

Contributions of Timber–Related and Other Revenue to Local Governments in California

Technical Working Paper 1–04–02



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Abstract

In past decades, tax revenue associated with timber harvesting and timberland has been a source of significant revenue to many local rural governments in California. Over time, the amounts of local revenue have fluctuated with changes in timber value and timber volume harvested. For several reasons, local revenue from private timberlands has been relatively stable for the last decade. Until passage of the Secure Rural Schools and Community Self Determination Act of 2000 (PL 106–393), federal payments to counties with National Forest lands under the historic 25 percent program had declined dramatically. With the passage of PL 106–393, payments to most qualifying local governments have increased and been stabilized through fiscal year 2006.

Given the growth in California’s economy and changes in the funding structure of local government, timber–related revenue has become an increasingly small percentage of total revenue sources for local governments. While revenues will fluctuate with timber and timberland values, the total annual tax and in-lieu of tax revenues from timberlands in 2000 was approximately \$100 million. This revenue includes \$65 million in lieu payments from national forest timberlands, \$26 million from timber yield taxes, \$8 million from timberland property taxes for lands with Timberland Production Zone (TPZ) status, less than \$1 million BLM lands, and a smaller amount of property taxes from minor fraction of timberlands without TPZ designation. Statewide, these funds amount to less than 1 percent of all revenue sources.

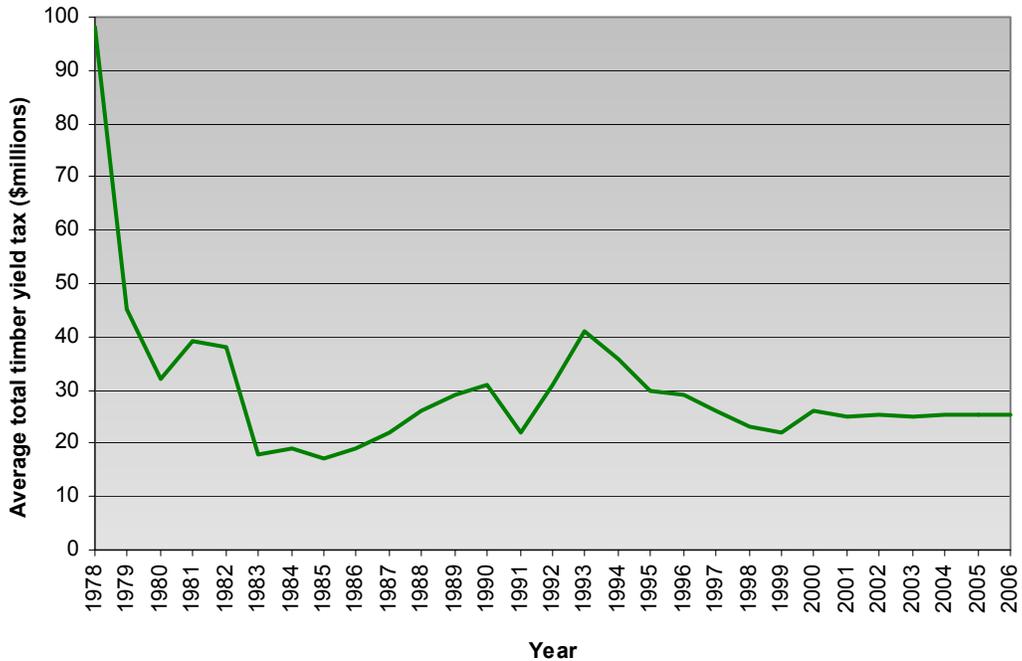
Historically, revenue from timber has been a significant element in the budgets of local government. This revenue from timber and timberland comes from three main sources: State yield tax, property tax, and federal in lieu payments.

Timber yield tax

Timber yield tax payments are calculated as a percent tax of the immediate harvest value of the harvested tree. The tax is levied on timber harvested from all ownerships in California. The rate has been set at 2.9 percent over the last two decades. Total payments have fluctuated due to differences in the quantity, quality, species, and price of timber harvested. Projections for the years of 2001 to 2006 are

based on a five-year moving average of total payments. There is likely to be much greater fluctuation in the projection than Figure 1 indicates.

Figure 1: California timber yield tax estimates from 1978 to 2000 and projections from 2001 to 2006 (as in year 2000 dollars)



Source: State Board of Equalization

Over the last two decades, the trend of timber yield tax peaked in 1981 and 1993 at around \$40 million Statewide. Timber yield taxes by county from 1978 to 2000 are estimated as shown in Table 1.

Based on the average of timber yield tax over this period, the Klamath/North Coast region provided 56 percent of the total yield tax in the State. The Sierra and Sacramento regions constituted another 35 percent. Figure 2 shows the ten counties having the highest timber yield taxes leading by Humboldt County at five million dollars. These ten counties contributed 78 percent of the total State average payments of 23 million dollars from the timber yield taxes.

Table 1. California timber yield tax estimates (\$1,000 in nominal dollars)

Bioregion/county	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990		
Bay/Delta	Alameda	-	-	-	-	-	2	1	1	1	2	2	1		
	Contra Costa	-	-	-	-	-	1	1	1	1	1	1	2		
	Marina	-	-	-	-	-	-	-	-	-	-	-	-		
	Napa	-	-	-	-	-	2	5	1	1	5	5	2		
	San Francisco	-	-	-	-	-	-	-	-	-	-	-	-		
	San Mateo	-	-	-	-	-	26	34	46	27	60	57	49		
	Santa Clara	-	-	-	-	-	9	14	23	19	11	27	31		
	Solano	-	-	-	-	-	-	1	1	1	1	1	1		
	Sonoma	207	170	91	142	128	73	70	91	82	81	140	267	365	
	Total	207	170	91	142	128	73	110	147	155	133	220	360	451	
Colorado Desert	Imperial	-	-	-	-	-	-	-	-	-	-	-	-		
	Total	-	-	-	-	-	-	-	-	-	-	-	-		
Modoc	Lassen	1003	442	352	491	996	458	460	499	437	573	711	672	652	
	Modoc	974	542	346	406	286	164	185	198	124	282	282	497	613	
	Total	1977	984	698	897	1282	622	645	697	561	855	993	1169	1265	
Mojave	Riverside	-	-	-	-	-	-	-	-	-	-	-	-		
	San Bernardino	-	-	-	-	-	-	-	-	-	-	-	-		
	Total	-	-	-	-	-	-	-	-	-	-	-	-		
Klamath/North Coast	Del Norte	5969	2913	2094	24672	2354	986	1290	1207	1157	1113	1235	1118	1759	
	Humboldt	8052	3875	3332	4532	5444	2279	2404	2335	3179	3694	4105	5007	5787	
	Lake	155	53	7	134	63	47	68	43	118	107	121	59	60	
	Mendocino	6001	2509	2208	3377	4261	1641	1654	1480	1422	1596	1711	2674	2712	
	Siskiyou	4813	2297	2265	2400	1751	1108	1462	1207	1402	1815	2203	1973	2369	
	Trinity	2106	1306	1027	1586	1797	703	775	690	847	1077	1311	1468	1726	
	Total	27086	12953	10933	14701	15670	6764	7653	6962	8125	9402	10686	12299	14413	
	Sacramento Valley	Butte	386	383	159	204	322	241	193	166	205	187	674	376	304
		Colusa	-	-	-	-	-	-	11	-	-	-	36	3	
		Glenn	275	200	65	148	71	55	118	71	97	65	136	141	167
Sacramento		-	-	-	-	-	-	1	1	2	2	2	3	2	
Shasta		3016	1292	877	1374	1125	843	953	656	644	1078	1219	1014	1056	
Sutter		-	-	-	-	-	-	-	-	-	-	-	-	-	
Tehama		1260	775	731	1063	1510	368	333	295	431	639	798	582	881	
Yolo		-	-	-	-	-	-	-	1	1	1	1	1	1	
Yuba		115	54	158	154	63	66	42	59	112	81	83	180	166	
Total		5052	2704	1990	2943	3091	1573	1651	1249	1492	2053	2949	2300	2577	
San Joaquin Valley	Fresno	548	388	141	250	277	128	146	117	53	163	190	363	248	
	Kern	-	-	-	-	-	-	22	8	19	7	36	39	9	
	Kings	-	-	-	-	-	-	-	-	-	-	-	-		
	Madera	421	240	118	127	47	81	55	96	27	163	193	250	362	
	Merced	-	-	-	-	-	-	-	-	1	1	1	1	1	
	San Joaquin	-	-	-	-	-	-	-	1	1	1	1	2	1	
	Stanislaus	-	-	-	-	-	-	-	-	1	-	1	1	1	
	Tulare	506	228	145	172	276	88	122	119	84	89	88	180	127	
	Total	1475	856	404	549	600	297	345	341	186	424	510	836	749	
	Sierra	Alpine	-	-	-	-	-	-	13	20	6	19	10	2	2
Amador		220	101	108	273	274	114	47	50	103	129	104	444	424	
Calaveras		563	169	125	215	301	225	88	147	228	289	353	628	882	
El Dorado		1214	509	511	823	605	359	352	443	632	605	674	839	1427	
Inyo		-	-	-	-	-	-	-	8	-	-	-	-	-	
Mariposa		71	69	26	65	109	38	30	17	30	27	272	206	69	
Mono		-	-	-	-	-	-	16	14	24	16	27	45	-	
Nevada		424	190	86	190	121	62	139	100	94	214	261	439	303	
Placer		1155	664	343	695	249	284	177	193	205	351	526	683	985	
Plumas		2204	1380	723	684	749	627	857	658	898	1146	1091	1381	1412	
Sierra		1094	665	296	387	198	186	217	228	254	402	585	446	431	
Tuolumne		1079	507	472	380	354	210	272	242	450	438	376	310	570	
Total		8024	4254	2690	3712	2960	2105	2208	2120	2924	3636	4279	5423	6505	
Central Coast	Monterey	-	-	-	-	-	-	12	1	1	1	1	1		
	San Benito	-	-	-	-	-	-	-	-	-	-	-	-		
	San Luis Obispo	-	-	-	-	-	-	-	1	1	1	1	1		
	Santa Barbara	-	-	-	-	-	-	-	1	1	1	1	1		
	Santa Cruz	199	186	61	93	71	55	89	55	33	62	62	101	122	
	Ventura	-	-	-	-	-	-	5	5	6	6	6	7	6	
	Total	199	186	61	93	71	55	106	61	42	71	71	11	131	
South Coast	Los Angeles	-	-	-	-	-	-	5	5	5	5	6	8	7	
	Orange	-	-	-	-	-	-	2	2	2	1	1	2	2	
	San Diego	-	-	-	-	-	-	3	3	4	4	4	5	4	
	Total	-	-	-	-	-	-	10	10	11	10	11	15	13	
Grand Total	441101	221116	16867	23037	23802	11489	12735	11591	13502	16591	19727	22521	26109		

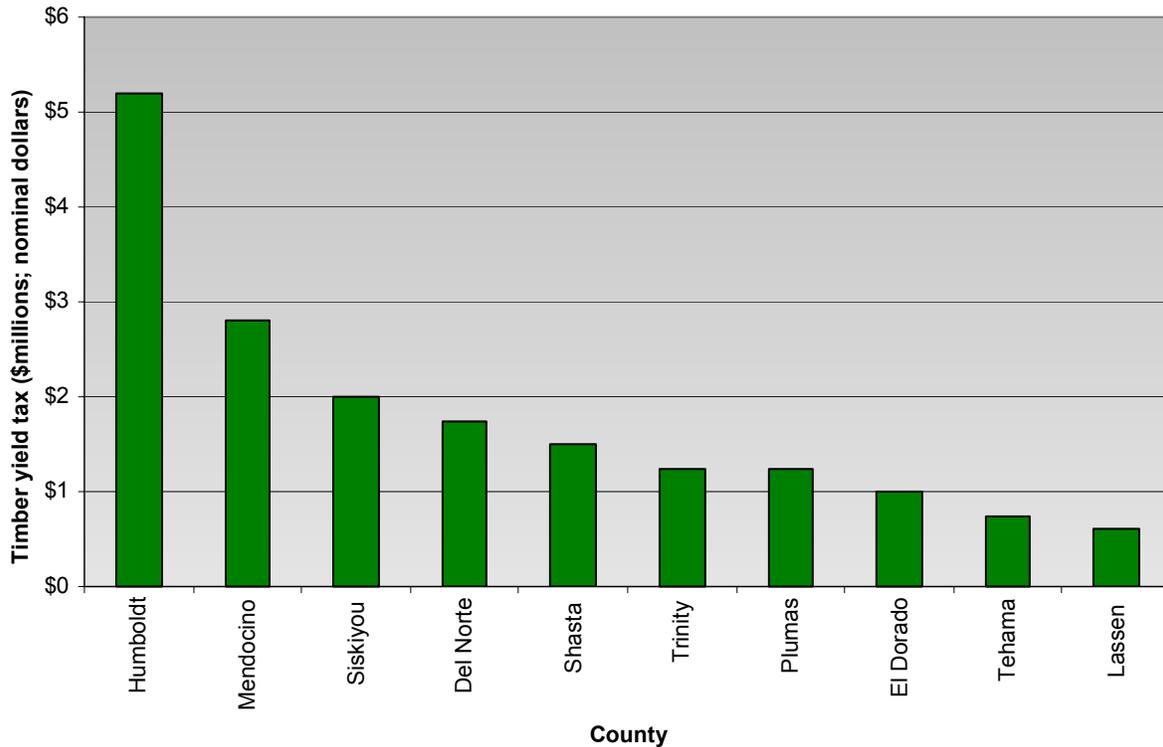
Source: State Board of Equalization

Table1 (continued). California timber yield tax estimates (\$1,000 in nominal dollars)

Bioregion/county		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	Average 1978-2000
Bay/Delta	Alameda	-	1	1	1	1	1	1	1	1	1	1
	Contra Costa	-	1	1	1	1	1	1	1	-	-	1
	Marina	-	-	-	-	-	-	-	-	-	-	-
	Napa	-	5	1	6	10	19	7	7	11	8	4
	San Francisco	-	-	-	-	-	-	-	-	-	-	-
	San Mateo	62	107	154	124	50	107	104	45	71	131	55
	Santa Clara	10	29	93	29	16	38	15	12	52	112	23
	Solano	-	-	1	1	1	1	-	-	-	-	0
	Sonoma	234	316	558	465	343	413	323	225	420	565	255
	Total	306	459	809	627	422	580	erage	290	555	817	339
Colorado Desert	Imperial	-	-	-	-	-	-	-	-	-	-	-
	Total	-										
Modoc	Lassen	701	719	1265	1306	778	672	505	561	497	599	667
	Modoc	252	530	892	1246	611	341	403	174	211	349	431
	Total	953	1249	2157	2552	1389	1013	908	735	708	948	1098
Mojave	Riverside	-	1	1	1	1	1	0	1	1	1	1
	San Bernardino	2	2	2	1	2	1	1	1	-	-	1
	Total	2	3	3	2	3	2	1	2	1	1	3
Klamath/North Coast	Del Norte	1292	1330	1779	1555	1117	1011	691	678	756	1119	1617
	Humboldt	4149	5638	7791	8373	6919	7357	6902	5901	5280	8272	5244
	Lake	14	25	95	114	84	157	119	131	44	64	82
	Mendocino	1960	2637	4029	3636	2580	3438	2748	2798	3071	3324	2759
	Siskiyou	1387	1852	1819	1878	1831	1855	2419	1721	1668	1850	1972
	Trinity	1319	1685	1944	1297	1584	881	987	1040	881	720	1250
	Total	10121	13167	17457	16853	14115	14699	13866	12269	11700	15349	12924
	Sacramento Valley	Butte	407	314	1469	1497	1148	1173	945	976	856	971
Colusa		-	3	5	5	11	4	3	1	1	-	4
Glenn		54	84	125	115	117	89	200	310	272	163	136
Sacramento		-	1	2	1	2	1	1	1	1	1	1
Shasta		1056	2829	3468	1886	1630	1664	1373	1382	1438	1421	1448
Sutter		-	-	-	-	-	-	-	-	-	-	-
Tehama		906	578	638	799	1019	1168	1152	831	958	1031	815
Yolo		-	-	-	-	-	-	-	-	-	-	0
Yuba		104	216	494	331	345	399	433	222	347	404	201
Total		2527	4025	6201	4634	4272	4498	4107	3723	3873	3991	3195
San Joaquin Valley		Fresno	164	237	460	222	333	306	178	171	257	143
	Kern	24	25	81	39	1	47	10	20	31	40	20
	Kings	-	-	-	-	-	-	-	-	-	-	-
	Madera	61	185	221	137	50	36	70	62	60	22	134
	Merced	-	1	-	-	-	-	-	-	-	-	0
	San Joaquin	-	1	1	1	1	1	1	1	1	-	1
	Stanislaus	-	-	-	-	-	-	-	-	-	-	0
	Tulare	101	162	209	162	120	102	63	64	61	44	144
	Total	350	611	972	561	505	492	322	318	410	249	537
	Sierra	Alpine	-	7	5	-	1	1	12	2	1	-
Amador		309	370	373	370	272	359	171	282	245	289	236
Calaveras		407	458	1023	725	594	541	585	485	577	440	437
El Dorado		899	989	2794	1694	1356	745	784	802	923	818	904
Inyo		-	-	-	-	-	-	6	-	-	-	1
Mariposa		81	67	56	33	51	33	33	38	29	25	64
Mono		-	55	42	62	156	44	7	71	1	-	25
Nevada		319	558	483	544	470	589	649	552	415	440	332
Placer		688	995	836	789	654	479	475	569	348	280	549
Plumas		1509	1959	1697	1369	1816	1069	1337	978	1530	1427	1239
Sierra		196	281	470	397	529	486	376	185	315	358	391
Tuolumne		607	850	1419	1325	950	756	764	443	365	514	594
Total		5015	6589	9198	7308	6852	5102	5199	4407	4749	4591	4776
Central Coast		Monterey	1	1	1	1	1	-	-	-	-	-
	San Benito	-	-	-	-	-	-	-	-	-	-	-
	San Luis Obispo	-	-	1	-	1	1	-	1	1	-	0
	Santa Barbara	-	1	1	1	-	-	-	-	-	-	0
	Santa Cruz	149	191	370	364	325	334	303	259	265	407	181
	Ventura	-	5	4	3	2	2	2	2	2	2	3
Total	150	198	377	369	329	337	305	262	268	409	185	
South Coast	Los Angeles	-	6	5	4	4	3	1	-	-	1	3
	Orange	-	2	2	2	1	2	2	2	-	1	1
	San Diego	-	1	1	1	1	1	-	-	-	-	1
	Total	-	9	8	7	6	6	3	2	-	2	5
Grand Total	19424	26310	37182	32913	27893	26729	25162	22008	22264	26357	23063	

Source: State Board of Equalization

Figure 2. Counties having the highest payments from timber yield tax



Funds collected by the State Board of Equalization are distributed to counties after deducting a proportional share of State administrative costs. A portion of yield tax receipts is used to support county programs. For Fiscal Year 1998-1999, approximately 7.9 million of the estimated 22 million total yield tax receipts (approx. 36 percent) went to general county programs.

A second portion goes to local school districts, estimated to be about 40 percent of annual yield tax distributions. The total distributions for 1999–2000 by total school districts in each county are shown in Table 2. In the complex structure of local school finance, yield tax revenue is counted as a tax relief subvention in calculating revenue limits for State contributions to school districts. Like regular property taxes, yield taxes add to the local share of meeting revenue limits. The more the yield tax, the less the State contributes to local school finance. At the other extreme, lower yield tax receipts mean higher State contributions, subject to legal maximum limits. In this way, changes in school financing have diminished reliance of school districts on yield tax payments and lessened district sensitivity to fluctuations in timber harvests and harvest values.

Table 2. Timber tax revenue by allocated to school districts by California county, 1999–2000

County	Timber yield tax	County	Timber yield tax
Alameda	1,016	Orange	860
Alpine	-	Placer	371,384
Amador	275,552	Plumas	1,264,468
Butte	742,742	Riverside	-
Calaveras	564,152	Sacramento	-
Colusa	796	San Benito	-
Contra Costa	1,654	San Bernardino	-
Del Norte	670,254	San Diego	-
El Dorado	821,826	San Francisco	-
Fresno	123,766	San Joaquin	-
Glenn	238,956	San Luis Obispo	-
Humboldt	5,192,554	San Mateo	71,244
Imperial	-	Santa Barbara	68
Inyo	168	Santa Clara	48,268
Kern	19,922	Santa Cruz	207,646
Kings	-	Shasta	1,224,704
Lake	46,206	Sierra	280,990
Lassen	412,190	Siskiyou	1,287,112
Los Angeles	108,664	Solano	-
Madera	79,888	Sonoma	265,994
Marin	-	Stanislaus	-
Mariposa	29,998	Sutter	-
Mendocino	2,498,368	Tehama	778,218
Merced	-	Trinity	645,172
Modoc	199,210	Tulare	7,210
Mono	1,114	Tuolumne	379,204
Monterey	-	Ventura	3,512
Napa	10,508	Yolo	-
Nevada	381,124	Yuba	231,154
		Statewide	9,743,918

Source: 1999–00 J–200 unaudited actual data from CDE web site

Table 3. Estimated property taxes from California Timberland Production Zone (TPZ) lands for year 2000

County	Estimated TPZ land tax (dollars)	County	Estimated TPZ land tax (dollars)\$	County	Estimated TPZ land tax (dollars)
Alameda	-	Marin	-	San Mateo	34,931
Alpine	986	Mariposa	10,518	Santa Barbara	-
Amador	37,330	Mendocino	1,646,057	Santa Clara	1,724
Butte	182,203	Merced	-	Santa Cruz	837,254
Calaveras	103,710	Modoc	146,703	Shasta	620,237
Colusa	-	Mono	-	Sierra	75,850
Contra Costa	-	Monterey	-	Siskiyou	521,157
Del Norte	297,290	Napa	817	Solano	-
El Dorado	231,576	Nevada	82,620	Sonoma	265,212
Frenso	7,558	Orange	-	Stanislaus	-
Glenn	24,222	Placer	101,686	Sutter	-
Humboldt	1,735,076	Plumas	245,241	Tehama	281,958
Imperial	-	Riverside	-	Trinity	267,352
Inyo	-	Sacramento	-	Tulare	4,420
Kern	-	San Benito	-	Tuolumne	102,734
Kings	-	San Bernardino	-	Ventura	4,188
Lake	25,782	San Diego	-	Yolo	-
Lassen	250,293	San Francisco	-	Yuba	50,415
Los Angeles	-	San Joaquin	-		
Madera	141	San Luis Obispo	-	Total	8,197,242

U.S. Forest Service (USFS) and Bureau of Land Management (BLM) payments to local government

Federal ownership precludes local governments from collecting property taxes. Since the early 1900s, more than 20 laws have been passed mandating that states or counties be compensated for federal land ownership within their boundaries. This compensation can be termed “in lieu payments” for being in lieu of property taxes. Federal law controls the basis, method, and timing of compensation but often allows states to direct the use and distribution of payments (GAO, Land Management Agencies Revenue Sharing to States and Counties, GAO/RCED-98-261, September 1998).

It is estimated that the federal government owns over 43 million acres in California for which it is responsible for in-lieu payments. Three agencies oversee over 99 percent of this acreage: USFS (34 percent), BLM (48 percent), and National Park Service (NPS) (17 percent).

In-lieu payments from the USFS provides the largest source of timber-related funds from land management agencies in California. The BLM makes payments from several different sources; only a small part is related to timber. Payments for the NPS come through BLM.

Unrelated to timber, substantial funds come from the Minerals Management Service (MMS, 30 U.S.C. 191). These MMS payments include 25 percent of gross receipts on mineral leases from acquired national forest lands and 50 percent of proceeds from public domain lands. In California, most of the receipts generated from the MMS are kept at the State level and not distributed to counties. The U.S. Fish

and Wildlife Service also makes annual in-lieu payments to counties for acquired lands based and pay 25 percent of net receipts for public domain lands.

Total payments in 1997 from federal land management agencies to California were \$99.3 million. MMS contributed 53 percent, USFS paid 34 percent, BLM returned 12 percent, and U.S. Fish and Wildlife Service (FSWS) paid one percent (GAO, Land Management Agencies Revenue Sharing to States and Counties, GAO/RCED-98-261, September 1998).

USDA Forest Service

Historically, the USFS has paid counties from timber sales based on a formula to allocate 25 percent of gross receipts to counties for school and road construction, commonly known as the 25 Percent Fund Act (16 U.S.C. 500). For many years, this formula was criticized due to the wide swings in payments to local governments with changes in timber harvests and prices. Figure 3 shows historic pattern of US Forest Service payments in California. Wide payment swings make it difficult for local government to use the funds for high priority need, as they are not guaranteed from year to year.

This method of payment also made local governments sensitive to changes in federal forest policy that would decrease timber harvest and therefore revenue to local governments. Examples of federal policy change reducing timber harvest on USFS lands included the increased protection of the northern spotted owl in the Pacific Northwest (including six northwestern counties in California); the adoption of the Northwest Forest Plan; and standards and guidelines for protection of the California Spotted Owl. In the case of the northern spotted owl and the Northwest Forest Plan, Congress adjusted annual appropriations for fiscal 1991 and 1992 to keep payments at 90 percent of average payments from the previous five fiscal years as specified. This will continue through 2003 with decreasing annual percentages of funding allowed as an option for local governments.

The fiscal instability of the 25 percent funding mechanism changed with passage of the Secure Rural Schools and Community Self-Determination Act of 2000 (PL 106-393). Counties now have the option of continuing to receive payments under the historic 25 Percent approach (16 U.S.C. 500). The county also may opt to receive their share of the average of the three highest 25 percent payments made to the State during the period of fiscal year 1986-1999. Any county that received a portion of a state's 25 percent payments for one or more fiscal years from 1986 to 1999 is eligible. An election to receive a share of a state's 25 percent payment will stay in effective for two years; the choice to receive a share of the full payment amount remains in effect through the 2006 fiscal year. Counties that chose to receive the full payment amount (and who are receiving more than \$100,000) must spend no less than 80 and no more than 85 percent of the funds in the same manner as the 25 percent funds were spent under the old law. In the case of California, this means that half of the payment goes to roads and half to schools. Within each county, the 50 percent school monies are distributed by formula determined by the county Board of Equalization.

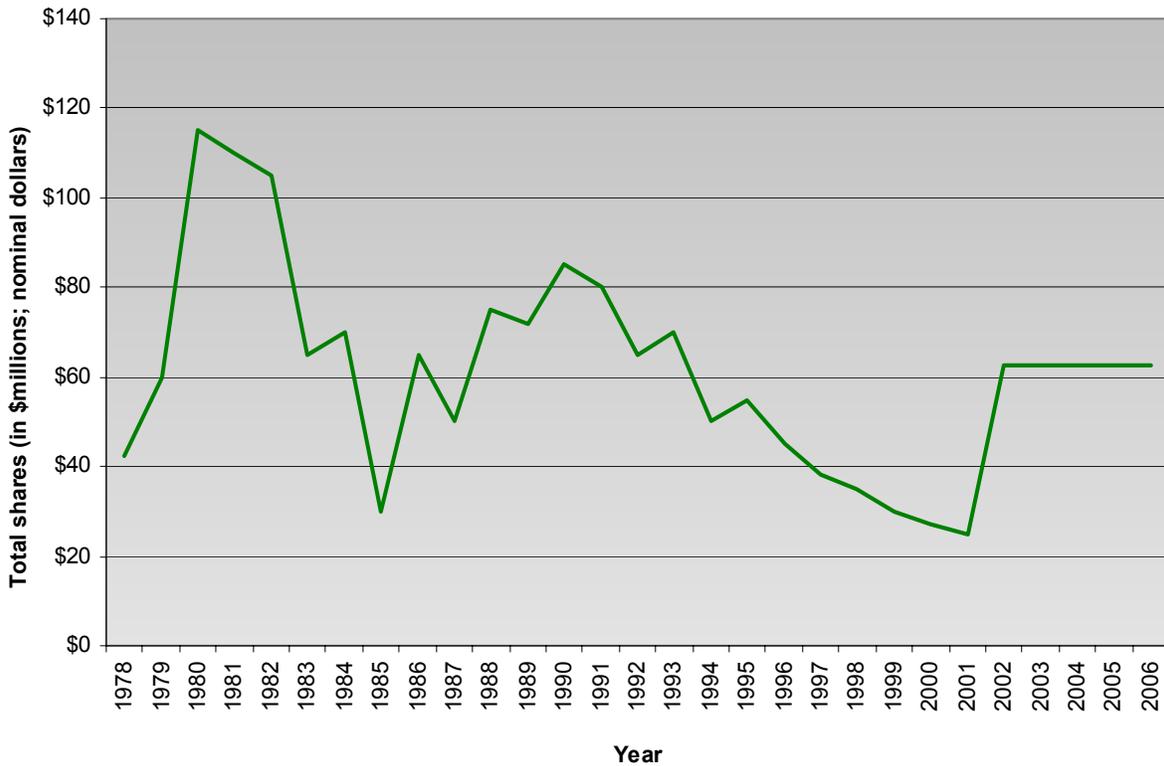
The remaining 15 to 20 percent must go to two other categories of projects:

- Title II for projects on federal lands or that benefit federal lands or
- Title III for county projects such as search and rescue, fire prevention, county planning, and forest-related education or urban community forestry projects.

Under PL 106–393, 14 Resource Advisory Councils have been established (covering 16 counties) to advise the Secretary of Agriculture on Title II and Title III projects.

PL 106–393 caused a departure from historic fluctuations. As can be seen from Figure 3 below, county shares decreased 69 percent from 1989 to 2000 because of the declined timber harvest on federal lands. For counties that choose the full payment, revenues are stabilized and as seen in Table 4 new revenue is raised in some cases.

Figure 3. County shares from national forest receipts in California



Source: USDA Forest Service

Table 4. Area of national forest timberland and county shares from national forest receipts by county as of fiscal year 2000

County	National forest timberland area (1,000 acres)	County share	Guaranteed floor of annual payment for FY 2001–2006	Difference between county share of FY 2000 and annual floor for FY 2001–2006
Alameda	-	-	-	-
Alpine	65	326,676	925,093	598,417
Amador	43	297,236	608,483	311,247
Butte	117	72,847	855,276	782,429
Calaveras	64	68,173	325,568	257,395
Colusa	21	140,927	241,038	100,111
Contra Costa	-	-	-	-
Del Norte	157	1,615,613	2,832,580	1,216,967
El Dorado	377	1,888,627	3,860,835	1,972,208
Fresno	295	539,069	2,629,031	2,089,961
Glenn	76	397,301	686,184	288,883
Humboldt	262	1,144,823	2,011,733	866,910
Imperial	-	-	-	-
Inyo	12	305,389	448,534	143,145
Kern	131	175,178	413,869	238,691
Kings	-	-	-	-
Lake	101	555,641	947,955	392,314
Lassen	445	607,684	3,703,053	3,095,368
Los Angeles	79	742,447	451,444	-291,003
Madera	217	218,268	1,064,019	845,751
Marina	-	-	-	-
Mariposa	121	123,934	601,748	477,814
Mendocino	116	389,542	660,854	271,312
Merced	-	-	-	-
Modoc	427	1,826,583	3,194,412	1,367,828
Mono	172	350,885	515,601	164,716
Monterey	22	22,335	34,146	11,811
Napa	-	-	-	-
Nevada	134	245,527	736,360	490,833
Orange	1	10,016	31,696	21,679
Placer	244	586,721	1,573,514	986,793
Plumas	918	462,729	6,934,478	6,471,749
Riverside	28	34,793	85,233	50,440
Sacramento	-	-	-	-
San Benito	-	-	-	-
San Bernardino	161	188,154	316,272	128,118
San Diego	24	44,314	133,222	88,908
San Francisco	-	-	-	-
San Joaquin	-	-	-	-
San Luis Obispo	-	13,761	21,287	7,527
San Mateo	-	-	-	-
Santa Barbara	1	45,281	70,568	25,287
Santa Clara	-	-	-	-
Santa Cruz	-	-	-	-
Shasta	466	1,338,172	3,834,051	2,495,879
Sierra	338	544,342	1,765,406	1,221,064
Siskiyou	1,532	5,148,888	8,856,499	3,707,611
Solano	-	-	-	-
Sonoma	-	-	-	-
Stanislaus	-	-	-	-
Sutter	-	-	-	-
Tehama	194	681,848	2,287,872	1,606,024
Trinity	649	4,211,034	7,384,570	3,173,537
Tulare	348	455,709	1,038,261	582,552
Tuolumne	359	520,008	2,448,812	1,928,804
Ventura	31	41,859	63,562	21,703
Yolo	-	-	-	-
Yuba	36	36,100	228,252	192,152
Total	8,783	26,418,433	64,821,368	38,402,935

Source: USDA Forest Service

During the first year of operation, 38 of California's 39 eligible counties elected the full payment option under the new law. Los Angeles County chose to remain under the old system, which for 2001 is estimated to be \$687,000. Information on county shares in 2001 is presented in Table 5.

Table 5. County shares of Title I, II, and III projects for 2001

County	Full payment amount (Columns 1+2+3)	Title I (schools and roads)		Title II (projects on USFS)		Title III (county projects)	
		Percentage	Amount	Percentage	Amount	Percentage	Amount
Alpine	937,126	85	796,557	15	140,569	0	-
Amador	616,410	85	523,949	0	-	15	92,462
Butte	866,419	80	693,135	0	-	20	173,284
Calaveras	329,833	85	280,358	0	-	15	49,475
Colusa	244,133	85	207,513	0	-	15	36,620
Del Norte	2,869,424	85	2,439,010	9	258,248	6	172,165
El Dorado	3,910,991	85	3,324,342	0	-	15	586,649
Fresno	2,663,176	85	2,263,700	7.5	199,738	8	199,738
Glenn	695,121	85	590,853	11	78,201	4	26,067
Humboldt	2,037,852	85	1,732,174	0	-	15	305,678
Inyo	454,330	85	386,181	0	-	15	68,150
Kern	419,281	85	356,389	0	-	15	62,892
Lake	960,324	85	816,275	8	72,024	8	72,024
Lassen	3,751,241	85	3,188,555	4	140,672	11	422,015
Madera	1,077,832	85	916,157	3	32,336	12	129,340
Mariposa	609,522	85	518,094	0	-	15	91,428
Mendocino	669,492	85	569,068	0	-	15	100,424
Modoc	3,235,927	80	2,588,742	10	323,593	10	323,593
Mono	522,303	85	443,958	0	-	15	78,345
Monterey	34,847	100	34,847	0	-	0	-
Nevada	745,973	80	596,778	0	-	20	149,195
Orange	32,011	100	32,011	0	-	0	-
Placer	1,593,955	80	1,275,164	0	-	20	318,791
Plumas	7,024,648	85	5,970,951	11	790,273	4	263,424
Riverside	86,307	100	86,307	0	-	0	-
San Bernardino	320,412	80	256,330	0	-	20	64,082
San Diego	134,932	85	114,692	0	-	15	20,240
San Luis Obispo	21,577	100	21,577	0	-	0	-
Santa Barbara	71,518	100	71,518	0	-	0	-
Shasta	3,883,842	85	3,301,265	15	582,576	0	-
Sierra	1,788,350	85	1,520,098	8	134,126	8	134,125
Siskiyou	8,971,533	85	7,625,803	4	336,432	11	1,009,297
Tehama	2,317,642	85	1,969,996	10	225,970	5	121,676
Trinity	7,480,498	85	6,358,423	6	448,830	9	673,245
Tulare	1,051,798	85	894,028	0	-	15	157,770
Tuolumne	2,480,634	85	2,108,539	11	279,071	4	93,024
Ventura	64,427	100	64,427	0	-	0	-
Yuba	231,268	80	185,014	0	-	20	46,254
Subtotals	65,206,909		55,122,778		4,042,659		6,041,472

Source: USDA Forest Service

Bureau of Land Management

Payments made by the BLM take several forms. The form most directly related to timber is the Proceeds of Sales Payment (65 Stat 252). Under this payment, states receive five percent of the gross receipts from sales of lands and materials. This percentage includes timber. Funds are to be used for educational purposes or roads. California does not distribute Proceeds of Sales revenues to counties; rather it uses them for school expenditures.

The primary form of BLM fund sharing occurs under the Payment In Lieu of Taxes (PILT) Act (Public Law 94-565) passed in 1976. This is applied to more counties nationwide than any other federal land management revenue-sharing programs. Counties can use these payments for any purpose (GAO, Land Management Agencies Revenue Sharing to States and Counties, GAO/RCED-98-261, September 1998).

The PILT Act authorizes two kinds of payments. The first payment is specified by Section 6902 of the 1976 Act. Payments are for lands administered by BLM, public lands in the national forest system and the national park system, properties in federal water resource projects, Army installations (inactive or semi-inactive), dredge areas maintained by the Corps of Engineers, and some lands donated to the federal government. Payments are calculated under a complicated formula that includes acres of federal land in a county, population of the county, and the previous year's payments made by other federal agencies on the lands. Eligible lands are called "entitlement lands." California's entitlement lands are shown in Table 6.

Table 6. Entitlement land acreage in California by county

County	Bureau of Land Management	U.S. Forest Service	Bureau of Reclamation	National Park Service	United States Army	Army Corps of Engineers	US Fish and Wildlife Service	Total Acres
Alameda	217	0	555	0	0	111	0	883
Alpine	12,962	407,845	0	0	0	0	0	420,807
Amador	8,981	78,115	124	0	0	0	0	87,220
Butte	16,992	133,338	0	0	0	0	0	150,330
Calaveras	36,473	80,297	18,126	0	0	1,369	0	136,265
Colusa	31,278	64,305	6,581	0	0	0	0	102,164
Contra Costa	69	0	1,846	336	0	0	0	2,251
Del Norte	195	452,713	0	8,210	0	2	0	461,120
El Dorado	15,497	495,653	19,919	0	0	0	0	531,069
Fresno	153,528	986,821	20,494	354,828	0	4,334	0	1,520,005
Glenn	5,882	182,202	5,138	0	0	3,297	0	196,519
Humboldt	69,878	337,183	0	72,162	0	24	0	479,247
Imperial	1,194,357	0	0	0	0	0	1,255	1,195,612
Inyo	1,789,326	780,283	0	3,123,296	0	0	0	5,692,905
Kern	704,295	377,680	329	0	0	122	0	1,082,426
Kings	9,800	0	587	0	0	0	0	10,387
Lake	125,000	255,436	80	0	0	640	0	381,156
Lassen	1,009,053	609,762	0	20,804	0	0	0	1,639,619
Los Angeles	13,417	649,953	0	9,276	0	8,731	0	681,377
Madera	2,528	418,870	9,861	67,684	0	6,151	0	505,094
Marina	0	0	0	77,474	0	0	0	77,474
Mariposa	72,580	179,693	0	265,020	0	95	0	517,388
Mendocino	118,213	178,683	0	0	0	3,109	0	300,005
Merced	4,175	0	31,722	0	0	0	0	35,905
Modoc	272,388	1,381,739	37,604	2,828	0	0	0	1,694,599
Mono	556,463	1,198,537	0	0	0	0	0	1,755,000
Monterey	30,594	310,868	0	1,283	0	0	0	342,745
Napa	31,957	0	28,303	0	0	5	0	60,265
Nevada	19,049	178,414	4,128	0	0	668	0	202,259
Orange	1	54,294	0	0	0	520	0	54,815
Placer	20,432	333,120	20,691	0	0	1,336	0	375,579
Plumas	10,566	1,144,917	0	14,139	0	0	0	1,169,622
Riverside	1,534,816	290,363	0	697,552	0	3,802	0	2,526,533
Sacramento	2,533	0	4,474	0	0	313	0	7,320
San Benito	89,506	0	542	12,885	0	0	0	102,933
San Bernardino	5,634,098	462,526	0	1,475,471	0	4,450	0	7,576,545
San Diego	172,220	299,424	0	144	0	0	0	471,788
San Francisco	0	0	0	2,271	0	0	91	2,362
San Joaquin	436	0	900	0	0	679	0	2,015
San Luis Obispo	241,731	191,243	491	0	0	4,636	0	438,101
San Mateo	0	0	0	2,592	0	0	0	2,592
Santa Barbara	7,462	629,086	10,193	63,552	0	0	0	710,293
Santa Clara	2,347	0	220	0	0	0	0	2,567
Santa Cruz	12	0	0	0	0	0	0	12
Shasta	126,575	742,794	3,458	108,021	0	0	0	980,848
Sierra	1,921	446,387	4,930	0	0	0	0	453,238
Siskiyou	82,628	2,358,961	42	43,732	0	0	78,419	2,563,782
Solano	2,157	0	2,109	0	0	2,113	0	6,379
Sonoma	7,281	0	0	0	0	17,035	0	24,316
Stanislaus	471	0	1,769	0	0	1,052	0	3,292
Sutter	2	0	0	0	0	0	0	2
Tehama	47,078	385,200	3,176	4,200	0	4,754	0	444,408
Trinity	78,419	1,462,537	268	0	0	0	0	1,541,224
Tulare	119,756	890,397	3,269	507,622	0	21,109	0	1,542,153
Tuolumne	44,800	611,200	8,260	427,347	0	144	0	1,091,751
Ventura	1,928	559,254	9,380	7,735	0	0	0	578,297
Yolo	29,692	0	391	0	0	85	0	30,168
Yuba	1,582	44,431	0	0	0	1,737	0	47,750
Total	14,565,597	20,644,524	259,960	7,370,464	0	92,423	79,813	43,012,781

Source: Bureau of Land Management

In some cases, BLM payments to counties are reduced by the payments that counties have already received from other federal land management agencies. In California, for example, all payments by the Forest Service, including the spotted owl payments, are counted as offsets against PILT payments.

The second PILT payment occurs under Sections 6904 and 6905. Section 6904 payments are one percent of the fair market value of lands purchased since 1971 as additions to lands in the National Park System or National Forest Wilderness Areas. Section 6905 payments cover one percent of lands in the Redwood National Park or lands acquired in the Lake Tahoe Basin near Lake Tahoe under the Act of December 23, 1980.

PILT payments to counties are based only on annual Congressional appropriations. If sufficient funds are not appropriated, BLM prorates payments to counties. During fiscal years 1995–97, counties received 77, 68, and 53 percent of their eligible payments, respectively (GAO, Land Management Agencies Revenue Sharing to States and Counties, GAO/RCED–98–261, September 1998).

PILT payments to California in fiscal year 2000 came to over \$33.8 million. This is a substantial increase over the payments of just over \$26.4 million in Fiscal Year 1998. Table 7 shows the 2000 PILT payments by county in California.

Table 7. Payment in lieu of taxes of the fiscal year 2000 in California

County	Payments Sec. 6902	Payments Sec. 6904/5	Total payments	042185365 Prorated	Total paid FY 2000**
Alameda	1,651	0	1,651	696	696
Alpine	105,202	0	105,202	44,380	44,380
Amador	46,749	0	46,749	19,721	19,721
Butte	179,125	0	179,125	75,565	75,565
Calaveras	205,167	0	205,167	86,550	86,550
Colusa	114,181	0	114,181	48,168	48,168
Contra Costa	4,209	32	4,241	1,789	1,789
Del Norte	115,280	72	115,352	48,661	48,661
El Dorado	253,259	7,581	260,840	110,036	110,036
Fresno	2,029,254	0	2,029,254	856,048	856,048
Glenn	151,041	0	151,041	63,717	63,717
Humboldt	269,777	1,535,685	1,805,462	761,640	761,640
Imperial	2,213,313	0	2,213,313	933,694	933,694
Inyo	1,286,460	550	1,287,010	542,930	542,930
Kern	1,974,291	0	1,974,291	832,862	832,862
Kings	17,783	0	17,783	7,502	7,502
Lake	95,289	0	95,289	40,198	40,198
Lassen	1,410,127	0	1,410,127	594,867	594,867
Los Angeles	969,507	24,185	993,692	419,193	419,193
Madera	751,027	0	751,027	316,823	316,823
Marina	144,876	23,347	168,223	70,965	70,965
Mariposa	866,870	124	866,994	365,744	365,744
Mendocino	348,752	0	348,752	147,122	147,122
Merced	66,787	0	66,787	28,174	28,174
Modoc	423,650	0	423,650	178,718	178,718
Mono	438,750	0	438,750	185,088	185,088
Monterey	628,974	211	628,185	265,424	265,424
Napa	112,372	0	112,372	47,405	47,405
Nevada	239,317	0	239,317	100,957	100,957
Orange	89,692	0	89,692	37,837	37,837
Placer	408,271	5,171	413,442	174,412	174,412
Plumas	611,757	0	611,757	257,072	257,072
Riverside	2,450,169	679	2,450,848	1,033,899	1,033,899
Sacramento	13,688	0	13,688	5,774	5,774
San Benito	183,292	0	183,292	77,322	77,322
San Bernardino	2,346,862	813	2,347,675	990,375	990,375
San Diego	821,196	0	821,196	346,425	346,425
San Francisco	4,417	1,844	6,261	2,641	2,641
San Joaquin	504	0	504	213	213
San Luis Obispo	807,391	0	807,391	340,601	340,601
San Mateo	4,847	0	4,847	2,045	2,045
Santa Barbara	1,304,702	6,292	1,310,944	533,047	533,047
Santa Clara	4,722	0	4,722	2,013	2,013
Santa Cruz	22	0	22	0	0
Shasta	978,986	0	978,986	412,989	412,989
Sierra	113,310	0	113,310	47,800	47,800
Siskiyou	640,946	339	641,285	270,528	270,528
Solano	11,929	0	11,929	5,032	5,032
Sonoma	6,079	0	6,079	2,564	2,564
Stanislaus	6,156	0	6,156	2,597	2,597
Sutter	4	0	4	0	0
Tehama	361,415	181	361,596	152,540	152,540
Trinity	385,306	1,176	386,482	163,039	163,039
Tulare	2,374,715	936	2,375,651	1,002,177	1,002,177
Tuolumne	1,665,203	0	1,665,203	702,472	702,472
Ventura	1,059,974	1,434	1,061,408	447,759	447,759
Yolo	56,414	0	56,414	23,798	23,798
Yuba	58,103	0	58,103	24,511	24,511
Total	32,233,162	1,610,652	33,843,814	14,277,145	14,277,145

Source: Bureau of Land Management

Federal grazing related revenues

Both the Forest Service and BLM distribute a share of grazing revenues to counties. Under the Bankhead Jones Farm Tennant Act (7 U.S.C. 1012), the Forest Service distributes 25 percent of the net receipts from National Grasslands to counties containing those lands. National Grasslands are found in several California counties. Amounts distributed are small.

Under Section 15 of the Taylor Grazing Act (43 U.S.C. 315i), 50 percent of gross receipts from grazing permits on lands outside BLM grazing districts are distributed to counties. California law specifies that they must be used to improve rangeland or to control predators. In 1997, total payments were under \$100,000 (GAO, Appendix IV, Land Management Agencies Revenue Sharing to States and Counties, GAO/RCED-98-261, September 1998).

Under Section 3 of the Taylor Grazing Act 12.5 percent of gross receipts collected by BLM for grazing permit fees inside districts go to counties in which the grazing districts are located. Funds are to be used for rangeland improvement and predator control. In 1997, total payments were under \$100,000 (GAO, Appendix IV, Land Management Agencies Revenue Sharing to States and Counties, GAO/RCED-98-261, September 1998).

Relative significance of timber related revenues to local government

Three factors have led to decreased importance of timber-based revenues for counties and school districts: 1) increased availability and reliance on non-timber sources of local revenue; 2) changes in state funding for education that make up for yield tax declines; and 3) federal legislation that provides a floor to revenue floor to rural governments formerly dependent on national forest receipts.

Some measure of the relative importance of timber-based revenue for counties (not schools or special districts) is shown in Table 8. Even for the most timber-dependent bioregions, the direct revenue related timber income is less than one percent of the budget.

Table 8. County general financing sources for fiscal year ended June 30, 1999 in California and California bioregions

	Dollars										
	Bay/Delta	Colorado Desert	Modoc	Mojave	Klamath	Sacramento Valley	San Joaquin Valley	Sierra	Central Coast	South Coast	California
Taxes											
Total property taxes	793,654,010	10,473,665	4,814,290	223,081,349	48,753,344	177,217,513	319,067,432	128,919,539	223,015,694	1,692,929,543	3,666,926,089
Timber yield	88,330		186,327		4,349,613	1,226,800	186,738	1,779,526	93,392		7,907,726
Total taxes	1,233,119,470	12,496,640	6,397,286	270,669,505	61,664,636	318,212,389	423,002,514	186,938,812	360,159,156	1,975,174,718	4,857,836,126
Special benefit assessments	6,854,202		284,985	1,439,545		2,049,471	757,353	1,096,600	301,264	2,863,676	15,761,082
Licenses, permits and franchises	64,812,495	1,425,276	518,324	27,006,950	6,704,596	42,021,569	31,432,121	16,357,278	39,620,974	80,629,053	309,919,906
Fines, forfeitures and penalties	102,783,842	4,790,568	957,300	51,904,734	7,217,894	36,547,587	45,349,310	15,608,801	49,689,447	343,840,714	664,690,194
Revenue from use of money and property	138,626,591	2,200,233	1,122,196	56,387,002	7,468,397	51,589,966	63,562,921	14,117,764	28,395,354	309,607,341	679,034,449
Aid from other governmental agencies											
State aid for agriculture	6,090,450	1,173,756	324,855	3,763,531	1,157,016	3,684,643	10,849,003	1,582,447	5,571,918	5,326,470	39,524,089
State open space tax relief	2,258,074		427,367	289,859	1,668,632	4,429,223	21,471,403	896,682	4,129,503	54,899	35,624,642
Total state	1,973,056,544	58,498,902	26,910,565	1,093,203,181	180,362,426	867,589,314	1,205,687,220	305,294,783	668,029,988	4,916,804,820	11,234,337,743
Federal forest reserve revenue			1,552,256	140,297	7,118,016	1,746,512	792,932	3,431,106	63,876	398,083	15,243,078
Total federal	949,807,735	34,857,018	9,639,372	639,616,914	119,423,742	559,576,518	916,944,214	113,201,255	363,784,706	3,281,556,243	6,988,407,717
Total state, federal and other	2,965,239,509	91,155,920	38,831,149	1,791,379,280	304,063,876	1,443,178,514	2,147,031,530	368,877,294	1,040,403,285	8,351,310,585	18,543,670,902
Charges for current services	606,428,404	17,145,657	2,575,541	383,950,912	31,293,097	170,062,861	324,576,273	79,178,464	262,498,889	1,495,361,964	3,372,622,056
Miscellaneous revenue	144,141,390	2,036,344	3,479,504	11,708,213	12,564,928	55,798,790	113,008,804	18,111,283	67,202,074	404,030,973	832,082,303
Other financing sources	126,014,638	10,868,596	101,924	57,961,779	1,358,403	11,551,065	11,301,391	4,258,653	7,458,057	24,326,744	255,201,250
Grand total of financing sources	5,388,021,501	144,319,234	54,268,209	2,651,801,920	442,335,821	8,130,412,212	3,160,022,487	710,208,935	1,861,585,181	12,987,142,768	29,530,818,268
Total transfers in	28,168,296			4,101,415	75,000		39,732,345		30,975,842	550,590,451	653,649,682
Total financing sources and transfers	5,416,189,797	144,319,234	54,268,209	2,655,903,335	442,410,821	8,130,418,545	3,199,754,832	710,208,935	1,892,561,023	13,537,733,219	30,184,467,950

Source: Adapted from Counties Annual Report fiscal year 1998–1999 (State of California)

These numbers do not reflect additional revenues for counties from the Secure Rural Schools and Community Self Determination Act of 2000. The impact of this legislation would be to make counties still less dependent on revenue directly related to timber. However, as payments under the Act are based on averages that are typically higher than most recent years, almost all counties will receive an increase in their funding over what otherwise would have been the case. These increases are still incremental when compared to overall county budgets.

For the next decade, the most uncertain revenue source related to timber will be the yield tax. To the extent that harvests are more limited and timber prices stay low, smaller revenues will be generated to local government. At a fairly constant harvest volume, higher timber values will mean increased revenues to local government.

In most parts of the State, timber growth exceeds harvest on private lands. To the extent that this can be harvested at a future time or its value otherwise captured as revenue, this net growth represents a potential source of revenue for both landowners and local government.