments as related to PILT
- Investigate PILT formulas and provide recommendations for improvement
- Investigate other legislative approaches to securing PILT payments
- Frame PILT research questions to be addressed through CALFED Science Program

QUESTIONS/DISCUSSION