

Congress of the United States
Washington, DC 20515

June 17, 2003

The Honorable Charles Taylor
Chairman, Subcommittee on Interior Appropriations
B308 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Taylor:

As the Subcommittee begins consideration of the Fiscal Year (FY) 2004 Interior and Related Agencies Appropriations bill, we respectfully request that you note an item of vital importance to the Western Caucus that is within the subcommittee's jurisdiction.

As you know, the Payment in Lieu of Taxes (PILT) program provides payments to counties and other local governments to offset losses in tax revenues due to the presence of substantial acreage of federal land in their jurisdictions. Since local governments are unable to tax the property values or products derived from federal lands, these payments are essential to support vital community services such as firefighting, police protection, and providing healthcare in rural communities across the West.

Since its inception in 1992, the Western Caucus has sought to acquire full funding for the PILT program. Although we appreciate the increased funding levels the Interior Appropriations Subcommittee has provided in recent years, the gap between authorization and appropriation of PILT funds continues. For example, while the PILT program was authorized at \$361 million in Fiscal Year (FY) 2003, only \$220 million was appropriated. Furthermore, the Department of the Interior's FY 2004 budget included a request of only \$200 million, a full \$170 million less than authorized the level.

Inflation and increased property values further exacerbate the problem. As inflation and property values rise, the amount required to reimburse counties increases roughly 3% each year. Thus, without an increase by the federal government, the counties will continue to grow further into deficit.

The most effective way to remedy the situation would be to set the federal government on a path to fully fund PILT in the coming years. We respectfully request that you carefully consider and support a \$30 million yearly increase over the next five years to move the program towards the authorized level. To do so would demonstrate a commitment to the rural counties who depend on PILT for daily and essential services.

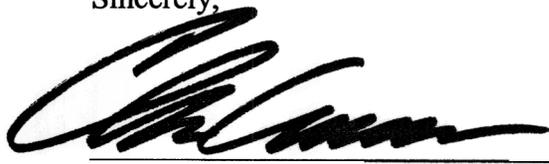
The Western Caucus believes the federal government has a legal responsibility to help support local governments in areas where the federal government has acquired land thereby removing it from the local tax base. For this reason, we will continue to push for

full funding of PILT. While we certainly understand the challenges in reconciling the many needs of the Department of the Interior budget, your agreeing to support small increases to PILT for the next five years would help to ensure the federal government fulfills its pledge to our local communities and counties.

The current authorization level for the PILT program is \$370 million. As we continue working to achieve full funding for PILT, we urge the Committee to provide at least \$250 million for FY 2004.

Your consideration of this important Western Caucus request is greatly appreciated. We look forward to working with you to support this important program.

Sincerely,



Jim Gibbas

Bob G. Styer

Jane Porter

Sam

Sammy Redberg

Greg Johnson

Bob B. Smith

Doug Walden

Marilyn Musgrave

Barbara Cubin

Tan Tansko

John Haywood

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