



## PROVIDE FULL MANDATORY FUNDING FOR THE PAYMENT IN LIEU OF TAXES (PILT) PROGRAM

*(amounts = FY2024 PILT Payment\*)*

- The PILT program was established in 1976 to provide payments to counties to offset losses in tax revenues due to the tax-exempt nature of federal land within their boundaries and to provide some support to counties for services provided on federal public lands, including education, law enforcement, search and rescue, firefighting, parks and recreation, and other community services
- Arizona currently has over **28 million** entitlement acres spread across 15 counties and receives **\$46.9 million** in total PILT payments for Fiscal Year 2024
- In Arizona, private land (taxable) only accounts for **17.5% of all land**, while federal land makes up **41.6% of all land**. PILT only makes up a fraction of the lost tax revenue, yet counties must still provide services on federal land
  - Gila County is comprised of **96.5% publicly held land**, leaving the property tax burden on only 3.5% of its land mass - **(\$4,480,000)**
  - Coconino County is the second largest county in the continental United States **with 87% public land**; however, the County still provides services throughout the entire 18,661 square miles of its territory – **(\$3,060,000)**
- Because of the lack of taxable land in many Arizona counties, PILT is a vital component of the revenue system
  - Apache County's **property tax rate** would have to **increase by over 71%** to make up for the elimination of PILT - **(\$2,320,000)**
  - PILT funds over **8% of the General Fund expenditures** in La Paz County – **(\$2,220,000)**
  - Graham County would instantly lose **8% of their General Fund revenues** with **little capacity to make this up with other revenue sources** as the county is already at its maximum property tax limit – **(\$3,640,000)**
- The loss of PILT, or even a reduction would cause a drastic decrease in services and severely hamper a county's ability to respond to constituent needs (disaster response, public safety)
  - In Cochise County, **PILT covers the cost of almost 31 county employees** that would need to be cut if PILT was lost, including positions in public safety - **(\$2,840,000)**
  - With over 50% of Yavapai County's General Fund being used to fund the budgets of the Courts, Criminal Justice and Law Enforcement, a lack of PILT funding would mean a **substantial and immediate impact to public safety** – **(\$4,300,000)**
- A decrease or elimination of PILT would shift federal responsibilities to local taxpayers, with no decrease in mandated costs

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\* PILT Payments rounded to the nearest \$10,000



## PILT Funding and Federal Land in Arizona Counties

County	Total Area <sup>†</sup>	Private Lands		Federal Lands	
	Acres	Acres	Percent	Acres	Percent
Apache	7,179,766	888,089	12.4%	712,664	9.9%
Cochise	3,979,185	1,612,061	40.5%	987,340	24.8%
Coconino	11,943,090	1,582,928	13.3%	4,670,361	39.1%
Gila	3,069,108	107,313	3.5%	1,767,360	57.6%
Graham	2,970,260	294,963	9.9%	1,095,910	36.9%
Greenlee	1,182,265	97,846	8.3%	910,290	77.0%
La Paz	2,888,790	235,987	8.2%	2,164,410	74.9%
Maricopa	5,903,397	1,728,299	29.3%	3,114,882	52.8%
Mohave	8,614,745	1,487,609	17.3%	6,014,322	69.8%
Navajo	6,373,878	1,148,549	18.0%	604,105	9.5%
Pima	5,881,122	712,893	12.1%	1,714,407	29.2%
Pinal	3,439,658	870,344	25.3%	648,097	18.8%
Santa Cruz	792,394	287,448	36.3%	433,144	54.7%
Yavapai	5,201,863	1,325,279	25.5%	2,592,493	49.8%
Yuma	3,532,231	418,483	11.8%	2,916,728	82.6%
<b>Total</b>	<b>72,951,752</b>	<b>12,798,091</b>	<b>17.5%</b>	<b>30,346,513</b>	<b>41.6%</b>

## State Fiscal Year 2024 PILT Payment Comparisons

County	PILT Payment <sup>‡</sup>	PILT % of General Fund Revenues	Federal Revenue Equivalence <sup>§</sup>	Equivalent Property Tax Rate	PILT Payment as a % of Property Tax Rate
Apache	\$2,320,000	8.4%	\$ 415,332,000,000	\$0.48	71%
Cochise	\$2,840,000	2.7%	\$ 132,463,000,000	\$0.26	10%
Coconino	\$3,060,000	3.4%	\$ 164,902,000,000	\$0.14	28%
Gila	\$4,480,000	5.7%	\$ 278,746,000,000	\$0.71	17%
Graham	\$3,640,000	7.8%	\$ 383,316,000,000	\$1.20	54%
Greenlee	\$1,250,000	7.0%	\$ 341,908,000,000	\$0.28	34%
La Paz	\$2,220,000	8.2%	\$ 402,281,000,000	\$0.90	35%
Maricopa	\$4,150,000	0.2%	\$ 12,082,000,000	\$0.01	1%
Mohave	\$4,500,000	3.3%	\$ 160,136,000,000	\$0.19	11%
Navajo	\$1,930,000	3.0%	\$ 146,342,000,000	\$0.20	25%
Pima	\$4,340,000	0.6%	\$ 28,295,000,000	\$0.04	1%
Pinal	\$1,900,000	0.5%	\$ 22,822,000,000	\$0.06	2%
Santa Cruz	\$1,440,000	3.4%	\$ 168,303,000,000	\$0.35	9%
Yavapai	\$4,300,000	2.3%	\$ 114,041,000,000	\$0.12	7%
Yuma	\$4,500,000	3.2%	\$ 155,977,000,000	\$0.29	12%
<b>Total/Average</b>	<b>\$46,870,000</b>	<b>4.0%</b>	<b>\$ 195,130,000,000</b>	<b>\$0.35</b>	<b>21%</b>

<sup>†</sup> Source: USGS PAD-US Version 2.0; Published in 2018; Retrieved from Headwaters Economics:

<https://headwaterseconomics.org/tools/economic-profile-system/#landuse-report-section>

<sup>‡</sup> Retrieved from the Department of Interior's PILT County Payments in September 2024, payments rounded.

<sup>§</sup> Federal revenue equivalence is calculated by applying the percentage of the county's General Fund revenue derived from PILT to the total federal government revenues in FY 2024 according to US Department of Treasury FY 2024 Financial Report of the United States Government [https://www.fiscal.treasury.gov/files/reports-statements/financial-report/2024/01-16-2025-FR-\(Final\).pdf](https://www.fiscal.treasury.gov/files/reports-statements/financial-report/2024/01-16-2025-FR-(Final).pdf)



## CONTINUE REVENUE SHARING PAYMENTS TO FOREST COUNTIES: SUPPORT THE SECURE RURAL SCHOOLS (SRS) PROGRAM

- The Secure Rural Schools (SRS) program was created in 2000 as a replacement for declining federal timber revenue generated from national forest lands that was historically shared to counties
- SRS is primarily a county pass through for rural school districts and road maintenance
- If Congress fails to reauthorize SRS payments, **over 700 rural counties across the U.S. will face dramatic budget shortfalls**, severely impacting essential services
- If SRS is not reauthorized, federal forest payments to 13 of Arizona's counties would be **reduced by 80%** on average
- **Arizona taxpayers will be disproportionately impacted** if PILT is underfunded and SRS expires
  - SRS and PILT are linked, with SRS payments offsetting a portion of a county's PILT entitlement
  - When SRS funding is not reauthorized, counties lose that revenue, increasing the federal government's total PILT obligation
  - If PILT is underfunded, the available funds are distributed on a prorated basis
  - In this scenario—where SRS is not reauthorized and PILT is underfunded—counties receive a **lower prorated amount**, further reducing the federal support intended to offset revenue losses from federally managed lands
  - Given Arizona's substantial amount of federal lands, AZ taxpayers would be impacted more by a reduction in PILT and SRS than other states

**FY 2023 SRS Distributions to Counties**

County	Total Distribution to County**	Amount Retained by County
Apache	\$515,000	\$0
Cochise	\$358,000	\$179,000
Coconino	\$2,564,000	\$1,446,000
Gila	\$1,271,000	\$27,000
Graham	\$448,000	\$50,000
Greenlee	\$696,000	\$300,000
La Paz	\$0	\$0
Maricopa	\$352,000	\$352,000
Mohave	\$7,000	\$4,000
Navajo	\$752,000	\$67,000
Pima	\$231,000	\$178,000
Pinal	\$238,000	\$143,000
Santa Cruz	\$337,000	\$8,000
Yavapai	\$1,613,000	\$204,000
Yuma	\$0	\$0
<b>Total</b>	<b>\$9,383,000</b>	<b>\$2,958,000</b>

\*\* SRS payments and amount retained by county rounded to the nearest \$1,000