Congressional Republicans' Big Shift on Public Land Payments to Counties: Methods and Data Sources

This document describes data and methods used in the data visualization for "Congressional Republicans' Big Shift on Public Land Payments to Counties," which displays U.S. Forest Service payments made to compensate county governments and school districts for the nontaxable status of public lands. These include direct revenue-sharing payments through the 25 percent fund as well as appropriated "transition payments" such as Northwest Forest Plan "spotted owl" payments and the Secure Rural Schools and Community Self-Determination Act.

Why is it important?

When President Teddy Roosevelt and Gifford Pinchot first established the modern national forest system, they set up a key financial relationship between the U.S. government and rural communities. Many of these remote communities didn't have a large enough tax base to fund essential services, including schools, road systems, public safety, and more. Nor would the public lands within their borders be taxable, which created additional revenue challenges for growing communities. So, in 1908, the U.S. Forest Service began sharing 25 percent of revenue from commercial activities, primarily timber, with local governments as compensation for those foregone property taxes. Payments were restricted to funding county roads and local school districts, with state governments determining the allocation of payments between these uses.

After World War II, payments increased substantially as timber extracted from public lands helped fuel the nation's housing boom. From 1945 to 1980, payments averaged $391 million, reaching a high of $1.2 billion in 1977. As payments became more important, the Public Land Law Review Commission wrote: "Although they were originally designed to offset the tax immunity of Federal Lands, the existing revenue sharing programs do not meet a standard of equity and fair treatment either to state and local governments or to the Federal taxpayers." Payments proved to be too unpredictable for local governments to use for effective annual budgeting, engage in long-term planning, or pay for costly infrastructure improvements. On a national basis, these payments could rise and fall on the order of 30 percent annually, with individual counties experiencing even more extreme volatility.

Declining timber harvests after 1989 lowered U.S. Forest Service revenue-sharing payments to counties—by more than 90 percent in some Pacific Northwest counties. To stabilize annual revenue-sharing amounts, Congress began making "transition" payments to counties where declining receipts were creating major revenue shortfalls.

Payment programs

25 percent fund payments

The Payments to States Act of 1908 required 25 percent of all receipts received from commercial activities on the national forests from timber, grazing, special-use permits, power and mineral leases, and admission and user fees to be shared with the states in which the national forests are located—for improving public schools and public roads. States determine how these funds are allocated between these two purposes and make distributions to local governments or, in some cases, retain payments intended to support local schools and include them in state school equalization funding.

Special acts payments

Special acts payments include the following:

- **Payments to Minnesota** provides a special payment—75 percent of the appraised value—for lands in the Boundary Waters Canoe Area Wilderness in St. Louis, Cook, and Lake counties.
- The Forest Service shares 45 percent of timber receipts from the **Quinault Special Management Area** with both the Quinault Indian Tribe and the state of Washington.
- Congress directed the Forest Service to sell quartz from the **Ouachita National Forest** in Arkansas as common variety mineral materials, rather than being available under the General Mining Act of 1872, with 50 percent of the receipts funding roads and schools in Arkansas counties with Ouachita National Forest lands.

Northwest Forest Plan "spotted owl" transition payments

In 1993, the Northwest Forest Plan "spotted owl" transition payments compensated local governments in the Pacific Northwest affected by changes in land management intended to protect endangered species in old-growth forests. Payments were valued at 85 percent of the five-year average of recent 25 percent fund payments and declined by 3 percent annually.

The Secure Rural Schools and Community Self-Determination Act

In 2000, the Secure Rural Schools and Community Self-Determination Act (SRS) replaced the "spotted owl" payments and extended transition payments to the rest of the country. Reforms in 2008 increased funding for many states and added criteria to the payment formula: historic timber payments, acres of Forest Service lands, and an economic adjustment intended to allocate payments more equitably to counties with the greatest needs. These SRS payments expired in 2023.

The Secure Rural Schools and Community Self-Determination Act has three titles that allocate payments for specific purposes:

- **Title I:** These payments to counties make up 80 to 85 percent of total SRS payments and must be dedicated to funding roads and schools. States determine the split between these two services, and some states let the counties decide.
- **Title II:** These funds are retained by the federal treasury to be used on special projects on federal land. Resource advisory committees (RACs) at the community level help make spending determinations and monitor project progress.
- **Title III:** These payments may be used to carry out activities under the Firewise Communities program to reimburse the county for search and rescue and other emergency services as well as to develop community wildfire protection plans.

U.S. Forest Service grasslands payments

Forest grasslands are public lands acquired by the Forest Service through the Bankhead-Jones Farm Tenant Act of 1937. The act authorized acquisition of damaged lands to rehabilitate and use them for various purposes. Receipts from activities on forest grasslands are shared directly with county governments, and grasslands payments are typically sent to local governments in the spring following the end of the calendar year, at which point payments are calculated. For example, 2024 payments are received by counties in the 2025 calendar year.

Methods and data sources

Distribution of payments to local governments

U.S. Forest Service payments are made first to state governments, which then pass them through to local governments based on federal statutes that stipulate they must be used for roads and schools. States make different choices about the share of payments that go to each of these local jurisdictions. In several states, local officials determine the share that is allocated between county governments and local school districts. In other states, such as Washington, the state government retains the share of payments allocated to schools and uses these funds to help finance state equalization payments. In Washington and other states with a similar policy, school districts that have public lands in their jurisdiction do not receive Forest Service payments directly and may see little or no benefit from these payment programs.

The Forest Service does not compile and report information on state disbursement policies. The most recent survey is a Congressional Research Service report from 1999 listed in the data sources.

Data sources

- Ross Gorte, "Forest Service Receipt Sharing Payments: Distribution System" (Washington: Congressional Research Service Memorandum, 1999), on file with author.
- U.S. Forest Service, "Determination of States' Full Payment Amounts" (Washington: U.S. Department of Agriculture, 2007), available at https://www.fs.usda.gov/sites/default/files/secure-rural-schools-high-three-stelprdb5262105.pdf.
- U.S. Forest Service, "Secure Rural Schools - Payments Information: ASR-10-03," 25% 7 Year Rolling Average Payment and Special Acts Payment, available at https://www.fs.usda.gov/working-with-us/secure-rural-schools/payments (last accessed August 2025).
- U.S. Forest Service, "Secure Rural Schools - Payments: ASR-18-01," Secure Rural Schools Act Titles I, II, and III, available at https://www.fs.usda.gov/working-with-us/secure-rural-schools/payments (last accessed August 2025).

- U.S. Forest Service, “Payments to Counties Bankhead-Jones: CY ASR 19-1,” available at https://www.fs.usda.gov/working-with-us/secure-rural-schools/bankhead-jones-payments (last accessed August 2025).

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