



STATEMENT OF

THE HONORABLE GORDON CRUICKSHANK  
COMMISSIONER  
VALLEY COUNTY, IDAHO

BEFORE THE

UNITED STATES SENATE  
COMMITTEE ON ENERGY AND NATURAL RESOURCES

“HEARING TO EXAMINE FEDERAL PAYMENTS TO LOCAL GOVERNMENTS PROVIDED  
THROUGH THE SECURE RURAL SCHOOLS AND COMMUNITY SELF DETERMINATION  
ACT AND THE PAYMENT IN LIEU OF TAXES PROGRAM”

MAY 2, 2017

Chairman Murkowski, Ranking Member Cantwell and distinguished members of the Committee, thank you for holding today's hearing examining federal payments to local governments provided through the Secure Rural Schools and Self Determination Act and the Payments in Lieu of Taxes program, and for inviting me to appear today to tell my home county's story.

My name is Gordon Cruickshank and I am a lifelong resident and county commissioner in Valley County, Idaho. Prior to becoming a commissioner, I worked for the Valley County Road Department for sixteen years with the last ten of those years as the Road Superintendent. Valley County is located in central Idaho. The county seat is Cascade, which is located approximately 80 miles north of our state capital, Boise. Valley County maintains over 750 miles of roadways including access routes into the National Forest. Our county has a population of 9,862 full time residents. Valley County is 2,354,048 total acres and only 221,151 acres, less than 10 percent, is privately owned.

Since the advent of our federal lands system, counties with significant portions of untaxable public lands have struggled to make up revenue shortfalls. Congress has partnered in various ways to provide revenue sources so counties can carry their governing missions forward. The most prominent programs of the modern era are of course, the PILT and SRS programs.

As Congress develops appropriations legislation for FY 2017, counties strongly encourage Congress to keep the PILT and SRS programs in mind, and ensure that federal public lands counties across the United States receive the full funding they need. As you consider the need to support the fiscal stability of public lands and federal forest counties, I'd like to leave you with four key points:

1. Counties that contain tax-exempt federal public lands within their boundaries rely on long-term, predictable funding for the Payments in Lieu of Taxes program to ensure fiscal stability and provide numerous key public services for our residents;
2. Counties support better federal forest management policies, and are willing to partner with all levels of government to come up with innovative solutions, one of which I will highlight later in my testimony. However, until needed land management changes are implemented, Congress must maintain its commitment to rural counties by reauthorizing the Secure Rural Schools program.
3. Due to the current funding formulas for PILT and SRS, the two programs are closely intertwined. If Congress fails to reauthorize SRS, many counties could face drastic cuts to their PILT payments.
4. Forest management practices cannot change unless Congress finds a permanent solution to the problem of fire-borrowing, which hamstringing land agencies by forcing them to pull funds from management accounts to fight catastrophic wildfire.

### **Payments in Lieu of Taxes**

Perhaps the most prominent program in the partnership between Congress and county governments is the Payments in Lieu of Taxes program. This program provides counties with significant amounts of federal land with a payment to make up for lost property tax revenue. 1900 counties and other political subdivisions in 49 states receive PILT funding to help pay for general county government services, including law enforcement, search and rescue efforts, and the upcoming of local parks.

In FY2016, PILT was fully funded at \$452 million. For FY2017, the U.S. Department of the Interior requested some \$480 million. As Congress considers an omnibus package, I would urge the Committee to keep in mind that under the Continuing Resolution passed in December 2016, PILT will be funded at only around 90% of the full funding request.

Valley County, Idaho received \$746,520 in PILT payments in FY2016. Valley County historically used PILT funding to support Law Enforcement on Forest Service Lands, purchased patrol vehicles for the Sheriff's Office, wages for Valley County employees and other operations and maintenance of county departments to provide services to the residents. Since the PILT payments are in question we have made the decision to only use PILT funding for one time purchases as the payments are not certain.

Counties are eager to partner with leadership in both parties on both sides of the Capitol to support full funding of PILT and give public lands counties greater assurance that these funds will be available in the long-term.

### **Secure Rural Schools**

From the turn of the 20<sup>th</sup> century to the late 1980s, timber harvests on federal lands produced a dependable funding base for county governments through 25 percent revenue sharing for timber receipts under the 1908 Act. After federal timber production dropped drastically in the 1990s, communities like mine found themselves in constant budget shortfalls, forcing local governments to reduce public services.

In response, Congress passed the Secure Rural Schools and Community Self-Determination Act. The SRS program provided consistent payments to counties negatively impacted by decreased timber production. Nationally, over 9 million schoolchildren rely on SRS payments to their local schools to keep teachers in their classrooms, purchase advanced learning technologies, or just to keep the lights on during the school day. SRS put missing dollars into road maintenance and in our classrooms. In FY2015, Valley County received \$1.8 million from SRS.

SRS was designed to be a temporary program to support counties until timber production increased, and the 25 percent payments could provide sustainable revenue. Instead of opening our federal forest lands to production, we have seen a consistent decline in timber harvests, while Congress reauthorizes SRS every year or so.

While counties would prefer to rely on more timber production and 25 percent payments, we realize that SRS must be a part of the equation until industry returns to our areas. Now that SRS has expired once again, counties are faced with the reality of the drastic cuts to revenue if Congress does not reauthorize it.

America's counties support a reauthorization of SRS to serve as a bridge to a future where timber receipts will provide a strong revenue stream to local governments. We support forest management reforms, such as those passed by the House of Representatives in the 114<sup>th</sup> Congress, but it will take several years for those reforms to attract the timber industry back to our national forests. It is imperative that Congress reauthorize SRS, and guarantee rural counties receive the funds they need to continue to maintain roads and educate students in our schools.

### **Impact of SRS lapse on Valley County and Idaho**

In 2015, Valley County received \$1.8 million from the U.S. Forest Service under SRS. This year, we are due for \$114,662 in 1908 Act payments, a mere 6 percent of what we received in FY2015. Statewide, Idaho is taking a 90.6 percent cut. <sup>1</sup>

This is unsustainable for Valley County and Idaho. This year our county was interested in purchasing crushed rock material for road construction and maintenance. We initially budgeted \$300,000 for this project, but found it would cost almost \$800,000. In past years, the reliable stream of SRS funds would have allowed us to proceed. Unfortunately, Valley County does not have the extra \$500,000 needed to make this happen. Now, our roads will fall into further disrepair as we delay maintenance and construction needs.

Additionally, the Valley County Road Department has not filled vacant positions and has reduced its workforce by 30 percent. While there have been opportunities for my county to compete for infrastructure grants, many grants have matching fund requirements. Matching those funds up front takes away from the general operations fund and limits the delivery of other critical county services related to road maintenance.

The situation gets even worse because if Congress does not reauthorize SRS, the PILT calculation changes overnight. SRS funds would not be deducted in the PILT formula. This would be a disaster for the vast majority of public lands counties.

Valley County finds itself in similar but different situation from Beaver County, Utah. Without the most recent SRS reauthorization, our PILT payment would have increased by \$235,000. However, that would not make up for the \$1.5 million hole we would have in our budget without SRS funds.

Statewide, Idaho would lose a staggering \$21.1 million without SRS, \$20.9 million of which would come directly from SRS cuts with another \$200,000 lost from the reshuffling of PILT

---

<sup>1</sup> National Association of Counties. NACo County Explorer. Retrieved from <http://explorer.naco.org/#>

dollars. More schoolteachers, road crews, and first responders will get pink slips if Congress does not act.

### **Current land management practices fail to meet the needs of our public lands and communities**

SRS was designed to be a bridge program to support county governments until the economic base of the counties stabilized, and revenues were produced within individual counties. The federal government has failed rural counties on both counts: SRS has now lapsed, and timber harvests have not increased on public lands.

Historically, federal timber receipts generated from the National Forests provided critical funding necessary to maintain our county roadways and to support our local education systems. In years past, the West Central region of Idaho had four major sawmills and one small sawmill. As timber harvests declined in the 1990's and into the 2000's, many mills closed their doors, taking with them many local jobs and leaving Idaho's West Central region economically imperiled. Today, only one sawmill remains and at times it has been questioned whether the mill would remain open. More generally, since 1990, there has been an 80 percent reduction in timber harvesting across all federal lands in the United States.<sup>2</sup> On the ground, this has translated into the closure of many sawmills and other related businesses along with the elimination of many local jobs in Idaho and across the U.S economy.

In addition to job losses, forest health has declined dramatically over the past few decades. Wildfires burn hotter and faster, and consume far more acres than in years past, placing our forest communities in harm's way through increased wildfire risk. The current conditions of our public lands contribute to catastrophic wildfires and are a direct result of land mismanagement by the federal government. In 2015, multiple wildfires in Idaho burned over 750,000 acres,<sup>3</sup> destroying critical Sage Grouse habitat, grazing acres for livestock, and over 80 homes.

Catastrophic wildfire impacts all Americans by increasing insurance costs, polluting the air, and forever altering our landscapes. These fires also make it increasingly difficult for land management agencies to meet their core missions, due to fire-borrowing, the necessary practice of pulling money from management accounts, and using it to fight costly, disastrous wildfires. In FY2015, more than 10 million acres of federal land went up in smoke, requiring agencies to take \$700 million from management to use to fight fires. This is environmentally and fiscally unsustainable. Counties believe that Congress should act to permanently solve fire-borrowing.

Counties have proven they are a willing, innovative partner with the federal government to change the way our national forests are managed.

---

<sup>2</sup> U.S. Forest Service. (2013). Forest Management: Cut and Sold Reports. Retrieved from <http://www.fs.fed.us/forestmanagement/products/sold-harvest/cut-sold.shtml>

<sup>3</sup> Incident Information System. (2015, October 14). Current Incidents. Retrieved from <http://inciweb.nwcg.gov/>

In Idaho, Valley County and four other counties developed a pilot project concept to better manage Idaho's national forests, known as the Community Forest Trust. The Community Forest Trust concept is offered as a long-term solution to meeting the federal government's obligations to counties and communities with federal lands inside their borders. The goal ultimately is for the U.S. Congress to designate specific federal forest lands within Idaho as a Community Forest Trust that would be managed in trust for local counties and communities.

Professional management of the Community Forest would be provided by the state's professional land management agency, the Idaho Department of Lands, for the legislatively defined purposes of supporting county governments and providing sustainable forest stewardship. The Community Forest Trust lands would remain the property of the United States government but would be managed in trust for county governments under environmental laws as they apply to state lands. Elected representatives from the federal land counties would be appointed by the Governor to a Community Forest Board that would ultimately be responsible for land management decisions. Management costs would be deducted from the revenue earned from land management activities and paid back to the Idaho Department of Lands.

Legislation to establish the Community Forest Trust pilot project passed the U.S. House of Representatives twice. County leaders, including myself, worked with staff in Congressman Raul Labrador's office to draft the text of the bill, the Self-Sufficient Community Lands Act, which passed the U.S. House of Representatives as part of a larger forest management bill in the 113<sup>th</sup> Congress.<sup>4</sup> Idaho's counties would like to see this legislation signed into law, as we are ready to roll up our sleeves, and get to work improving forest health and local economies.

With the decline in timber harvests, reduction of SRS payments, and the ever-growing threat of catastrophic wildfire looming over our communities, something must be done to protect counties. We believe we can work with our respective states and the federal government on creative, environmentally sound forest management solutions that reduce the threat of wildfire, and produce new revenues for counties—a win-win situation. All we need are willing partners who will follow through.

## **Conclusion**

Chairman Murkowski, Ranking Member Cantwell, thank you for inviting me to share a little bit about Valley County with the Senate Energy & Natural Resources Committee. We are happy to partner with the Committee on legislation to fully fund the Payments in Lieu of Taxes program and reauthorize the Secure Rural Schools program as a temporary mechanism to protect county budgets until our national forests once again become productive, and can contribute the necessary receipts to support essential public services. We also hope the Committee works to address both fire-borrowing and federal land management practices in the 115<sup>th</sup> Congress. We are counting on you to make the necessary changes to protect both our landscapes and budgets. County leaders stand ready to assist.

---

<sup>4</sup> Library of Congress (2017). Text of H.R. 1526. Retrieved from <https://www.congress.gov/bill/113th-congress/house-bill/1526/text>