

STATE PROGRAMS COMPENSATING LOCAL GOVERNMENTS
FOR STATE-OWNED PROPERTY, 1989



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STATE PROGRAMS COMPENSATING LOCAL GOVERNMENTS
FOR STATE-OWNED PROPERTY, 1989

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SUMMARY

This report describes programs established by states to compensate local taxing jurisdictions for reductions in their real estate tax base resulting from the exemption from taxation of property owned by the state. The information presented was obtained through a telephone survey of state officials and, where it was found necessary, review of state laws. The program descriptions are, in form, similar to those contained in an earlier study published by the Advisory Commission on Intergovernmental Relations (ACIR) in 1982.*

One might expect to find compensatory programs where there is a proportionally large amount of state-owned property, which is normally exempt from local taxation. The percentage of property that is state-owned, in terms of land area, varies considerably among the states. Some indication of the relative importance of such property in the tax base is given in Table 1 on pages 6 and 7, which shows the percentage of nonfederal rural acreage that is owned by states. The percentages vary from highs of 40.8% in Hawaii, 22.7% in Arizona, 19.3% in Utah, 15.2% in New Mexico, 12.4% in Michigan, 12.3% in Idaho, 12.3% Minnesota, 12.1% in Pennsylvania, 11.5% in New York, 9.5% in New Jersey, 9.4% in Wyoming, and 9.0 in Washington, to a low of 0.2% in Kansas. Six of the twelve high-percentage states have compensatory programs,

* Robert D. Ebel and Joan E. Towles, Payments in Lieu of Taxes on Federal Real Property (Washington: Advisory Commission on Intergovernmental Relations, May 1982), Vol. II, 37-45.

and five out of these six have programs with substantial annual costs (Michigan, Minnesota, Pennsylvania, New York, and New Jersey). Three other states with relatively high-cost programs have smaller percentages of state-owned property: Massachusetts (6.9%), Connecticut (5.7%), and Wisconsin (3.2%).

The programs described in this report are of two types: those which allow for the taxation of certain types of state-owned property and those which require state payments in lieu of taxes (PILOT's) for state-owned property that is exempt from taxation. Unlike the ACIR study, this report does not describe receipt-sharing programs, since no consistent information could be obtained about them.*

Table 2 on pages 8-10 summarizes the state programs by type, number, and cost per year. Twenty-eight states have programs, with 18 having more than one. New York has 14, by far the greatest number of programs in any state. Only six states have provisions allowing for the taxation of state-owned property: Kansas, New York, South Dakota, Vermont, Virginia, and Wyoming. New York has five taxation programs; each of the other states has one.

The number of programs has increased over the past nine years. As reported by ACIR, in 1980 there were 26 states with a

* Evidently some states share with localities revenues derived from such sources as state parks, recreation areas, timber sales, property rentals, and leased mineral rights. ACIR reports that, in 1980, 14 states had receipt-sharing programs (California, Colorado, Idaho, Louisiana, Maryland, Mississippi, New Hampshire, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Vermont, and Washington).

total of 55 programs, with 9 allowing for taxation of state-owned property and 46 providing for PILOT's. Today there are 28 states with a total of 71 programs, 10 taxation and 61 PILOT.

Of the 25 states that currently have PILOT programs, 4 have both full-PILOT and part-PILOT programs, 2 have only full-PILOT programs, and 19 have only part-PILOT programs.

For the purposes of classification here, full PILOT is defined as payment in lieu of taxes equal to the total taxes that would be payable if the property were not exempt. A program is considered to be full PILOT even if

1. Some types of property are excluded (e.g. highway property),
2. The property must meet some minimum requirement based on acreage in the locality or some other measure, or
3. The value of improvements on land is excluded in determining the amount of payment.

Part PILOT means payment in lieu of taxes less than the total taxes that would be payable if the property were not exempt.

Part-PILOT programs include those in which

1. Payment is frozen at the level of taxes in effect at the time the property was acquired by the state or at some other time in the past,
2. Payment is based on the use value of the property rather than its full value or its value is limited in some other way,
3. Payment is made at a flat rate per acre rather than on the basis of property value,
4. Not all taxing jurisdictions in which the property is located receive payments, or
5. Payment begins as fully tax-equivalent but is reduced over time.

In terms of annual cost to the state the programs vary widely. As in the number of programs, New York leads dramatically in total cost at \$59,000,000 a year. However, since there are significant variations in the size of state local-assistance budgets, program costs must be looked at in that context. The following shows how the cost of the larger programs compares with all state payments made to local governments:

<u>State</u>	<u>Estimated Total State Payments to Localities, 1988-89 [\$ millions]*</u>	<u>Property Tax Program Cost, 1988-89 [\$ millions]</u>	<u>Program Cost as Percent of Total Payments</u>
Connecticut	1,238.9	20.0	1.6
Massachusetts	4,125.7	17.0	0.4
Michigan	4,122.6	18.4	0.4
Minnesota	3,021.6	5.2	0.2
New Jersey	3,822.6	14.1	0.4
New York	19,133.9	59.0	0.3
Pennsylvania	5,705.7	2.0	Less than 0.1
South Carolina	1,336.7	1.5	0.1
Wisconsin	3,762.3	13.8	0.4

As stated above, some programs have acreage or other minimums required for taxation or payments in lieu of taxes. The criteria used in the eight states that have such requirements are

* Estimate based on average annual percent change, fiscal years 1982-1985. 1982-1984 figures were obtained from U.S. Bureau of the Census, Governmental Finances in 1981-82, 1982-83, 1983-84. 1985 figures were derived from state and local government finance data produced by ACIR.

State payments to localities include any amounts originating with the federal government but passed through the state for distribution to local governments.

described in Table 3 on pages 11 and 12. Seven programs have acreage minimums, one has a minimum on its liability for PILOT's (i.e. if the amount payable is less than a certain amount, the state does not have to make any payment), four have minimums on either the value of the state-owned property relative to the value of other property in the locality or the decrease in local property value caused by acquisition of property by the state, and one has a minimum determined by the decrease in the value of the state-owned property since a certain prior assessment roll year.

In a number of programs, taxes paid or PILOT's made are less than tax-equivalent because they are based on limited assessments. These limitations are described in Table 4 on pages 13-19. There are 19 programs that use limited assessments. Another 15 do not, but there are other types of limitations that reduce payments (such as a payment's being limited to the taxes paid in the year of state acquisition).

Other programs qualify as part PILOT because they provide for payments at flat rates per acre rather than at tax rates applied to property value. Payments based on the flat rates currently being used are probably less than they would be if they were based on the value of the property. These rates are given in Table 5 on page 20. Flat rates are used in 13 programs in 8 states; they vary from \$0.05 to \$3.00 per acre.

Table 1. Percentage of Land Owned by Federal and State Government, by State, 1982.

State	Total Acreage [000]	Total Federal Acreage [000]	% of Total Acreage	Non-Federal Rural Acreage [000]	% of Total Acreage	State-Owned Rural Acreage [000]	% of Non-Federal Rural Acreage
Alabama	33,091	904	2.7	32,185	97.3	219	0.7
Alaska	365,365	327,029	89.5	NA	NA	NA	NA
Arizona	72,960	32,056	43.9	40,903	56.1	9,284	22.7
Arkansas	34,040	3,114	9.1	30,925	90.8	386	1.2
California	101,572	45,552	44.8	56,017	55.2	1,849	3.3
Colorado	66,618	23,611	35.4	43,004	64.6	2,814	6.5
Connecticut	3,212	9	0.3	3,203	99.7	184	5.7
Delaware	1,309	33	2.5	1,275	97.4	42	3.3
Florida	37,545	3,129	8.3	34,414	91.7	2,104	6.1
Georgia	37,702	2,068	5.5	35,633	94.5	510	1.4
Hawaii	4,141	342	8.3	3,800	91.8	1,551	40.8
Idaho	53,481	33,445	62.5	20,036	37.5	2,463	12.3
Illinois	36,061	493	1.4	35,559	98.6	259	0.7
Indiana	23,159	489	2.1	22,665	97.9	291	1.3
Iowa	36,016	172	0.5	35,836	99.5	184	0.5
Kansas	52,658	585	1.1	52,056	98.9	107	0.2
Kentucky	25,862	1,125	4.4	24,735	95.6	147	0.6
Louisiana	30,561	1,104	3.6	29,455	96.4	626	2.1
Maine	21,290	135	0.6	21,153	99.4	699	3.3
Maryland	6,695	158	2.4	6,536	97.6	319	4.9
Massachusetts	5,302	89	1.7	5,213	98.3	362	6.9
Michigan	37,457	3,087	8.2	34,369	91.8	4,254	12.4
Minnesota	54,017	3,373	6.2	50,638	93.7	6,243	12.3
Mississippi	30,521	1,618	5.3	28,901	94.7	512	1.8
Missouri	44,606	2,094	4.7	42,510	95.3	529	1.2
Montana	94,109	27,107	28.8	66,997	71.2	4,019	6.0
Nebraska	49,507	639	1.3	48,863	98.7	1,263	2.6
Nevada	70,759	60,189	85.1	10,570	14.9	120	1.1
New Hampshire	5,938	727	12.2	5,211	87.8	94	1.8
New Jersey	4,984	145	2.9	4,839	97.1	460	9.5
New Mexico	77,819	26,420	34.0	51,396	66.0	7,833	15.2
New York	31,429	237	0.8	31,191	99.2	3,590	11.5
North Carolina	33,708	2,116	6.3	31,591	93.7	428	1.4
North Dakota	45,250	1,879	4.2	43,364	95.8	745	1.7
Ohio	26,451	346	1.3	26,102	98.7	312	1.2

Table 1. Percentage of Land Owned by Federal and State Government, by State, 1982.

State	Total Acreage [000]	Total Federal Acreage [000]	% of Total Acreage	Non-Federal Rural Acreage [000]	% of Total Acreage	State-Owned Rural Acreage [000]	% of Non-Federal Rural Acreage
Oklahoma	44,772	1,192	2.7	43,578	97.3	794	1.8
Oregon	62,127	32,122	51.7	30,004	48.3	1,379	4.6
Pennsylvania	28,997	668	2.3	28,328	97.7	3,439	12.1
Rhode Island	776	4	0.5	772	99.5	49	6.3
South Carolina	19,912	1,150	5.8	18,761	94.2	479	2.6
South Dakota	49,354	2,824	5.7	46,528	94.3	1,040	2.2
Tennessee	26,972	1,343	5.0	25,628	95.0	450	1.8
Texas	170,756	2,998	1.8	167,728	98.2	2,725	1.6
Utah	54,336	35,819	65.9	18,517	34.1	3,571	19.3
Vermont	6,153	315	5.1	5,837	94.9	137	2.3
Virginia	26,091	2,347	9.0	23,742	91.0	202	0.9
Washington	43,609	12,474	28.6	31,134	71.4	2,794	9.0
West Virginia	15,508	1,104	7.1	14,403	92.9	280	1.9
Wisconsin	35,938	1,800	5.0	34,137	95.0	1,076	3.2
Wyoming	62,598	29,315	46.8	33,281	53.2	3,118	9.4

Source: Total and federal acreage - U.S Bureau of the Census, Statistical Abstract of the United States, 1989, Table 336, and 1984, Table 343. Non-federal and state-owned rural acreage - U.S. Department of Agriculture, Soil Conservation Service, 1982 National Resources Inventory (unpublished data).

Table 2. Summary of State Programs Compensating Local Governments for State-Owned Property, 1989.

<u>State</u>	<u>Taxa- tion</u>	<u>PILOT</u>			<u>Annual Cost</u>
		<u>Full</u>	<u>Part</u>	<u>None</u>	
Alabama				XX	--
Alaska				XX	--
Arizona				XX	--
Arkansas				XX	--
California				XX	--
Colorado			2		\$ 107,500
Connecticut			2		\$ 20,001,400
Delaware				XX	--
Florida				XX	--
Georgia				XX	--
Hawaii				XX	--
Idaho				XX	--
Illinois			1		NA
Indiana				XX	--
Iowa		1	1		\$ 35,500+
Kansas	1				NA
Kentucky				XX	--
Louisiana				XX	--
Maine				XX	--
Maryland			1		\$ 200,000
Massachusetts			3		\$ 17,000,000+
Michigan			4		\$ 18,405,360
Minnesota		1	3		\$ 5,248,800+
Mississippi				XX	--

See Notes, p. 10.

Table 2. Summary of State Programs Compensating Local Governments for State-Owned Property, 1989.

<u>State</u>	<u>Taxa- tion</u>	<u>PILOT</u>			<u>Annual Cost</u>
		<u>Full</u>	<u>Part</u>	<u>None</u>	
Missouri			2		\$ 365,800
Montana		1	1		\$ 465,000
Nebraska				xx	--
Nevada			1		\$ 26,260
New Hampshire			3		\$ 741,040
New Jersey			4		\$ 14,092,960
New Mexico				xx	--
New York	5	2	7		\$ 59,000,000
North Carolina				xx	--
North Dakota		3			\$ 281,810
Ohio			2		\$ 51,050+
Oklahoma			1		NA
Oregon			1		\$ 80,000
Pennsylvania			3		\$ 1,980,000+
Rhode Island			1		\$ 500,000
South Carolina			3		\$ 1,501,220
South Dakota	1	1			\$ 408,900
Tennessee				xx	--
Texas				xx	--
Utah			2		\$ 122,000+
Vermont	1		1		\$ 98,000+
Virginia	1				NA

See Notes, p. 10.

Table 2. Summary of State Programs Compensating Local Governments for State-Owned Property, 1989.

<u>State</u>	<u>Taxa- tion</u>	<u>PILOT</u>			<u>Annual Cost</u>
		<u>Full</u>	<u>Part</u>	<u>None</u>	
Washington				xx	--
West Virginia				xx	--
Wisconsin			3		\$ 13,776,530
Wyoming	1				\$ 130,000
Total	10	9	52	22	\$ 93,619,770 +

Notes

Type of Program (see text page 3 for details):

Taxation - The state has consented to be taxed on some of its property.

Full PILOT - Payment in lieu of taxes equal to total taxes payable if property were not exempt.

Part PILOT - Payment in lieu of taxes less than total taxes payable if property were not exempt.

Annual Cost: Amounts are rounded to the nearest 10 dollars. The symbol + indicates that multiple programs exist but costs are not available for all of them.

New York's estimated total cost is based on 1989 assessments.

Table 3. States with Acreage or Other Minimums Required for Taxation or Payments in Lieu of Taxes, 1989.

<u>State</u>	<u>Minimum Required</u>
Colorado	Division of Wildlife or Division of Parks and Recreation must own more than 1/10 of 1% of the property in the county.
Illinois	State must own 45% or more of the property in the school district.
Minnesota	Payments for wild goose management areas: state must own more than 1,000 acres of such property in the county.
Montana	Payments for land that produces grazing, agricultural, or forest income: state must own more than 6% of the land in the county. Payments for certain property acquired by Fish and Game Department: department must own 100 acres or more of such property in the county.
New Jersey	In one of its four programs, state is not liable for payments to a municipality if its liability is less than \$1,000.
New York	Taxes on reforestation lands outside Adirondack and Catskill Parks: property must be at least 500 contiguous acres. Taxes on lands acquired for reforestation or multiple-use purposes with bond funds: total area of such lands in the assessing unit must be more than 3,000 acres and must comprise at least 9-1/2% of the acreage of the assessing unit. Payments for transition assessments: value of property acquired by state must be 2% or more of the assessing unit's total taxable assessed value. Supplemental payments for taxable lands in Adirondack Park: current assessed value must be less than value on 1960 assessment roll.

Table 3. States with Acreage or Other Minimums Required for Taxation or Payments in Lieu of Taxes, 1989.

<u>State</u>	<u>Minimum Required</u>
New York (cont.)	Payments to cities with population of 75,000 or more: (a) decrease in city's taxable assessed value caused by state acquisition of property plus (b) value of other state-owned tax-exempt property in the city, excluding state public authority property, is 25% or more of the city's total taxable assessed value.
Vermont	In one of its three taxation programs, the value of state-owned property in the town must be more than 10% of the value of all property in the town.
Virginia	Service charges may be imposed if the value of certain types of state-owned property is 3% or more of the value of all property in the county, city, or town.

Table 4. States Paying Taxes or Making Payments in Lieu of Taxes on the Basis of Limited Assessments, 1989.

<u>State</u>	<u>Type of Property</u>	<u>Type of Limitation</u>
Colorado	Wildlife areas, parks	Assessed value = agricultural use value
Connecticut	All property except highways, bridges, and state prisons	Limited to 20% of assessed value (one alternative in PILOT formula)
	State prisons	No limitation on value
Illinois	All property (payments are made for land only)	Value per acre = average value per acre of all land assessed in the school district
Iowa	Timberlands, wetlands, and similar lands to be used for parks and recreation	No limitation on value
	Wildlife habitat and breeding areas	No limitation on value
Massachusetts	Wildlife, military, university, and various other types of property (payments are made for land only)	Assessed value = assessed value in year preceding acquisition, unless subject to citywide or townwide revaluation (forest land value further reduced by value of forest products removed)
	Flood control reservoirs (payments are made for land only)	Assessed value = average assessed value over 5-year period prior to acquisition, unless subject to townwide revaluation
	Property in Quabbin and other watersheds	No limitation on value

Table 4. States Paying Taxes or Making Payments in Lieu of Taxes on the Basis of Limited Assessments, 1989.

<u>State</u>	<u>Type of Property</u>	<u>Type of Limitation</u>
Michigan	Department of Natural Resources property acquired with state or combined state/federal funds	Assessed value may not exceed 50% of its true cash value as set by the state Tax Commission
Minnesota	Public hunting areas and game refuges (payments are made for land only)	For 5 years after acquisition, full value = purchase price; thereafter, value is determined by assessor every 5 years
	Wild goose management areas (payments are made for land only)	No limitation on value
	Property acquired for St. Croix Wild River State Park	No limitation on value but first (largest) PILOT limited to 90% of last taxes payable
Missouri	Conservation Department property	No limitation on value but PILOT's limited to taxes payable on date of purchase
Montana	Certain property acquired by Fish and Game Department	No limitation on value
Nevada	Property assigned to Department of Wildlife	No limitation on value but PILOT's limited to taxes levied in year of state acquisition
New Hampshire	Parks and recreation	Assessed value = assessed value at time of acquisition
	Forests	Assessed value = forest use value

Table 4. States Paying Taxes or Making Payments in Lieu of Taxes on the Basis of Limited Assessments, 1989.

<u>State</u>	<u>Type of Property</u>	<u>Type of Limitation</u>
New Hampshire (cont.)	Flood control property	Assessed value of improvements on property at time of acquisition reduced by 2.5% a year
New Jersey	All property except that described below, property used or being held for future use for highway, bridge, or tunnel purposes, and state parks and forests	No limitation on value
	Property in Green Acres program	No limitation on value but first (largest) PILOT limited to taxes paid in year prior to acquisition
	Property included in state water resource projects	No limitation on value but PILOT's for land and first (largest) PILOT for improvements limited to taxes paid in year prior to acquisition
New York	Taxable property	No limitation on value
	Transition assessments	In the second tax year following acquisition and in each succeeding year, assessed value reduced by 2% of tax base
	Taxable lands in Adirondack Park	Basis of PILOT's = decrease in value since 1960 assessment roll

Table 4. States Paying Taxes or Making Payments in Lieu of Taxes on the Basis of Limited Assessments, 1989.

<u>State</u>	<u>Type of Property</u>	<u>Type of Limitation</u>
New York (cont.)	Properties in cities with population of 75,000 or more	No limitation on value but before completion of construction of new facilities PILOT's limited to taxes levied on property prior to state acquisition and after facility completion PILOT's limited to 1% of cost of land and original improvements plus cost of construction of new facilities
	Property in West Valley	Assessed value = 1980 assessed value
	Industrial projects owned by Urban Development Corporation or one of its subsidiaries	No limitation on value but PILOT's limited to average annual taxes paid or due for 3-year period prior to UDC acquisition or, if property acquired from urban renewal agency or municipality for urban renewal use, for 3-year period prior to acquisition by such agency or municipality
	Environmental Facilities Corporation projects	Assessed value = total value minus value of improvements constructed or reconstructed by corporation

Table 4. States Paying Taxes or Making Payments in Lieu of Taxes on the Basis of Limited Assessments, 1989.

<u>State</u>	<u>Type of Property</u>	<u>Type of Limitation</u>
New York (cont.)	Property owned by Capital District, Central New York, or Rochester-Genesee Transportation Authority:	
	Property acquired for transportation purposes but later used for nontransportation purposes or property acquired and developed and improved by the authority for nontransportation purposes	No limitation on value
	Property acquired for nontransportation purposes but not developed or improved by the authority	No limitation on value but PILOT's limited to taxes last paid prior to acquisition by the authority
North Dakota	Game and Fish Department property (payments made for land only, excluding reservoirs)	No limitation on value
	Farm property acquired through foreclosure	No limitation on value
Ohio	Property in agricultural use value program acquired by Division of Wildlife	No limitation on value but for 5 years after acquisition PILOT's limited to difference between agricultural-value taxes and full-value taxes

Table 4. States Paying Taxes or Making Payments in Lieu of Taxes on the Basis of Limited Assessments, 1989.

<u>State</u>	<u>Type of Property</u>	<u>Type of Limitation</u>
Ohio (cont.)	Other property acquired by Division of Wildlife (payments made for land only)	Assessed value = assessed value at time of acquisition
Oklahoma	Game reserve or wildlife property (payments made for land only)	Assessed value = agricultural use value
Oregon	Wildlife areas controlled by Fish and Wildlife Department (payments made for land only)	Assessed value = agricultural or forest use value
Pennsylvania	Water conservation or flood control property	No limitation on value
	Project 70 property	No limitation on value but PILOT's limited to taxes payable prior to acquisition
Rhode Island	Hospitals and correctional facilities	No limitation on value but PILOT's limited to 25% of tax equivalent or amount of appropriation, whichever is less
South Carolina	Hydroelectric projects owned by Public Service Authority	No limitation on value but PILOT's limited to taxes paid at time of acquisition
	Lands acquired by authority prior to 1950	No limitation on value but PILOT's limited to payments made in 1964

Table 4. States Paying Taxes or Making Payments in Lieu of Taxes on the Basis of Limited Assessments, 1989.

<u>State</u>	<u>Type of Property</u>	<u>Type of Limitation</u>
South Dakota	Taxable property owned by Department of Game, Fish, and Parks	No limitation on value
	Property owned by former state Board of Charities	No limitation on value
Vermont	Taxable property constituting 10% or more of town's taxable value (payments made for land only)	No limitation
	Taxable agricultural or forest land held by Natural Resources Agency other than above	Assessed value = use value
	Taxable property, not agricultural or forest, held by Natural Resources Agency other than above	No limitation on value but tax rate limited to 1% of market value
Virginia	Property subject to service charges	No limitation on value but service charge rate may not exceed real estate tax rate for the jurisdiction
Wisconsin	Lands acquired after June 30, 1969 (alternative to flat rate per acre program)	Assessed value = assessed value on January 1 following acquisition
Wyoming	Taxable property owned by Game and Fish Commission	No limitation on value

Table 5. States Making Payments in Lieu of Taxes
at Flat Rates per Acre, 1989.

<u>State</u>	<u>Type of Property</u>	<u>Rate per Acre</u>
Michigan	Natural resources	\$ 2.50
	Military	\$ 1.00
Minnesota	Public hunting areas and game refuges	\$ 0.50
	Natural resources - acquired land	\$ 3.00
	Natural resources - tax-forfeited land	\$ 0.75
	Natural resources - trust fund land	\$ 0.375
Missouri	Forest cropland	\$ 0.75
Montana	Land producing	(a) \$ 0.12
	(a) grazing, (b) agricul- tural, or (c) forest income	(b) \$ 0.35
		(c) \$ 0.12
New Jersey	Parks and forests	\$ 0.10
Pennsylvania	Water conservation and flood control	\$ 0.20
Utah	Wildlife areas	\$ 0.50
	All other state property	\$ 0.05*
Wisconsin	Forests, parks, fishing and hunting areas, and fish and game reserves	\$ 0.80

* To increase by \$0.10 per acre each year until a maximum of
\$0.52 per acre is reached.

STATE PROGRAMS COMPENSATING LOCAL GOVERNMENTS
FOR STATE-OWNED PROPERTY, 1989

ALABAMA

No payment in lieu of taxes (PILOT) or other program to compensate local government for state-owned property.

ALASKA

No program.

ARIZONA

No program.

ARKANSAS

No program.

CALIFORNIA

No program.

COLORADO

The state has two PILOT programs.

(1) The Division of Wildlife makes payments to counties where the division owns more than 1/10 of 1% of the property in the county; administrative offices are not counted in the calculation of the amount of division-owned property. The payment equals the assessed value of the property, as if it were zoned agricultural, times the mill rate for county and school tax purposes; special district charges are not covered.

Annual cost of program (1988 payment): \$ 92,500.

(2) The Division of Parks and Recreation makes payments to counties where the division owns more than 1/10 of 1% of the property in the county. The payment equals the assessed value of the property, as if it were zoned agricultural, times the mill rate for county and school tax purposes; special district charges are not covered.

Annual cost of program (1988 payment): \$ 15,000.

CONNECTICUT

The state has two PILOT programs.

(1) A program was created three years ago to replace a previous PILOT program. When the new program was enacted, the larger towns, which had been receiving the largest share of payments, were held harmless to the level of payments received in fiscal year 1986-87. The program applies to all state-owned real property except that acquired and used for highways and bridges (property acquired and used for highway administration or maintenance purposes is not excluded).

The payment made to towns is equal to (a) \$4,000, (b) 20% of the assessed value of the state property times the mill rate, or (c) the amount received in 1986-87 (for those towns held harmless), whichever is greater. Payments are made two years in arrears (for example, 1989 payments are based on 1987 assessment rolls. The minimum payment is \$4,000. The maximum payment is equal to 7-1/2% of the total tax levied by the town on real property in the preceding calendar year. "Total tax levied" is defined as the total property taxes levied on the assessed value of real property in the town, after such assessed value is reduced by the amount of any exemptions allowed, exclusive of any exemptions for which the state has provided reimbursement to the town (e.g. exemptions for the elderly, veterans, and the disabled). The maximum currently applies to only four towns, in which a large proportion of the property is owned by the state: Mansfield (University of Connecticut), Preston (bus depot/garage), Somers (state prison), and Windsor Locks (Bradley International Airport).

In towns having state prisons or jails actively used for incarceration purposes, 100% of the tax loss due to these facilities is reimbursed by the state. In those towns held harmless, such reimbursement is included in the formula payment described above; outside of these towns, such reimbursement is in addition to the formula payment. The purpose of the reimbursement is to offset municipalities' negative attitudes toward having prison property.

Annual cost of program: \$ 20,000,000.

The cost of the program is expected to increase as revaluations occur (Connecticut has a 10-year revaluation cycle; about 2/3 of the state is now in the process of revaluing). The cost increase is expected to be about 10% a year.

(2) Payments are made to the fire district of Warehouse Point for the receiving home of the state Department of Human Resources.

Annual cost of program: \$ 1,400.

DELAWARE

No program.

FLORIDA

No program.

GEORGIA

No program.

HAWAII

No program.

IDAHO

No program.

ILLINOIS

The state makes tax-equivalent payments to school districts in which the state owns 45% or more of the total land area of the district. Payments are equal to the amount of school taxes that would be payable on the land if the property were not exempt; the value per acre of the land is computed at the average value per acre of the equalized assessed value of all land assessed in the school district. The equalized assessed valuation used to determine the tax-equivalent payment is added to the equalized assessed valuation used in calculating the district's state-aid entitlement. For a school district to obtain a tax-equivalent payment, its right to such a payment must be certified annually. Currently only one school district is eligible for payments under the program.

Annual cost of program: Not available.

Some years ago the state had additional PILOT programs compensating school districts for state-owned tax-exempt property, but these have been repealed since the need for them has been eliminated through adjustments in the formula for state aid to education.

There has been some movement in recent years to expand the applicability of PILOT programs, but no proposals have made any significant progress through the legislature.

INDIANA

No program, although the possibility of instituting PILOT's has been talked about.

IOWA

The Department of Natural Resources has two PILOT programs.

(1) REAP (Resource Enhancement and Protection) Program - Payments are made to school districts equivalent to the taxes that would be payable if the property were not exempt. Property covered includes timberlands, wetlands, and similar property to be used for parks and recreation.

Annual cost of program: No estimate possible because of newness of program.

(2) State Habitat Stamp Program - Payments are made to all taxing jurisdictions equivalent to the taxes that would be payable if the property were not exempt. Property covered includes wildlife habitat and breeding areas (other wildlife property, e.g. trout streams, is exempt from PILOT's). Currently payments are being made to 49 of the state's 99 counties.

Annual cost of program (1989 payment): \$ 35,500.

The cost of the program is expected to grow in the next five years to more than \$50,000.

KANSAS

State-owned oil and gas rights are taxable as if they were privately owned.

Annual cost of program: Not available.

There are no provisions for PILOT's, although they have been proposed many times, particularly for property in Topeka, the capital city.

KENTUCKY

No program.

LOUISIANA

No program.

MAINE

No program. An attempt was made this year to get PILOT's established for state-owned property, but the proposal did not make it through the legislature.

MARYLAND

The state makes payments to the city of Annapolis, the state capital, mainly to cover the costs of fire protection and trash collection. There is no statutory formula for the payments.

Annual cost of program: \$ 200,000.

Proposals for PILOT's are made by localities every few years (for example, by Hagerstown, which has a state prison), but none of them have succeeded in the legislature.

Although not directly related to state-owned property, another payment made to local governments should be noted: 11 cents of the 21-cents per \$100 of value state property tax is passed on to counties. The 1989-90 payment was \$84 million.

MASSACHUSETTS

The state has three PILOT programs.

(1) Payments are made for land used for the following purposes: a fish hatchery, game preserve, or wildlife sanctuary; a state military campground; the Soldiers' Home in Massachusetts; the Soldiers' Home in Holyoke; a state forest; the University of Massachusetts; a public institution under the Department of Correction, the Department of Education, the Department of Mental Health, the Department of Mental Retardation, the Department of Public Health, the Department of Public Welfare, or the Department of Youth Services; the Wachusett Mountain State Reservation; the Mount Greylock State Reservation; land under the control of the Department of Environmental Management and used for recreational or conservation purposes; land held by counties for hospital purposes; land held by the Department of Environmental Quality Engineering for use as a solid waste disposal facility; land acquired by the Low-Level Radioactive Waste Management Board. Buildings and other improvements are excluded from determination of the payments.

Payments are to be made according to the following formula: full value of the land times the average of the last three years' statewide full-value tax rate. Full value is determined every five years through revaluation; if a property is acquired in a year other than a revaluation year, the assessed valuation made in the year preceding acquisition is used in the payment formula.

In the case of land used for a state forest, the value must be reduced by the value of all forest products removed from the land during which the reimbursement payment is made. No payments are made for land that at the time of acquisition was exempt from local taxation, except for land that is under the control of the Division of Fisheries and Wildlife, is used as a game preserve or wildlife sanctuary, and was at the time of acquisition under the control of the federal government.

The payment formula described above is still in the statute governing the program. However, because of state fiscal problems, the total annual payment has been frozen at the level that was in 1985.

Annual cost of program: \$ 17,000,000.

(2) The state makes payments to towns for land taken for flood control reservoirs by the state or the federal government. Payments are made according to the following formula: the current town tax rate times the average assessed value of the land for a period of five years prior to acquisition, or, if property in the town has undergone revaluation, the value determined through revaluation.

Annual cost of program: Not available.

(3) Payments in lieu of taxes are made to cities and towns in which the Division of Watershed Management holds property of the Quabbin Watershed, Wachusett Watershed, Sudbury Watershed, or Ware River Watershed for purposes of water supply or protection of its sources. If rent is received for any part of the property, that part is subject to taxation.

The amount of payment is equal to the taxes that the municipality would have received if the property were not exempt. In determining the amount, the value of the property must exclude (a) the value of buildings and other structures, except in the case of land taken for the purposes of protecting the sources of an existing water supply and (b) the value of all abatements on the property. The amount paid to each city and town must not be less than the amount paid in the previous fiscal year, even if the value of the property has been reduced as a result of a general revaluation.

Additional payments are made to the towns of Belchertown, Hardwick, New Salem, Pelham, Petersham, and Ware for watershed lands of the Quabbin Reservation that were included in the former towns of Dana, Greenwich, Enfield, and Prescott. Payment is to be made only on lands that are above the high water mark. Total payments to the six towns must not be less than \$50,000 annually, and each town must be paid at least as much as it was the previous year.

Annual cost of program: Not available.

MICHIGAN

The state has four PILOT programs.

(1) Payments are made by the state for areas being taken over by the federal government for national parks. Some of the property that will eventually become part of a national park is currently occupied by private owners. Each of these owners has deeded his property to the United States, via a quit-claim deed stipulating that at his death the property will revert to the federal government. Upon deeding the property the private owners ceased paying taxes and the state began making payments in lieu of taxes to localities on their behalf. The payments begin as fully tax-equivalent and decline over a 10-year period. Since the program began in 1973, property in five national parks in seven counties has been involved. Today only one park remains in which there is private property for which the state makes payments (Sleeping Bear Dunes National Park).

Annual cost of program (1988 payment): \$ 38,700.

Cost of program, 1973-1987: \$ 6,400,000.

(2) The Department of Natural Resources makes payments for property purchased by it with state funds or combined state/federal funds or acquired by it in exchange for property purchased with state or state/federal funds. Payment is made at the locally voted millage rate times the value of the property, not to exceed 50% of its true cash value as set by the state Tax Commission. No payments are made in lieu of special assessments. Payments are made for land only.

Annual cost of program (1987-88 payment): \$ 9,503,747.

(3) Payments are made by the Department of Natural Resources for property acquired by it without using state funds or combined state/federal funds (for example, acquired through tax delinquency or as a gift). Payment is made at \$2.50 per acre. Payments are made for land only.

Annual cost of program (1987-88 payment): \$ 8,809,909.

(4) The Department of Military Affairs makes payments for Camp Grayling, a reserve forces training camp, at the rate of \$1.00 per acre.

Annual cost of program: \$ 53,000.

MINNESOTA

The state has four PILOT programs for property owned by the Department of Natural Resources.

(1) Payments are made from the Game and Fish Fund to each county having state-owned land used for public hunting areas and game refuges. Payments are made according to one of the following formulas, whichever yields the greatest amount: (a) 50 cents per acre, (b) 35% of the gross receipts from all special use permits and leases of the land, or (c) 3/4 of 1% of the appraised value of the land. The appraised value is the purchase price for five years after acquisition; thereafter it is determined by the county assessor every five years. The payment must be reduced by any amount paid for state-owned croplands managed for wild geese (see #2 below). Each county allocates the payment among the county, towns, and school districts on the same basis as if the payment were taxes on the land for the current year.

This program was begun in the early 1950's. Of the state's 87 counties, 60 have property for which payments are made; of these, 50 receive payments based on 3/4 of 1% of appraised value.

Annual cost of program: \$ 685,000.

(2) Payments are made from the Game and Fish Fund to each county where the state owns more than 1,000 acres of cropland used for the purposes of wild goose management. The payment equals the taxes assessed on comparable, privately owned, adjacent land. The county distributes the payment among the county, towns, and school districts on the same basis as if the payment were taxes on the land for the current year.

Annual cost of program: Not available.

(3) Since 1979 the state has been making payments in lieu of taxes to counties for natural resources lands in the following amounts:

- (a) Acquired land (property that was on the tax rolls when it was acquired: \$3.00 per acre (applies to about 572,000 acres).
- (b) Tax-forfeited land (tax-delinquent land that has reverted to the state): 75 cents per acre (applies only to unplatted land outside city limits and covers about 3 million acres).
- (c) Trust fund land (land that was received from the federal government and has never been taxable): 37-1/2 cents per acre (applies to about 4.7 million acres).

After gross payments are calculated, the following deductions are made, county by county:

- (a) Any amount paid under the programs described in #1 and #2 above.
- (b) Any amount paid under the revenue-sharing program begun in the early 1950's whereby 50% of the gross receipts earned by state forests (through timber sales, leases, etc.) is turned over to counties.
- (c) Any amount paid under the revenue-sharing program whereby 30% of the rents received on state-owned property is distributed to counties.

At one time payments made to counties from the Consolidated Conservation Areas Fund were also to be deducted, but that is no longer the case. This fund was created after the Depression when seven counties found themselves unable to pay off bonds they had sold to finance the construction of drainage systems and the state took over ownership of the property. Payments from the fund are equal to 50% of the income generated by the property through timber sales, leases, and the like.

Of the funds received by counties under the PILOT program, 40% must be deposited in the county general revenue fund to be used for property tax levy reduction. The remainder is to be distributed in the following order:

- (a) 37-1/2 cents for each acre of tax-forfeited land must be deposited in a fund to be used for resource development, forest management, game and fish habitat improvement, recreational development, and maintenance of the land. Any county receiving less than \$5,000 annually for the resource development fund may elect to deposit the amount received in the county general revenue fund.
- (b) From the funds remaining, each organized township is to receive 30 cents per acre of acquired land and 7-1/2 cents per acre of trust fund land located within its boundaries. Payments for land not located in an organized township must be deposited in the county general revenue fund. Payments received by counties and townships under this provision must be used to provide property tax levy reduction. If the total payment to a county is not sufficient to fully fund the distribution described above, the amount available is to be distributed to each township and the county general revenue fund on a pro rata basis.

(c) Any remaining funds must be deposited in the county general revenue fund. If the distribution to the county general revenue fund exceeds \$35,000, the excess is to be used to provide property tax levy reduction.

Annual cost of program (1989 payment): \$ 4,562,999.

Annual cost of above PILOT and revenue-sharing programs (1989): \$ 5,925,000.

(4) The state makes payments in lieu of taxes to Chisago County for privately owned property acquired by the state for inclusion in the St. Croix Wild River State Park. Payments on each property are made for nine years. In the first year after taxes were last required to be paid on the property, the payment is equal to 90% of the last required payment; thereafter, the amount of payment declines by 10% a year. Payments received by the county must be distributed to the various taxing districts within the county in the same proportion as the levy of a taxing district bears to the total levy on the property in the last year that taxes were required to be paid. The total annual payment to the county may not exceed \$200,000.

Annual cost of program (1989 payment): \$ 800.

The 1989 payment was for one property at the 50% rate.

MISSISSIPPI

No program.

MISSOURI

The state has two PILOT programs.

(1) Payments are made for property owned by the Conservation Department. The amount of payment is equal to the taxes payable on the date of purchase (i.e. the payment for each property remains constant). Payments are made to counties, which distribute the funds to cities, towns, school districts, and special districts.

Annual cost of program (1988 payment): \$ 365,798.

Of the amount paid in 1988, \$26,811 was for the maintenance of levees and drainage district taxes.

(2) The state makes payments for forest cropland at the rate of 75 cents per acre. The payments are made to counties, which may keep all of the funds or distribute all or part of them to cities, towns, and school districts.

Annual cost of program: Not available.

MONTANA

The state has two PILOT programs.

(1) Payments are made to counties in which the state owns land in excess of 6% of the total land area of the county and that land produces grazing, agricultural, or forest income. The amount of payment is to be equal to the taxes that would be payable on the portion over 6% if the property were not exempt but may not exceed the following: 12 cents per grazing acre, 35 cents per agricultural acre, and 12 cents per forest acre. Actual payments depend on appropriations made by the state legislature, which meets every two years. Funds received by counties are to be distributed as follows:

- (a) 60% of the payment must be broken down into cents per acre of total state-owned land within the county and apportioned among the elementary school districts in accordance with the amount of state-owned land in each district.
- (b) 40% of the payment is to be deposited in the county road fund.

This program was begun in the late 1960's. Currently payments are being made to 18 of the state's 56 counties.

Annual cost of program (1989 payment): \$ 265,000.

The 1989 payment had to be distributed on a pro rata basis because the appropriation by the legislature was less than the amount required by the payment formula.

(2) Payments are made for certain property acquired by the Fish and Game Department, provided that such property is 100 acres or more in a county. Excluded from the payment formula is property used for state parks, fish hatcheries, and spawning stations. Payments are made in the full amount of taxes that would be due if the property were not exempt; payments are made for both land and buildings.

Annual cost of program (1989) payment: \$ 200,000.

NEBRASKA

No program.

NEVADA

The state makes payments to counties for property assigned to the Department of Wildlife that was subject to taxation at the time of acquisition by the state. The amount of payment is equal to the taxes levied on the property in the year that it was acquired. Funds received by counties must be apportioned to the counties, cities, and school districts in which the property is located in the proportion that the tax rate of each political subdivision bears to the total combined tax rate in effect for that year.

Annual cost of program (1989 payment): \$ 26,260.

NEW HAMPSHIRE

The state has PILOT programs for three types of property.

(1) Parks and recreation property: If the property is open to the public, the amount of payment equals the property's assessed value at the time of acquisition times the local tax rate, with payments reduced by 20% over five years. If the property is not open to the public, payments equal the property's assessed value at the time of acquisition times the local tax rate, with no reduction.

Annual cost of program (1988 payment): \$ 3,107.

(2) Forests: The amount of payment equals the number of acres times a dollar amount per acre, with the dollar amount determined by the state as the use value of property in the forest category, times the local tax rate. Use value is determined through analysis of the productivity of forest property and is considerably lower than market value. A single use value per acre is used statewide and is changed periodically but not often (e.g. it was changed two years ago, but before then not for at least ten years).

Annual cost of program (1988 payment): \$ 357,488.

(3) Flood control property: Payments are equal to the property's locally assessed value times the local tax rate. Improvements on the property at the time of acquisition by the state are amortized over a 40-year period (i.e. their value is reduced by 2.5% a year). Massachusetts funds 70% of amount paid.

Annual cost of program (1988 payment): \$ 380,449.

NEW JERSEY

The state has four PILOT programs.

(1) Payments are made to local taxing jurisdictions for all state-owned property except property used or held for future use for highway, bridge, or tunnel purposes and property qualifying for any other type of state payments in lieu of taxes. The amount of payment is calculated by applying the effective local tax rate for the tax year to the aggregate amount of state property in the municipality. However, the state is not liable for payments to a municipality if the sum of its liability is less than \$1,000, and no municipality may receive a payment greater than an amount equal to 35% of the municipal tax levy for the year. If an appropriation made for any year is less than the amount required for full payment in lieu of taxes to each municipality, the amount otherwise payable to each municipality must be reduced in the same proportion as the appropriation made is to the amount required for full funding.

Annual cost of program (1989 payment): \$ 13,000,000.

Annual cost of program if fully funded: \$ 20,260,447.

The program has not been fully funded for several years.

(2) The state makes payments for property in the Green Acres program, which includes parks, forests, open space, and environmentally sensitive areas. Payments are based on the amount of taxes paid during the year prior to acquisition by the state and decline by 8% a year until they are phased out over a 13-year period.

Annual cost of program (1989 payment): \$ 875,459.

(3) Payments are made for lands included in state water resource projects in an amount equal to the taxes paid during the year prior to acquisition. For improvements on these lands, the payments are based on the taxes paid during the year prior to acquisition but decline by 8% a year until they cease.

Annual cost of program (1989 payment): \$ 195,000.

(4) Payments are made to townships for state parks and forests at the rate of 10 cents per acre. There are proposals being considered in the legislature to increase the rate to \$1.00 per acre, largely because there are a few townships that have a substantial amount of state-owned property.

Annual cost of program (1989 payment): \$ 22,500.

NEW MEXICO

No program.

NEW YORK

The state has 14 programs compensating localities for state-owned property. Under five provisions, the state has consented to be taxed; nine other programs provide for payments in lieu of taxes.

(1) State-owned lands located in certain geographic areas and used for certain purposes are liable for (a) all municipal and school district taxes, (b) all special ad valorem levies, (c) all special assessments imposed by cities and villages, (d) special assessments imposed by counties and towns to pay for the capital costs of sewer systems, water supply systems, waterways and drainage improvements, and streets and highways, and (e) special assessments imposed by counties and towns for indebtedness contracted before July 1, 1953. Taxable lands consist primarily of wild or forest lands, park lands, and fish and game refuges and management areas.

Annual cost of program (1986-87 tax payment): \$ 34,789,532.

The 1986-87 payment was made for lands in 26 of the state's 62 counties.

(2) Two types of state-owned lands are taxable for all levies except county taxes, county special ad valorem levies, and certain special assessments:

(a) Areas of not less than 500 contiguous acres that are acquired by the Department of Environmental Conservation outside of the Adirondack and Catskill Parks and are used for reforestation purposes.

(b) Lands acquired for reforestation or multiple-use purposes with funds from the Park and Recreation Land Acquisition Bond Act of 1960. Such lands are taxable if their total acreage exceeds 3,000 acres and comprises at least 9-1/2% of the acreage of the assessing unit in which they are located.

The above types of lands are liable for (a) city, town, village, and school district taxes, (b) town or town special district ad valorem levies, (c) all special assessments imposed by cities and villages, (d) special assessments imposed by counties and towns to pay for the capital costs of sewer systems, water supply systems, waterways and drainage improvements, and streets and

highways, and (e) special assessments imposed by counties and towns for indebtedness contracted before July 1, 1953.

Annual cost of program (1986-87 tax payment): \$ 4,010,625.

The 1986-87 payment was made for lands in 41 counties.

(3) State-owned lands and certain state-owned residential improvements located in designated areas are taxable for school purposes and are subject to all city and village special assessments and to county and town special assessments for (a) capital costs of sewer systems, water supply systems, waterways and drainage improvements, and streets and highways and (b) indebtedness contracted before July 1, 1953. Tax payments are currently authorized for a variety of school districts in 66 cities and towns in 22 counties.

Annual cost of program (1986-87 tax payment): \$ 4,863,989.

The 1986-87 payment was for property in 19 counties.

(4) Conservation easements acquired by the state within the Adirondack and Catskill State Parks are taxable for all purposes. A conservation easement is defined by law as an easement, covenant, restriction, or other interest in real property that limits or restricts development, management, or use of the property for the purpose of preserving or maintaining the scenic, open, historic, archaeological, architectural, or natural condition, character, significance, or amenities of the property.

When the state acquires such an easement, the state Board of Equalization and Assessment determines the percentage of change, if any, in the total value of the parcel as a result of the easement. This percentage, when applied to the last assessment placed on the parcel before acquisition of the easement by the state, as adjusted for any change in the level of assessment in the assessing unit, determines the value of the easement to be approved by the state board for the first year that the state is liable for taxes. In all subsequent years, the state board assesses the easement and approves the payment of taxes on it after determining that the easement is assessed at the same percentage of full value as other taxable real property in the assessing unit.

Annual cost of program: No estimate possible at this time.

The state has yet to pay taxes under this program; tax payments for conservation easements from the general fund will begin in 1989.

(5) State-owned lands used for river regulating district purposes, exclusive of improvements constructed on the land by the district, are liable for all taxes, all special ad valorem

levies, all special assessments imposed by cities and villages, special assessments levied by counties and towns to pay for the capital costs of sewer systems, water supply systems, waterways and drainage improvements, and streets and highways, and special assessments imposed by counties and towns for indebtedness contracted before July 1, 1953.

The total assessed value of all such taxable lands in any one town may not be less than the total assessed value of the lands and improvements at the time of their acquisition by the state. Assessments on such property may be increased to reflect any increase in the level of assessment (due to a higher ratio of full value) of all other property in the town.

Currently the only district in the state is the Hudson River - Black River Regulating District, which is located primarily in Fulton and Saratoga Counties and consists mainly of the Sacandaga Reservoir.

Annual cost of program (1989 tax payment): \$ 750,000.

(6) The state makes payments equivalent to local property taxes for a limited period of time when either (a) it acquires property that becomes exempt as a result of the acquisition and such property constitutes 2% or more of the total taxable assessed value of the latest preceding assessment roll or (b) there is a reduction in assessments on taxable state-owned lands. When either of these events occurs, the state Board of Equalization and Assessment establishes a "transition assessment" that effectively prevents any loss of taxable assessed value on the assessment roll for the first year affected by the event. For each succeeding year, the state board establishes a transition assessment that in effect limits to 2% of the total taxable assessed value on the latest preceding assessment roll the loss in taxable assessed value on such roll as a result of the event. The transition assessment determined annually is the basis for the tax-equivalent payments made by the state. Reductions in the transition assessment for each property continue until the transition assessment is phased out.

In making transition assessments for property acquired by a state public authority or by the state for the purposes of a state public authority, such transition assessments must be reduced by any payments in lieu of taxes made by the authority. For state lands in which interests have been granted by the state to others and these interests and improvements made to lands in which those interests have been granted are taxable, the transition assessments must be reduced by the taxable assessed value of those interests and improvements.

Annual cost of program (1986-87 payment): \$ 3,828,083.

The 1986-87 payment was for property in 51 counties.

(7) Another PILOT program applies to state-owned lands in the Adirondack Park that are taxable as described in #1 above. Payments are determined as follows. The annual minimum assessed value of all taxable parcels in a taxing district is equal to the 1960 assessed value adjusted for accumulated changes in level of assessment since that time. If the annual assessments are less than the minimum, an additional assessment is included in the taxing district to bring the total up to the minimum.

Annual cost of program (1986-87 payment): \$ 1,184,151.

The 1986-87 payment was for lands in 9 counties.

(8) The state is required to make payments in lieu of taxes to any city having a population of 75,000 or more in which the taxable assessed value in the city is decreased because of acquisition by the state of lands and improvements for its use or for the construction of facilities, for any purpose other than highway purposes, and the sum of this decrease plus the assessed value of other tax-exempt property owned by the state in the city, excluding property owned or used by a state public authority, is equal to or exceeds 25% of the city's total taxable assessed value. If title to the lands and improvements is held by the New York State and Local Employees' Retirement System, the New York State Teachers' Retirement System, or the New York State and Local Police and Fire Retirement System, payments are to be made directly by these agencies and not by the state Comptroller.

Subsequent to acquisition of the property by the state and prior to the completion of construction of the facilities, annual payments are to be equivalent to the amount of taxes levied on the property prior to acquisition by the state. After the facilities are constructed, annual payments are to be made for the period of probable usefulness of the facilities or the lands on which the facilities are built, whichever is longer, but in no event for more than 30 years. These payments are to be equal to 1% of the sum of the acquisition cost of the land and improvements plus the cost of construction of the facilities. The law governing this program allows the city to agree to payments in lesser amounts than those described here or to agree not to apply for any payments at all.

Annual cost of program (1988-89 payments):

By the state Comptroller for property in the city of Albany:	\$ 97,000.
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By the Teachers' Retirement System for property in the city of Albany:	\$ 120,040.
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(9) Payments in lieu of taxes are to be made to the county, town, school district, and special district(s) for land and improvements acquired by the state at West Valley in the town of Ashford, Cattaraugus County, and used by Nuclear Fuel Services, Inc., beginning in any year in which the acquisition of such property causes a decrease in the taxable assessed value of the taxing jurisdiction. The amount of payment is to be equal to the taxes and special district charges that were levied or would have been levied on the property on the basis of its value on the last assessment roll completed in 1980. Each taxing jurisdiction must apply to the state Comptroller for payments under this program.

Annual cost of program (1988-89 payment): \$ 157,000.

(10) The Urban Development Corporation, a state public authority, and its subsidiaries are required to make payments in lieu of taxes for the project sites of industrial projects and for property acquired but for which no project finding has yet been made (i.e. the type of project to be undertaken has not been determined).

Payments are to be equivalent to 100% of the average annual property taxes paid or due for the three-year period prior to acquisition by the authority or, in the case of property acquired from an urban renewal agency or from a municipality that acquired the property for urban renewal purposes, for the three-year period prior to acquisition by the agency or municipality. At the present time the UDC does not own any property for which payments are required.

Annual cost of program: None.

(11) The Environmental Facilities Corporation, a state public authority, is required to make payments in lieu of all taxes, special ad valorem levies, and special assessments if (a) its property is used for or in connection with one of its projects, (b) such property is located outside the municipality or municipalities contracting the project, and (c) such property was subject to taxation, special ad valorem levies, or special assessments on the latest final assessment roll preceding the acquisition of the property by the corporation.

The amount of payment is based on the property's "approved assessed valuation," which is established annually by the state Board of Equalization and Assessment, as follows: (a) the full (market) value of the property as of taxable status date is determined, (b) the full value of the improvements constructed or reconstructed by the corporation as of taxable status date is determined, (c) the amount of (b) is subtracted from the amount of (a), and (d) the amount of (c) is multiplied by the ratio of assessed value to full value of all other property on the same

assessment roll. The corporation has never made any payments under this program and, since it has no plans to acquire the type of property described above, does not expect to make any in the near future.

Annual cost of program: None.

(12) The Capital District Transportation Authority, a state public authority, is liable for payments in lieu of taxes as follows:

- (a) Property acquired for transportation purposes but subsequently used for nontransportation purposes: the authority is liable for payments to counties, cities, and school districts equal to the taxes that would be payable if the property were not exempt.
- (b) Property acquired for nontransportation purposes (e.g. for future transportation purposes) but not developed or improved by the authority: payments must be made to counties, cities, towns, and school districts equal to the sum last paid as taxes on the property prior to its acquisition by the authority.
- (c) Property acquired for nontransportation purposes and developed and improved by the authority for nontransportation purposes: the authority must make payments to counties, cities, and school districts in an amount fixed by the municipality based on the assessment of such property (using the prevailing method of determining assessments).

CDTA does not currently own any property for which payments are required.

Annual cost of program: None.

(13) The Central New York Regional Transportation Authority, a state authority, is required to make payments as described in #10 above. At the present time the authority does not own any property for which payments are required.

Annual cost of program: None.

(14) The Rochester-Genesee Transportation Authority, a state authority, is liable for payments as described in #10 above. The authority does not currently own any property for which payments are required.

Annual cost of program: None.

NORTH CAROLINA

No program.

NORTH DAKOTA

The state has three PILOT programs.

(1) For property owned or managed by the Game and Fish Department, payments are made to local subdivisions in the full amount of what the taxes would be if the property were not exempt. Payments are made for land only, and reservoir property is excluded from the calculation of amounts payable. The department currently manages about 156,000 acres, 8,000-10,000 of which is reservoir property.

Annual cost of program (1988 payment): \$ 182,722.

(2) Payments are made to local subdivisions for property acquired by the state Land Department through foreclosure of property purchased by farmers with loans from the state bank. The payments are equal to the taxes that would be due if the property were privately owned. This is a new program; it applies to foreclosures that have occurred since January 1, 1980.

Annual cost of program (Estimated 1989 payment): \$ 90,000.

The estimated 1989 payment is based on (a) \$1.00 per acre for grassland and (b) \$2.00 per acre for cropland.

(3) For property acquired by the National Guard, payments are made to local subdivisions in the same manner as Game and Fish lands. 7,418 acres are subject to payments in lieu of taxes.

Annual cost of program (1990 payment): \$ 9,090.

OHIO

The state has two PILOT programs for property owned by the Division of Wildlife.

(1) Payments are made for land only in the amount of 1% of the assessed value of the land at the time of purchase. The payments are earmarked for the school districts in which the property is located (counties and townships get no payments).

Annual cost of program (1988 payment): \$ 51,053.

(2) When the division purchases property taxed under the agricultural use value program, it must for a period of five years pay the local taxing jurisdictions the difference between agricultural-value taxes and full-value taxes on the property.

Annual cost of program: Not available.

OKLAHOMA

Payments are to be made for lands acquired for game reserve/wildlife purposes. The amount of payment is to be equivalent to the taxes that would be payable if the property were privately owned agricultural land. This is a new program, and no land acquisitions have yet been made.

Annual cost of program: Not possible to estimate.

OREGON

The Fish and Wildlife Department makes payments to counties for all taxing purposes for land only at the farm or forest tax rate. Only property in wildlife areas is covered (property such as fish hatcheries is excluded from the program).

Annual cost of program (1988-89 payment): \$ 80,000.

This year the state legislature considered payments for emergency service protection (e.g. fire protection), but the proposal did not succeed.

PENNSYLVANIA

The state has three PILOT programs.

(1) Payments are made to counties and townships for property acquired for the conservation of water or the prevention of flood conditions if the acquisition of such property reduces the amount of property that is taxable within the municipality. The amount of payment is equal to the reduction in the municipality's tax revenues due to the acquisition.

Annual cost of program: Not available.

(2) The state makes payments to localities under the "Project 70" program for property acquired for recreational, conservation, or historical preservation purposes. Payments are equivalent to the taxes payable on the property prior to acquisition by the state, and they continue until the property is put to use as a public facility. When payments under this program cease,

payments in lieu of taxes are to be made as for state forest lands (see #3 below).

Annual cost of program: Not available.

Municipalities must apply for reimbursement under this program. Annual payments were considerable in the late 1960's, when the state acquired a large amount of property for park purposes. Today, few municipalities apply for reimbursement and annual payments are minimal.

(3) Payments are made to localities for (a) all lands acquired by the state or by the federal government for forest reserves or for the purpose of preserving the original forests of the state and maintaining them as public places and parks, (b) all property acquired for the purpose of conservation of water or the prevention of flood conditions, and (c) all property owned by the Game Commission. The payments are made at the following rates: 20 cents per acre to counties, 20 cents per acre to school districts, and 20 cents per acre to townships. In the case of school districts and townships, state payments for land acquired by the federal government for forest reserves are to cease when the revenue received by these jurisdictions from federal moneys from national forest reserves equals or exceeds the amount paid by the state in lieu of taxes. In the case of counties, state payments for such land are to be reduced to 2-1/2 cents per acre when the county's revenue from federal moneys from national forest reserves equals or exceeds the amount paid by the state in lieu of taxes.

Annual cost of program (1989 payment): \$ 1,980,000.

There are proposals being considered by the state legislature to increase the payment per acre, with a larger payment going to school districts (e.g. 30 cents per acre to counties, 40 cents per acre to school districts, and 30 cents per acre to townships).

RHODE ISLAND

Payments are made to localities for hospitals and correctional facilities owned and operated by the state. The amount of payment is the lesser of (a) 25% of the taxes that would be payable if the property were not exempt or (b) the amount appropriated by the legislature, with this amount proportionally distributed among the localities.

Annual cost of program (1989 payment): \$ 500,000.

The 1989 payment was equal to the amount appropriated. If the payment had been based on 25% of taxes payable, the payment would have been \$1,400,000.

SOUTH CAROLINA

The state Public Service Authority has three PILOT programs.

(1) Payments are made for property acquired by the authority for hydroelectric projects such as the Santee-Cooper Hydroelectric and Navigation Project. These payments are made to counties, cities, towns, and school districts and are equivalent to the taxes paid on the property at the time of its acquisition by the authority.

Annual cost of program (1988-89 payment): \$ 108,025.

(2) The authority makes additional payments in lieu of taxes to certain counties and school districts within these counties for lands acquired prior to 1950 for reservoirs, lakes, canals, structures, and adjoining properties of the Santee-Cooper project. Payments are equal to the amount paid in lieu of taxes on the lands in 1964. The eligible counties are: Orangeburg, Calhoun, Sumter, Clarendon, Berkeley, Horry, and Georgetown. All of each payment must be used for the support the public schools in the county.

Annual cost of program (1988-89 payment): \$ 32,744.

(3) Additional payments in lieu of taxes are made as follows:

(a) To any county in which the authority holds title to lands developed for commercial or residential purposes: a sum equal to 10% of the annual rents received from the lease of such property.

(b) To the counties in which the authority owns or leases and operates electric generating facilities: a sum equal to 15% of the amount paid in the fiscal year into the general fund of the state. This sum is allocated to the counties in proportion to the generating capacity of each county.

(c) To the counties of Berkeley, Horry, and Georgetown: a sum equal to 10% of the amount paid during the fiscal year into the general fund of the state. This sum is allocated to the counties in proportion to the kilowatt-hour sales made in each county, excluding sales for resale.

Annual cost of program (1988-89 payment):

(a): \$ 65,418 (b): \$ 518,015 (c): \$ 777,022

Total: \$ 1,360,455

SOUTH DAKOTA

Property owned by the Department of Game, Fish, and Parks is fully taxable. The department now owns about 135,000 acres.

Annual cost of program (tax payment): \$ 400,000.

The state makes payments in lieu of taxes for land and buildings owned by the former state Board of Charities and Corrections. Payments are equivalent to the taxes that would be payable if the property were not exempt. Properties include a mental hospital, institutions for the mentally handicapped, and prisons.

Annual cost of program: \$ 8,900.

TENNESSEE

No program.

TEXAS

No program.

UTAH

The state currently has two PILOT programs.

(1) Payments are made for property owned by the Wildlife Resources Division. The payments are made to counties, which distribute the funds to local governments, at the rate of 50 cents per acre. The rate of payment has remained constant over the past four years.

Annual cost of program (1989 payment): \$ 122,000.

(2) Legislation enacted this year requires that payments in lieu of taxes be made for all state-owned property. Payments will begin at the rate of 5 or 6 cents per acre and will increase by 10 cents per acre each year until they reach a maximum of 52 cents per acre. When the rate reaches that paid by the Wildlife Resources Division (50 cents per acre), the division will be relieved of the responsibility for making payments (the amount it owes will be included in a general state payment).

Annual cost of program: Estimate not available.

VERMONT

State-owned land, except that acquired for highway right-of-way purposes, is taxable for town purposes:

- (a) If the total value of the land is greater than 10% of the total value of all property in a town, the portion greater than 10% may be taxed at the full rate (currently applies to only a few towns). Highway right-of-way lands must not be included in the calculation of the percentage of state-owned land.
- (b) If formula (a) does not apply and the property is forest or agricultural land held by the Natural Resources Agency, the property is to be taxed at 1% of its use value, which is lower than market value.
- (c) If formula (a) does not apply and the property is held by the Natural Resources Agency and is other than forest or agricultural land, the property is to be taxed at 1% of its market value.

Annual cost of program (tax payment): Not available.

In addition, the state makes payments in lieu of taxes for property in Montpelier, the state capital. The annual payment is negotiated, rather than prescribed by statute, and increases each year.

Annual cost of program (1989-90 payment): \$ 98,000.

VIRGINIA

The state is liable for service charges if the value of its real property is 3% or more of the value of all property in the county, town, or city. For purposes of the service charge, the definition of real property excludes hospitals, educational institutions, public roadways, and property held for the future construction of public highways. A service charge may be levied on faculty and staff housing of state educational institutions and on property owned by the Virginia Port Authority regardless of the proportion of state-owned property located in the county, city, or town.

The service charge is imposed on the assessed value of the state-owned tax-exempt real estate and is based on the amount that the county, city, or town spent, in the year preceding the year in which the service charge is assessed, for the purpose of supplying police protection, fire protection, and refuse collection and disposal. In the case of faculty and staff housing of an educational institution, the cost of public school education is also included. In determining the cost of providing

the above services, any amount received from federal or state grants specifically designated for the provision of such services must be excluded. The service charge rate is determined by dividing the service cost by the assessed fair market value of all real estate located in the county, city, or town imposing the charge, including tax-exempt property except that owned by the federal government.

No charge may be imposed for any service not provided to the property or where a service provided is currently funded by another service charge. The service charge rate may not exceed the real estate tax rate of the county, city, or town imposing the service charge.

Annual cost of program: Not available.

WASHINGTON

No program.

WEST VIRGINIA

No program.

WISCONSIN

There are three PILOT programs for state-owned property.

(1) The Department of Natural Resources makes payments to cities, towns, and villages for state forest lands, state parks, state public shooting, trapping, and fishing grounds, and state game and fish reserves and refuges; the program applies both to lands owned by the state and to lands leased by the state from the federal government. Payments are made at the rate of 80 cents per acre.

Annual cost of program (1989 payment): \$ 718,480.

(2) For lands acquired after June 30, 1969, there is an alternative to the above method for payments for the property described above and for designated natural areas. In this program the Department of Natural Resources makes payments based on the local assessment of the property on January 1 following acquisition by the state. The first payment is equal to the property's assessed value times the county, city or town, village, and school tax rate levied against all property in the municipality. Thereafter, payments are reduced by 10% a year; in the 10th year and every subsequent year, the payment is 10% of

the first year's payment. In no year may the payment be less than 50 cents per acre.

Annual cost of program (1989 payment): \$ 908,049.

(3) The state makes payments for water, sewer, electrical, and all other services directly provided to state facilities by a municipality that are financed by special charges or fees. Payments are made to counties, cities, towns, villages, and metropolitan sewer districts, as appropriate; no payments are made for land held for highway right-of-way purposes. The amount of payment is negotiated with each municipality each year.

Annual cost of program (1989 payment): \$ 12,150,000.

WYOMING

Property owned by the state Game and Fish Commission is not considered to be state property for the purposes of taxation. Therefore, it is fully taxable.

Annual cost of program (tax payment): \$ 130,000.