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The Payments in Lieu of Taxes (PILT) Program: An Overview

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SUMMARY

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Carol Hardy Vincent
Specialist in Natural Resources Policy

Eric P. Nardi
Analyst in Natural Resources Policy

The Payments in Lieu of Taxes (PILT) Program: An Overview

The Department of the Interior's (DOI's) Payments in Lieu of Taxes (PILT; 31 U.S.C. §§6901-6907) program provides compensation for certain tax-exempt federal lands, known as *entitlement lands*. PILT payments are made annually to *units of general local government*—typically counties—that contain entitlement lands. PILT is only one of several federal programs that compensate counties and other local jurisdictions for the presence of federal lands within their boundaries. However, PILT applies to the broadest array of land types. PILT entitlement lands include most federal lands administered by the Bureau of Land Management, the National Park Service, and the U.S. Fish and Wildlife Service, all in DOI, and by the U.S. Forest Service in the Department of Agriculture; federal water projects; dredge disposal areas; and some military installations. In FY2025, the PILT appropriation was $645.2 million, and DOI distributed $644.8 million in PILT payments to more than 1,900 counties across 49 states, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands.

PILT comprises three separate payment mechanisms, named after the sections of law in which they are authorized: Section 6902 (31 U.S.C. §6902), Section 6904 (31 U.S.C. §6904), and Section 6905 (31 U.S.C. §6905). Section 6902 payments are the broadest of the three payment mechanisms. They account for nearly all of the funding disbursed under the PILT program and are made to most of the counties receiving PILT funding. They are determined based on a multipart formula (31 U.S.C. §6903) and are calculated according to several factors. These factors include (1) the number of acres of entitlement land present within the unit of local government's jurisdiction; (2) a per-acre calculation determined by one of two alternatives (*Alternative A*, also called the *standard rate*, or *Alternative B*, also called the *minimum provision*); (3) a population-based maximum payment (ceiling); (4) selected prior-year payments made to the counties pursuant to certain other federal compensation programs; and (5) the amount appropriated to cover the payments. Section 6902 payments are made each year based on entitled lands.

Section 6904 and Section 6905 payments are provided to counties only under selected circumstances—after the federal acquisition of specific types of entitlement lands (Section 6904) or entitlement lands located in specific areas (Section 6905). Payments are based on the fair market value of the acquisitions. They account for a small fraction of PILT payments, are made to a minority of counties (most of which also receive Section 6902 payments), and generally are provided only for a limited duration.

PILT has been funded through both discretionary and mandatory appropriations at various times. Before FY2008, PILT was funded through annual discretionary appropriations. In some years, the appropriation was less than the authorized full funding level and counties received prorated payments. From FY2008 to FY2025, PILT has been funded entirely through mandatory appropriations for all except three years. In FY2015, PILT was funded through both mandatory and discretionary funding. In FY2016 and FY2017, PILT was funded entirely through discretionary appropriations. No FY2026 full-year appropriation for PILT had been enacted as of November 18, 2025. In recent years, DOI generally has made PILT payments to counties in June of the relevant fiscal year.

PILT is of perennial interest to many Members of Congress and stakeholders throughout the country. Issues for Congress include how PILT should be funded—whether through discretionary or mandatory appropriations (or both). Another issue relates to the eligibility of various federal lands for entitlement under PILT, including whether to maintain, restrict, or expand the types of lands for which compensation can be provided. Still another issue is whether the current PILT formula is the best means of calculating payments or whether the formula should be amended (e.g., related to payments for small counties or to approximate tax equivalency).

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Payments in Lieu of Taxes (PILT) Introduction

The Department of the Interior's (DOI's) Payments in Lieu of Taxes (PILT) program provides compensation for certain *entitlement lands* that are exempt from state and local taxes.[1] These include most federal lands administered by the Bureau of Land Management, the National Park Service, and the U.S. Fish and Wildlife Service, all in DOI, and by the U.S. Forest Service in the Department of Agriculture; federal water projects; dredge disposal areas; and some military installations.[2] Enacted in 1976,[3] PILT is the broadest—in terms of federal land types covered—of several federal programs enacted to provide compensation to state or local governments for the presence of tax-exempt federal lands within their jurisdictions.[4]

PILT was enacted in response to a shift in federal policy from one that prioritized disposal of federal lands—in which federal ownership was considered to be temporary—to one that prioritized retention of federal lands, in perpetuity, for public benefit.[5] This shift began in the late 19th century and has continued. Along with this shift came the understanding that, because these lands were exempt from state and local taxation and were no longer likely to return to the tax base in the foreseeable future, some compensation should be provided to the impacted local governments. Following several decades of commissions, studies, and proposed legislation, PILT was enacted to address this impact at least in part.[6] PILT payments generally can be used for "any governmental purpose,"[7] which may include assisting local governments with paying for local services, such as "firefighting and police protection, construction of public schools and roads, and search-and-rescue operations."[8]

[1] The Department of the Interior (DOI) maintains a website with diverse information and resources on the Payments in Lieu of Taxes Program (PILT): https://www.doi.gov/pilt. The Department of Energy also implements a separate PILT program, as authorized by the Atomic Energy Act of 1954 (P.L. 83-703, 42 U.S.C. §2208), not discussed in this report. This report also does not discuss time-limited payments made to PILT counties through the Local Assistance and Tribal Consistency Fund (LATCF), established in the American Rescue Plan Act of 2021 (P.L. 117-2, Sec. 9901). Receiving PILT payments was one factor for determining eligibility to receive a payment through the LATCF. For more information, see the Department of the Treasury's LATCF website at https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/local-assistance-and-tribal-consistency-fund.

[2] 31 U.S.C. §§6901-6907. PILT implementing regulations are provided at 43 C.F.R. Part 44. See "Entitlement Lands" in this report for more detail on the categories of entitlement lands.

[3] PILT originally was enacted in 1976 through P.L. 94-565. In 1982, PILT was "revised, codified, and enacted" in Title 31 of the *U.S. Code* pursuant to Chapter 69 of P.L. 97-258. Subsequently, PILT has been amended multiple times.

[4] Although PILT is the broadest of these compensatory programs, it is not the oldest, and PILT provides compensation for defined entitlement lands only (31 U.S.C. §6901(1)). Other programs may include additional lands as defined by those programs. Several of those programs may be partially offset in PILT through the consideration of *prior-year payments*. Those programs are listed at 31 U.S.C. §6903(a)(1).

[5] For more information, see Public Land Law Review Commission, *One Third of the Nation's Land: A Report to the President and to the Congress*, June 1970, pp. 235-241. This report was produced pursuant to P.L. 88-606.

[6] For more information, see U.S. Congress, House Committee on Interior and Insular Affairs, *Payments In Lieu of Taxes Act*, report to accompany H.R. 9719, 94th Cong., 2nd sess., May 7, 1976, H.Rept. 94-1106; and U.S. Congress, Senate Committee on Interior and Insular Affairs, *Providing for Payments to Local Governments Based upon the Amount of Certain Public Lands Within the Boundaries of Each Such Government*, report to accompany H.R. 9719, 94th Cong., 2nd sess., September 20, 1976, S.Rept. 94-1262.

[7] 31 U.S.C. §6902(a), 31 U.S.C. §6904(b), and 31 U.S.C. §6905(a) and (b)(3). Neither the law nor implementing regulations define "governmental purpose." However, both §6904 and §6905 require that certain funds provided through these sections be made available to school districts and other local governmental units within the local jurisdiction.

[8] DOI, *Fiscal Year 2025 Payments In Lieu of Taxes, National Summary*, p. 2, https://www.doi.gov/sites/default/files/documents/2025-06/2025nationalsummarypilt062025-508.pdf (hereinafter *PILT National Summary FY2025*).

The Office of the Secretary in DOI is responsible for the calculation and disbursement of payments under PILT.[9] Payments under PILT are made annually to *units of general local government*—typically counties, though other types of governmental units also may be used (hereinafter, *counties* refers to units of general local government)—containing *entitlement lands*. PILT comprises three separate payment mechanisms: Section 6902, Section 6904, and Section 6905 payments, all named for the sections of law in which they are authorized.[10] Section 6902 payments account for nearly all payments made through PILT. The Section 6902 amount for each county is calculated according to a statutory formula that is subject to a maximum payment based on the county's population (see "PILT Payments Under Section 6902").[11] The remaining payments are provided through Section 6904 and Section 6905 under selected circumstances and typically are limited in duration.

This report provides an overview of the PILT payment program and includes sections on

- PILT's authorization and appropriations, which discusses the history of how Congress has provided funding for PILT;
- Section 6902 payments, which includes a breakdown of how Section 6902 payments are calculated;
- Section 6904 and Section 6905 payments, which outlines what situations result in payments under these mechanisms; and
- issues for Congress, which discusses several topics that have been or may be of interest to Members of Congress when considering the PILT program.

Selected Terms Used in This Report

Authorized payment: the amount a county is eligible to receive based on the formula/requirements specified in statute, prior to any reductions for administrative costs or due to insufficient appropriations.

Entitlement lands: statutorily defined federally owned lands that are exempt from state and local taxes and are eligible to be the basis for determining a county's eligibility for PILT payments. This term is defined in statute at 31 U.S.C. §6901(1).

Full statutory calculation: the sum of *authorized payments* under Section 6902, Section 6904, and Section 6905 for all counties in a given year.

Inflation: used here to refer to the statutorily required annual adjustment to the *per-acre payment rates* and the *population payment rate*. The adjustment is made to reflect changes in the Consumer Price Index published by the U.S. Bureau of Labor Statistics of the Department of Labor for the previous 12 months ending June 30. This provision is required pursuant to 31 U.S.C. §6903(d).

Per-acre payment rates: one of the two dollar amounts that are multiplied by the number of acres of *entitlement land* as part of the formula to calculate the *authorized payment* under Section 6902 (31 U.S.C. §6903(b)(1)). These rates are adjusted annually for *inflation*. In FY2025, the *per-acre payment rates* were $3.46 per acre for Alternative A and $0.50 per acre for Alternative B.

Population-based ceiling: the maximum payment a county is eligible to receive under Section 6902. This figure is calculated by multiplying the county's population (as rounded or not rounded, pursuant to statute [31 U.S.C. §6903(c)(1)]) by the applicable *population payment rate*.

Population payment rate: the dollar amount that is multiplied by a county's population to determine the *population-based ceiling*, as provided in statute (31 U.S.C. §6903(c)(2)). The *population payment rate* declines with increasing population. This rate is adjusted for *inflation*.

[9] Although the DOI Office of the Secretary administers the payments, it relies upon data from federal agencies within and outside of DOI (e.g., the federal land management agencies and the Census Bureau in the Department of Commerce) and state agencies to calculate the annual payments.

[10] These sections refer to 31 U.S.C. §§6902, 6904, and 6905.

[11] PILT payments may be subject to additional requirements provided in appropriations laws. For example, provisions for unit, program administration, and minimum payments were included for FY2024 (P.L. 118-42, Division E, Title I).

Prior-year payments: payments received by a county for federally owned lands in its jurisdiction through certain federal compensation programs other than PILT. These programs refer to one of the "payment law[s]" listed in statute (31 U.S.C. §6903(a)(1)).

Prorated payment: the actual payment received by a county when appropriated funds are insufficient to cover the *authorized payments*. The *prorated payment* is determined by the amount appropriated for PILT that is available to cover payments and is proportional to the *authorized payment* for each county.

*Units of general local government (*hereinafter, referred to as *county):* jurisdictional entity eligible to receive payments under PILT. These entities are most often counties but may include other jurisdictional units such as parishes, boroughs, census areas, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands. This term is defined in statute at 31 U.S.C. §6901(2).

Notes: These terms are defined as used in this report and may be used differently elsewhere. Further, these terms may not be defined in statute, except where noted.

PILT Authorizations and Appropriations

Overview

PILT has been funded through both discretionary and mandatory appropriations at various times. PILT was funded through discretionary appropriations from its enactment in 1976 through FY2007, in FY2015 (in part), and in FY2016-2017. For many of the earlier years (e.g., FY1995-FY2007), the discretionary appropriations were not at the full authorized level, so each county received a prorated payment. PILT received mandatary appropriations for FY2008-FY2014, FY2015 (in part), and FY2018-FY2025. For most of these years (e.g., FY2018-FY2025), the appropriations essentially were at the full level calculated under the statute.[12] In addition, since FY2008, PILT appropriations have been provided through both one-year and multiyear appropriations.

No FY2026 full-year appropriation for PILT had been enacted as of November 18, 2025. In recent years, DOI typically has made PILT payments to counties in June of the relevant fiscal year.

History

Beginning in FY1976, the authority for PILT to receive discretionary appropriations read as follows: "There are authorized to be appropriated for carrying out the provisions of this Act such sums as may be necessary: *Provided*, That, notwithstanding any other provision of this Act no funds may be made available except to the extent provided in advance in appropriation Acts."[13] In 1982, PILT was amended to provide an "Authorization of Appropriations" heading, which stated that "necessary amounts may be appropriated to the Secretary of the Interior to carry out [PILT]" and specified that "amounts are available only as provided in appropriation laws."[14]

In 2008, legislation was enacted to provide mandatory appropriations for PILT for FY2008-FY2012. The legislation changed the heading of the program's funding from "Authorization of Appropriations" to "Funding" and amended the text to read

[12] An exception is FY2013, when PILT appropriations were impacted by sequestration pursuant to the Balanced Budget and Emergency Deficit Control Act (2 U.S.C. §§900 et seq.), as amended by the Budget Control Act of 2011 (P.L. 112-25).

[13] P.L. 94-565, §7.

[14] P.L. 97-258, §6906.

> For each of fiscal years 2008 through 2012-
>
> (1) each county or other eligible unit of local government shall be entitled to payment under this chapter; and
>
> (2) sums shall be made available to the Secretary of the Interior for obligation or expenditure in accordance with this chapter.[15]

Subsequently, PILT's funding provision (31 U.S.C. §6906) was amended several times. Over the past several years, appropriations laws typically provided funding for PILT by amending the authority provided in 31 U.S.C. §6906.[16] This was treated as mandatory spending.

Table 1 shows PILT appropriations over the 10 years from FY2016 through FY2025. The total payments to counties often were slightly different from the appropriations shown, in part because relatively small amounts of the total appropriations were authorized for program administration. For instance, of the $645.2 million appropriation for FY2025, $0.4 million was authorized for program administration. DOI distributed $644.8 million to counties for FY2025.

Table 1. PILT Appropriations, FY2016-FY2025

(nominal dollars)

Fiscal Year	Statute	Funding Type	Appropriation (millions)
FY2016	P.L. 114-113	Discretionary	$452.0
FY2017	P.L. 115-31	Discretionary	$465.0
FY2018	P.L. 115-141	Mandatory	$553.2
FY2019	P.L. 116-6	Mandatory	$515.1
FY2020	P.L. 116-94	Mandatory	$515.1
FY2021	P.L. 116-260	Mandatory	$529.7
FY2022	P.L. 117-103	Mandatory	$549.8
FY2023	P.L. 117-328	Mandatory	$579.2
FY2024	P.L. 118-42	Mandatory	$621.6
FY2025	P.L. 119-4	Mandatory	$645.2

Source: CRS, with data from listed public laws and relevant annual DOI reports, available at https://www.doi.gov/pilt/resources/annual-reports.

Notes: Appropriated amounts may include rescissions as provided in relevant statutes and adjustments from prior years. Figures are presented in nominal dollars, though note that the PILT payment formula incorporates an annual inflation adjustment.
For FY2018 through FY2025, PILT funding was provided by amending 31 U.S.C. §6906 ("Funding") each fiscal year. As a result, the funding for PILT was treated as mandatory spending in these years. These amendments required funding for PILT for each of these years to be provided at the amount of the full statutory calculation.

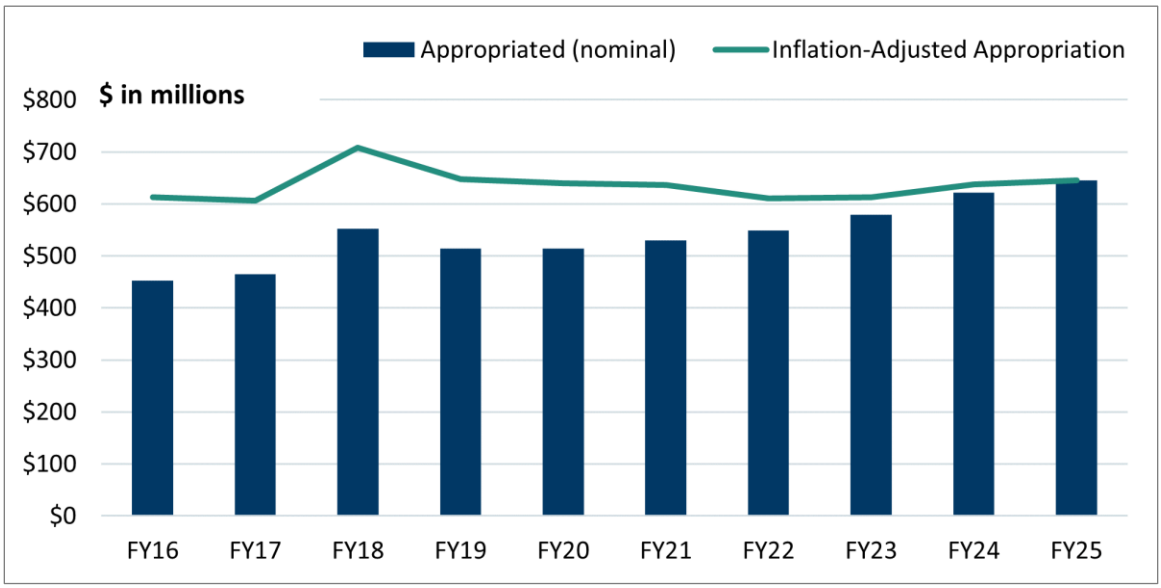
Figure 1 shows the appropriations for PILT from FY2016 to FY2025 in current and inflation-adjusted dollars. In current dollars, the appropriations generally increased throughout the 10-year period, with an anomalously high year in FY2018 and level funding from FY2019 to FY2020. In inflation-adjusted dollars, the appropriation was highest in FY2018. Thereafter, the appropriation fell annually through FY2022 and since then has risen annually.

[15] P.L. 110-343, Division C, Title VI, §601(c)(1).

[16] For example, for FY2024, see P.L. 118-42, Division E, §114.

Figure 1. PILT Appropriations, FY2016-FY2025

(in current and inflation-adjusted estimated 2025 dollars)



Source: CRS, with data from PILT National Summaries, FY2016 through FY2025.

Notes: The appropriated figures shown in bars reflect current (nominal) dollars. The line reflects inflation-adjusted estimated mid-year 2025 dollars using the U.S. Bureau of Labor Statistics' Consumer Price Index, Series CUUR0000SA0, https://data.bls.gov/timeseries/CUUR0000SA0.

In addition to appropriating funding for the program, through the annual appropriations process Congress typically provides other guidance to DOI on implementing PILT. Such guidance has included minimum payment thresholds, set-asides for program administration, and provisions for prorating payments.[17] When appropriated funding is insufficient to cover the full amount of authorized payments under Sections 6902, 6904, and 6905, counties typically receive a proportional payment known as a *prorated payment*. Even in years in which appropriations are set equal to 100% of the full statutory calculation, payments to counties may be prorated if funding is set aside for purposes other than payments, such as administration.

In the past, some stakeholders and policymakers expressed concern about changes in the appropriations authority and processes for PILT, due to the uncertainty that may accompany such changes. Changes that have given rise to concerns include switching between discretionary and mandatory appropriations, partial and full funding, and one and multiyear appropriations. Such changes may have implications for counties that rely on PILT funding as part of their annual budgets.

PILT Payments Under Section 6902

Section 6902 payments are provided to counties across the United States to compensate for the presence of entitlement lands within their boundaries. Section 6902 payments are provided to

[17] For example, in FY2024, provisions were included in P.L. 118-42, Division E, Title I, that barred payment if the authorized payment is less than $100; authorized DOI to retain up to $0.4 million for administrative expenses from the authorized payment; directed that payments be reduced proportionally if the appropriated amount is insufficient; and authorized corrections for prior over- or underpayments. Although similar provisions have been included in other appropriations acts, the specific text of these provisions has varied over the years.

states, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands.[18] Section 6902 payments account for nearly all of the payments made under PILT. In FY2025, 99.9% of all PILT payments were made through Section 6902.[19] The payments generally can be used for any governmental purpose, as noted.[20] Further, more counties are eligible for Section 6902 payments than either Section 6904 or Section 6905 payments.

Entitlement Lands

There are nine categories of federal lands identified as entitlement lands in the PILT statute.[21]

1. Lands in the National Park System (administered by the National Park Service, in DOI)
2. Lands in the National Forest System (administered by the U.S. Forest Service, in the U.S. Department of Agriculture (USDA))
3. Lands administered by the Bureau of Land Management (BLM)
4. Lands in the National Wildlife Refuge System (NWRS) that are withdrawn from the public domain (administered by the U.S. Fish and Wildlife Service, in DOI)[22]
5. Lands dedicated to the use of federal water resources development projects[23]
6. Dredge disposal areas under the jurisdiction of the U.S. Army Corps of Engineers
7. Lands located in the vicinity of Purgatory River Canyon and Piñon Canyon, CO, that were acquired after December 31, 1981, to expand the Fort Carson military reservation
8. Lands on which are located semi-active or inactive Army installations used for mobilization and for reserve component training
9. Certain lands acquired by DOI or the USDA under the Southern Nevada Public Land Management Act (P.L. 105-263)

Some of these categories largely account for all of the lands managed by the relevant administering agencies (e.g., categories 1-3). The U.S. Fish and Wildlife Service's entitlement acreage excludes lands that were purchased as additions to the NWRS and lands that are not included in the NWRS. Some of the other categories are lands tied to specific laws or actions (e.g., categories 7 and 9) or may not include all, or even the majority of, lands administered by particular agencies or departments (e.g., category 8).[24]

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[18] 31 U.S.C. §6901(2).

[19] *PILT National Summary FY2025,* p. 8.

[20] 31 U.S.C. §6902(a).

[21] 31 U.S.C. §6901(1).

[22] Public domain lands "refers to public lands the United States obtained title to through treaty, purchase, or annexation that have never left federal ownership." See U.S. Fish and Wildlife Service (FWS), *Statistical Data Tables for Fish & Wildlife Service Lands (as of 9/30/2024),* p. 1, at https://www.fws.gov/sites/default/files/documents/2025-08/2024_annual_report_of_lands_data_tables_v2.pdf. Other FWS lands are acquired, for instance through purchase or donation. For more information on public domain and acquired lands, see U.S. Fish and Wildlife Service, *Statistical Data Tables for Fish &Wildlife Service Lands (as of 9/30/2024).* Information on FWS authorities to acquire and dispose of lands is contained in CRS Report RL34273, *Federal Land Ownership: Acquisition and Disposal Authorities*, coordinated by Carol Hardy Vincent.

[23] This includes lands administered by the U.S. Army Corps of Engineers and the Bureau of Reclamation. *PILT National Summary FY2025*, p. 3.

[24] For FY2025, there were a total of 606.7 million entitlement acres, as shown in the *PILT National Summary FY2025*, p. 304.

Calculating Section 6902 Payments

Section 6902 payments are determined based on a multipart formula (see **Figure 2**). The DOI Office of the Secretary calculates PILT payments according to several factors, including

- the number of entitlement acres;
- a per-acre calculation determined by one of two alternatives (*Alternative A*, also called the *standard rate*, or *Alternative B*, also called the *minimum provision*);
- a population-based payment (ceiling);
- certain prior-year payments pursuant to other compensation programs; and
- the amount available to cover PILT payments.

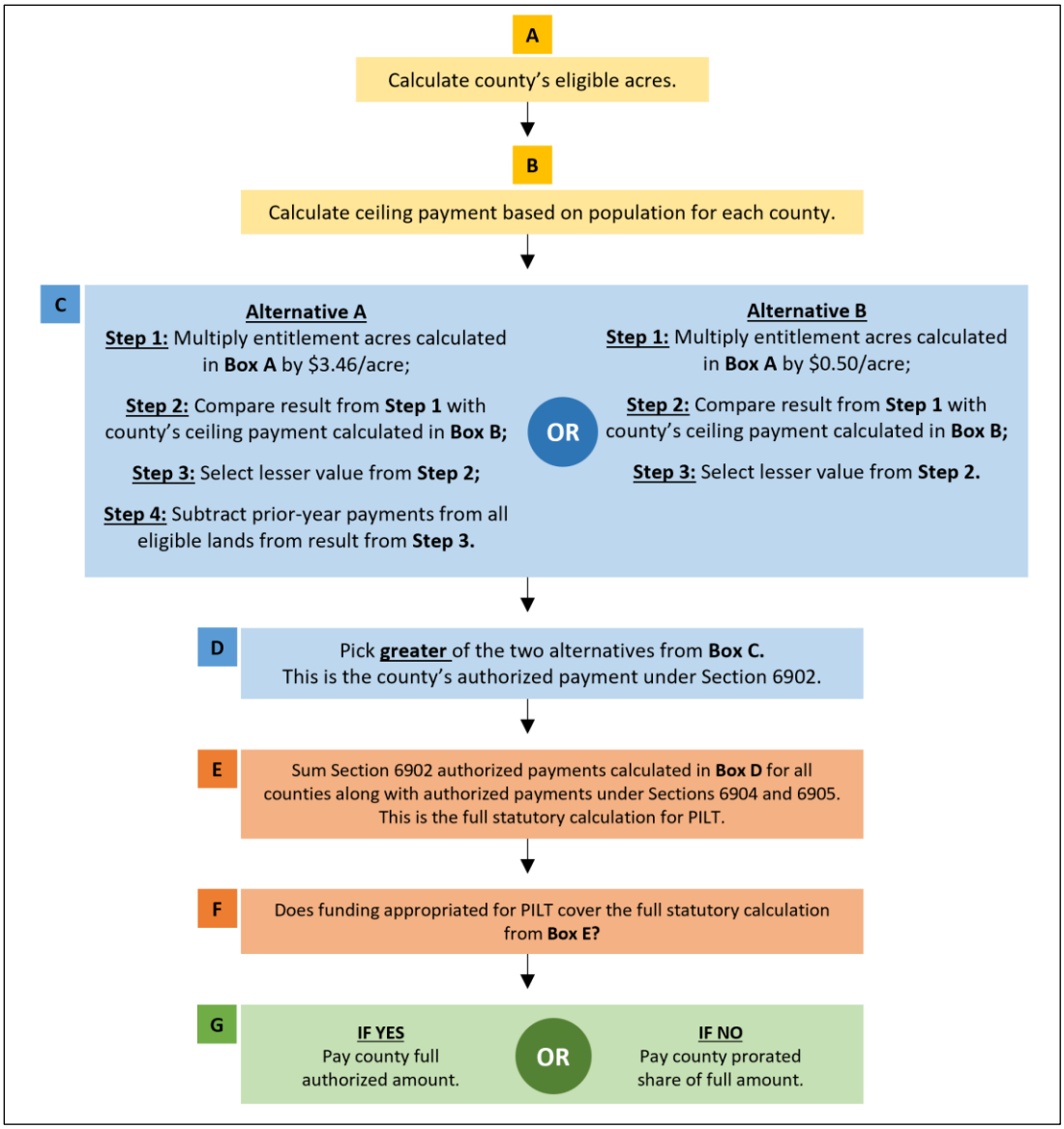
To calculate a particular county's PILT payment, the DOI Office of the Secretary first must collect data from several federal agencies and the county's state to answer the following questions:

- How many acres of eligible lands are in the county?
- What is the population of the county?[25]
- What was the increase in the Consumer Price Index for the 12 months ending the preceding June 30?
- What were the prior year's payments, if any, to the county under the other payment programs of federal agencies?[26]
- Do any state laws require payments under other federal land compensation laws to be passed through to other local government entities, such as school districts, rather than stay with the county government?

[25] At 31 U.S.C. §6903(a)(2), PILT requires that population is "determined on the same basis that the Secretary of Commerce determines resident population for general statistical purposes." Pertinent regulations, at 43 C.F.R. §44.21(a)(3), specify that the U.S. Census Bureau provides statistics on the population of each local government. County population data in the *PILT National Summary FY2025* reflect the latest count by the U.S. Census Bureau, according to DOI (p. 116).

[26] Prior-year payment programs that may affect PILT payments are listed at 31 U.S.C. §6903(a)(1).

Figure 2. Steps in Calculating PILT Section 6902 Payments (FY2025 Rates)



Sources: CRS, based on PILT statute (31 U.S.C. §§6901-6907). Payment rates for FY2025 can be found in Department of the Interior, *Fiscal Year 2025 Payments In Lieu of Taxes, National Summary*, June 2025, pp. 9-11, available at https://www.doi.gov/sites/default/files/documents/2025-06/2025nationalsummarypilt062025-508.pdf.

Note: For more information on Box B (ceiling payments), see **Figure 3**.

The first step in calculating a county's Section 6902 payment is to determine the number of entitlement acres within the county (**Figure 2**, Box A). The acreage figures are reported to DOI by the various federal agencies that administer the entitlement lands.

The next step is to calculate the population-based ceiling by multiplying the county's population by the population payment rate (**Figure 2**, Box B). County population data are provided by the U.S. Census Bureau. The population number for this calculation differs based on the county's population level (**Figure 3**):

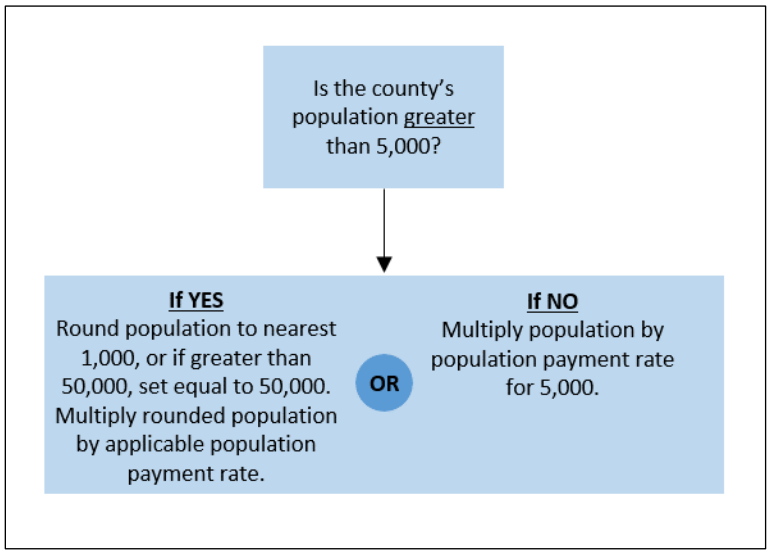
- For counties with populations fewer than 5,000, the county's actual population is used in the calculation.

- For counties with populations equal to or greater than 5,000, the county's population is rounded to the nearest 1,000, and this rounded population is used in the calculation.
- All counties with populations greater than 50,000, regardless of their actual populations, are considered to have a population equal to 50,000 for the purposes of calculating the ceiling.

The population payment rate is adjusted annually for inflation based on the change in the Consumer Price Index for the 12 months ending on the preceding June 30.[27] As population increases in 1,000-person increments, the per capita payment rate generally decreases, although the ceiling generally increases (**Figure 4**).[28] However, this is not always the case. For example, in FY2025, payment rates for several populations were the same despite increasing populations, such as the rates for populations of 26,000 people, 27,000 people, and 28,000 people, which are all $118.49 per person. For FY2025, the population payment rates ranged from $232.73 per person for counties with populations of less than or equal to 5,000 to $93.09 per person for counties with populations of less than or equal to 50,000.[29] Counties with populations greater than 50,000 have the same ceiling as counties with populations of 50,000.

Some payment ceilings do not increase with increasing populations. For example, counties with populations of 50,000 have a lower ceiling than those with populations of 49,000 (49,000 × FY2025 payment rate of $95.22 = $4,665,780; and 50,000 × FY2025 payment rate of $93.09 = $4,654,500, or $11,280 less for the more populous county).

Figure 3. PILT Population-Based Ceiling Calculation



Source: CRS, with information from 16 U.S.C. §6903.

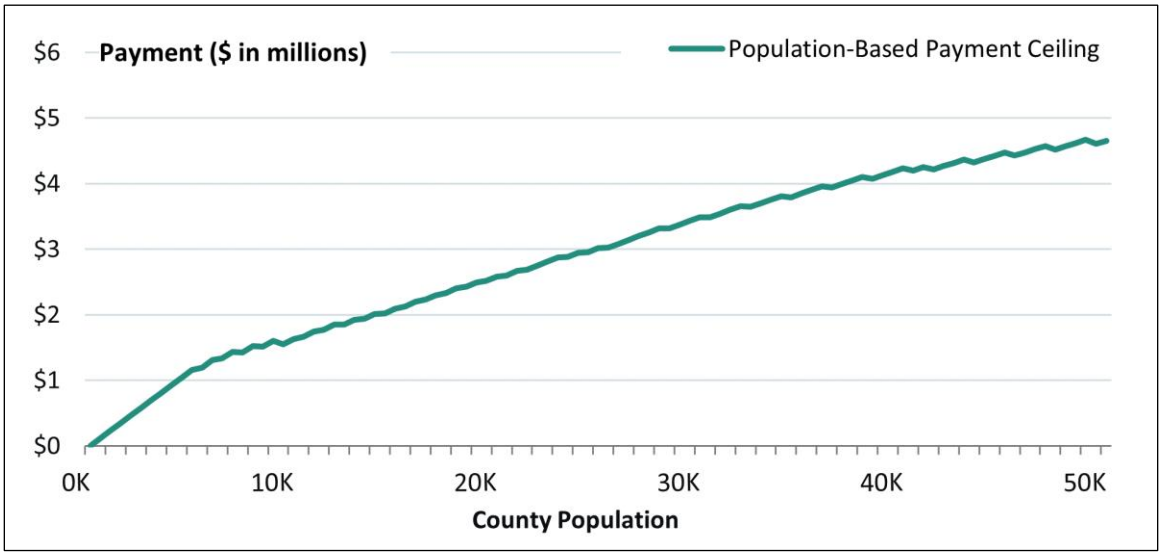
[27] 31 U.S.C. §6903(d).

[28] 31 U.S.C. §6903(c)(2). Even though the population payment rate generally declines as county population size increases, payment ceilings generally are higher for counties with larger populations. For example, in FY2025, the population payment rate for a population of 5,000 was $232.73 and the rate for a population of 6,000 was $217.95. Thus the rate is $14.78 less for the more populous county. When multiplied by the population, however, the ceiling is higher for the county with the larger population: 5,000 × $232.73 = $1,163,650, versus 6,000 × $217.95 = $1,307,700. Thus the payment is $144,050 more for the more populous county. *PILT National Summary FY2025*, p. 15.

[29] The per capita payment rates are included in the PILT national summary each year. For example, the *PILT National Summary FY2025*, p. 15, includes the payment rates for FY2025.

Figure 4. FY2025 PILT Population-Based Ceilings

Figure is interactive in the HTML report version.



Source: CRS, with data from Department of the Interior, *Fiscal Year 2025 Payments In Lieu of Taxes, National Summary*, June 2025, p. 15, https://www.doi.gov/sites/default/files/documents/2025-06/2025nationalsummarypilt062025-508.pdf.

Notes: Ceiling calculations for counties with populations greater than 5,000 are based on the county's population rounded to the nearest 1,000 (e.g., a county with a population of 8,499 would be credited with a population of 8,000, whereas a county with a population of 8,500 would be credited with a population of 9,000). Counties cannot be credited with a population above 50,000 (i.e., all counties with populations greater than 50,000 are, for the purposes of the ceiling calculation, treated as if they have a population of 50,000). The *PILT National Summary FY2025* contains the per capita payment rates for the FY2025 payments.

The next step is to calculate the payment level under Alternatives A and B (**Figure 2**, Box C). Alternative A has a higher per-acre payment rate than Alternative B, but Alternative A is subject to a deduction for prior-year payments. For FY2025, the per-acre payment rates were $3.46 per acre of entitlement land for Alternative A and $0.50 per acre of entitlement land for Alternative B.

For calculations under Alternative A, DOI deducts certain prior-year payments. Qualifying prior-year payments are those payments from the federal payment programs listed in statute:[30]

- the Act of June 20, 1910 (ch. 310, 36 Stat. 557);
- Section 33 of the Bankhead-Jones Farm Tenant Act (7 U.S.C. §1012);
- the Act of May 23, 1908 (16 U.S.C. §500), or the Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. §§7101 et seq.);[31]
- Section 5 of the Act of June 22, 1948 (16 U.S.C. §§577g–577g-1);
- Section 401(c)(2) of the Act of June 15, 1935 (16 U.S.C. §715s(c)(2));
- Section 17 of the Federal Power Act (16 U.S.C. §810);
- Section 35 of the Act of February 25, 1920 (30 U.S.C. §191);
- Section 6 of the Mineral Leasing Act for Acquired Lands (30 U.S.C. §355);

[30] 31 U.S.C. §6903(a)(1).

[31] For more information, see CRS Report R41303, *The Secure Rural Schools and Community Self-Determination Act: Background and Issues*.

- Section 3 of the Act of July 31, 1947 (30 U.S.C. §603); and
- Section 10 of the Act of June 28, 1934 (known as the Taylor Grazing Act) (43 U.S.C. §315i).

However, if a state has a *pass-through* law that requires some or all of these prior-year payments to be paid directly to a sub-county recipient (e.g., a school district), the amount passed through from these payments is not deducted from subsequent PILT payments in the following year.[32]

As noted, Alternative B is calculated without deducting prior-year payments, but it uses a lower per-acre payment rate.

Once each alternative is calculated, the greater of the two is the Section 6902 authorized payment for the county (**Figure 2**, Box D). However, if the per-acre calculated Section 6902 authorized payment is greater than the population-based ceiling, then the population-based ceiling replaces the per-acre calculated amount.[33]

The Section 6902 authorized payments are calculated for every county, and this amount is added to the Section 6904 and Section 6905 authorized payments (for more information on Sections 6904 and 6905, see "PILT Payments Under Sections 6904 and 6905"). This summed amount is the full statutory calculation for a given fiscal year (**Figure 2**, Box E). DOI compares the full statutory calculation with the amount appropriated and available for PILT payments to determine whether the appropriated amount covers the full statutory calculation (**Figure 2**, Box F).[34] If sufficient funding is available, each county receives its authorized amount;[35] if funding is insufficient, each county receives a prorated payment that is proportional to its authorized payment (**Figure 2**, Box G). In addition, PILT payments are made only if they are $100 or greater.[36]

The full statutory calculation and the amount appropriated for PILT payments determine proration. The proration is the ratio of the appropriated funding available for PILT payments to the full statutory calculation:

$$Prorate = \frac{Appropriated\ Funding\ for\ PILT\ Payments}{Full\ Statutory\ Calculation}$$

As a result, counties may receive less than their authorized PILT payment in years when appropriated funding is insufficient to cover the full statutory calculation. This scenario can occur even when total PILT appropriations match the full statutory calculation; this has been the case in years with mandatory appropriations, when part of the appropriated amount is set aside for a use

[32] *PILT National Summary FY2025*, p. 10. According to DOI

> Only the amount of Federal land payments actually received by units of government in the prior fiscal year is deducted. If a unit receives a Federal land payment but is required by State law to pass all or part of it to financially and politically independent school districts, or to any other single or special purpose district, payments are considered to have not been received by the unit of local government and are not deducted from the Section 6902 payment.

[33] If the population-based ceiling replaces the per-acre calculation under Alternative A, prior-year payments are then deducted from the population-based ceiling to determine the final amount for Alternative A.

[34] In the past, Congress has provided funding for PILT through either discretionary or mandatory appropriations, or both, in any given year. See "PILT Authorizations and Appropriations" for more information.

[35] Payments may be subject to any additional provisions included in appropriations language, such as adjustments for under- or overpayments in previous years.

[36] The requirement of a minimum threshold of $100 for PILT payments typically is included in appropriations language related to PILT. For example, the FY2024 appropriations act included a $100 minimum payment clause (P.L. 118-42, Division E, Title I). It also is in regulations (43 C.F.R. §44.51).

other than county payments. For example, laws providing appropriations for PILT routinely have allowed DOI to retain a relatively small portion of PILT appropriations for administrative expenses.[37]

PILT Payments Under Sections 6904 and 6905

Section 6904 and Section 6905 payments account for a small fraction of total PILT payments.[38] In FY2025, these payments accounted for 0.1% of PILT payments ($0.5 million of $644.8 million in total payments made).[39] When a county receives Section 6904 and/or Section 6905 payments, it is to disburse the funds to governmental units and school districts within the county in proportion to the amount of property taxes lost because of the federal ownership of the entitled lands, as enumerated under these sections.[40] The funds generally may be used for any governmental purpose, as noted.[41]

Section 6904 Payments

Section 6904 authorizes the Secretary of the Interior to make payments to counties that contain certain lands, or interests in lands, that are part of the National Park System and National Forest Wilderness Areas.[42] However, Section 6904 specifies that these lands, or interests, are eligible only if (1) they have been acquired by the U.S. government for addition to these systems and (2) they were subject to local property taxes in the five-year period prior to this acquisition.[43] Payment under Section 6904 is calculated as 1% of the fair market value of the land at the time it was acquired, not to exceed the amount of property taxes levied on the property during the fiscal year prior to its acquisition.[44] Further, Section 6904 payments are made annually for the five fiscal years after the land, or interest, is acquired by the U.S. government, unless otherwise mandated by law.

Section 6905 Payments

Section 6905 authorizes the Secretary of the Interior to make payments to counties that contain lands, or interests in lands, that are part of the Redwood National Park and are owned by the U.S. government or that are acquired by the U.S. government in the Lake Tahoe Basin under the Act of December 23, 1980.[45] Section 6905 payments are paid at a rate of (1) 1% of the fair market value of the acquired land or interests or (2) the amount of taxes levied on the land in the year prior to

[37] For example, DOI was allowed to retain up to $0.4 million of the appropriations for PILT for administrative expenses in FY2024 (P.L. 118-42, Division E, Title I).

[38] 31 U.S.C. §6904 and §6905.

[39] *PILT National Summary FY2025*, p. 8. This source reports §6904 and §6905 payments together, and further disaggregation is not possible from the information provided.

[40] 43 C.F.R. §44.50.

[41] 31 U.S.C. §6904(b) and §6905(a) and (b)(3).

[42] 31 U.S.C. §6904. For more information on the National Park System, see CRS Report R41816, *National Park System: What Do the Different Park Titles Signify?* For more information on wilderness areas, see CRS Report RL31447, *Wilderness: Overview, Management, and Statistics*.

[43] 31 U.S.C. §6904(a).

[44] 31 U.S.C. §6904(c).

[45] 31 U.S.C. §6905. The Act of December 23, 1980, is P.L. 96-586.

acquisition, whichever is less. Payments on these lands continue for five years or until payments have totaled 5% of the fair market value of the land, whichever is later.[46]

Issues for Congress

PILT is of perennial interest to many Members of Congress, counties, and other stakeholders throughout the country. In particular, county governments are interested in the degree of certainty of PILT payments and how payments are calculated, because many consider PILT payments to be an integral part of their annual budgets. Questions about PILT center on how the program should be funded, what lands should be included as entitlement lands, and how authorized payment levels are calculated, among other issues. In addition, Congress may consider broader issues related to PILT. For instance, one issue is how PILT fits into the landscape of federal programs that compensate for the presence of tax-exempt federal lands.

Congress annually addresses questions of how funding should be provided to PILT. Congress has funded PILT through both discretionary and mandatory appropriations (see "PILT Authorizations and Appropriations"). PILT funding typically has been provided through the discretionary appropriations process for one fiscal year at a time, even when the funding has been considered mandatory spending.

Although PILT has received funding each year since its enactment, the appropriations process has created uncertainty among some stakeholders about the level of annual funding. Some supporters have expressed a desire for more certainty in terms of both the guarantee of funding and the amount of funding (i.e., the full statutory calculation).[47] However, the annual appropriations process can provide Congress the flexibility to assess PILT and to determine program funding in the context of other priorities, both in the annual Interior, Environment, and Related Agencies appropriations bill and government spending more generally.

Members of Congress typically contemplate the implications and tradeoffs of discretionary versus mandatory spending and may have different views than the counties that receive PILT payments. Congress, for example, may weigh the flexibility of having discretion to review and fund PILT on an annual basis through the appropriations process against the certainty of funding for specific activities that accompany mandatory appropriations.[48] In recent Congresses, bills have been introduced to amend how PILT is funded. For example, 116th Congress legislation would have required mandatory funding for PILT for a set period of time.[49] As another example, 118th Congress legislation sought to require mandatory funding indefinitely.[50]

Which lands should be eligible for PILT payments also is of interest to many Members and stakeholders. One question is whether to narrow, broaden, or retain the definition in law of entitlement lands (see "Entitlement Lands"). The current definition does not fully encompass the

[46] 43 C.F.R. §44.40 and 43 C.F.R. §44.41. Payments may extend beyond five years when taxes levied in the year prior to acquisition account for less than 1% of the fair market value of the acquired land. However, any portion of a payment not made because Congress did not appropriate sufficient funds is not deferred to later payments.

[47] National Association of Counties (NACo), *Provide Full Mandatory Funding for the Payments in Lieu of Taxes (PILT) Program*, February 1, 2023, at https://www.naco.org/resources/provide-full-mandatory-funding-payments-lieu-taxes-pilt-program, and NACo, *U.S. Department of the Interior announces PILT funding of $644.8 million to be distributed to counties*, June 30, 2025, at https://www.naco.org/news/us-department-interior-announces-pilt-funding-6448-million-be-distributed-counties.

[48] For more information, see CRS Report R44582, *Overview of Funding Mechanisms in the Federal Budget Process, and Selected Examples*.

[49] For example, S. 2480 in the 116th Congress would have required mandatory PILT funding through FY2029.

[50] For example, H.R. 5929 in the 118th Congress would have required mandatory PILT funding indefinitely.

types of lands that are managed by the federal government or that are exempt from state and local taxes. Although counties may receive compensation for some of these lands through other federal programs, not all federal lands exempt from taxation are covered by a federal compensation program. This might contribute to financial hardships for counties that otherwise might receive revenue from that land through taxation. In part to address this concern, legislation has been introduced in recent Congresses to amend the definition of entitlement lands under PILT. Among others, proposals sought to expand the definition of entitlement land to include

- land "that is held in trust by the United States for the benefit of a federally recognized Indian tribe or an individual Indian";[51]
- lands under the jurisdiction of the Department of the Defense, other than those already included in PILT;[52]
- lands acquired by the federal government for addition to the National Wildlife Refuge System;[53] and
- lands administered by the Department of Homeland Security,[54] among others.

Amending the definition to expand the categories of entitlement lands could have several implications. Adding categories of entitlement lands would expand the authority for PILT payments to counties in which those lands are located. If mandatory payments are made to cover all additional qualifying lands, all counties with additional entitlement lands presumably would be evaluated for possibly higher payments. However, if the appropriations were not at the full authorized level, proration of payments might become more frequent across counties. Also, counties without additional entitlement lands (under any expansion of categories) might benefit less if appropriations are prorated, because the payments to counties with additional entitlement lands would increase. Further, depending how the definition was amended, additional entitlement lands may be eligible for compensation under other federal compensation programs. In turn, this could further affect PILT payment calculations through the adjustment for prior-year payments deducted from Alternative A.

Still another issue for Congress has been whether the current formula is the best means of calculating payments under PILT or whether the formula should be amended. The authorized payment level under Section 6902, which accounts for nearly all payments under PILT, is calculated pursuant to statutory requirements. These provisions of law have remained largely unchanged since the requirement to adjust for inflation was added, among other changes, in 1994.[55] The inflation adjustment clause has resulted in increasing payment and ceiling rates since that time. Legislative proposals have sought to amend the PILT payment formula. For example, bills have been introduced to adjust the payment structure for counties with a population of less than 5,000.[56] This adjustment would have implications for how population would be incorporated into calculating PILT payments. As another example, in the 117th Congress, bills were introduced

[51] For example, H.R. 7251 in the 110th Congress. Other legislation sought to require that if specified lands were taken into trust by the Secretary of the Interior, the lands would be eligible for PILT payments. See, for instance, S. 1890 in the 118th Congress, as introduced.

[52] For example, H.R. 4710 in the 113th Congress.

[53] For example, S. 2626 in the 113th Congress.

[54] For example, H.R. 543 in the 112th Congress.

[55] P.L. 103-397 amended 31 U.S.C. §6903 in several ways, including to add a requirement to adjust for inflation. Since then, §6903 has been amended once. Specifically, P.L. 106-393 amended the definition of payment law at 31 U.S.C. §6903(a)(1)(C) to add the Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. §§7101 et seq.) to the list of payment laws which are included in determining prior-year payments.

[56] See, for instance, S. 2108 and H.R. 3716 in the 116th Congress and S. 1175 in the 119th Congress.

that would have directed the Secretary of the Interior to develop, study, and report on a modeling tool to calculate tax equivalency payments.[57]

Author Information

Carol Hardy Vincent
Specialist in Natural Resources Policy

Eric P. Nardi
Analyst in Natural Resources Policy

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[57] For example, S. 1008 and H.R. 2755 in the 117th Congress.