

**Opening Statement (as prepared)**  
**Full Committee Hearing on Secure Rural Schools and Payment-in-lieu of Taxes**  
**March 19, 2013**  
**Senator Lisa Murkowski**

Thank you, Mr. Chairman, for scheduling this hearing. The federal compensation programs we are talking about today, Secure Rural Schools and Payment in Lieu of Taxes, have been extraordinarily valuable to rural communities and schools in my state of Alaska. I know that these programs are tremendously important to you, Mr. Chairman, particularly the Secure Rural Schools program, which you authored. That said, we have to take a hard look at both of these programs.

Let's start first with the Payment in Lieu of Taxes (PILT) program. The program authorization for PILT is permanent so we are not concerned here about the program expiring. Instead, what we are concerned about is the level at which this program is funded. Over the last several years, when we reauthorized and extended Secure Rural Schools (SRS) we also turned PILT into a mandatory funded program. This was done largely to build the political support to reauthorize and extend SRS. The PILT program was created in 1976 by Congress because we changed our federal land policy from one focused on disposal to one focused on retention. These payments are literally payments in lieu of taxes to compensate local governments for the loss in tax revenue caused by this change in policy. How PILT is funded in the future, whether programmatic changes are needed and its relationship to SRS are all issues to explore.

The SRS program, unlike PILT, was largely a replacement program for the receipt-sharing programs: Forest Service Payments to States and the Bureau of Land Management Oregon and California (O&C) Payments. The payments made under these two programs were historically from receipts generated by timber sales for roads and school purposes.

Let me be clear: SRS was never meant to be a permanent entitlement program but rather a temporary, short-term bridge, to allow communities to transition to the new economic reality that was forced upon them by environmental policies designed to halt timber harvesting.

Despite this, counties, boroughs and other communities have received payments for more than a decade – and for some counties in Oregon, Washington and Northwest California, who received “Spotted Owl Payments,” before SRS payments, for more than two decades. And now we are again talking about the need for another short –term extension of the program. The federal government is broke, and we can't continue to pay counties to not utilize the lands within their boundaries. We need to either utilize our federal lands to generate revenue and jobs for our rural communities or we should divest the federal government of those lands and let the states, or the counties, manage those lands. I know to some that sounds extreme, but we need to address head on the fact that federally-owned land has a profound impact on the fiscal and economic base of a community, as well as on its social fabric.

I look forward to hearing from our witnesses about what we need to do to make our forests productive again. I also want to know what are options are, if that is not realistic. We have an obligation to our rural communities to roll up our sleeves and work together to figure this out.

My thanks to all the witnesses for coming and testifying today.