

AMERICAN RESCUE PLAN – SECTION 605 STATE AND LOCAL ASSISTANCE AND TRIBAL CONSISTENCY FUND

Senator Wyden raised key points and background in his Senate floor Statement for the Record on Section 605 of the American Rescue Plan. Senator Wyden described Section 605 as a new path of providing stabilized aid to local forest communities.

- “Revenue sharing counties” -- counties that have a direct fiscal relationship with public lands and public resources. These counties have unique impacts on the local economy.
- The new program under the Treasury Department will include **\$1.5 billion for eligible counties and \$500 million for Tribes over the next two years.**
- These counties help pay for “roads, schools, and other services that directly benefit and, in many cases, support federal lands. They get payments for the tax-exempt status of those public lands, or payments intended to split the revenue from the commercial use of public lands.
- Boom-and-bust counties – historically these counties fall faster into recession and slower to climb out of recession when changes occur to particular federal programs or when, for example, a massive global pandemic hits without warning.

History of Congressional Actions: In attempting to stabilize local forest communities Congress passed two laws: the Secure Rural Schools and Community Self Determination Act, which is largely administered by the Secretary of Agriculture through the U.S. Forest Service and the Bureau of Land Management; and the Payment in Lieu of Taxes Program, administered through the Secretary of the Interior.

Additionally, PILT and SRS, are often inconsistently funded and leave counties on an economic roller coaster each year waiting for inconsistent reauthorizations.

Why Treasury Department:

- Treasury is the agency with the best and most complete knowledge of the economic workings of our nation. It can “tak[e] into account economic conditions of each eligible revenue sharing county, using measurements of poverty rates, household income, land values, and unemployment rates as well as other economic indicators, over the 20-year period ending with September 30, 2021.”
- Treasury will consult with others in government who have history in this arena on the creation of this new formula such as the Secretaries of Agriculture and Interior, as well as the National Association of Counties, state county associations, including the Association of O&C Counties Oregon, and many other groups with a deep understanding of these impacts across the United States.
- The purpose of new program is to help stabilize the budgets and economies of counties that have historically hosted extractive industry on private or public lands and where downturns in those extractive industries, caused by government action, affected the county economically and budgetarily.

- Unfortunately, due to the nature of the reconciliation process in the Senate, the final language of the new county payments program did not make this perfectly clear. Instead, the final language referred simply to revenue sharing counties, but requires Treasury to establish a formula that helps both.

Other key provisions:

- First, while the money provided is for a county to use as it sees fit, a county cannot use any of the funds to lobby anyone for any reason at any level of government. If a county does use the money in this unauthorized manner, the county must return the improperly used money to the treasury.
- The county that takes money under this section must report to the Treasury Secretary about the use of that money. The Secretary has the discretion to make the reporting requirements more detailed. And lastly, if the county does not make a timely report, then the county must pay a penalty.
- \$500,000,000 in this section dedicated for eligible tribal governments.—For each of fiscal years 2022 and 2023, the Secretary shall reserve \$250,000,000 of the total amount appropriated under subsection (a) to allocate and pay to eligible Tribal governments in amounts that are determined by the Secretary taking into account economic conditions of each eligible Tribe.
- Establishes a new Tribal economic stabilization fund, which would allow the Department of Treasury to make payments to Tribal governments for any governmental purpose deemed necessary by the Tribe. This language is intended for the Department of Treasury to work with the Tribal Governments defined in the bill to determine a formula ensuring equitable distribution of the funding each year. This funding could be used to repair critical drinking water infrastructure, fund Tribal healthcare services, or other critical Tribal needs.