

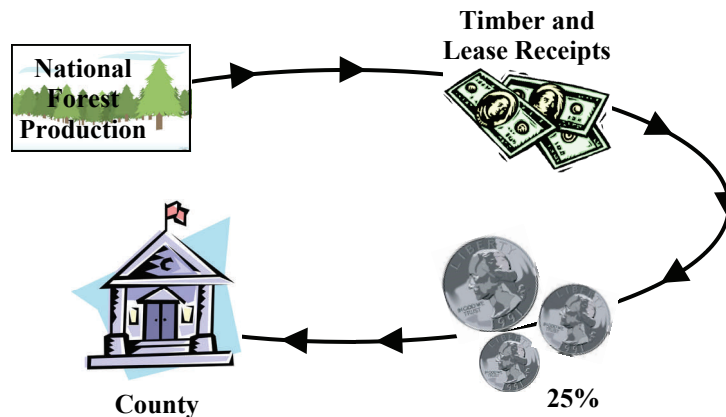


# National Forest Payments

## An overview for Colorado Counties

**Overview:** The Federal program commonly known as National Forest Payments has undergone many changes over the years. Its origins lie in the 1908 act to create federal revenue sharing from leases and timber receipts from National Forests located within counties. Over time, and with the decline in timber production, there have been changes that have altered how each county can have its payments calculated. Along with those calculation changes, other requirements and limitations have been included. This overview is an attempt to help all those involved understand how these calculations, payments, and limitations work for the State of Colorado.

**Old System:** First it is important to understand how the system worked from 1908 until the Secure Rural Schools and Community Self Determination Act of 2000, which is the act that created an alternative method of calculating payments. The original system took the value of federal receipts received from a National Forest within a county (those receipts include timber sales, leases, and other production within the forest). Those receipts were valued quarterly and 25% of their value was sent back to the county. These funds are limited to use for roads and schools within the county.



**Changes in Calculations:** With the passage of the Secure Rural Schools and Community Self Determination Act of 2000, the federal government recognized a reduction in the revenue sharing amounts with counties. Each county now has an option to continue to utilize the 25% payment methodology (which is now based on a 7 year rolling average rather than a single year's receipts), or it can select the SRS (also known as "full payment amount") calculation methodology. As of the 2008 re-authorization of the act, these calculations take the number of acres of National Forest, an average of the three highest years of receipts between 1986-1999, and the Per Capita Personal Income of each county to determine the share of the federal allocation to the program.

## Secure Rural Schools Requirements

When counties select the full payment amount method there are additional requirements aside from roads or schools.

**If counties are entitled to less than \$100K**



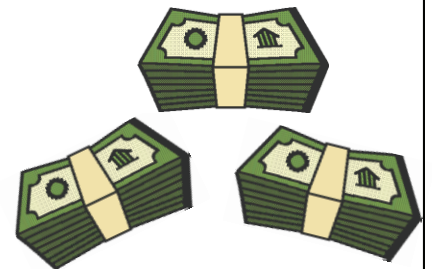
They may allocate 100% to Title I purposes

**If counties are entitled to \$100K to \$350K**



They must allocate at least 15% but not more than 20% to any combination of Title II and Title III Purposes

**If counties are entitled to more than \$350K**



They must allocate at least 15% but not more than 20% to any combination of Title II and Title III Purposes with a max of 7% in Title III

**Title I** funds are for use in roads or schools.

**Title II** funds are withheld at the federal level and accessed for use by the creation of a [Resource Advisory Committee](#)

**Title III** funds are for use after a 45 day period of advertisement and public comment for three purposes: activities under a [Firewise Communities Program](#), development of a [community wildfire protection program](#), or reimbursement for search and rescue and other emergency services provided on Federal land.

## When Counties Receive Payment

In January, counties receive forest payments whether they select the 25% or the “full payment amount” calculation method.

### 25% Payments

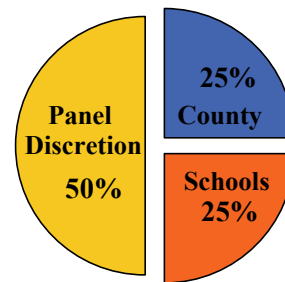
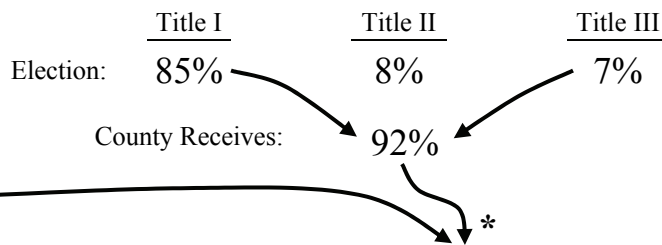
Counties that receive payments according to the 25% method receive a lump sum amount that must be divided according to Colorado statute for school and road purposes.

County Receives: 100%

\* The calculation of percentages for the statutory distribution includes the Title III portion of funding. It is up to each county, school, and panel to decide from which share the Title III requirements are withheld.

### Secure Rural Schools Payments

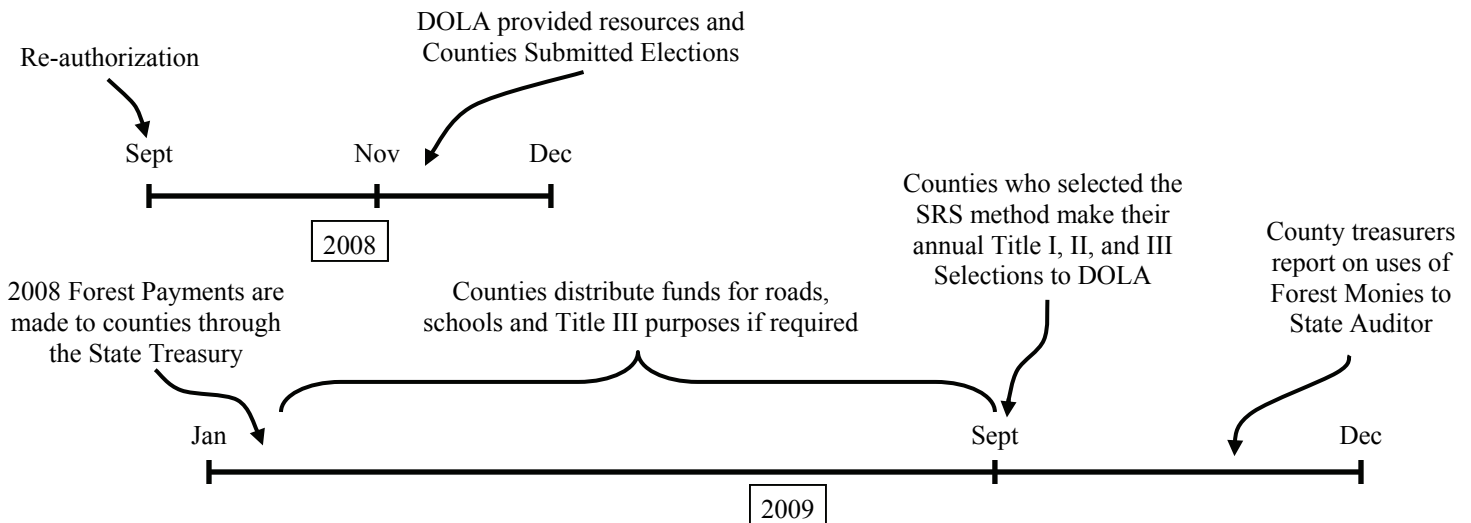
Counties that receive payments according to the full payment method receive payment and need to calculate the portion they must set aside for Title III purposes. The amount actually received by each county includes the Title I and Title III elected amounts (Title II is withheld at the federal level). When payment is provided to counties, they need to remember their election for Title III and determine the amount required to be withheld.



Statutory Distribution of Forest Revenues  
\*See National Forest Payment State Distribution FAQ

## Forest Payment Timeline

In late September 2008, the Secure Rural Schools and Community Self Determination Act was re-authorized.



This timeline shows the years from the re-authorization forward. Each year of the federal reauthorization (through 2011) follows the same timeline as the 2009 year, with payments occurring early, use of the funds occurring through the year, and elections of the next year’s payment options and reporting of uses happening around the last quarter of the year.