

# **Overview of Payment Programs Related to Federal and State Public Lands In Washington**

**-Final Draft-**



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## Executive Summary

### Introduction

This paper describes federal and state payment programs that provide payments to local governments as compensation for the revenue losses attributed to tax-exempt federal and state lands within county borders. The term “payment programs” as used here refers to both *revenue-sharing programs* and *payments in lieu of taxes*. While many other costs and benefits may be derived from the public lands, this paper is focused only on direct payment programs.

### Tax-exempt lands in Washington

Lands exempt from property tax in Washington include lands owned by the federal, state, and local governments, and by Native American tribes. It also includes private lands that have been provided property tax exemptions for a variety of reasons.

*Federal lands:* In Washington, the largest federal landowners are: the Forest Service (9.1 million acres), the National Park Service (1.8 million acres), the Department of Defense (all branches of the armed forces combined – 526,000 acres), and the Bureau of Reclamation (469,000 acres). Unlike in many Western states, the BLM has a relatively small presence in Washington (392,583 acres). Federal land-related payments made in 2002 totaled over \$100 million, including Federal Impact Aid for school districts. It is difficult to say what these lands would have paid in equivalent property tax, since they are not assessed for tax purposes.

*Tribal trust lands:* Tribal trust land reserved for Native American tribes in Washington comprises about 2.7 million acres. Most of this land is found in the four largest tribal reservations: the Colville, Yakama, Quinault, and Spokane Reservations. The only reservation land subject to property taxation is land that has been sold and is no longer subject to federal jurisdiction.

*State lands:* The State of Washington also owns a considerable amount of land. State land management agencies include: the Department of Natural Resources (2,975,136 upland acres), the Department of Fish and Wildlife (461,036 acres), the Department of Transportation (152,464 acres), and the State Parks and Recreation Commission (107,619 acres). The land holdings of these four state agencies comprise all but about 33,000 acres of Washington’s 3.7 million acres of state-owned uplands. State land-related payments made in 2002 totaled about \$113 million, including revenues derived from Common School Trust lands. As is the case with federal lands, state lands are not assessed for tax purposes, and their potential taxable value can only be known if they were previously on the tax rolls.

*Local lands:* Lands owned by local governments, including counties, cities, and special purpose districts, comprise about 659,000 acres. Unlike federal and state

resource land, locally owned land is often located within cities and towns and used for structures such as office buildings and schools.

*Private non-profit organizations:* A number of private non-profit organizations are also eligible for property tax exemptions, including churches, youth organizations, land conservancies, private schools, libraries, nursing homes, non-profit hospitals, etc. In addition, some private lands may apply for alternative property appraisal (i.e., current use valuation) and deferred property taxation. Lands eligible for these deductions include private forestlands, farm lands, and open space.

Non-profit land conservancies or land trusts that are primarily devoted to scientific purposes or conserving resources for public purposes may apply for property tax exemptions under state law for “land used exclusively for ecological systems and open space purposes.” The best current estimate of the amount of land owned by non-profit land conservancies in Washington is under 60,000 acres. Property tax exemptions provided to land conservancies in 2002 amounted to \$559,000.

*Property Tax Exemptions:* Property tax exemptions provide the largest amount of taxpayer savings in Washington (about \$28.7 billion), followed closely by retail sales and use tax exemptions. The exemption for intangible personal property (e.g., stocks, bonds) accounts for nearly three-quarters of all property tax exemptions. Eighteen categories of public property receive tax exemptions, of which four include federal, state, county and city-owned property. As a whole, these four categories account for less than 5 percent of all property tax exemptions by value, and 2.2 percent of total exemptions.

## Public Land Payment Programs

Several revenue-sharing programs are in effect for both federal and state public lands.

*Federal Revenue-Sharing:* On the federal side, the oldest revenue-sharing program requires the Forest Service to pay 25 percent of the revenues raised from production activities on national forests to the counties in which the forests are located. By law, these payments must be expended on schools and roads. This program has represented the largest amount of federal revenues from federal lands in Washington over time. As a result of lowered revenues from the national forests in the 1990s, a new law called the “Secure Rural Schools and Community Self-Determination Act of 2000,” or P.L. 106-393, was authorized for six years to maintain the level of payment that counties had been receiving under the 25-percent fund.

*Federal “PILT” Payments:* A different kind of payment program is known as “payments in lieu of taxes,” or PILT. Payment in lieu of taxes programs began in connection with acquired federal lands, which removed land from local tax rolls (as opposed to lands reserved from the public domain, which have never been taxed), but these programs have since been applied to a range of federal public lands

regardless of origin. Umbrella PILT legislation was enacted by Congress in 1976 to help equalize payments among various “public land” counties. Payments are determined through a complex formula and must be appropriated annually by Congress. In Washington, these payments are generally a fraction of Forest Service revenue-sharing payments.

*Federal Impact Aid:* Another federal program provides significant funding to compensate for the costs imposed by certain federal activities, but it is only available to specified school districts. Created in 1950, the Federal Impact Aid program was designed to assist local school districts that have lost property tax revenue due to the presence of tax-exempt federal property, or that have experienced increased expenditures due to the enrollment of “federally connected” children. These are children residing on Indian lands, on military bases, in federal low-rent housing projects, or whose parents are civilian but work on some type of federal property.

*State Programs:* On the state side, several programs provide payments to counties and local taxing districts to compensate for the presence of state-owned lands, including: “in lieu of tax” payments, assessments and charges, revenue-sharing, and payments to beneficiaries from the sale of timber and other products from state trust lands.

Revenue-sharing programs and trust revenues from lands managed by the Washington Department of Natural Resources (DNR) provide significant income for counties. In 2002, DNR distributed \$67.5 million in Forest Board Transfer funds and \$12.2 million in Forest Board Purchase funds to counties containing “Forest Board” lands. Trust beneficiaries also received \$87 million from DNR-managed state trust lands. Of this amount, \$53 million went to the Common School trust to support the construction of K-12 public schools. The department is also required to pay a leasehold tax (a form of “in lieu” tax) on some of its properties.

State law authorizes counties to receive payment in lieu of property tax for “game lands” within the county. If a county elects to collect in lieu payments, it must forego the fines, forfeitures, reimbursements, and costs assessed and collected for violations of fish and wildlife laws and regulations it would otherwise collect, and remit that amount to the state treasurer on a monthly basis. As of 2003, 13 counties had elected to collect in lieu taxes from the Washington Department of Fish and Wildlife. Neither the State Parks and Recreation Commission, nor the Washington Department of Transportation, are required to pay in lieu taxes on their lands.

State land managing agencies may also be assessed fees and charges by certain local taxing districts, particularly for the control of noxious weeds.

## Understanding Property Taxes

Property taxes apply to taxable property, which includes all real and personal property located within the state, unless specifically exempted. Real property includes land, structures and certain equipment that is affixed to the structure; personal property includes machinery, supplies, certain utility property (e.g., dams) and that items that are generally movable. The assessed value of real property is “ad valorem,” or according to its market value, unless the property is accepted into the state’s “open space” program.

A taxing district’s levy rate is calculated by dividing the district’s budget requirements by 1000<sup>th</sup> of the district’s total assessed valuation. The rate is then used to determine individual tax liabilities. The rate is limited by state and constitutional law.

Assessed valuation can be lowered in several ways. One way this occurs is when individual tax parcels are exempted from property taxation. This has the effect of increasing the levy rate and shifting the taxes needed by a district onto the remaining non-exempted taxpayers. If there is no remaining levy capacity in the district, budgets must be reduced.

The property tax is the single largest source of operating revenues for Washington's counties, representing about one-third of county revenues. The productivity of the tax varies, in part, because of differences in the underlying assessed valuation. This disparity is confirmed by the fact that in 2000 the state’s three most prosperous counties (King, Pierce, and Snohomish) levied more property tax revenue than the other thirty-six combined.

## Conclusion

The most significant federal payment programs in terms of payment amounts are P.L. 106-393 and PILT at the federal level. The most significant state payment programs are DNR Forest Board revenue-sharing payments. State trust land payments are provided as grants to junior taxing districts and do not contribute directly to county revenues (general expense and road funds), but do offset the need to raise taxes at the local and state levels. In lieu payments from other federal and state agencies are considerably smaller, but important to the local jurisdictions that receive them. Payments under federal and state payment programs are variable over time, and this variability makes it difficult to draw conclusions about the tax equivalency of federal and state payment programs on one hand, and local property taxation on the other.

# Overview of Payment Programs

## Introduction

This paper describes the federal and state programs that provide payments to local governments as compensation for revenue losses attributed to tax-exempt federal and state public lands within county borders. While many other costs and benefits may be derived from the public lands, this paper focuses only on direct payment programs. The term “payment programs” as used here refers to both *revenue-sharing programs* and *payments in lieu of taxes*. Reviewed payment programs are limited in scope to surface management programs and to major public lands.

A brief discussion of “property tax equivalence” and “property tax exemptions” is also included to provide additional background and perspective for the reader. To illustrate the effects of federal and state payment programs on local government revenues, a case study (Appendix A) examines the revenues received by Lewis County from the payment sources described in this paper.

## Background

### *Certain lands are tax exempt*

Federal, tribal trust, state, county, municipal, and certain private lands are exempt from property taxes under federal and state law. The U.S. Supreme Court first held that the federal government was exempt from state taxation in an early 19<sup>th</sup> century decision.<sup>1</sup> Federal tax immunity extends to federal public land. Although Congress could authorize state and local governments to tax federal lands, it has chosen instead to create various payment programs intended to compensate for lost tax revenues.<sup>2</sup>

Lands held in trust for Native American tribes are also exempt from property taxation.<sup>3</sup> Tribal trust lands are lands for which the federal government holds title either for tribes or for individual tribal members. Tribal lands subject to local property taxation are limited to individual parcels of reservation land that have been sold in fee to Indians or non-Indians, thereby severing the trust relationship between reservation lands and the U.S. government.<sup>4</sup> In the 2004 session of the Washington State Legislature, the tax exemption for tribal lands was broadened to include “all property belonging exclusively to any federally recognized Indian tribe

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<sup>1</sup> *McCullough v. Maryland*, 4 Wheat., at 436 (1819). The Supreme Court relied on the Supremacy Clause of the U.S. Constitution to invalidate a state tax on a federal bank.

<sup>2</sup> Congressional Research Service, “PILT (Payments in Lieu of Taxes): Somewhat Simplified,” 98-574, June 24, 1998, p. 2.

<sup>3</sup> *Yakima v. Confederated Tribes*, 502 U.S. 251 (1992).

<sup>4</sup> *Ibid.*

located in the state, if that property is used exclusively for essential government services.”<sup>5</sup>

The Washington State Constitution (1889) upholds the doctrine of government tax immunity by providing that “property of the United States and of the state, counties, school districts and other municipal corporations...shall be exempt from taxation” (Article VII, Section 1), but that the “United States and its agencies and instrumentalities, and their property, may be taxed under any of the tax laws of this state, whenever and in such manner as such taxation may be authorized or permitted under the laws of the United States...” (Article VII, Section 3). Federal, tribal trust, state, and local government lands represent the largest exemptions from property taxation in terms of geographic area (but not in foregone tax revenues).<sup>6</sup>

In addition to publicly owned land, land owned by some private non-profit organizations, such as charitable or religious institutions, is also exempt from property taxes.<sup>7</sup> Many non-profit organizations own land for a variety of purposes. Land trusts, for example, are organized for the purpose of acquiring property interests so as to conserve the natural values in land. Washington state law recognizes an exemption for: “The real property interests, developmental rights, easements, covenants, and conservation futures on land used exclusively for ecological systems and open space purposes, owned by nonprofit organizations primarily devoted to scientific purposes or conserving resources for public purposes...”<sup>8</sup>

A number of national and local land trusts operate in Washington. Some lands bought by land trusts are turned over or sold to public agencies, while others stay in land trust ownership. It is difficult to estimate how much land is held by land trusts at any one time because land is constantly being bought and sold. The current statewide total, however, is under 60,000 acres for land owned in fee.<sup>9</sup> Conservation easements have been acquired for another 20,000 to 30,000 acres of land. As a matter of policy, some land trusts provide in lieu tax payments to counties on a case-by-case basis (at the “current use” rate), but many land trusts are not able to do this.<sup>10</sup>

Other private lands, including open space, agricultural land, and timber land may be assessed at their current use value, rather than their “ad valorem,” or market value. The property taxes on these properties are reduced accordingly, but not eliminated.

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<sup>5</sup> SHB 1322 (Chapter 236, Laws of 2004).

<sup>6</sup> Washington State Department of Revenue (DOR), *2004 Tax Exemptions Study*, January 2004.

<sup>7</sup> Ibid.

<sup>8</sup> RCW 84.36.260.

<sup>9</sup> L. Barson, *The Nature Conservancy of Washington*, pers. comm., October 2003. The DOR 2004 tax exemptions study (op cit.) identifies approximately 167 private conservation organizations holding 685 parcels.

<sup>10</sup> Ibid.

### *Federal lands in Washington*

Nationally, the four largest federal land management agencies are: the Forest Service in the U.S. Department of Agriculture; and the Bureau of Land Management (BLM), National Park Service (NPS), and Fish and Wildlife Service (FWS) – all within the U.S. Department of the Interior.

In Washington, the largest federal landowners are: the Forest Service (9.1 million acres), the National Park Service (1.8 million acres), the Department of Defense (all branches of the armed forces combined - 526,000 acres), and the Bureau of Reclamation (469,000 acres). Unlike in many Western states, the BLM has a relatively small presence in Washington (392,583 acres).<sup>11</sup>

### *Tribal trust lands*

A series of treaties with Washington's Native American tribes and presidential executive orders reserved land that is held in trust for the tribes by the federal government. Tribal trust land owned by Native American tribes in Washington currently comprises about 2.7 million acres.<sup>12</sup> Most of this land is found in the four largest Indian reservations: the Colville, Quinault, Spokane, and Yakama Reservations.

### *State lands*

The other significant category of public land in Washington is owned by the state. State land management agencies include: the Department of Natural Resources (2,975,136 acres<sup>13</sup>), the Department of Fish and Wildlife (461,036 acres), the Department of Transportation (152,464 acres), and the State Parks and Recreation Commission (107,619 acres).<sup>14</sup> The land holdings of these four state agencies comprise all but about 33,000 acres of Washington's 3.7 million acres of state-owned uplands.

### *Local lands*

Lands owned by local governments, including counties, cities, and special purpose districts, comprise about 659,000 acres. Unlike federal and state resource land, locally owned land is often located within cities and towns and used for structures

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<sup>11</sup> Washington State Interagency Committee for Outdoor Recreation (IAC), *The 1999 Public and Tribal Lands Inventory*, Olympia, December 2001.

<sup>12</sup> Ibid.

<sup>13</sup> Upland acres only. The department manages another 2.4 million acres of aquatic lands. After deductions for management expenses, most revenues generated from the management of state-owned aquatic lands are deposited in the Aquatic Lands Enhancement Account. These revenues are not discussed in this paper.

<sup>14</sup> IAC, op cit. The State Parks and Recreation Commission leases another 152,000 acres from the federal government.

such as office buildings and schools. This author is not aware of the existence of any payment programs at the local level.

*A brief history of federal lands: Public domain and acquired lands*

The federal government owns lands that have never left public ownership (public domain lands), as well as lands that have been obtained through purchase, gift, exchange, or condemnation proceedings (acquired lands).<sup>15</sup> The public domain comprises the largest proportion of federal lands, but acquired lands can be significant in some parts of the country. Although the distinction has lost most of its meaning today, different laws may apply depending upon the original nature of the lands involved.<sup>16</sup> For this reason, a brief history of the origins of these lands is warranted.

By the end of the 19<sup>th</sup> century, the total land area within the boundaries of the mainland United States had grown to its present size. Through a variety of laws and programs, the federal government had endeavored to dispose of its lands by way of grants and sales to states, corporations, and individuals, but portions of the west – generally at higher elevations or away from convenient water sources – still remained unclaimed. As the western territories were settled and the frontier “closed,” the dominant theme of federal land policy began to shift from land grants and disposition, toward retention of the lands that remained.

Reasons for beginning a policy of land retention appear to have focused on concern over unconstrained timber cutting and lack of protection for water supplies. As a result, federal officials began calling for the withdrawal of public domain forestlands from homesteading and other forms of disposition. In early 1891, a little-noticed provision authorized presidential designation and retention of forest reserves in a bill whose primary purpose was to repeal a number of land grant provisions.<sup>17</sup>

Using this authority, various presidents reserved 133 million acres of forestland from the public domain between 1891 and 1907.<sup>18</sup> Later, the Weeks Act<sup>19</sup> authorized the federal government to purchase lands for stream-flow protection and to maintain the acquired lands as national forests. Initially, eastern lands along navigable waters were acquired, but as the years progressed, the Forest Service also acquired selected western lands. Under these and other authorities, the national forest

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<sup>15</sup> U.S. General Accounting Office, “Land Management Agencies: Revenue-sharing Payments to States and Counties,” GAO/RCED-98-261, September 1998.

<sup>16</sup> Congressional Research Service, “Federal Land Management Agencies: Background on Land and Resource Management,” RL30867, February 27, 2001, p.5.

<sup>17</sup> Alternatively called the “General Land Law Revision Act” or “Revision Act,” the “Forest Reserves Act,” or the “Creative Act” of 1891 (26 Stat. 1103); repealed in 1976.

<sup>18</sup> President Theodore Roosevelt alone set aside about 100 million acres of forest reserves through executive order. The 1897 “Organic Act” established purposes for the forest reserves: “[to] secur[e] favorable conditions of water flows, and to furnish a continuous supply of timber for the use and necessities of the citizens of the United States.” The Forest Service was created in 1905.

<sup>19</sup> Act of March 1, 1911.

system slowly grew from 154 million acres in 1919 to its present size of 192 million acres.

Revenue-sharing programs with the states began almost immediately upon creation of the national forests.<sup>20</sup> Later, in the period between the two world wars, the acquisition of land by the federal government gave rise to the notion that payments in lieu of taxes should be paid on lands that had formerly been on local tax rolls. Although some federal laws still make a distinction between public domain and acquired lands for the purpose of in lieu payments, that distinction is becoming increasingly blurred over time.

## Federal Payment Programs

This section reviews the federal programs that are in place to compensate state and local governments in Washington for revenue losses attributed to the federal ownership of public lands.

### *Revenue-sharing*

Several revenue-sharing programs are in effect for federal public lands. One of the first such programs was authorized in the Agriculture Appropriations Act of May 23, 1908.<sup>21</sup> This act requires the Forest Service to disburse 25 percent of its gross receipts from timber sales and other revenue-producing activities on national forests to the states in which the revenue is generated. In turn, states are required to distribute this income to their counties in proportion to the amount of national forest acreage in each county. Federal law requires this revenue to be expended on schools and roads, but allows states to determine the percentage to be spent for each purpose. Washington law requires counties to use 50 percent of the funds for public schools, and the remaining 50 percent either for schools or roads.<sup>22</sup>

This program has represented the largest amount of federal revenue from federal lands in Washington over time. In the 1990s, however, lower federal timber harvests lowered revenues to the states. In federal fiscal year (FFY) 1989 – a peak revenue year – national forest revenues subject to sharing were \$1.53 billion, while in FFY 1998, revenues had declined to \$557 million, or 36 percent of the peak revenue.<sup>23</sup> Congress responded to the lowered and erratic payments by adopting an alternative program called the “Secure Rural Schools and Community Self-Determination Act of 2000” (commonly referred to as P.L. 106-393 or “Payments to Counties”). The act is

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<sup>20</sup> The precedent for federal payments to states became established early in the nation’s history. For example, states began receiving a portion of the proceeds from the sale of public lands within their borders as early as 1803. See, e.g., Fairfax, Sally K. and Carolyn E. Yale, *Federal Lands: A Guide to Planning, Management, and State Revenues*, Western Office, Council of State Governments, 1987.

<sup>21</sup> 16 USC 500.

<sup>22</sup> Chapter 28A.520 RCW. In practice, the state’s 27 “timber counties” divide the revenues equally between roads and schools.

<sup>23</sup> Congressional Research Service, “Forest Service Revenue-Sharing Payments,” IB10057, September 15, 2000.

intended to provide more revenue, as well as greater revenue stability, for counties and school districts.<sup>24</sup>

Authorized for six years (2001-2006), the program allows counties to receive a payment based on the average of the state's top three years of revenue received between 1986 and 1999, or to continue receiving the 25-percent payment authorized under the 1908 law. In Washington, all counties have opted for payment under the new program. In 2002, payments of \$40,337,878 were distributed to 27 counties and school districts in Washington.<sup>25</sup>

Title I of the act provides that most of the monies received (not less than 80 and not more than 85 percent) must be expended in the same manner as the 25-percent payment under the 1908 Act (i.e., on schools and roads). State law directs the Office of the State Treasurer to distribute the funds in proportion to the amount of federal forestland in each county. Fifty percent of these funds are deposited in county road funds, while the other fifty percent are distributed as directed by the Office of the Superintendent of Public Instruction (SPI). State law directs SPI to apportion each county's share of these funds among school districts in proportion to the number of full-time equivalent students enrolled in the district compared to full county enrollment (rather than according to the amount of federal land within each school district).<sup>26</sup>

The other 15 to 20 percent may be used as authorized in the legislation's two other titles:

Title II (paid to the Forest Service) for:

- Infrastructure or restoration projects; and/or

Title III (paid to counties) for:

- Search and rescue activities;
- Community service work camps;
- Easement purchases to create access to national forests;
- Forest-related educational opportunities;
- Fire-prevention and county planning; and
- Community forestry.

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<sup>24</sup> Ibid. An interim revenue-sharing program was authorized in the Omnibus Budget Reconciliation Act of 1993. Called "Spotted Owl" or "Safety Net" payments, these payments began in 1994 at 85 percent of average FFY 1986-1990 payments, declining by 3 percentage points annually, to 58 percent in FFY 2003. From FFY 1999-2003, however, the payment was the higher of either this formula or the standard 25 percent payment. These payments applied to the 17 national forests that contain northern spotted owl habitat.

<sup>25</sup> Washington State Office of the State Treasurer (OST), *Monthly Report*, January 2003, p.10. According to OST, this amount includes both Title I and III monies, as well as a final payment for 2001, which was received in January 2002.

<sup>26</sup> Chapter 28A.520 RCW.

Counties are authorized to determine the percentage of Title I funds they would like to receive, as well as the balance of Title II and Title III funds.

A variety of smaller federal revenue-sharing programs also operate in Washington under the following authorities (“in lieu of tax” programs are discussed separately):

- The Refuge Revenue-Sharing Act;<sup>27</sup>
- The Mineral Leasing Act;<sup>28</sup>
- The Military Forest Receipts Act;<sup>29</sup>
- The Federal Power Act;<sup>30</sup> and
- The Taylor Grazing Act.<sup>31</sup>

Any receipts from the Mineral Leasing Act and from Federal Power Act sales are deposited directly into the state’s Common School Construction Account, rather than distributed to the counties. In FFY 2002, the state received \$692,800 in Mineral Leasing Act funds and \$490,328 from Power Act sales.<sup>32</sup> Revenues under the remaining programs are provided to the counties of origin.

After P.L. 106-393, the most significant revenue-sharing program – both in terms of revenues and number of counties receiving payments – is the Refuge Revenue-Sharing Act.<sup>33</sup> This act applies to lands managed as national wildlife refuges and national fish hatcheries by the U.S. Fish and Wildlife Service. In existence since 1935, this program provides payments to counties within which the FWS administers property. For lands reserved from the public domain (and thus never on the tax rolls), the payment is 25 percent of net receipts. For other properties, the payment calculation is the larger of (1) 25 percent of net receipts, (2)  $\frac{3}{4}$  of 1 percent of fair market value, or (3) \$0.75 per acre. Payments are made directly to counties and may be expended on any governmental purpose. Washington counties received \$686,632 in FFY 2001, or 51 percent of full entitlement (the money that would have been provided under the formula if fully funded by Congress).<sup>34</sup>

The Military Forest Receipts provision requires the transmittal of 40 percent of the net proceeds of any forest products sale from military land to the county of origin. In calendar year 2002, total state payments were \$670,088.<sup>35</sup> These funds were distributed to four counties, of which the largest amount went to Pierce County where Fort Lewis is located.

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<sup>27</sup> 16 USC 715s.

<sup>28</sup> 30 USC 181 et seq.

<sup>29</sup> 10 USC 2665(e).

<sup>30</sup> 16 USC 791-828(c).

<sup>31</sup> 43 USC 315(l).

<sup>32</sup> OST, *Monthly Report*, op cit.

<sup>33</sup> The federal PILT program provides the second largest amount of revenue to counties after P.L. 106-393, but, technically, it is not a revenue-sharing program.

<sup>34</sup> <http://realty.fws.gov/rrs.html>

<sup>35</sup> OST, *Monthly Report*, op cit.

The Taylor Grazing Act provides for the sharing of grazing fees on public lands managed by the Bureau of Land Management. In calendar year 2002, 18 counties shared \$22,741 under this program.<sup>36</sup>

### *In lieu payments*

Although revenue-sharing and payments in lieu of taxes (PILT) programs may appear similar, PILTs are quite different in origin and rationale. Payment in lieu of taxes programs began in connection with acquired federal lands, as opposed to lands reserved from the public domain. Until World War I, federal land acquisitions were not particularly significant, but during the two world wars and the Great Depression, the federal government purchased extensive land holdings for economic recovery programs and military purposes. These lands removed from the tax base lands that had previously been taxed, and strengthened the argument for federal adoption of PILT programs.<sup>37</sup>

An example of this kind of land acquisition is the Hanford Reservation in Eastern Washington, begun as the Hanford Engineer Works in 1943. The U.S. Department of Energy, as manager of the Hanford Reservation, is authorized to make payments in lieu of taxes to the three counties in which the reservation is located: "Such payments may be in the amounts, at times, and upon the terms the [department] deems appropriate."<sup>38</sup> In FFY 2003, Benton County received \$2.6 million in in lieu payments, Franklin County received \$409,000, and Grant County received \$686,000.<sup>39</sup>

Another payment program is authorized in the Federal Flood Control Act.<sup>40</sup> Receipts under this program are derived from the leasing of lands acquired by the U.S. government for flood control, navigation, and allied purposes, including the development of hydroelectric power. Seventy-five percent of these lease amounts are returned to the state, and then distributed to the counties of origin. These funds may be used for the benefit of public schools or public roads, or for the defraying of costs related to flood control. Total federal flood control payments to counties were \$32,695 in calendar year 2002.<sup>41</sup>

Finally, an *umbrella* PILT program was authorized under the Payments-in-Lieu-of-Taxes Act<sup>42</sup> adopted in 1976. The program is unlike any other, in that it is intended to offset the variability in payments made to the states under existing revenue-sharing programs. This program was meant to equalize payments among federal land counties and to provide supplementary income when and where considered necessary.

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<sup>36</sup> Ibid.

<sup>37</sup> Fairfax, *Federal Lands*, op cit.

<sup>38</sup> 42 USC 2208.

<sup>39</sup> U.S. Department of Energy, Hanford Reservation, Budget Office, pers. comm., November 2003.

<sup>40</sup> 33 USC 701(c)(3). This program has features of both revenue-sharing and PILT programs.

<sup>41</sup> *OST Monthly Report*, op cit.

<sup>42</sup> P.L. 94-565, 31 USC 6901-6907, as amended.

Although administered by the BLM, the PILT program applies to eleven categories of federal land, including, but not limited to, the following lands in Washington State:

- National parks;
- National forests;
- Public lands administered by the BLM;
- Lands dedicated to federal water projects;
- Dredge disposal areas under Army Corps of Engineers jurisdiction; and
- National Wildlife Refuge lands withdrawn from the public domain (acquired lands are not eligible).<sup>43</sup>

Together, these lands are known as “entitlement” or “eligible” lands. For FFY 2002, BLM estimates there are 11,606,136 acres of entitlement lands in Washington.<sup>44</sup>

#### *How PILT is calculated*

Under PILT, the number of eligible acres is multiplied by a dollar amount set by law to come up with a base number. This number is then modified by additional factors such as federal revenue payments received by counties in the prior year, the population size of the county, the existence of state “pass-through” laws,<sup>45</sup> and (after 1999) an inflation factor based on change in the Consumer Price Index. Table 1 shows how PILT calculations are developed.

Payments in Lieu of Taxes payments are added to revenues received from other sources, such as Forest Service and FWS payments, but revenues received from most sources are then deducted from the following year’s PILT payments. These deductions are known as PILT “offsets.” Once these offsets are made, PILT payments may not be significant.

Unlike Forest Service revenue-sharing payments, which bypass the annual appropriations process, PILT payments must be appropriated each year. Although counties have been receiving steadily more PILT funding since 1994 (the last year in which appropriations roughly matched the authorized amount), funding as a percentage of full authorization has been shrinking, particularly as the inflation factor

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<sup>43</sup> Under this program, acquired lands are not eligible for payment, while public domain lands are. The reverse is generally true for other in lieu payment programs.

<sup>44</sup> U.S. Department of the Interior Bureau of Land Management, *Payment in Lieu of Taxes – Fiscal Year 2002: National Summary*, Washington, D.C., 2002, p. 87. This compares to 12,885,414 acres of federal land identified in the state’s *1999 Public and Tribal Lands Inventory*, op cit.

<sup>45</sup> If a unit receives a federal land payment, but is required by state law to pass all or part of it to financially and politically independent school districts, or other single or special purpose districts, such payments are considered to have not been received by the unit of local government and are not deducted from the county’s PILT payment (BLM, *Payment in lieu of Taxes – Fiscal Year 2002*, op cit.). According to the Office of the State Treasurer, Washington has a pass-through law and, therefore, counties receive the maximum PILT payments available.

Table 1. How the PILT formula works.

<p>For every county containing federal “entitlement” lands:</p> <ol style="list-style-type: none"><li>1. Assemble needed information:<ol style="list-style-type: none"><li>a. How many acres of entitlement lands are in the county?</li><li>b. What is the population of the county? [The PILT Act restricts the payment a county may receive based on population.]</li><li>c. What was the previous year’s payment for entitlement lands, if any, under other federal payment programs for these lands?</li></ol></li><li>2. Which is <i>less</i>: the county’s entitlement acreage times \$2.02 (in FFY 2003), or the county’s ceiling payment based on its population? Pick the lesser of the two.</li><li>3. Subtract the previous year’s total federal revenue-sharing payments under other programs from this number. [This is the standard provision]</li><li>4. Which is <i>less</i>: the county’s entitlement acres times \$0.27 (in FFY 2003), or the county’s ceiling payment based on its population? Pick the lesser of the two. [This is the minimum provision]</li><li>5. The county is authorized to receive the <i>greater</i> of the above calculations. [This amount is not automatically appropriated, however.]</li></ol>
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Source: Congressional Research Service, “PILT (Payment in Lieu of Taxes): Somewhat Simplified,” 98-574, June 24, 1998.

raises the authorization level.<sup>46</sup> The total amount of PILT funding received by Washington’s counties in FFY 2002 was \$7,227,532.<sup>47</sup> State law directs payments to be distributed to counties according to established property tax distributions.<sup>48</sup>

### *Federal impact aid*

Created in 1950, the Impact Aid program<sup>49</sup> was designed to assist local school districts that have lost property tax revenue due to the presence of tax-exempt federal property, or that have experienced increased expenditures due to the enrollment of “federally connected” children. These are children residing on Indian lands, on military bases, in federal low-rent housing projects, or whose parents are civilian but work on some type of federal property. Funds go directly to school districts in affected counties. For academic year 2001-2002, Washington school districts in 24 counties shared \$46,762,499.<sup>50</sup>

<sup>46</sup> From a low point of 50 percent funding in 2000, payments in 2004 are projected to be between 65 and 70 percent of full authorization.

<sup>47</sup> BLM, *Payment in Lieu of Taxes*, op cit.

<sup>48</sup> Chapter 84.72 RCW.

<sup>49</sup> 20 USC 7701-7714.

<sup>50</sup> S. Shish, Office of the Superintendent of Public Instruction, pers. comm., November 2003.

## Summary

Table 2 summarizes the payments made to the state under each of these federal programs in calendar year 2002. Appendix B shows Forest Service and PILT payment history for the 27 counties receiving the payments in Washington.

Table 2. Federal land-related payments to Washington State in calendar-year 2002.

Payment Program	Amount (\$)	Purpose*
<b>Payments Directly to State Treasury</b>		
Mineral Leasing Act	692,800	R
Federal Power Sales	490,328	R
<b>Payments to State for Distribution to Counties/School Districts</b>		
FS Revenue-Sharing (Titles I and III)	40,337,878	R
Military Forest Receipts	670,088	G
Federal Flood Control Receipts	32,695	R
Taylor Grazing Act	22,741	G
<b>Payments Directly to Counties/School Districts</b>		
Federal Impact Aid	46,762,499	R
Payments in lieu of Taxes	7,227,532	G
U.S. DOE PILT Authority (Hanford)	3,695,000 <sup>†</sup>	G
Refuge Revenue-Sharing Act	686,632 <sup>‡</sup>	G

\*R = Restricted Purpose; G = General Purpose

<sup>†</sup> FFY 2003

<sup>‡</sup> FFY 2001

## State Payment Programs

This section reviews the state programs that are intended to compensate local governments in Washington for revenue losses attributed to state-owned lands. State payments to counties and local taxing districts include: “in lieu of tax” payments, assessments and charges, timber excise tax revenue, revenue-sharing programs, and payments to beneficiaries from the sale of timber and other products from state trust lands.

### *In lieu payments*

Under state law, counties may receive payment in lieu of property tax for “game lands” within the county,<sup>51</sup> or may choose instead to keep all fines, forfeitures, reimbursements, and costs assessed and collected for violations of fish and wildlife laws and regulations in the county. If choosing in lieu of tax payments, a county has the option of choosing the highest amount between methods. Such payment may

<sup>51</sup> RCW 77.12.201, 203. “Game lands” means tracts 100 acres or larger owned in fee by the Washington Department of Fish and Wildlife (WDFW), except for lands in the Snake River Basin, which are considered game lands regardless of size.

be equal to “open space” or current use taxation for similar lands, or the greater of \$0.70 per acre or the amount paid in 1984 plus an assessment for noxious weeds.

There were 409,143 acres of game lands in Washington in 2003.<sup>52</sup> In 2002, WDFW paid a total of \$377,958 in in lieu payments to twelve counties (Appendix C). Chelan County elected to collect in lieu payments in 2003, bringing the total number of counties now receiving these payments to 13.

The Department of Natural Resources (DNR) is also required to pay in lieu taxes on certain properties. Under a 1984 statute, DNR is required to pay in lieu taxes on lands purchased for commercial, industrial, or residential use for the period in which the lands are held in the state Land Bank (in practice, the seller pays the tax and the purchase price is raised to cover this expense).<sup>53</sup> Payments are equivalent to property taxes and distributed in the same manner.

When the state purchases private land that is designated for tax purposes either as forestland, agriculture land or open space, the state must pay a compensating tax.<sup>54</sup> The compensating tax is the difference between the highest or ad valorem tax rate on the property and the tax rate under the designated status. This difference is then multiplied by the number of years the land was in the designated status up to a maximum of ten years. The total amount must be paid at the time of purchase. In essence, this is a penalty for removing land from the special tax status, even when the land use remains unchanged. State economists who have analyzed the compensating tax on county tax revenues have concluded that the compensating tax paid on state-purchased forestlands (primarily cutover timber property) has been equal to or greater than the property tax that would have been paid by the private forest landowner.<sup>55</sup>

The leasehold tax is another form of in lieu tax. State law requires lessees of public property to pay a 12.84 percent leasehold tax.<sup>56</sup> Lands may be leased for a variety of uses, including communication sites, agriculture, commercial properties, or office space. This tax is a replacement for the property tax to provide equity for tax-exempt property used by private users. As the principal lessor of state-owned land, DNR is directed to collect leasehold taxes from its lessees and to remit the taxes to the Department of Revenue. On federal property, however, lessees pay the leasehold tax directly to the Department of Revenue. Distribution of the leasehold tax is split about equally between local and state government.

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<sup>52</sup> D. Budd, WDFW, pers. comm., November 2003. The *1999 Public and Tribal Lands Inventory* shows the department as owning a total of 461,576 acres of land, but this figure includes lands defined other than as “game lands.” IAC, op cit.

<sup>53</sup> RCW 79.19.110.

<sup>54</sup> RCW 84.34.108(6)(f). State lands do not fall within the exemptions from this tax.

<sup>55</sup> The Nature Conservancy staff, pers. comm., December 2004.

<sup>56</sup> RCW 82.29A.030. The statute calls for a 12 percent tax rate, plus an additional tax (surcharge), which adds 0.84 to the rate. In addition, the state charges an additional 8.6 percent in “product” leasehold tax, which is collected on agricultural and marine products sold.

For the period April 2001 through March 2002, DNR collected \$2,683,761 in leasehold tax. Often, the leasehold tax generates more revenue for the county than the property tax on similar privately owned property. For example, when DNR purchases agricultural land and leases it to private farmers, the DNR pays the leasehold tax plus the compensating tax. Thus, the county often receives twice as much revenue as it would if the same agricultural property were in private ownership.<sup>57</sup>

### *Local assessments*

There are two kinds of special purpose districts in Washington: taxing districts and districts that rely on non-tax revenues. Taxing districts are the most common type of special purpose district. These districts are authorized to collect taxes from district property in proportion to property value. State law classifies taxing districts as senior taxing districts (the state, counties, cities and towns, and county road districts), or junior taxing districts (all others except for port or public utility districts).<sup>58</sup>

Certain special purpose districts receive revenues from sources other than property tax levies. Some of these districts are authorized to impose fees and charges for services provided. For example, “benefit assessment districts” may impose assessments for services such as mosquito abatement or noxious weed control in proportion to the amount of service received by individual properties within the district.<sup>59</sup> Others, known as “local improvement districts,” are authorized to finance capital projects in the same manner.<sup>60</sup>

All state lands, including school board lands, granted lands, escheated lands,<sup>61</sup> or other lands, held or owned by the state of Washington in fee simple (in trust or otherwise), situated within the limits of any assessing district in this state, may be assessed and charged for the cost of local or other improvements benefiting such land.<sup>62</sup> Assessments and charges paid by the state are distributed to local taxing districts for purposes such as weed control, and water and road improvements.<sup>63</sup>

### *Forestland and timber excise tax*

Since 1971, state law has excluded timber from property taxation.<sup>64</sup> In place of a property tax on standing timber, timber owners pay a two-part tax: (1) a “current use” tax on timber land parcels 20 acres in size or larger,<sup>65</sup> and (2) an excise or yield tax

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<sup>57</sup> The Nature Conservancy staff, op cit.

<sup>58</sup> RCW 84.52.043(2).

<sup>59</sup> RCW 84.34.310.

<sup>60</sup> RCW 84.04.120.

<sup>61</sup> Lands that have reverted to the state when there are no heirs.

<sup>62</sup> Chapter 79.44 RCW.

<sup>63</sup> Fire protection assessments are paid by all forestland owners, including DNR, into a dedicated account used for wildland fire protection (RCW 76.04.610).

<sup>64</sup> Chapter 84.33 RCW.

<sup>65</sup> Smaller parcels are eligible for “current use” classification under Chapter 84.34 RCW.

on the value of the timber when it is cut. Forestland values are developed by the state Department of Revenue (which administers the timber tax program), and vary according to the productivity of the land and the operability of the site (i.e., cost of harvesting timber). For example, in the 2002 assessment year, forestland assessed values ranged from \$227 per acre for the most productive land to \$1 per acre for the least productive land. Forestland taxes for private land are distributed to the counties of origin (public land is exempt from taxation).<sup>66</sup>

The excise portion of the Forest Excise Tax is also administered by the state Department of Revenue. Owners of private timber pay a 5-percent excise tax on the “stumpage value” of their timber when it is harvested. Of this amount, four percent is distributed to the county where the harvest occurred and one percent is distributed to the state general fund. The four percent of county tax revenue is distributed among local taxing districts within the county according to the priorities established in RCW 84.33.081. In calendar year 2002, the state distributed \$28.8 million of timber excise tax revenues to the counties.<sup>67</sup>

In 1982, the excise portion of the tax was extended to timber harvested from state and federal land. Until 2004, all excise tax revenues from the harvest of public timber was deposited in the state general fund. The consequence of this distribution was that the transfer of forestland from private to public ownership also resulted in the transfer of forest excise taxes from the county to the state. This may have had the effect of discouraging government land purchases and transfers for conservation purposes.

To address this situation, legislation enacted in 2004 authorizes counties to collect up to 4 percent of the timber excise tax on timber harvested from public lands.<sup>68</sup> The 4 percent tax rate is being phased in over ten years starting at 1.2 percent. Upon completion of the phase-in period, timber excise tax rates and distributions will be identical on private and public timberlands. The 2004 legislation also eliminates the requirement for purchasers of public timber to pay personal property taxes on standing timber before it is harvested. The personal property tax for standing timber is about 1.5 percent of the value of the timber, of which the local taxing district within the county of origin receives 76 percent and the state general fund 24 percent.

### *Revenue-sharing*

Lands managed by DNR as “Forest Board” lands are subject to revenue-sharing with the counties in which the lands are located. Revenue distribution to counties differs depending on whether the land was acquired from a county through foreclosure of tax liens (“Forest Board Transfer”), or otherwise acquired by gift or

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<sup>66</sup> Washington State Department of Revenue, “Washington State Forest Land & Timber Tax,” Taxpayer Services Division, FS0028, March 2003.

<sup>67</sup> OST, *Monthly Report*, January 2003.

<sup>68</sup> ESHB 2693 (Chapter 177, Laws of 2004).

purchase (“Forest Board Purchase”).<sup>69</sup> For the former, any monies derived from the lease of such land or from the sale of forest products or fossil fuels is distributed as follows: first, DNR is reimbursed for its expenses not to exceed 25 percent of the revenue received; then, any balance is conveyed to the county in which the land is located. For the latter, 50 percent is used for retiring forest utility bonds (for forest land acquisition and reforestation) and investment in forest production on Forest Board lands, and 50 percent is pro-rated and distributed to the state general fund for public schools and to the county in which the land is located.

The Department manages 545,000 acres of Forest Board Transfer lands and 77,000 acres of Forest Board Purchase lands. In 2002, DNR distributed \$52,645,505 in Forest Board Transfer funds and \$4,438,391 in Forest Board Purchase funds.<sup>70</sup>

### *Trust revenues*

When Washington State was admitted into the union on November 11, 1889, more than three million acres of land were conveyed to the new state for the benefit of schools and other public institutions. The state has retained much of this land, which is managed by the Department of Natural Resources for the benefit of six separate trusts. The department manages these lands as independent trusts for the benefit of designated beneficiaries, regardless of location.

One of these trusts is the Common School Trust. Proceeds from the management of Common School Trust lands are paid directly into the state Common School Construction Account and distributed as grants to school districts by the State Board of Education.<sup>71</sup> School districts must apply for these grants and must provide a match (the proportion of the match is based on a district’s ability to pay). Counties that contain no state trust lands are as eligible for these grants as counties with large amounts of trust land. The department contends that revenues paid to the trust beneficiaries reduce the tax burden that would otherwise be needed to support public institutions.<sup>72</sup>

In 2002, trust beneficiaries received \$87 million from DNR-managed uplands. Of this amount, \$53 million went to the Common School Trust to support the construction of K-12 public schools.<sup>73</sup>

### *Summary*

Table 3 summarizes the payments made to counties and other taxing districts by state government landowners in calendar year 2002.

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<sup>69</sup> RCW 79.22.010 and .040.

<sup>70</sup> Washington State Department of Natural Resources, *Annual Report for Fiscal Year 2002*, p.39.

<sup>71</sup> B. Hood, Office of the Superintendent of Public Instruction, pers. comm., March 12, 2004.

<sup>72</sup> Washington State Department of Natural Resources, “Tax contributions from DNR-managed lands,” FS-02-145, September 27, 2002.

<sup>73</sup> DNR, *Annual Report*, op cit.

Table 3. State land-related payments to counties and other local taxing districts in calendar-year 2002.

Payment Program	Amount (\$)	Number of Counties receiving payments
<b>Distribution To Counties</b>		
WDFW in lieu tax	377,958	12
DNR land bank	0*	0
DNR leasehold tax	2,683,761	39
DNR compensating tax	22,048**	--
DNR Forest Board Transfer	52,645,505	20
DNR Forest Board Purchase	4,438,391	11
<b>Distribution to Local Taxing Districts</b>		
DNR Trust Revenues	53,000,000†	--
Total assessments and charges‡		
DNR	162,185	23
Parks	40,987	21
WDFW	184,444	31

\* DNR did not pay land bank taxes in 2002. Taxes paid vary with the amount of land in the bank at any one time, which cannot exceed 1500 acres.

\*\* This tax payment is dependent on purchases by the department of land in current use valuation, and, therefore, is highly variable from year to year.

† Deposited in the School Construction Account. Distributions are made through the State Board of Education.

‡ Does not include fire protection assessments, which are paid to a state account.

## Property Taxes

This section presents an overview of the way property taxes are levied in Washington, and provides context for an evaluation of federal and state land-related payment programs

### *How property taxes are determined*

Property taxes apply to taxable property, which includes all real and personal property located within the state, unless specifically exempted. Real property includes land, structures and certain equipment that is affixed to the structure; personal property includes machinery, supplies, certain utility property (e.g., dams) and items that are generally movable.<sup>74</sup>

The assessed value of real property is “ad valorem,” or according to its market value, unless the property is accepted into the state’s “open space” program.<sup>75</sup> Enrollment in the open space program allows property to be assessed at its current use value; e.g., as current forestland, rather than as potential commercial development. In Washington, the assessed value of most real property is

<sup>74</sup> Washington State Department of Revenue, *Tax Reference Manual*, January 2002.

<sup>75</sup> Chapter 84.34 RCW.

determined by the property assessor, using one or more of three professional appraisal methods.<sup>76</sup>

### *Taxing districts*

Taxing districts are authorized by state law to levy a certain rate each year generally without approval by the voters; these are commonly referred to as regular levies. In most cases, regular levies are used for the general operations of the district, whereas special levies are used for maintenance and operations purposes or for bond retirement for capital facilities, and must be approved by the voters in the district.

The levy rate is calculated by dividing the budget requirements of a county, city, or district(s) by 1000<sup>th</sup> of the assessed valuation of the taxing jurisdiction. For example, if \$1 million is needed by a road district to operate in the coming year, and the total assessed valuation in the district is \$500 million, then the levy rate necessary to produce the revenue is \$2 per thousand dollars of assessed value ( $\$1,000,000 / (\$500,000,000 / 1000) = \$2$ ).<sup>77</sup> An individual's tax liability in that district would then be \$2 per \$1000 of individual property value.

The tax rate applied to a given property is the sum of the levy rates imposed by all the taxing districts within which the property lies. Currently, there are approximately 1,743 taxing districts throughout the state. Because of the many overlapping jurisdictions, however, there are approximately 3,225 "tax code areas" in which a particular combination of levy rates may apply.<sup>78</sup>

In the aggregate, most regular levies cannot exceed \$5.90 per \$1000 of assessed value, while the state levy rate is set by statute at \$3.60 per \$1000 of assessed value.<sup>79</sup> In addition to these rate limits, both statutory law and the state Constitution limit regular property tax levies (including the state levy) to 1 percent of the true and fair value of the property. This limit does not apply to port or public utility districts.<sup>80</sup>

### *Effect of lowering assessed valuation*

Assessed valuation can be lowered in several ways. Often, assessments are lowered when a major business or manufacturing facility closes its doors. Another way assessed valuation may be lowered is when individual parcels of property are removed from the tax rolls. For example, if property is enrolled in the open space program, or acquired by a land trust or public agency and removed from the tax rolls entirely, a taxing district's total assessed valuation will be lowered accordingly and, therefore, levy rates will rise, assuming budget needs are held constant. The

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<sup>76</sup> DOR, *Tax Reference Manual*, op cit.

<sup>77</sup> Municipal Research and Services Center, *County Revenue Guide*, Report No. 52, July 2001.

<sup>78</sup> Ibid.

<sup>79</sup> Ibid.

<sup>80</sup> Ibid.

increased levy rate will increase tax liabilities (however slightly) on the other non-exempted properties in the district. If a county is at its maximum levy rate, however, the loss of county revenue due to a loss of assessed valuation cannot be made up by increasing the levy rate (i.e., by shifting the cost to other taxpayers). In this case, the budget must be reduced. In 2002, the general expense funds of 14 counties in Washington were at their maximum levy rate and had no remaining capacity to absorb loss of revenue.<sup>81</sup> Nine of the 14 (64 percent) were “timber counties;” i.e., counties containing national forest lands and receiving federal forest payments.

### *Importance to counties*

The property tax is the single largest source of operating revenues for Washington's counties, representing about one-third of county general and special revenue funds. This tax is the main source of revenue for both the county general (current expense) fund and the county road fund. The productivity of the tax varies, however, in part because of differences in the underlying assessed valuation. This disparity is confirmed by the fact that in 2000 the state's three most prosperous counties (King, Pierce, and Snohomish) levied more property tax revenue than the other thirty-six combined.<sup>82</sup>

Appendix D identifies the acreage, population, assessed valuation, and property taxes levied in Washington's counties in 2002.

### Property Tax Equivalence

Some observers have questioned whether federal payments are equivalent to the property taxes that would be paid on federal lands, if those lands were in private ownership. Federal agencies and consultants have attempted to answer this question over the years, but the results appear inconclusive.<sup>83</sup> A similar exploration is beyond the scope of this paper.

The variety of payment programs, the manner in which payments are distributed, and state and local tax policies all determine whether “federal payments” are equivalent to “local property taxes.” These payments differ not only across geography, but over time depending upon annual factors such as Congressional appropriations and assessed valuation. Therefore, previous studies have generally taken a national perspective and looked at large datasets to offset the inherent variability at the state and local levels.

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<sup>81</sup> M. Hagen, Washington Association of County Officials, pers. com., May 14, 2004.

<sup>82</sup> Ibid.

<sup>83</sup> See, for example, Schuster, Ervin G, Paul R. Beckley, Jennifer M. Bushur, Krista M. Gebert, and Michael J. Niccolucci, “An Analysis of PILT-Related Payments and Likely Property Tax Liability of Federal Resource Management Lands,” USDA Forest Service Gen. Tech. Rep. RMRS-GTR-36WWW. 1999. ([http://www.fs.fed.us/rm/pubs/rmrs\\_gtr36.pdf](http://www.fs.fed.us/rm/pubs/rmrs_gtr36.pdf)).

## Property Tax Exemptions

To provide additional perspective on property tax issues, a brief summary of the Department of Revenue's *2004 Tax Exemptions Study* is provided here.<sup>84</sup> The department examined all of the tax exemptions available under state law; an examination it is required to conduct every four years, as directed by RCW 43.06.400. The term "exemption" includes exclusions, deductions, preferential tax rates, deferrals, and credits. These exemptions benefit particular organizations and individuals, while shifting the overall tax burden onto remaining taxpayers or reducing local revenues. Of particular interest here are the property tax exemptions provided for public property, the property of private non-profit land conservancies, and property enrolled in current use valuation.

Of the \$64.7 billion of tax exemptions (also called "taxpayer savings" by DOR to recognize that exemptions benefit specific categories of taxpayers) provided annually to organizations and individuals in Washington, the largest share (44 percent) is provided by property tax exemptions (Table 4).

Table 4. Summary of tax exemptions by tax source: Estimated savings to taxpayers in the 2003-2005 Biennium (\$000,000)

<b>Tax Source</b>	<b>No. of Categorical Exemptions</b>	<b>State taxes (\$)</b>	<b>Local taxes (\$)</b>	<b>Total (\$)</b>
Property tax	101	6,127.8	22,591.3	28,719.1
In lieu excise taxes	39	36.5	15.5	52.0
B&O Tax	133	5,462.8	---	5,462.8
Public Utility Tax	26	876.6	---	876.6
Other business taxes	39	1,893.7	---	1893.7
Retail sales & Use Tax	140	18,506.2	5,313.1	23,819.3
All other taxes	25	3,756.5	106.2	3,862.7
<b>Total</b>	<b>503</b>	<b>36,660.1</b>	<b>28,026.1</b>	<b>64,686.2</b>

Source: DOR, *2004 Tax Exemptions Study*.

The property tax exemption covers five different types of property: public property, the property of private non-profit organizations, private property, tax-deferred property, and personal property. Of these, the largest exemption is for personal property. The personal property tax exemption for "intangibles" (i.e., stocks, bonds, and other paper wealth) accounts for nearly three-quarters of total property tax exemptions, and represents a savings of \$20.7 billion per year for taxpayers.

<sup>84</sup> DOR, *2004 Tax Exemptions Study*, op cit.

*Public property*

Of the 18 categories of public property analyzed by DOR, four categories cover federal, state, county, and city and town-owned property (the study is silent on tribal trust land). As a whole, these four categories account for less than 5 percent of all property tax exemptions by value, and 2.2 percent of total exemptions (Table 5). Of these four categories, the largest property tax exemptions are provided to county governments, followed by cities and towns, the federal government, and state government.<sup>85</sup> Although federal lands are much more extensive, county and municipal lands may be assumed more valuable because of structures and location.

Table 5. Property tax exemptions provided to major government landowners in 2004.

<b>Property Owner</b>	<b>State taxes (\$)</b>	<b>Local Taxes (\$)</b>	<b>Total (\$)</b>
Federal	77,265,000	279,926,000	357,181,000
State	51,953,000	188,214,000	240,167,000
Counties	98,709,000	357,604,000	456,313,000
Cities and Towns	81,579,000	295,545,000	377,124,000
<b>Total</b>			<b>1,430,785,000</b>

Source: DOR, *2004 Tax Exemptions Study*.

*Private non-profit organizations*

Non-profit organizations are divided by DOR into four categories: health or social welfare, charitable or religious, arts or cultural, and other (Table 6). The 73 exemptions provided for non-profit organizations account for a very small portion (approximately 1.0 percent) of total tax exemptions. Property tax exemptions provided to private non-profit organizations for the conservation of open space amounted to \$559,000 in 2004.<sup>86</sup>

Table 6. Property tax exemptions provided to nonprofit organizations in 2004.

<b>Nonprofit organizations</b>	<b>No. of Exemptions</b>	<b>Taxpayer Savings (\$)</b>
Health or social welfare	31	371,000,000
Charitable or religious	12	151,500,000
Arts or cultural	6	15,000,000
Other organizations*	21	125,500,000
<b>Total</b>	<b>73</b>	<b>663,000,000</b>

Source: DOR, *2004 Tax Exemptions Study*.

\*Includes land conservancies and trusts

<sup>85</sup> According to S. Smith, one of the DOR analysts who conducted the 2004 exemptions study, the value of federal lands is an informed “guesstimate.” The lands have not been assessed.

<sup>86</sup> DOR, *2004 Tax Exemptions Study*, op cit.

### *Current use valuation*

The state's "open space" program was developed pursuant to authorization provided in a constitutional amendment adopted in 1968. The program authorizes property taxation on the basis of "current use" in order to encourage the retention of open space, farms, and forests.<sup>87</sup> Current use valuation may result in assessed values that are much lower than ad valorem values. To qualify for this exemption, owners of open space lands, and certain agricultural and forestlands, must apply through their county assessor's office.

For taxes due in 2001, 11.8 million acres of private land were enrolled in the current use program, resulting in a statewide reduction of \$7.2 billion in assessed valuation.<sup>88</sup> Lowered assessments resulted in taxpayer savings of \$95.3 million (and in a revenue reduction of the same amount for taxing districts).<sup>89</sup>

### *The senior citizen exemption*

The senior exemption was also adopted by constitutional amendment in 1966. Homeowners who are at least 61 years of age or retired due to physical disability may apply for a whole or partial exemption from the taxes that would otherwise be due on their property. The actual amount of the exemption depends on the income range of the homeowner. Only property up to one acre in size may be exempted per homeowner. For taxes due in 2001, 122,928 homeowners received \$112.5 million in tax relief under this program, with average savings of \$915 per household.<sup>90</sup>

### *Summary*

These exemptions have been adopted for a variety of reasons over the years. While some tax exemptions might be considered for repeal, not all such repeals would result in additional revenue for state or local governments. The DOR study's authors found that, in many cases, repeal of property tax exemptions would not result in additional revenue because many local taxing districts are at their maximum allowable levies. Nonetheless, repeal of exemption statutes would result in a broader tax base, and thus provide lower tax rates for other taxpayers.

### *Conclusion*

This paper has described the federal and state programs authorizing payments to state and local jurisdictions as compensation for tax-exempt public property within their borders. The purpose of this overview is to prepare the groundwork for further analysis of payment programs and property taxation.

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<sup>87</sup> Chapter 84.34 RCW.

<sup>88</sup> DOR, *Tax Reference Manual*, op. cit.

<sup>89</sup> Ibid.

<sup>90</sup> Ibid.

Several conclusions can be drawn from the preceding information. The most significant federal payment programs in terms of payment amounts are P.L. 106-393 and PILT at the federal level. The most significant state payment programs are DNR Forest Board revenue-sharing payments and state trust land payments. State trust land payments are provided either directly to beneficiaries or as grants to junior taxing districts (by way of the State Board of Education) and do not contribute directly to county revenues. These payments offset the need, however, to raise taxes at the local and state levels. Payments from the other federal and state programs identified herein are considerably smaller, but important to the local jurisdictions that receive them.

Payments under federal and state payment programs are variable over time, and this variability makes it difficult to draw conclusions about the tax equivalency of federal and state payment programs on one hand, and local property taxation on the other. While property tax exemptions for publicly owned real property is a relatively small percentage of all exemptions provided by state law, any further erosion of the tax base can have a significant impact at the local level, particularly in areas of already low assessed valuation or without remaining levy capacity.

Multiple perspectives exist with regard to taxation issues, including those of federal, state, and local governments (both senior and junior taxing districts), and individual taxpayers. Because one jurisdiction or person's cost is often another's gain, any further analysis of these issues should clearly identify the choice of a perspective.

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## Case Study: Lewis County

### Introduction

This paper compares the revenues received by Lewis County from “payment programs” related to federal and state land ownership within the county in 2002, to property tax collections in the same year. Findings from this single case study should not be extrapolated to the state as a whole, as every county’s situation is unique.

A variety of factors affect the amount of revenues received from payment programs and property taxes, and these factors may vary from year to year. The target year for this study is calendar year 2002, although some of the data may have been provided by state or federal fiscal year. While greater data precision is possible, it is not crucial to this analysis.

### Methods

This case study analyses data in two ways. The first is a series of calculations of per-acre “payment program” or tax revenues to illustrate the range of estimates that can be developed from the county’s revenue information. The second develops hypothetical federal forestland tax liability in Lewis County based on the assessed valuation and annual property taxes paid by the owners of a parcel of similar private forestland.

### Lewis County Profile

Named after the explorer Meriwether Lewis, Lewis County in Southwest Washington is the state’s sixth largest. The 1.55 million-acre county extends from the Willapa Hills to the Cascade Crest. In 2003, 70,400 persons lived in the county, of which 40 percent live in incorporated areas and 60 percent in unincorporated areas.<sup>1</sup> The county’s largest cities are Chehalis (the county seat) and Centralia.

Belying its rural appearance, the four largest economic sectors in Lewis County are: retail trade (6,040 employees), services (4,901 employees), government (4,862 employees), and manufacturing (3,824 employees). Agriculture, forestry, and fishing combined employ only 925 people, or 3.7 percent of total employment.<sup>2</sup>

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<sup>1</sup> State of Washington Office of Financial Management, *2001 Washington State Data Book*.

<sup>2</sup> *Ibid.*

## Federal Lands and Payments

**Federal Lands**

Thirty percent of the county is federally owned.<sup>3</sup> Federal “entitlement” land in the county is owned by the U.S. Forest Service (445,390 acres), the National Park Service (29,171 acres), and the Bureau of Land Management (279 acres).<sup>4</sup> Federal lands are concentrated in the eastern third of the county and include portions of the Gifford Pinchot National Forest and Mt. Rainier National Park. Federal lands also include the following federally designated wilderness areas in whole or in part: Tatoosh, Goat Rocks, and William O. Douglas. The White Pass ski area is located on Forest Service land near the Yakima County line. Table 1 shows the amount of federal acreage in Lewis County by agency. The total acreage indicates the total amount of federal “entitlement” land for PILT payment purposes.

Table A-1. Federal “entitlement” acreage in Lewis County.

<b>Federal Agency</b>	<b>Acreage</b>
USDA Forest Service	445,390
National Park Service	29,171
Bureau of Land Management	279
Bureau of Reclamation	0
DOD Army (Bases)	0
Army Corps of Engineers Dredge Disp. Areas	0
US Fish and Wildlife Service	0
<b>Total</b>	<b>474,840</b>

Source: BLM, *Payment in Lieu of Taxes, National Summary, Fiscal Year 2002*

**Federal Payments**

Federal property-related payments to Lewis County consist of Forest Service Titles I and III payments, and PILT payments (Table 2).

<sup>3</sup> IAC, *1999 Public and Tribal Lands Inventory*.

<sup>4</sup> BLM, *National Summary*, op cit., p. 86. The Forest Service acreage in the *BLM National Summary* is a little higher than the acreage recorded in the *IAC 1999 Public and Tribal Lands Inventory*. The latter shows the Forest Service as owning 441,057 acres.

Table A-2. Federal payments to counties in FY 2002.

Payment Program	Payment (\$)
Forest Service Title 1	4,171,072*
Forest Service Title III	415,851
PILT	76,542
Federal Impact Aid	0
Federal Flood Control	0
Taylor Grazing	0
Refuge Revenue-Sharing	0
<b>Total</b>	<b>4,663,465</b>

Source: Lewis County Treasurer's Office. \*This amount was divided equally between schools and roads.

## State Lands and Payments

### **State Lands**

The Washington Department of Natural Resources (DNR) manages 102,237 acres of land in Lewis County, concentrated primarily in the Tahoma State Forest adjacent to national forest lands.<sup>5</sup> Of this amount, 42,519 acres (41.5 percent) is comprised of common school trust land, and 43,197 acres (42.3 percent) is Forest Board land. The balance of 16, 521 acres is comprised of other trust lands. Forest Board land, in turn, is divided into two categories that provide different fund distributions: Forest Board Transfer (40,129 acres) and Forest Board Purchase (3,068 acres). Table 3 shows the acreage of state-owned lands in Lewis County.

Table A-3. State-owned lands in Lewis County

State Agency	Acreage
DNR	102,237*
Dept. of Transportation	3,047
Parks and Recreation Commission	1,456
Dept. of Fish and Wildlife	410
<b>Total</b>	<b>107,150</b>

Notes: \*DNR data (this amount includes all DNR-managed uplands in Lewis County).

<sup>5</sup> DNR database information was provided by A. Nagygyor on March 8, 2004. Although these acreage figures differ slightly from the IAC's Inventory data, DNR data is used because it provides a breakdown of the separate trusts not available in the IAC Inventory.

## State payments

### *State Trust Land Revenue Distribution*

Common School Trust lands are managed by DNR as a single trust for the benefit of designated beneficiaries, regardless of where they are located. Proceeds from the management of Common School Trust lands are paid directly into the state Common School Construction Account and distributed as grants to school districts by the State Board of Education. If interested in funding, school districts must apply for these grants and must provide a match (the proportion of the match is based on a district's ability to pay).

School districts in Lewis County did not apply for school construction grants in 2002 – the study year. For the period 1997-2003 – a seven-year period – three matching grants were awarded to two districts for a total of \$3.9 million.<sup>6</sup> Although school construction grants offset the taxes that would otherwise be payable to taxing districts, these funds take the form of grants and are not tied to the amount of land within a jurisdiction. Therefore, they are not included in the calculation of Lewis County revenues from state lands.

### *State Forest Board Land Revenue Distribution*

Lewis County receives a share of the revenues derived from DNR's management of Forest Board lands within its borders. In 2002, Lewis County received \$1,520,201, although this amount varies from year to year depending upon the management activities taking place on Forest Board lands.

### *Leasehold Tax*

State law requires lessees of public property to pay a 12.84 percent leasehold tax.<sup>7</sup> As the principal lessor of state land, DNR is directed to collect leasehold taxes from its lessees and to remit the taxes to the Department of Revenue (DOR). Leasehold taxes paid on federal property, however, are paid by the lessee directly to the Department of Revenue.<sup>8</sup> Counties and cities may also collect a leasehold tax of up to 6 percent, which is credited against the tax payable to the state. If counties elect to collect this tax, their portion is deposited in the local leasehold excise tax account and returned to them. In 2002, Lewis County received \$48,057.20 in local leasehold tax payments.

<sup>6</sup> OSPI Facilities and Organization Section, pers. comm., March 15, 2004.

<sup>7</sup> RCW 82.29A.030. The statute calls for a 12 percent tax rate, plus an additional tax (surcharge), which adds 0.84 to the rate.

<sup>8</sup> The only known lessee of significant amounts of federal land in Lewis County is the White Pass Ski Resort. Due to confidentiality provisions, it is not known how much this lessee pays in annual leasehold tax.

### *In Lieu Tax*

Counties may ask the Washington Department of Fish and Wildlife (WDFW) to pay in lieu tax for “game lands” owned within their borders, as an alternative to the fines and forfeitures they have historically collected for violations of fish and game laws. Lewis County has opted not to receive in lieu payments from WDFW.<sup>9</sup>

### *Timber Excise Tax – Public Forestland*

In place of a property tax on standing timber, timber owners pay a two-part tax: (1) a “current use” tax on forestland parcels 20 acres in size or larger, and (2) a 5-percent excise or yield tax on the value of the timber when it is cut. The program is administered by the Washington Department of Revenue. For timber harvested from state or federal land, the excise tax is based on the stumpage value of the timber at the time of harvest.

State and federal lands are exempt from taxation, and, therefore, do not pay the current use tax on forestland. Until 2004, all excise taxes from the harvest of federal and state timber were deposited in the state general fund. A small harvest took place on public lands in 2002, resulting in \$251,508 of timber excise tax revenue – all of which was remitted to the state treasury.

### *Local District Assessments*

Local districts may charge state land-managing agencies for improvements and management activities related to noxious weed control, stormwater, soil conservation, water, sewers, drainage, etc., in the same manner they would charge a private property owner. All assessments, except for fire protection, are paid directly to counties. Neither WDFW, nor DNR, paid any assessment to local districts in Lewis County in 2002. Table 4 summarizes the total payments made by state agencies to Lewis County in 2002.

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<sup>9</sup> In 2002, Lewis County received \$1354.14 in fines and forfeitures payable to the District Court (Source: Lewis County Treasurer’s Office). According to D. Budd (WDFW), perhaps 300 of the agency’s 410 acres in Lewis County might qualify as contiguous “game lands” for in lieu tax purposes, but the in lieu tax would likely be less than current payments (pers. comm., March 12, 2004).

Table A-4. State payments to Lewis County in 2002.

Payment Program	Payment (\$)
DNR Forest Board Purchase	(5,818)
DNR Forest Board Transfer	1,526,019
DNR and/or fed land	48,057
Dept. of Fish and Wildlife	0
Dept. of Transportation	0
Parks and Recreation Commission	0
<b>Total</b>	<b>1,568,258</b>

Source: Lewis County Treasurer's Office. The amount shown in parentheses was a refund for DNR overpayment of the county's share of Forest Board revenues in 2002.

## Local Government Lands and Payments

In addition to federal and state government ownership, local governments also own tax-exempt land in the county. The largest local government landowner is the City of Tacoma (Tacoma Power), which manages 28,088 acres of recreation land and wildlife habitat provided as mitigation for the Cowlitz River Hydropower Project.<sup>10</sup> Tacoma Power manages the recreation sites directly, while the wildlife habitat areas are managed by WDFW.

## Property Tax Revenue

### *Assessed valuation and tax levies*

After subtracting government land ownership, Lewis County has 943,614 acres of taxable private land, or 61 percent of the county.<sup>11</sup> In 2002, total assessed valuation in Lewis County was \$4,360,866,000. This figure includes the taxable value of real property (land value only), structures, and personal property (Table 5). The total tax levy in Lewis County in 2002 was \$50,642,924.<sup>12</sup> This total includes levies for the state, the county general expense fund, the county road fund, cities, local schools, libraries, hospitals, fire protection, the port, emergency medical services, and other miscellaneous taxing districts.

<sup>10</sup> IAC, *1999 Inventory*.

<sup>11</sup> Ibid. The *1999 Inventory* shows zero tribal trust land ownership in Lewis County.

<sup>12</sup> DOR, *Tax Statistics 2002*.

Table A-5. Assessed Valuation for Lewis County (2002).

Type of Property	2002 Taxable Value (\$)
Land	3,431,242,203
Structures	685,633,688
Personal property	243,989,840
<b>Total</b>	<b>4,360,865,731</b>

Source: D. Locke, Lewis County Assessor's Office, pers. comm., December 3, 2003.

### *Property Tax Exemptions*

Non-profit organizations, such as religious and charitable organizations, are exempt from taxation.<sup>13</sup> In Lewis County, 339 tax-exempt organizations own a total of 618 acres.<sup>14</sup> The County Assessor's Office did not know whether land trusts were among these. One land trust – the Chehalis River Basin Land Trust – operates in the area, but may not yet have purchased land in Lewis County.

Residential property owned by senior citizens is also eligible for reductions or exemptions from property tax, depending upon level of income, but only one acre per qualifying senior household can be claimed for this exemption. Two thousand seven hundred and twenty-three (2,723) households in Lewis County qualify for a reduction in, or exemption from, residential property taxes.

### *Timber Excise Tax – Private Forestland*

In 2002, 683,672 acres of private forestland in Lewis County were subject to the timber excise tax. For calendar year 2002, Lewis County received \$5,272,203 in timber excise tax distributions from private forestlands (or an average of \$7.71 per acre).

### *Current Use Valuation*

Current use valuation was authorized to help preserve farm, “non-industrial” forestland, and open space in their current uses.<sup>15</sup> Properties enrolled under this program are not exempt from taxation, but their assessed valuation and tax liability are significantly reduced. Upon application by a property owner, the county assessor is asked to assess the current use value of the land proposed for current use taxation. Lands enrolled in the program are subject to a rollback of back taxes plus interest for the previous seven years (nine years for forestland) if the use of the land changes.<sup>16</sup> In 2002, 78,800 acres in Lewis County were enrolled under the current use valuation tax program.

<sup>13</sup> Chapter 84.36 RCW.

<sup>14</sup> D. Locke, Lewis County Assessor's Office, pers. comm., December 3, 2003.

<sup>15</sup> Chapter 84.34 RCW.

<sup>16</sup> DOR, *Tax Reference Manual*, p. 144.

In other cases, the “development rights” associated with a parcel of land may be sold to a county, city, town, metropolitan park district, metropolitan municipal corporation, or non-profit nature conservancy organization, permanently lowering the assessed valuation of the land.<sup>17</sup>

## Analysis

This section offers two types of analyses:

- A series of calculations of per-acre payment or tax value to illustrate the range of estimates that can be developed from the preceding information; and
- Development of hypothetical federal forestland tax liability in Lewis County based on the assessed valuation and annual property taxes paid by the owners of a parcel of similar private forestland.

A number of calculations can be derived from the preceding information, including the following:

1. **2002 Forest Service payment per acre:** Forest Service acres (445,390) divided by total Title I and III payments (\$4,639,824) = \$10.42/acre.
2. **2002 total federal payment per acre:** Total federal acres (474,840) divided by total federal payments (\$4,716,366) = \$9.93/acre.
3. **2002 DNR Forest Board land payment per acre:** DNR Forest Board Transfer acres divided by “Forest Board Yield” (BARS Code 395.10.10.00) receipts = \$37.43 per acre.
4. **2002 total state payment per acre:** State acres (107,150) divided by total state payments [include leasehold tax if applicable] = \$14.64 per acre.
5. **2002 property tax payment per acre:** (a) Tax levies for *land and structures* (i.e., real property) divided by the total number of private acres:

For this calculation, it is assumed that all private land is taxable at the “highest and best use” rate. To determine the tax levy on the assessed value of land and structures, the total 2002 tax levy (\$50,642,924) was divided by the 2002 total assessed valuation (\$4,360,865,731) to come up with a levy rate (0.01161304363). This levy rate was then multiplied by the combined value of land and structures (\$4,116,875,891) to come up with a hypothetical tax levy (\$47,809,459). This levy was divided by the

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<sup>17</sup> RCW 84.34.210.

total number of private acres in Lewis County, yielding a tax value of \$50.67 per acre.

6. **2002 property tax payment per acre:** (b) Tax levies for *land value only* (without structures) divided by the total number of private acres:

The same levy rate as was computed above (0.01161304363) was applied to the value of underlying land without structures (\$3,431,242,203) to come up with a tax levy (\$39,847,165). This levy was divided by the total number of private or “taxable” acres in Lewis County, yielding a tax value of \$42.23 per acre.

7. **2002 property tax per capita:** The total tax levy (\$50,642,924) divided by the county’s population (70,400) = \$719.36 per person.

### *Hypothetical Federal Forest Tax Liability*

To gain a sense of the tax revenues that could be generated by federal forestland if it were privately owned (but in current use classification), a parcel of private forestland was selected to serve as a benchmark for assessed valuation and tax liability. If the land parcel were similar in site quality and location to federal forestland, one could extrapolate from the values of the private parcel to estimate how much tax revenue could be generated by federal lands. With the help of the Lewis County Assessor’s Office, a private forestland parcel was selected in Township 14, Range 03 East. This is an area of checkerboard private and federal land – most of it forested. Timber site quality ranges from Site III (higher) to Site V (lower), with the majority of the township in Site IV.<sup>18</sup>

The selected parcel is comprised of 400 acres and has an assessed value based on current use of \$29,181. The parcel is located in Tax Code Area 530. This Tax Code Area includes levies for: the cemetery district, the county regular fund, the county road fund, the local school district, the state levy, and the library. In 2002, this parcel was taxed \$306.42, or \$0.77 cents per acre. The timber excise tax on private forest lands averaged \$7.71 per acre, bringing the total per acre average tax value to \$8.48. Private timber parcels are also occasionally bought and sold, making them subject to the real estate excise tax.

Calculation: 400 acres divided by the 2002 tax burden of \$306.42 = \$0.77 per acre. Adding the per acre timber excise tax revenue (\$7.71) results in a composite forestland tax value of \$8.48 per acre. If this amount is multiplied by the total number of Forest Service acres in Lewis County, the tax burden for federal forest lands would be \$3,776,907.

This is about \$400,000 less than the \$4,171,072 paid by the Forest Service in Title I and Title III moneys in 2002.

<sup>18</sup> DNR Site Class Map produced for T14R03E on December 10, 2003.

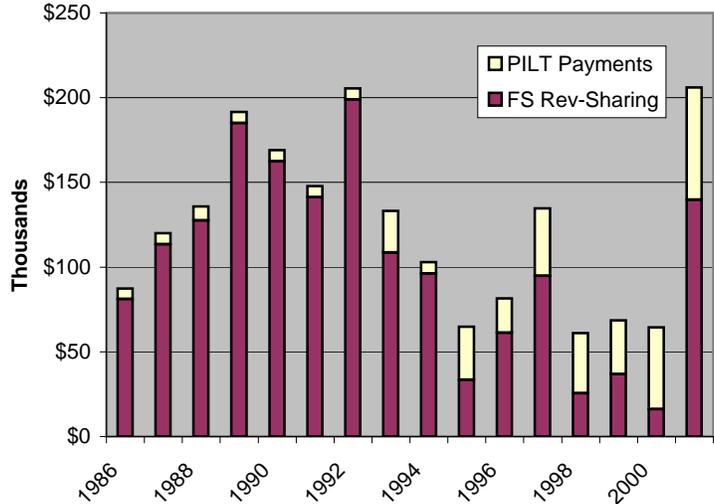
## Conclusion

This case study is one of 39 possible sets of tax and in lieu payment comparisons that could be performed to demonstrate the relationship between public and private land-based payments to counties. The most important factor to remember is that all of the variables discussed within this study (amount of taxable and non-taxable land, assessed valuation, budget needs, etc.), are different in every county. It is possible, however, that the general relationships demonstrated in this case study, would hold true elsewhere; i.e., ad valorem valuation of privately owned land will usually generate more tax revenue than current use valuation of privately owned land, but current use valuation of resource land (agricultural or forest) may generate tax levies that are comparable to federal or state payment programs on a per-acre basis.

Federal Payments to Washington's Timber Counties: 1986-2001

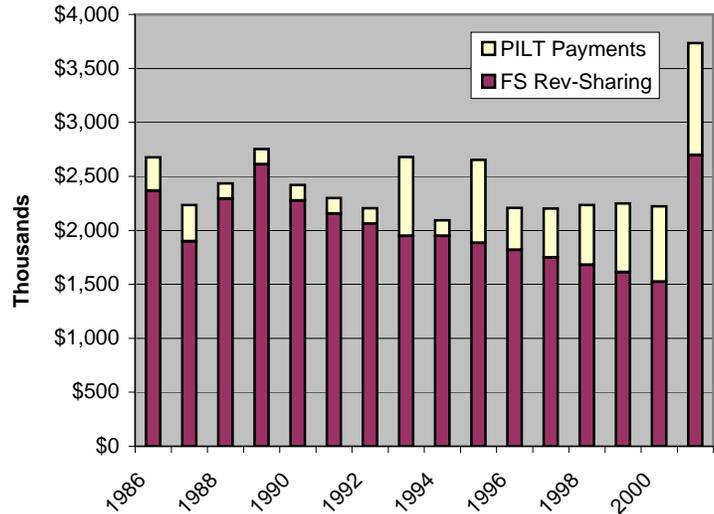
ASOTIN COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$81,100	\$6,311	\$87,411
1987	\$113,500	\$6,518	\$120,018
1988	\$127,600	\$8,238	\$135,838
1989	\$185,000	\$6,571	\$191,571
1990	\$162,400	\$6,571	\$168,971
1991	\$141,300	\$6,564	\$147,864
1992	\$198,900	\$6,570	\$205,470
1993	\$108,500	\$24,675	\$133,175
1994	\$96,100	\$6,781	\$102,881
1995	\$33,500	\$31,331	\$64,831
1996	\$61,300	\$20,205	\$81,505
1997	\$94,800	\$39,861	\$134,661
1998	\$25,600	\$35,467	\$61,067
1999	\$36,900	\$31,597	\$68,497
2000	\$16,083	\$48,429	\$64,512
2001	\$139,794	\$66,305	\$206,099



CHELAN COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$2,365,600	\$310,850	\$2,676,450
1987	\$1,899,500	\$334,845	\$2,234,345
1988	\$2,292,900	\$142,634	\$2,435,534
1989	\$2,612,100	\$142,429	\$2,754,529
1990	\$2,276,700	\$142,980	\$2,419,680
1991	\$2,155,800	\$142,660	\$2,298,460
1992	\$2,061,900	\$143,434	\$2,205,334
1993	\$1,948,300	\$731,936	\$2,680,236
1994	\$1,948,400	\$145,093	\$2,093,493
1995	\$1,884,300	\$769,988	\$2,654,288
1996	\$1,817,900	\$388,564	\$2,206,464
1997	\$1,748,900	\$454,402	\$2,203,302
1998	\$1,679,900	\$554,931	\$2,234,831
1999	\$1,611,100	\$637,479	\$2,248,579
2000	\$1,522,881	\$698,706	\$2,221,587
2001	\$2,697,315	\$1,036,813	\$3,734,128

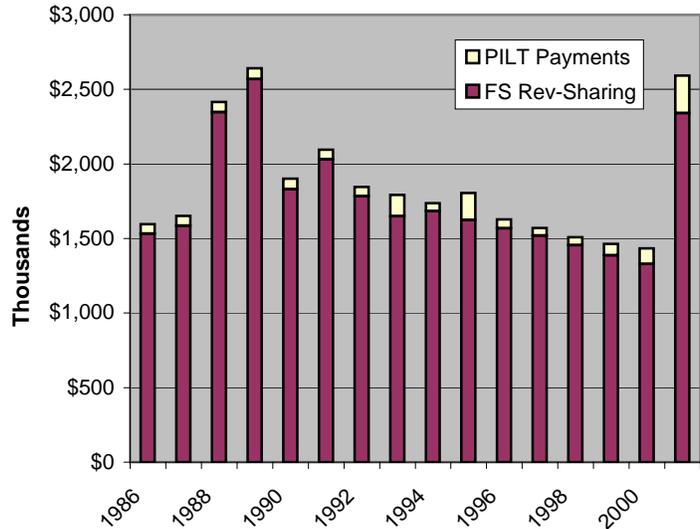


Note: Forest Service revenue-sharing includes both 25 percent funds and Secure Rural Schools funds  
 Source: Washington State Association of Counties

Federal Payments (cont'd.)

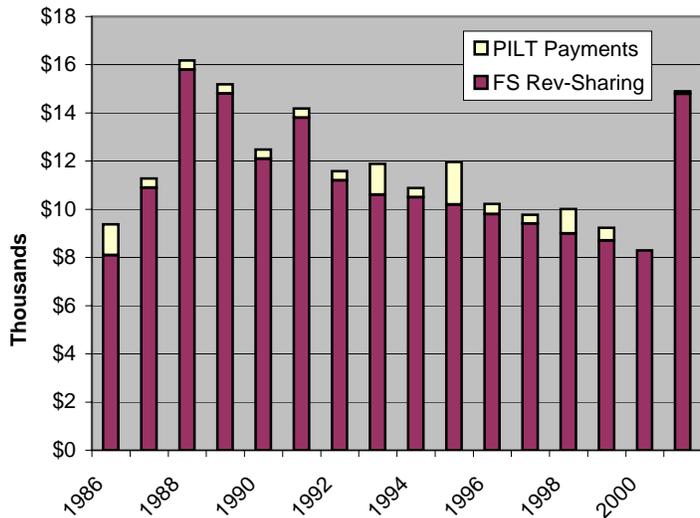
CLALLAM COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$1,532,000	\$63,256	\$1,595,256
1987	\$1,585,100	\$65,658	\$1,650,758
1988	\$2,347,900	\$67,335	\$2,415,235
1989	\$2,568,200	\$72,803	\$2,641,003
1990	\$1,831,300	\$70,490	\$1,901,790
1991	\$2,031,500	\$63,724	\$2,095,224
1992	\$1,784,200	\$60,752	\$1,844,952
1993	\$1,650,000	\$142,065	\$1,792,065
1994	\$1,684,100	\$53,491	\$1,737,591
1995	\$1,624,600	\$179,497	\$1,804,097
1996	\$1,568,500	\$58,838	\$1,627,338
1997	\$1,519,300	\$51,816	\$1,571,116
1998	\$1,454,400	\$53,858	\$1,508,258
1999	\$1,387,100	\$77,336	\$1,464,436
2000	\$1,329,085	\$105,048	\$1,434,133
2001	\$2,341,246	\$251,018	\$2,592,264



CLARK COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$8,100	\$1,282	\$9,382
1987	\$10,900	\$374	\$11,274
1988	\$15,800	\$376	\$16,176
1989	\$14,800	\$385	\$15,185
1990	\$12,100	\$385	\$12,485
1991	\$13,800	\$387	\$14,187
1992	\$11,200	\$387	\$11,587
1993	\$10,600	\$1,282	\$11,882
1994	\$10,500	\$387	\$10,887
1995	\$10,200	\$1,770	\$11,970
1996	\$9,800	\$423	\$10,223
1997	\$9,400	\$372	\$9,772
1998	\$9,000	\$1,010	\$10,010
1999	\$8,700	\$525	\$9,225
2000	\$8,298	\$0	\$8,298
2001	\$14,790	\$109	\$14,899



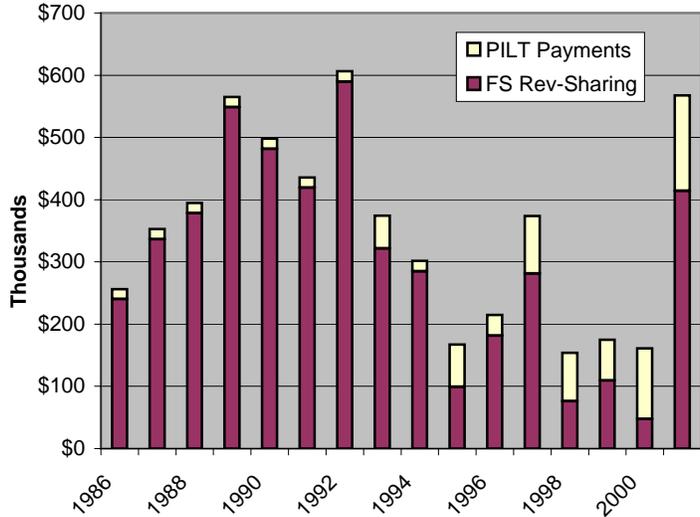
Note: Forest Service Revenue-Sharing includes both 25 percent funds and Secure Rural Schools funds.

Source: Washington State Association of Counties

Federal Payments (cont'd.)

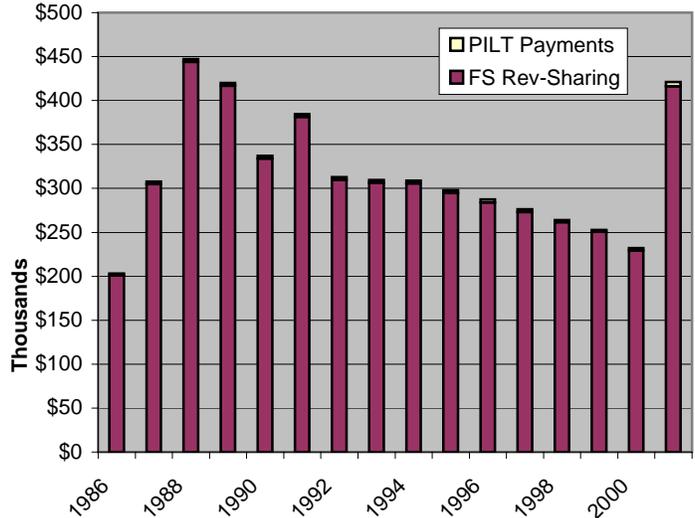
COLUMBIA COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$240,500	\$15,819	\$256,319
1987	\$336,500	\$16,321	\$352,821
1988	\$378,500	\$16,452	\$394,952
1989	\$548,500	\$16,452	\$564,952
1990	\$481,500	\$16,452	\$497,952
1991	\$419,100	\$16,451	\$435,551
1992	\$589,800	\$16,449	\$606,249
1993	\$321,800	\$52,635	\$374,435
1994	\$285,000	\$16,449	\$301,449
1995	\$99,400	\$67,607	\$167,007
1996	\$181,700	\$32,963	\$214,663
1997	\$281,200	\$92,788	\$373,988
1998	\$76,000	\$77,840	\$153,840
1999	\$109,400	\$65,254	\$174,654
2000	\$47,683	\$113,505	\$161,188
2001	\$414,418	\$153,259	\$567,677



COWLITZ COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$201,000	\$1,967	\$202,967
1987	\$304,800	\$2,796	\$307,596
1988	\$444,000	\$3,210	\$447,210
1989	\$416,800	\$3,242	\$420,042
1990	\$333,800	\$3,242	\$337,042
1991	\$381,300	\$3,242	\$384,542
1992	\$309,500	\$3,242	\$312,742
1993	\$306,200	\$3,242	\$309,442
1994	\$305,500	\$3,404	\$308,904
1995	\$294,700	\$3,160	\$297,860
1996	\$283,800	\$3,721	\$287,521
1997	\$273,100	\$3,268	\$276,368
1998	\$261,500	\$2,440	\$263,940
1999	\$250,500	\$2,228	\$252,728
2000	\$229,319	\$2,590	\$231,909
2001	\$416,140	\$4,971	\$421,111



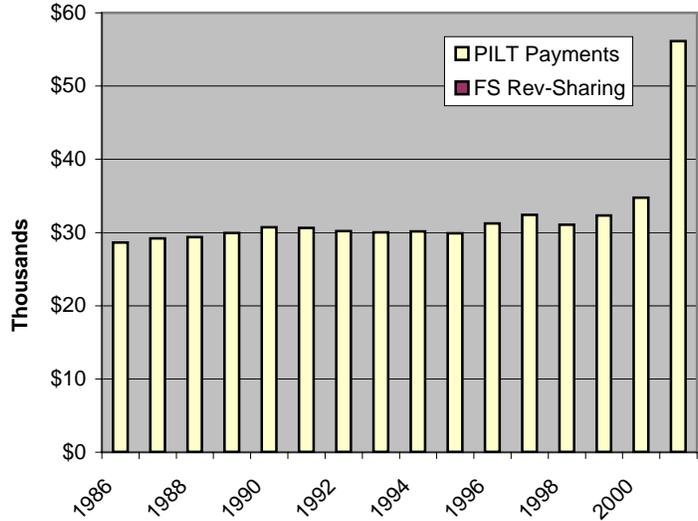
Note: Forest Service revenue-sharing includes both 25 percent funds and Secure Rural Schools funds

Source: Washington State Association of Counties

Federal Payments (cont'd.)

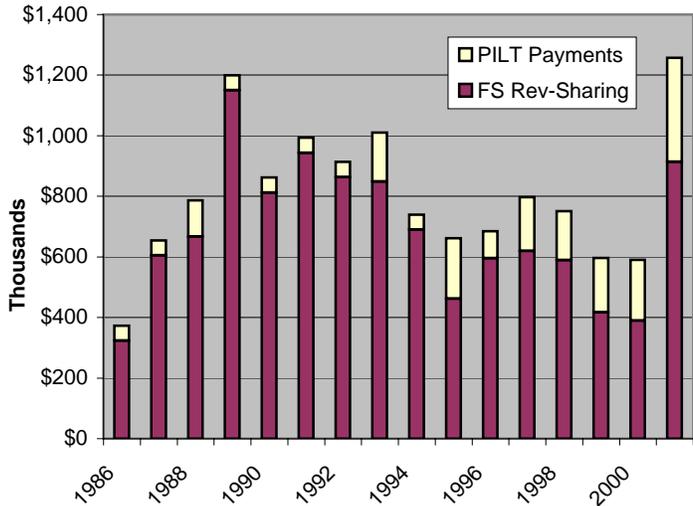
DOUGLAS COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$0	\$28,611	\$28,611
1987	\$0	\$29,200	\$29,200
1988	\$0	\$29,371	\$29,371
1989	\$0	\$29,948	\$29,948
1990	\$0	\$30,735	\$30,735
1991	\$0	\$30,626	\$30,626
1992	\$0	\$30,189	\$30,189
1993	\$0	\$30,031	\$30,031
1994	\$0	\$30,169	\$30,169
1995	\$0	\$29,880	\$29,880
1996	\$0	\$31,218	\$31,218
1997	\$0	\$32,403	\$32,403
1998	\$0	\$31,052	\$31,052
1999	\$0	\$32,311	\$32,311
2000	\$2	\$34,745	\$34,747
2001	\$0	\$56,130	\$56,130



FERRY COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$323,900	\$49,384	\$373,284
1987	\$604,800	\$49,406	\$654,206
1988	\$667,400	\$119,042	\$786,442
1989	\$1,149,600	\$49,874	\$1,199,474
1990	\$811,800	\$49,951	\$861,751
1991	\$943,400	\$49,951	\$993,351
1992	\$863,600	\$49,951	\$913,551
1993	\$848,300	\$161,937	\$1,010,237
1994	\$689,900	\$49,862	\$739,762
1995	\$461,700	\$199,941	\$661,641
1996	\$596,000	\$88,463	\$684,463
1997	\$620,100	\$177,065	\$797,165
1998	\$589,200	\$161,305	\$750,505
1999	\$417,000	\$179,868	\$596,868
2000	\$389,470	\$200,400	\$589,870
2001	\$913,625	\$343,156	\$1,256,781

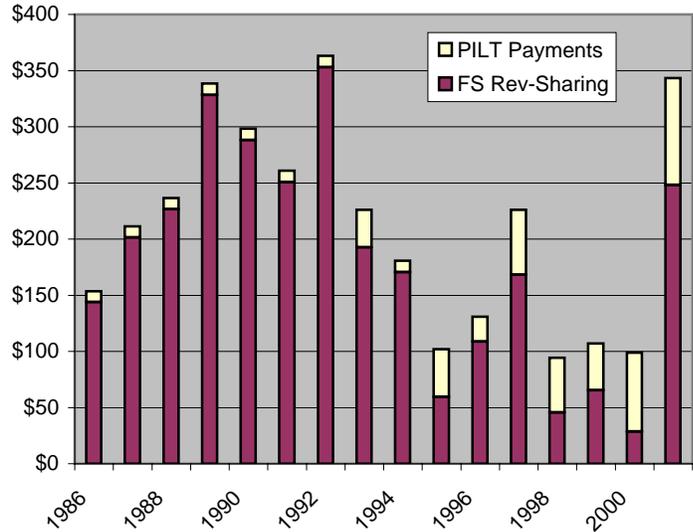


Note: Forest Service revenue-sharing includes both 25 percent funds and Secure Rural Schools funds  
 Source: Washington State Association of Counties

Federal Payments (cont'd.)

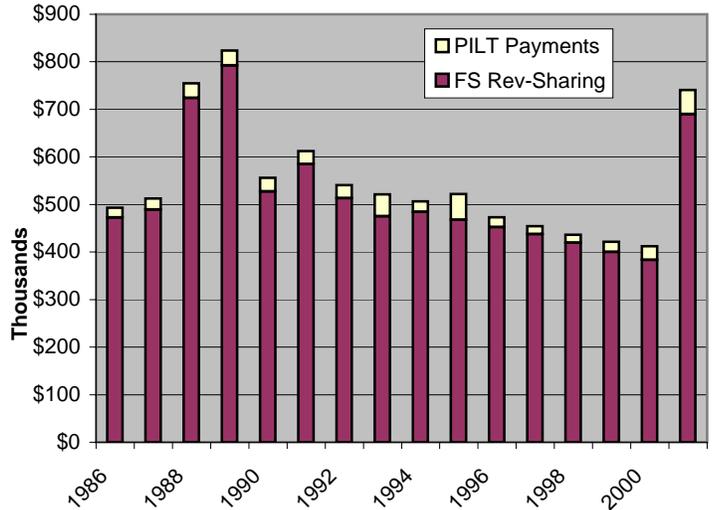
GARFIELD COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$143,900	\$9,717	\$153,617
1987	\$201,400	\$10,037	\$211,437
1988	\$226,500	\$10,118	\$236,618
1989	\$328,300	\$10,118	\$338,418
1990	\$288,200	\$10,118	\$298,318
1991	\$250,800	\$10,118	\$260,918
1992	\$353,000	\$10,118	\$363,118
1993	\$192,600	\$33,541	\$226,141
1994	\$170,600	\$10,144	\$180,744
1995	\$59,500	\$42,609	\$102,109
1996	\$108,800	\$22,105	\$130,905
1997	\$168,300	\$57,655	\$225,955
1998	\$45,500	\$48,709	\$94,209
1999	\$65,500	\$41,645	\$107,145
2000	\$28,540	\$70,415	\$98,955
2001	\$248,084	\$95,278	\$343,362



GRAYS HARBOR COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$472,600	\$20,350	\$492,950
1987	\$489,000	\$23,762	\$512,762
1988	\$724,300	\$30,211	\$754,511
1989	\$792,200	\$31,334	\$823,534
1990	\$527,100	\$28,821	\$555,921
1991	\$584,700	\$27,267	\$611,967
1992	\$513,500	\$26,876	\$540,376
1993	\$474,900	\$46,432	\$521,332
1994	\$484,700	\$21,580	\$506,280
1995	\$467,600	\$54,327	\$521,927
1996	\$452,200	\$20,741	\$472,941
1997	\$437,900	\$16,290	\$454,190
1998	\$419,300	\$17,033	\$436,333
1999	\$400,000	\$21,792	\$421,792
2000	\$383,234	\$28,841	\$412,075
2001	\$689,954	\$50,903	\$740,857

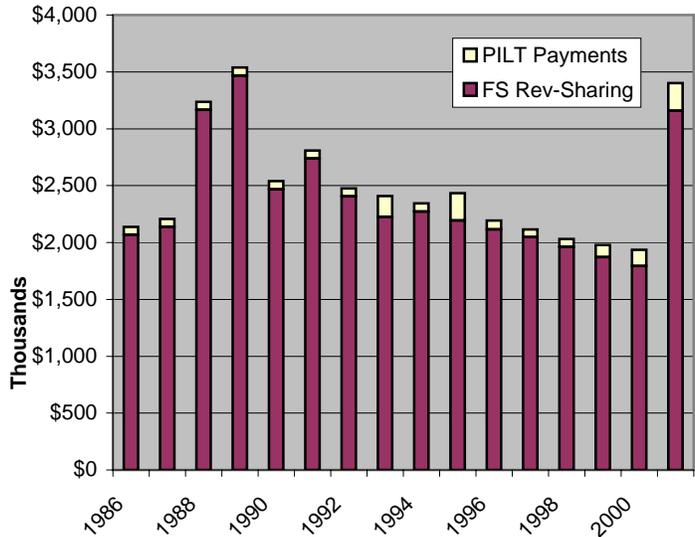


Note: Forest Service revenue-sharing includes both 25 percent funds and Secure Rural Schools funds  
 Source: Washington State Association of Counties

Federal Payments (cont'd.)

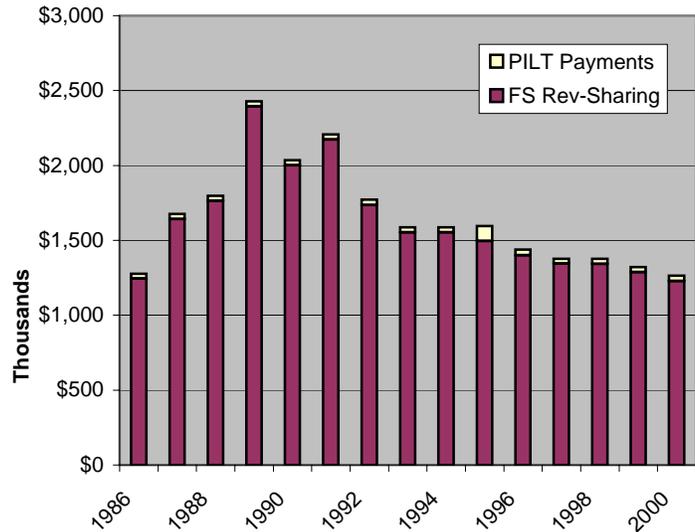
JEFFERSON COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$2,068,200	\$67,940	\$2,136,140
1987	\$2,137,500	\$70,055	\$2,207,555
1988	\$3,166,000	\$70,378	\$3,236,378
1989	\$3,467,000	\$70,378	\$3,537,378
1990	\$2,468,100	\$70,465	\$2,538,565
1991	\$2,738,000	\$70,680	\$2,808,680
1992	\$2,404,700	\$70,680	\$2,475,380
1993	\$2,224,500	\$185,038	\$2,409,538
1994	\$2,272,300	\$70,825	\$2,343,125
1995	\$2,192,100	\$241,585	\$2,433,685
1996	\$2,115,600	\$77,055	\$2,192,655
1997	\$2,048,400	\$67,648	\$2,116,048
1998	\$1,960,300	\$70,943	\$2,031,243
1999	\$1,872,600	\$104,071	\$1,976,671
2000	\$1,794,282	\$141,395	\$1,935,677
2001	\$3,157,724	\$243,630	\$3,401,354



KING COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$1,245,900	\$32,029	\$1,277,929
1987	\$1,643,400	\$32,329	\$1,675,729
1988	\$1,762,900	\$34,586	\$1,797,486
1989	\$2,394,600	\$34,586	\$2,429,186
1990	\$2,000,500	\$34,507	\$2,035,007
1991	\$2,173,800	\$34,688	\$2,208,488
1992	\$1,736,600	\$34,558	\$1,771,158
1993	\$1,553,300	\$34,676	\$1,587,976
1994	\$1,553,300	\$34,722	\$1,588,022
1995	\$1,496,200	\$99,015	\$1,595,215
1996	\$1,399,400	\$37,960	\$1,437,360
1997	\$1,345,100	\$31,446	\$1,376,546
1998	\$1,342,100	\$33,920	\$1,376,020
1999	\$1,287,100	\$33,377	\$1,320,477
2000	\$1,227,758	\$36,675	\$1,264,433
2001	\$2,185,548	\$52,988	\$2,238,536



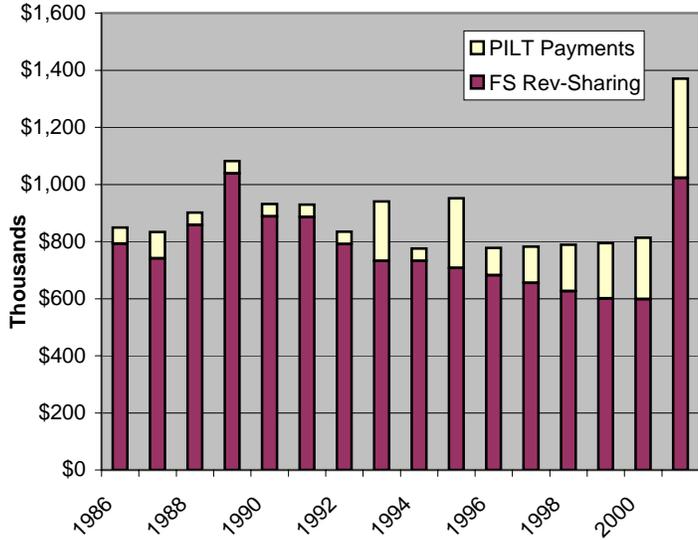
Note: Forest Service revenue-sharing includes both 25 percent funds and Secure Rural Schools funds

Source: Washington State Association of Counties

Federal Payments (cont'd.)

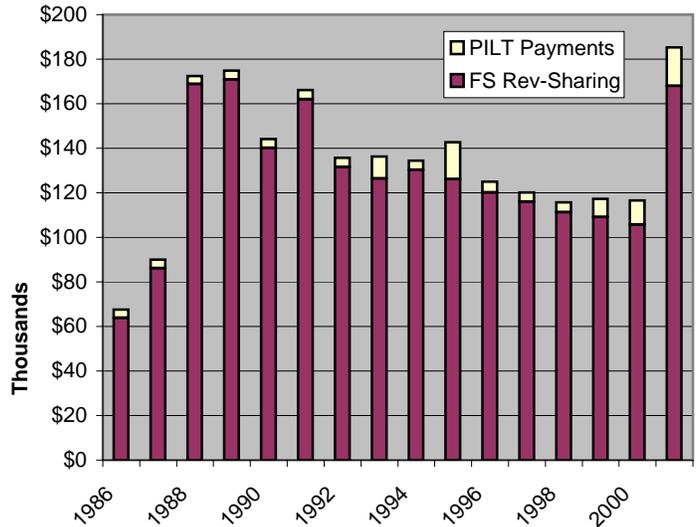
KITTITAS COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$791,700	\$57,457	\$849,157
1987	\$740,500	\$93,086	\$833,586
1988	\$857,900	\$43,971	\$901,871
1989	\$1,038,200	\$43,971	\$1,082,171
1990	\$887,700	\$43,977	\$931,677
1991	\$885,700	\$43,980	\$929,680
1992	\$790,900	\$43,564	\$834,464
1993	\$731,500	\$208,882	\$940,382
1994	\$731,500	\$43,783	\$775,283
1995	\$707,800	\$243,928	\$951,728
1996	\$681,800	\$96,106	\$777,906
1997	\$655,600	\$126,456	\$782,056
1998	\$626,600	\$162,536	\$789,136
1999	\$600,500	\$193,814	\$794,314
2000	\$598,662	\$214,223	\$812,885
2001	\$1,022,320	\$348,129	\$1,370,449



KLICKITAT COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$63,900	\$3,627	\$67,527
1987	\$86,200	\$3,747	\$89,947
1988	\$168,800	\$3,689	\$172,489
1989	\$170,900	\$4,015	\$174,915
1990	\$140,100	\$4,113	\$144,213
1991	\$162,000	\$4,144	\$166,144
1992	\$131,600	\$4,161	\$135,761
1993	\$126,400	\$9,872	\$136,272
1994	\$130,300	\$4,090	\$134,390
1995	\$126,200	\$16,484	\$142,684
1996	\$120,200	\$4,750	\$124,950
1997	\$116,000	\$4,154	\$120,154
1998	\$111,300	\$4,349	\$115,649
1999	\$109,100	\$8,186	\$117,286
2000	\$105,741	\$10,861	\$116,602
2001	\$168,057	\$17,225	\$185,282

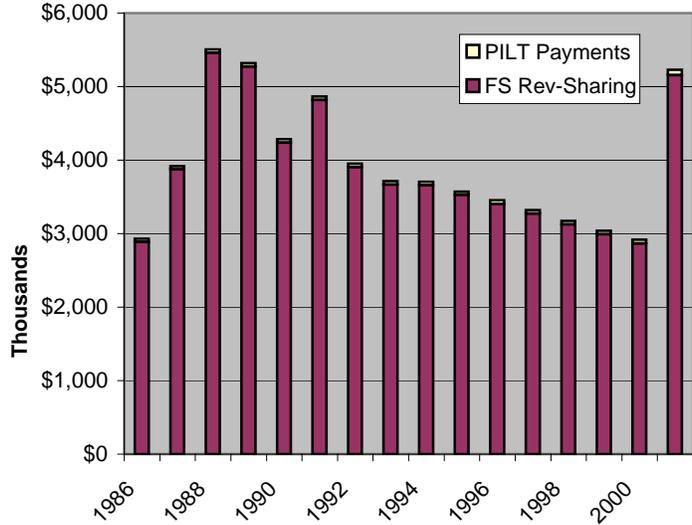


Note: Forest Service revenue-sharing includes both 25 percent funds and Secure Rural Schools funds  
 Source: Washington State Association of Counties

Federal Payments (cont'd.)

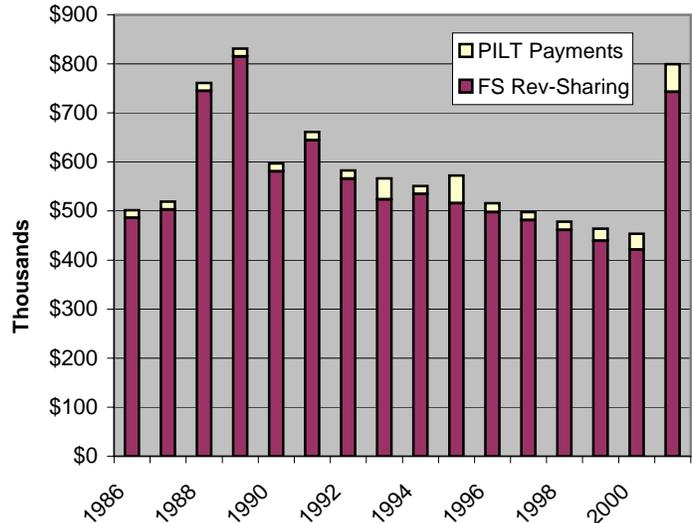
LEWIS COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$2,886,900	\$44,964	\$2,931,864
1987	\$3,872,800	\$46,716	\$3,919,516
1988	\$5,456,800	\$47,605	\$5,504,405
1989	\$5,272,400	\$47,606	\$5,320,006
1990	\$4,239,100	\$47,527	\$4,286,627
1991	\$4,818,900	\$47,533	\$4,866,433
1992	\$3,903,900	\$47,534	\$3,951,434
1993	\$3,666,000	\$47,529	\$3,713,529
1994	\$3,659,600	\$47,566	\$3,707,166
1995	\$3,529,200	\$44,167	\$3,573,367
1996	\$3,401,500	\$52,007	\$3,453,507
1997	\$3,273,300	\$45,664	\$3,318,964
1998	\$3,124,300	\$47,762	\$3,172,062
1999	\$2,992,200	\$46,891	\$3,039,091
2000	\$2,867,696	\$50,078	\$2,917,774
2001	\$5,155,360	\$72,617	\$5,227,977



MASON COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$486,000	\$15,853	\$501,853
1987	\$502,800	\$16,355	\$519,155
1988	\$744,800	\$16,226	\$761,026
1989	\$814,700	\$16,226	\$830,926
1990	\$580,900	\$16,226	\$597,126
1991	\$644,400	\$16,487	\$660,887
1992	\$566,000	\$16,487	\$582,487
1993	\$523,400	\$43,087	\$566,487
1994	\$534,500	\$16,487	\$550,987
1995	\$515,600	\$56,475	\$572,075
1996	\$497,600	\$18,034	\$515,634
1997	\$481,700	\$15,834	\$497,534
1998	\$461,600	\$16,549	\$478,149
1999	\$439,600	\$24,392	\$463,992
2000	\$421,193	\$32,540	\$453,733
2001	\$742,732	\$56,687	\$799,419

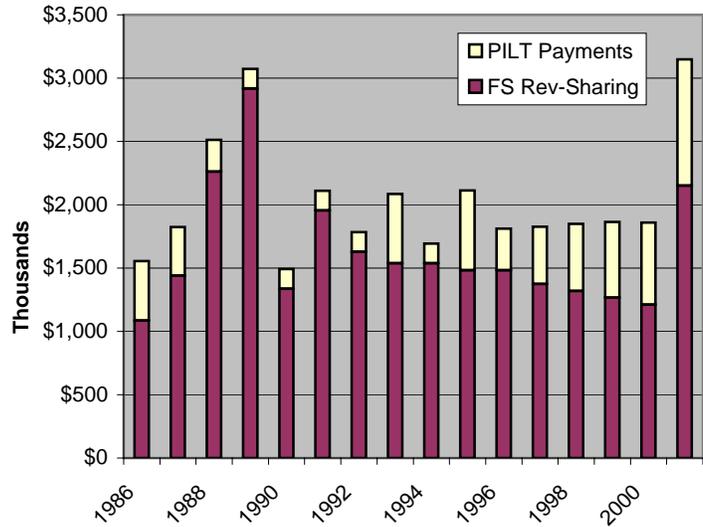


Note: Forest Service revenue-sharing includes both 25 percent funds and Secure Rural Schools funds  
 Source: Washington State Association of Counties

Federal Payments (cont'd.)

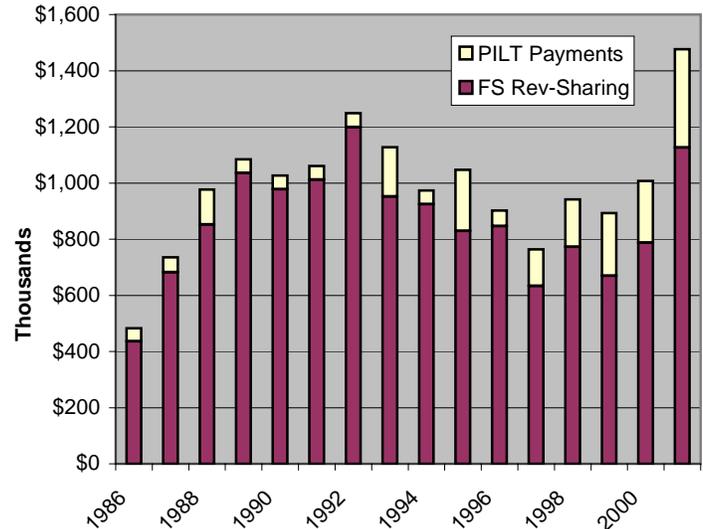
OKANOGAN COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$1,086,000	\$468,145	\$1,554,145
1987	\$1,438,900	\$384,089	\$1,822,989
1988	\$2,260,900	\$252,406	\$2,513,306
1989	\$2,916,800	\$156,109	\$3,072,909
1990	\$1,335,700	\$156,064	\$1,491,764
1991	\$1,954,000	\$156,068	\$2,110,068
1992	\$1,626,900	\$156,104	\$1,783,004
1993	\$1,536,500	\$549,667	\$2,086,167
1994	\$1,536,500	\$156,122	\$1,692,622
1995	\$1,482,300	\$629,735	\$2,112,035
1996	\$1,482,100	\$329,358	\$1,811,458
1997	\$1,373,800	\$451,611	\$1,825,411
1998	\$1,319,600	\$529,463	\$1,849,063
1999	\$1,265,400	\$599,374	\$1,864,774
2000	\$1,211,146	\$647,134	\$1,858,280
2001	\$2,150,092	\$998,239	\$3,148,331



PEND OREILLE COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$435,900	\$46,543	\$482,443
1987	\$682,200	\$53,613	\$735,813
1988	\$852,200	\$124,060	\$976,260
1989	\$1,035,600	\$48,807	\$1,084,407
1990	\$977,400	\$49,302	\$1,026,702
1991	\$1,011,500	\$49,306	\$1,060,806
1992	\$1,198,900	\$49,272	\$1,248,172
1993	\$951,700	\$175,611	\$1,127,311
1994	\$925,200	\$48,635	\$973,835
1995	\$828,900	\$218,689	\$1,047,589
1996	\$846,500	\$55,226	\$901,726
1997	\$633,500	\$130,518	\$764,018
1998	\$773,300	\$168,284	\$941,584
1999	\$670,100	\$222,688	\$892,788
2000	\$787,938	\$219,255	\$1,007,193
2001	\$1,126,659	\$350,319	\$1,476,978

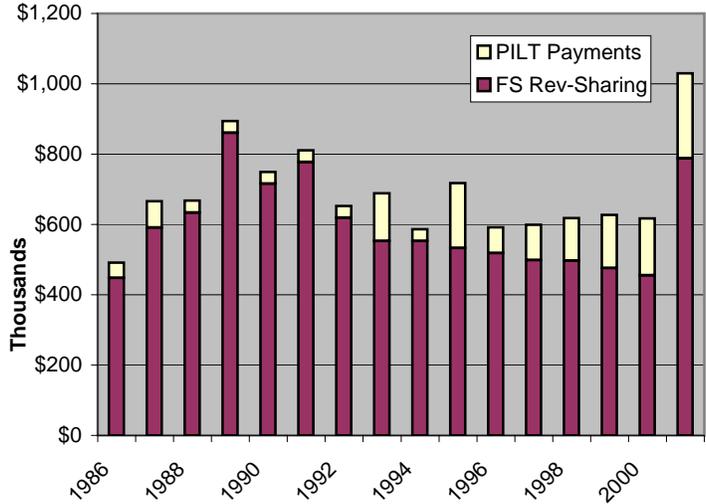


Note: Forest Service revenue-sharing includes both 25 percent funds and Secure Rural Schools funds  
 Source: Washington State Association of Counties

Federal Payments (cont'd.)

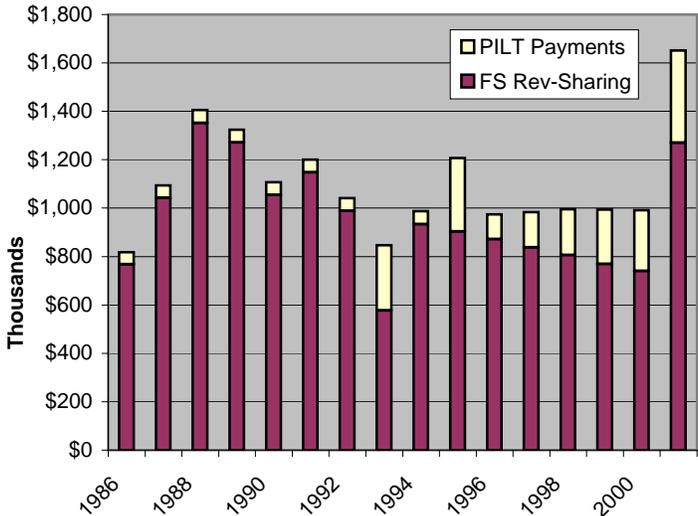
PIERCE COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$448,300	\$43,545	\$491,845
1987	\$590,900	\$75,009	\$665,909
1988	\$633,800	\$33,641	\$667,441
1989	\$860,800	\$33,644	\$894,444
1990	\$715,400	\$33,645	\$749,045
1991	\$777,300	\$33,108	\$810,408
1992	\$619,100	\$33,108	\$652,208
1993	\$552,900	\$135,955	\$688,855
1994	\$552,900	\$33,111	\$586,011
1995	\$532,600	\$184,813	\$717,413
1996	\$518,300	\$73,548	\$591,848
1997	\$498,300	\$100,901	\$599,201
1998	\$496,600	\$121,919	\$618,519
1999	\$476,200	\$150,660	\$626,860
2000	\$455,232	\$161,985	\$617,217
2001	\$788,418	\$241,785	\$1,030,203



SKAGIT COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$768,300	\$49,557	\$817,857
1987	\$1,042,700	\$51,183	\$1,093,883
1988	\$1,352,200	\$53,049	\$1,405,249
1989	\$1,271,600	\$53,049	\$1,324,649
1990	\$1,054,000	\$53,091	\$1,107,091
1991	\$1,147,300	\$53,015	\$1,200,315
1992	\$988,100	\$53,015	\$1,041,115
1993	\$577,600	\$269,227	\$846,827
1994	\$934,000	\$53,175	\$987,175
1995	\$903,200	\$303,894	\$1,207,094
1996	\$871,100	\$103,339	\$974,439
1997	\$838,000	\$145,658	\$983,658
1998	\$805,400	\$189,383	\$994,783
1999	\$768,800	\$225,315	\$994,115
2000	\$740,531	\$251,156	\$991,687
2001	\$1,269,593	\$382,064	\$1,651,657

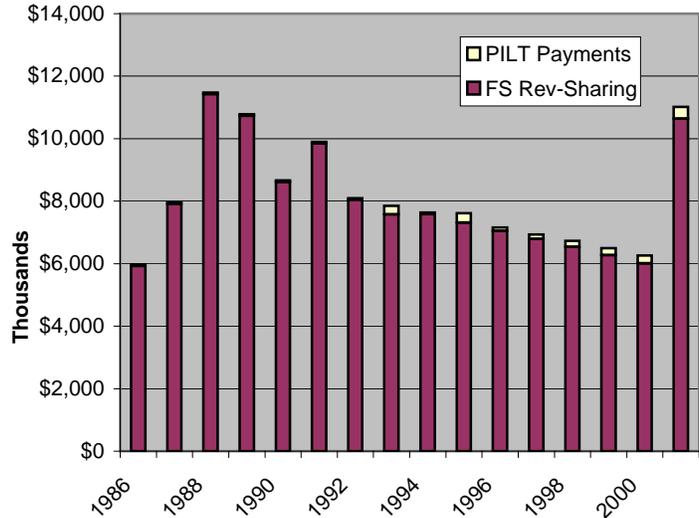


Note: Forest Service revenue-sharing includes both 25 percent funds and Secure Rural Schools funds  
 Source: Washington State Association of Counties

Federal Payments (cont'd.)

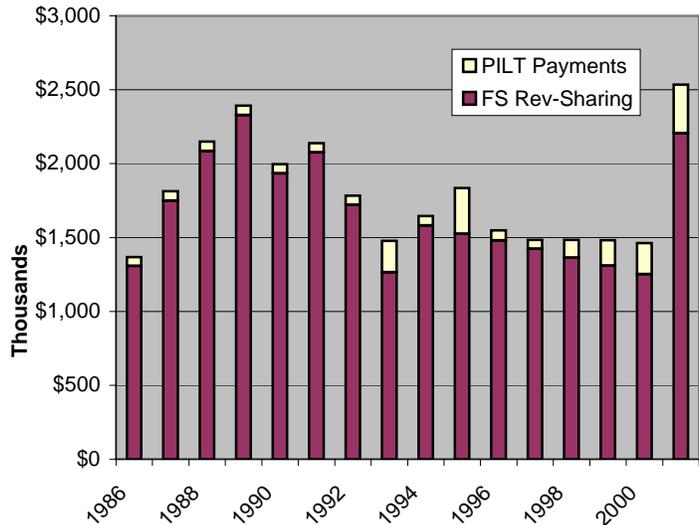
SKAMANIA

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$5,926,700	\$49,557	\$5,976,257
1987	\$7,913,100	\$51,183	\$7,964,283
1988	\$11,423,700	\$53,049	\$11,476,749
1989	\$10,732,100	\$53,049	\$10,785,149
1990	\$8,613,200	\$53,091	\$8,666,291
1991	\$9,846,500	\$53,015	\$9,899,515
1992	\$8,039,200	\$53,015	\$8,092,215
1993	\$7,578,400	\$269,227	\$7,847,627
1994	\$7,582,300	\$53,175	\$7,635,475
1995	\$7,315,200	\$303,894	\$7,619,094
1996	\$7,050,900	\$103,339	\$7,154,239
1997	\$6,788,800	\$145,658	\$6,934,458
1998	\$6,538,000	\$189,383	\$6,727,383
1999	\$6,271,200	\$225,315	\$6,496,515
2000	\$6,007,519	\$251,156	\$6,258,675
2001	\$10,637,108	\$382,064	\$11,019,172



SNOHOMISH COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$1,307,600	\$60,332	\$1,367,932
1987	\$1,749,800	\$62,652	\$1,812,452
1988	\$2,085,400	\$63,157	\$2,148,557
1989	\$2,328,500	\$63,157	\$2,391,657
1990	\$1,933,100	\$63,158	\$1,996,258
1991	\$2,076,200	\$63,159	\$2,139,359
1992	\$1,720,200	\$62,740	\$1,782,940
1993	\$1,263,800	\$213,261	\$1,477,061
1994	\$1,581,700	\$62,819	\$1,644,519
1995	\$1,524,800	\$310,119	\$1,834,919
1996	\$1,480,000	\$69,082	\$1,549,082
1997	\$1,423,200	\$60,446	\$1,483,646
1998	\$1,362,200	\$121,952	\$1,484,152
1999	\$1,308,400	\$173,419	\$1,481,819
2000	\$1,250,618	\$211,869	\$1,462,487
2001	\$2,205,706	\$329,752	\$2,535,458



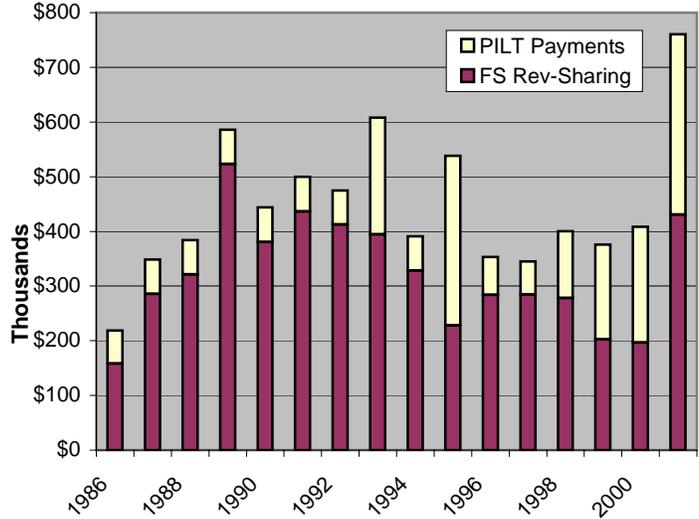
Note: Forest Service revenue-sharing includes both 25 percent funds and Secure Rural Schools funds

Source: Washington State Association of Counties

Federal Payments (cont'd.)

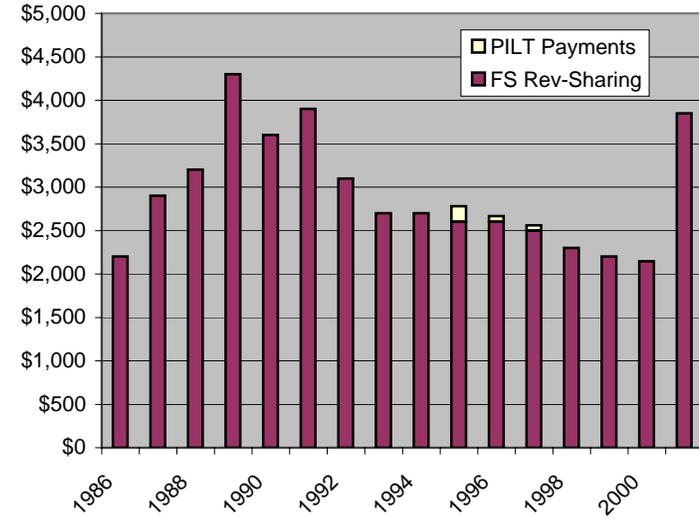
STEVENS COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$158,400	\$60,332	\$218,732
1987	\$285,900	\$62,652	\$348,552
1988	\$320,900	\$63,157	\$384,057
1989	\$523,000	\$63,157	\$586,157
1990	\$380,600	\$63,158	\$443,758
1991	\$436,600	\$63,159	\$499,759
1992	\$412,300	\$62,740	\$475,040
1993	\$394,600	\$213,261	\$607,861
1994	\$327,900	\$62,819	\$390,719
1995	\$228,100	\$310,119	\$538,219
1996	\$284,200	\$69,082	\$353,282
1997	\$284,400	\$60,446	\$344,846
1998	\$278,100	\$121,952	\$400,052
1999	\$202,200	\$173,419	\$375,619
2000	\$196,384	\$211,869	\$408,253
2001	\$430,525	\$329,752	\$760,277



THURSTON COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$2,200	\$0	\$2,200
1987	\$2,900	\$0	\$2,900
1988	\$3,200	\$0	\$3,200
1989	\$4,300	\$0	\$4,300
1990	\$3,600	\$0	\$3,600
1991	\$3,900	\$0	\$3,900
1992	\$3,100	\$0	\$3,100
1993	\$2,700	\$0	\$2,700
1994	\$2,700	\$0	\$2,700
1995	\$2,600	\$182	\$2,782
1996	\$2,600	\$68	\$2,668
1997	\$2,500	\$60	\$2,560
1998	\$2,300	\$0	\$2,300
1999	\$2,200	\$0	\$2,200
2000	\$2,146	\$0	\$2,146
2001	\$3,849	\$0	\$3,849

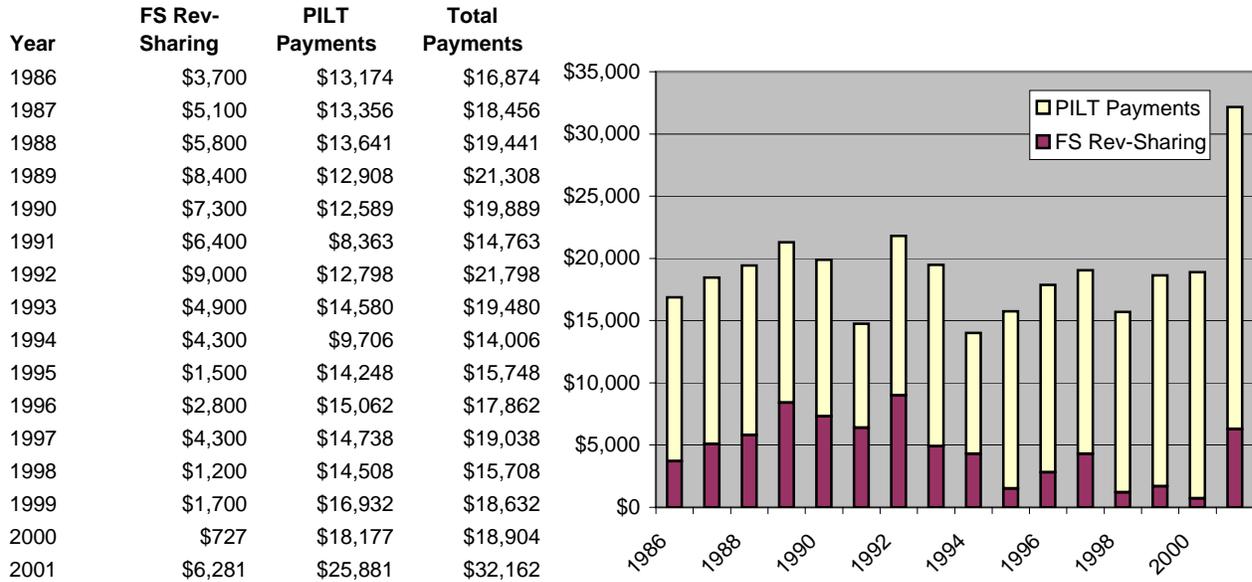


Note: Forest Service revenue-sharing includes both 25 percent funds and Secure Rural Schools funds

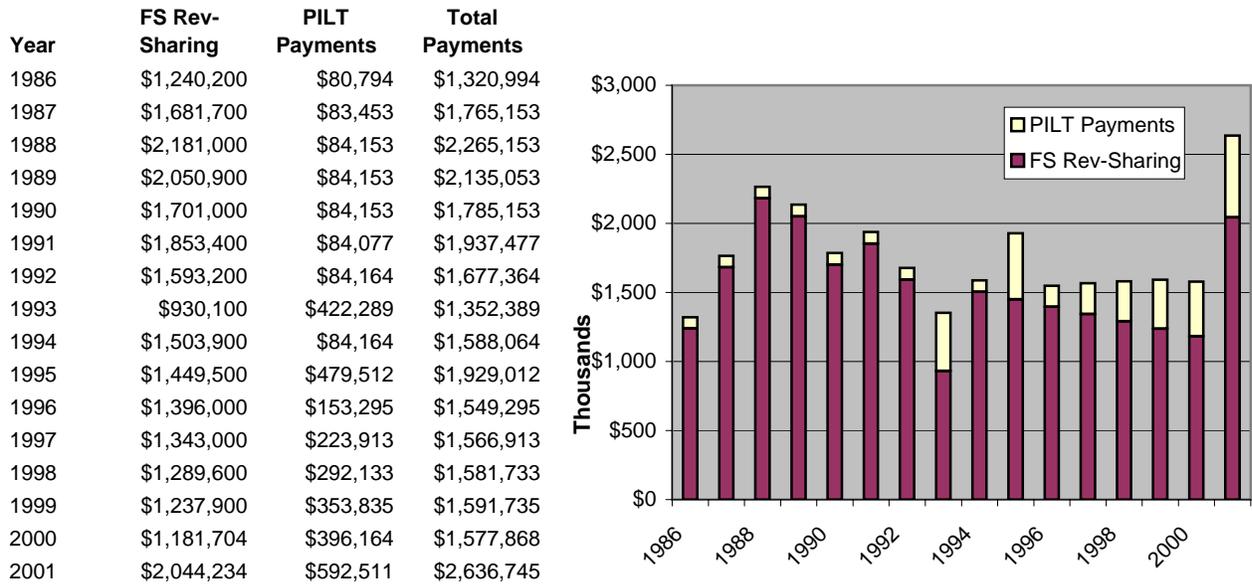
Source: Washington State Association of Counties

Federal Payments (cont'd.)

WALLA WALLA COUNTY



WHATCOM COUNTY

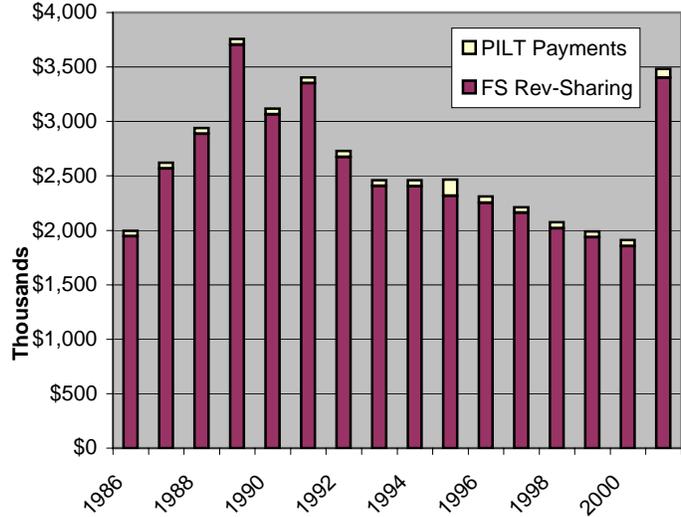


Note: Forest Service revenue-sharing includes both 25 percent funds and Secure Rural Schools funds  
 Source: Washington State Association of Counties

Federal Payments (cont'd.)

YAKIMA COUNTY

Year	FS Rev-Sharing	PILT Payments	Total Payments
1986	\$1,945,400	\$50,850	\$1,996,25
1987	\$2,567,900	\$52,811	\$2,620,71
1988	\$2,885,700	\$53,239	\$2,938,93
1989	\$3,704,500	\$53,247	\$3,757,74
1990	\$3,064,400	\$53,167	\$3,117,56
1991	\$3,351,100	\$53,168	\$3,404,26
1992	\$2,674,800	\$53,168	\$2,727,96
1993	\$2,406,500	\$53,133	\$2,459,63
1994	\$2,405,800	\$53,182	\$2,458,98
1995	\$2,317,700	\$148,762	\$2,466,46
1996	\$2,252,800	\$58,145	\$2,310,94
1997	\$2,162,200	\$51,053	\$2,213,25
1998	\$2,020,300	\$53,461	\$2,073,76
1999	\$1,936,900	\$51,887	\$1,988,78
2000	\$1,854,412	\$55,448	\$1,909,86
2001	\$3,401,755	\$80,405	\$3,482,16



Note: Forest Service revenue-sharing includes both 25 percent funds and Secure Rural Schools funds

Source: Washington State Association of Counties

**Washington Department of Fish and Wildlife:  
2002 In Lieu Payments and Noxious Weed Assessments**

<b>County</b>	<b>In Lieu Payment (\$)</b>	<b>Assessments (\$)</b>
Adams	0.0	10,095.96
Asotin	7,242.27	1,306.69
Benton	0.0	5,481.15
Clallam	0.0	878.22
Clark	0.0	8,859.70
Columbia	7,555.89	1,743.97
Cowlitz	0.0	1,170.66
Ferry	6781.33	699.00
Franklin	0.0	440.32
Garfield	4,839.98	553.14
Grant	37,443.16	20,695.02
Grays Harbor	7264.14	0.0
Jefferson	0.0	0.0
King	0.0	21,799.60
Kitsap	0.0	1,035.00
Kittitas	115,798.56	5659.04
Klickitat	22,052.00	762.54
Lewis	0.0	0.0
Lincoln	0.0	2037.82
Mason	0.0	388.67
Okanogan	74,660.33	7,811.75
Pend Oreille	3,308.65	0.0
Pierce	0.0	11,590.52
San Juan	0.0	150.00
Skagit	0.0	15,671.95
Snohomish	0.0	11,680.88
Spokane	0.0	871.60
Thurston	2,219.33	11,224.07
Walla Walla	0.0	12.00
Whatcom	0.0	3,034.86
Yakima	88,792.82	38,789.63
<b>Totals</b>	377,958.46	184,443.76
<b>Grand Total = \$562,402.22</b>		

Source: WDFW, May 7, 2002

## Appendix D

### Acreage, Population, Valuation and Property Taxes levied by Washington Counties (2002)

County	Total acres	Private Ac	Fed Ac	State Ac	Tribal Ac	Population	Assessed Valuation (\$000)	Prop Tax Levied (\$000)
Adams	1,234,911	1,143,665	29,204	60,680	0	16,428	1,075,065	14,734
Asotin	409,725	305,772	58,038	41,545	0	20,551	807,777	11,741
Benton	1,126,068	731,909	322,239	53,594	2	142,475	7,550,298	106,137
Chelan	1,917,063	362,232	1,480,885	65,899	0	66,616	4,621,203	61,012
Clallam	1,129,706	400,665	525,110	166,613	32,689	64,525	4,162,059	46,137
Clark	419,759	322,978	13,300	65,703	0	345,238	24,217,064	331,169
Columbia	559,007	374,166	162,683	21,585	0	4,064	262,374	3,596
Cowlitz	746,290	612,093	35,908	92,723	0	92,948	6,388,089	79,463
Douglas	1,183,431	1,013,630	49,319	116,365	0	32,603	1,822,931	25,511
Ferry	1,445,962	233,845	521,624	38,377	649,808	7,260	336,715	3,742
Franklin	809,476	674,084	89,943	38,691	0	49,347	2,264,270	34,354
Garfield	459,602	336,927	101,404	17,699	0	2,397	139,897	2,209
Grant	1,786,405	1,138,450	483,103	149,761	0	74,698	4,114,470	58,941
Grays Harbor	1,234,018	770,313	144,260	95,094	177,741	67,194	3,636,161	47,749
Island	134,268	111,477	8,980	7,672	0	71,558	6,878,170	64,626
Jefferson	1,163,069	245,245	707,506	202,945	5,758	25,953	2,614,103	30,561
King	1,401,050	757,292	348,907	109,571	1,298	1,737,034	209,815,163	2,337,060
Kitsap	245,652	203,425	9,201	18,431	4,449	231,969	15,327,588	211,717
Kittitas	1,493,006	582,755	612,484	292,291	240	33,362	2,355,405	25,224
Klickitat	1,218,788	1,014,253	41,993	139,866	21,255	19,161	1,248,246	15,459
Lewis	1,558,728	943,614	470,712	111,681	406	68,600	4,360,866	50,643
Lincoln	1,497,273	1,351,966	70,848	57,530	0	10,184	739,849	10,350
Mason	622,468	383,692	164,119	62,270	3,963	49,405	3,738,276	47,218
Okanogan	3,403,127	993,298	1,565,242	370,270	469,461	39,564	2,002,586	25,043
Pacific	612,910	504,913	11,489	93,189	1,123	20,984	1,546,302	19,147
Pend Oreille	913,260	332,026	529,818	34,251	4,975	11,732	685,649	9,003
Pierce	1,081,166	584,462	409,860	46,913	456	700,820	45,019,205	668,481
San Juan	112,554	96,720	2,622	9,762	26	14,077	3,664,027	29,687
Skagit	1,122,835	417,414	517,101	157,319	8,663	102,979	8,600,516	105,240
Skamania	1,078,772	154,595	835,814	86,516	0	9,872	746,015	7,634
Snohomish	1,350,614	510,151	637,404	161,638	10,040	606,024	45,527,933	612,412
Spokane	1,141,307	1,018,231	23,276	56,448	40	417,939	20,720,779	312,435
Stevens	1,625,550	1,009,366	313,044	166,442	131,787	40,066	2,059,430	23,466
Thurston	471,375	360,835	19,592	73,812	2,466	207,355	13,037,972	193,218
Wahkiakum	183,105	139,030	2,884	40,168	0	3,824	253,889	2,562
Walla Walla	831,087	765,394	27,474	23,600	0	55,180	2,805,931	41,554
Whatcom	1,385,611	429,509	818,423	108,238	19,593	166,814	12,153,908	154,636
Whitman	1,393,366	1,328,590	21,230	40,640	0	40,740	1,802,335	27,174
Yakima	2,758,913	686,623	698,372	233,921	1,131,041	222,581	9,846,504	126,576
	<b>43,261,277</b>	<b>23,345,605</b>	<b>12,885,415</b>	<b>3,729,713</b>	<b>2,677,280</b>	<b>5,894,121</b>	<b>478,949,017</b>	<b>5,977,621</b>

Notes: Acreage data is from the 1999 Public and Tribal Lands Inventory (IAC, 2001); Population data is from the Office of Financial Management (2000 Census); Assessed Valuation and Property Tax Levy information is from the Department of Revenue's *Property Tax Statistics for 2002*.