

NACo Legislative Bulletin

**ACTION
NEEDED!**

Executive Director: Larry E. Naake, Legislative Director: Edwin Rosado

October 14, 2011

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Senate Introduces the Bipartisan County Payments Reauthorization Act: Multi-Year Funding Provided for PILT and SRS—Action Needed!

On October 12, 2011, a Bipartisan group of Senators introduced the County Payments Reauthorization Act of 2011 (S. 1692). The Act would reauthorize the Secure Rural Schools (SRS) program and fund the Payments in Lieu of Taxes (PILT) Act for five more years. The bipartisan agreement, announced by Senate Energy and Natural Resources Chairman Jeff Bingaman (D-N.M.) and ranking member Lisa Murkowski (R-Alaska) represents a strong commitment from the United States Senate to support key programs critical to nearly 2,000 counties nationwide.

The Act would provide more than \$1.5 billion in SRS funding to roughly 700 counties with national forest lands to support public schools, county road improvement and maintenance projects, forestry projects, and wildfire risk reduction programs. It also would extend funding under the PILT program to more than 1,900 counties in 49 States, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands to help fund essential county government programs.

Payments in lieu of taxes, often called PILT, are federal payments to local governments that help offset losses in property taxes due to federal lands within their boundaries.

While NACo supports the Senate's efforts to reauthorize the SRS program, it is important to recognize that the funding levels and annual 5 percent rampdown offered in the proposal will present continued challenges to a number of forested counties. NACo will continue to work closely with members of Congress to address job creation and forest management legislation to provide a long term solution to providing sustainable revenue sharing with forested counties. NACo believes that a straight reauthorization is only part of the solution and pursuing management and restoration of the nation's forests will generate tremendous environmental and social benefits and create needed jobs and revenue for rural economies.

Please [click here](#) to view the NACo letter to Chairman Bingaman and Ranking Member Murkowski. Currently, 25 members of the United States Senate have cosponsored the legislation (see below). NACo members should strongly encourage their Senators to sign onto the bill.

Senator(s) Bingaman, Murkowski, Baucus, Crapo, Wyden, Risch, Reid, Cochran, Tester, Blunt, Feinstein, Heller, Tom Udall, Boxer, Cantwell, Murray, Bennet, Merkley, Sanders, Tim Johnson, Begich, McCaskill, Mark Udall, Levin, and Franken.



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House Natural Resources Committee Hearing Examines Payments in Lieu of Taxes

The House Natural Resources Subcommittee on Parks, Forests and Public Lands held a hearing on Friday, October 14 on Payments in Lieu of Taxes (PILT). NACo respectfully asked that the Committee include testimony in the hearing record on behalf of county governments. The testimony can be found [here](#).

NACo has successfully worked to raise the profile of the critical need to provide adequate funding for PILT for nearly 50 years, including a recent advocacy fly-in in early September 2011 where elected county officials met with over 80 congressional offices to discuss PILT funding.

NACo looks forward to working with Members of Congress to pass legislation that will continue the historic partnership between federal and county government by extending continued mandatory funding for the Payment in Lieu of Taxes program for FY 2013 and beyond.

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Bipartisan Water Infrastructure Bill Introduced

On October 11, several Members of the House of Representatives introduced a bill that would funnel \$13.8 billion toward wastewater infrastructure projects and create a Clean Water Trust Fund to provide capitalization grants for the Clean Water State Revolving Funds (SRF) program.

The Water Quality Protection and Job Creation Act of 2011, H.R. 3145, is a bipartisan effort introduced by Rep. Tim Bishop (D-N.Y.); Rep. Nick Rahall (D-W.V.); Rep. Tom Petri (R-Wis.); and Rep. Steven C. LaTourette (R-Ohio).

The \$13.8 billion, as authorized under H.R. 3145, would be used for low interest loans and loan subsidizations to communities for wastewater infrastructure. Additionally, the bill provides technical assistance to rural, small communities to help them gain access to financing wastewater infrastructure.

Under the Clean Water Trust Fund language, the capitalization grants could be used for Clean Water SRFs, which encourages green infrastructure improvements, energy/water efficiency approaches, and implementation of best management measures. The bill also instructs the Congressional Budget Office to study potential funding mechanisms and revenue sources in order to provide \$10 billion in annual funding for the trust fund.

This bill is an important first step in addressing aging water infrastructure needs. NACo supports both continued financial support for SRF programs and the creation of a water trust fund.

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House Committee Approves 3 Percent Withholding Repeal

On October 13, the House Committee on Ways and Means favorably reported H.R. 674 on a voice vote. The legislation, sponsored by Rep. Wally Herger (R-Calif.) and Earl Blumenauer (D-Ore.), repeals the requirement for state and some local governments to withhold three percent from all payments for goods and services that was passed in Section 511 of the Tax Prevention and Reconciliation Act of 2005. NACo has long supported full repeal of this requirement. There is no indication yet of the possible offset that will be used to cover the cost of repeal. Proponents of the repeal legislation have expressed the hope that the bill will reach the House floor sometime this month.

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Bipartisan Senate Education Bill Unveiled

On October 11, Senator Tom Harkin (D-Iowa), Chairman of the Health, Education, Labor and Pensions (HELP) Committee and Ranking Member Michael Enzi (R-Wyo.), unveiled their draft bill to reauthorize No Child Left Behind. Unlike the House, which is considering piecemeal legislation, the Senate draft addresses comprehensive reauthorization. Some of the highlights of the bill include:

1. Replacing federal accountability measures with state designed systems;
2. 100 percent flexibility in how states use federal funds as long as they don't divert dollars from programs for disadvantaged students;
3. Requiring states to adopt academic standards for college and career readiness;

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4. Requiring states and school districts to implement interventions for schools with lowest performance, highest achievement gaps and highest dropout rates;
5. New teacher and principal evaluation systems designed by states and school districts.

The HELP committee is scheduled to consider the bill October 18.

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Marketplace Equity Act Introduced

On, October 12, Reps. Jackie Speier (D-Calif.) and Steve Womack (R-Ark.) introduced the Marketplace Equity Act (MEA). At press time, the bill had yet to receive a number. The co-sponsors of the bill tout the legislation as a bipartisan effort to close the loophole that allows some online retailers to avoid collecting sales taxes on certain purchases. Although similar to the Main Street Fairness Act (S.1452), the bill differs in that it allows states to choose the method to collect sales taxes owed to them. NACo is reviewing the legislation but there is initial concern that the bill may complicate current efforts for legislation that levels the playing field between online retailers and brick-and-mortar sellers. Other concerns with the MEA include how a state, depending upon the method chosen to structure their tax rate, will remit funds to a local jurisdiction. NACo will continue to monitor developments with the legislation.

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States Receive More in Highway Funds than they Contribute

From 2005-2009, every state received more funding for the highway program than they contributed to the Highway Trust Fund. This unusual conclusion was reached in a study by the Government Accountability Office (GAO) (GAO-11-918) in a report issued this week. This was all due to the \$30 billion in general fund revenue that has been used to shore up the Highway Trust Fund since 2008. Historically, the donor-donee issue, that is how much each state gets back relative to its contribution to the Trust Fund, has been a contentious issue during the debate surrounding reauthorization bills. The GAO report also explains how the "user pays" philosophy of the federal highway program is undermined by general fund contributions. The implications of all these conclusions will be factored into the reauthorization of the highway and transit programs, particularly as Congress looks for sources in addition to the gas tax as a way to provide full funding for these programs.

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About NACo

National Association of Counties (NACo) is the only national organization that represents county governments in the U. S. NACo provides essential services to the nation's 3,068 counties. NACo advances issues with a unified voice before the federal government, improves the public's understanding of county government, assists counties in finding and sharing innovative solutions through education and research and provides value-added services to save counties and taxpayers money.

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