



Opening Statement
Full Committee Hearing on PILT and SRS
Chairman Lisa Murkowski
November 21, 2019

Good morning, everyone. The Committee will come to order.

We're here this morning to examine two important programs, Secure Rural Schools and Payment in Lieu of Taxes, we know them more directly as PILT and SRS. This hearing is probably a little bit different than some that we've had recently, because we're oversight this morning, but we're also examining how well these programs are working, what we can do to improve them, and also to hear testimony on three bills that are related to them.

So as we begin, I want to welcome to all of our witnesses that have joined us this morning. I want to do a special shout out to Mayor Stephen Prysunka. Mayor Prysunka is from Wrangell, Alaska. This is a community I have talked about here in this committee, it's where I spent some very formative growing up years, my parents still live there, I go there every summer. I think I have stated for the record, I'm sure it hosts probably the best Fourth of July in all of America, so any of you want to challenge me on that you have to come to Wrangell first. And, I know that the community would welcome you. But, I understand this is your first trip back here to Washington, D.C., so we welcome you and we thank you for your leadership in Wrangell.

My colleagues here on the committee have heard me say this a lot, we're a big state, we've got a lot of resources. We call the federal government our landlord because it owns more than 60 percent of our land, roughly 222 million acres. Much of that is controlled by the Department of the Interior and the Forest Service.

We're a big, big area, but we don't have a lot of private land. People think that you've got all this land, around you and you must have private ownership. But, the example here this morning, the Borough of Wrangell spans an area of more than 3,400 square miles – so that's just the borough of Wrangell – over 97 percent of it is owned by the federal government. So when you think about what that means to your community, that leaves a pretty small tax base to address everything from public services to necessary infrastructure.

I don't want to spoil any testimony here this morning, but Mayor Prysunka estimates that Wrangell, which has a population of about 2,500 – I think it's a little bit less than that – but during the summer we're about 2,5[00], but it has one of the highest sales tax and mill rates in the state. It has an infrastructure backlog approaching \$250 million.

So, I mean it's very clear that the numbers simply don't add up here; and, that's why programs like PILT and SRS are so important to our rural communities. Many of the Alaskan communities rely on SRS to pay for, really, essential services. Whether it's schools or roads, but what they've faced is a decline in timber receipts over the years and a lack of access to federally-owned forested lands. And so, you're in a situation where these programs are really the only option until the federal government steps up as a true partner to support jobs and economic opportunity on federal lands.

But, today, there are areas where I think we see that this is not the case. We're not seeing that partnership. The Tongass in southeast, where Wrangell is, our largest national forest, we are barely harvesting any timber there—just nine million board feet last year. It's tough to establish a sustainable industry. The few remaining “mom and pop” mills are, we always say they're hanging on by a thread or hanging on by their fingernails. But, they're just constantly reckoning with the fact that they don't have reliable, small supply. And that means that the people live there and work there, are really in this very tenuous situation.

So, it's bad enough to create a situation where communities are forced to rely on the Secure Rural Schools program. But, it's worse still that despite its importance, Congress has let its authorization lapse. And that means funding for important school functions—really some very, very basic things like teacher salaries, counselor salaries, arts and music, the extracurriculars—these are all now at risk.

And of course, this isn't limited to my state. Around the country, states with big swaths of federal lands face significant challenges in developing sustainable economies. And, with the federal government failing to responsibly manage our forests, we've seen timber harvests have declined. Activities like mining are prohibited or generally discouraged despite the multiple use mandate. And that creates a real problem.

When we are not allowed to responsibly develop our resources, our rural communities suffer. We lose jobs. We lose revenues. Many communities are left with inadequate funding for their schools, forcing them to depend more and more on programs, government programs, like SRS and PILT to make up the difference.

And I think that we can do better. We are doing some of that through the Appropriations process, we've fully funded PILT, we fought for the continuation of SRS. But new legislation I think is something that we have long talked about on this committee. Senator Wyden and Senator Daines and I were discussing earlier, the years throughout this committee where there have been multiple short-term reauthorizations, efforts to address this legislatively. So, today's agenda, will once again introduce some of these.

Senator Crapo has introduced S. 430, which I have cosponsored, to provide a two-year reauthorization for Secure Rural Schools. That would provide a small dose of certainty to affected communities as we seek broader reforms that make the program less necessary. But, I would just say, even as I have sponsored that or cosponsored this, it's just yet one more band aide that will get us through two years; but if you're a community like Wrangell, two years isn't a lot of planning time.

Senator Daines has introduced S. 2108, a bill to create parity for rural counties by increasing the PILT population payment rate for counties with populations under 5,000. I'm also a cosponsor of this one. He's going to be speaking to that in just a moment here.

And then the final bill on the agenda is from Senator Wyden, S. 1643, to establish an endowment, eventually funded by timber receipts with some help from Congress at first, to make SRS payments. This is a new approach here, I look forward to learning more about it.

But, as we look at these programs and measures related to them, I think we've got good experts here this morning to speak to the state and local aspects of these programs. So, I certainly would look forward to your comments this morning, in terms of whether you support – and how you would support – these initiatives and how we can work with you to provide for your communities the funds that they seek as they try to be sustainable communities.

So with that, I turn to my colleague, Senator Manchin?

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