

Senator Ron Wyden, D-Ore., Statement for the Record on Section 605 of the American Rescue Plan

Mr. WYDEN: Madam President, Section 605 of the State and Local section of the American Rescue Plan requires further explanation on its intent. Below is the salient language of Section 605, Local Assistance and Tribal Consistency Fund:

“(b) Authority to Make Payments.—

“(1) Payments to eligible revenue sharing counties.—For each of fiscal years 2022 and 2023, the Secretary shall reserve \$750,000,000 of the total amount appropriated under subsection (a) to allocate and pay to each eligible revenue sharing county in amounts that are determined by the Secretary taking 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.

...

“(1) Eligible revenue sharing county.—The term ‘eligible revenue sharing county’ means—

“(A) a county, parish, or borough—

“(i) that is independent of any other unit of local government; and

“(ii) that, as determined by the Secretary, is the principal provider of government services for the area within its jurisdiction; and

“(iii) for which, as determined by the Secretary, there is a negative revenue impact due to implementation of a Federal program or changes to such program; and

“(B) the District of Columbia, the Commonwealth of Puerto Rico, Guam, and the United States Virgin Islands. ...”

Folks may wonder: “What are the revenue sharing counties?”; “Why Treasury?”; and “How is my new program different from existing county support programs?”

Let me explain my thinking in putting this language together.

In every state, but especially the West, there are counties with tracts of federal lands that have unique impacts on the local economy. These counties are referred to in Section 605 as “revenue sharing counties” -- counties that have a direct fiscal relationship with public lands and public resources. 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. This relationship between the counties and those lands and extractive industries usually means they are boom-and-bust counties -- falling 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.

I, and many of my colleagues, have worked for years on programs attempting to stabilize those local economies -- primarily through 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.

So, why implement a new and separate program assigned to the Secretary of Treasury? Treasury is the agency with the best and most complete knowledge of the economic workings of our nation. Therefore, it is right up its alley to “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.” In addition, my 20 years of experience in this arena, combined with what I’ve heard from Oregonians in rural counties, adds up to the conclusion that it is time to try something new to stabilize the local economies of these revenue-sharing counties.

I am not expecting Treasury to do this work on its own. I will work with the Department, as will my colleague and long-time partner on this issue, Senator Crapo. I also fully expect Treasury to 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. These entities will help Treasury stand up this new program at Treasury because they provide historic context to the entirely new program in its analysis of the needs of the counties, for the first time taking into account economic conditions on the ground. The new program will include \$1.5 billion for eligible counties and \$500 million for Tribes over the next two years.

So, now that I have covered the questions of “What are the revenue sharing counties?”; “Why Treasury?”; and “How is my new program different?”; I want to provide an answer to “What has happened in the revenue sharing county to warrant a payment?”

Revenue sharing counties have suffered economic loss due to the implementation of, or changes in, a federal program. For example, necessary environmental and wildlife protection laws have reduced the revenue sharing payments to counties that host U.S. Forest Service lands and timberlands managed by the Bureau of Land Management.

Over the last half century, revenue sharing counties have seen their budgets fluctuate wildly based on inconsistent revenue sharing payments caused, in part, by the boom and bust nature of resource extraction industries. Additionally, current federal county payments laws meant to stabilize this cycle, such as PILT and SRS, are often inconsistently funded and leave counties on an economic roller coaster each year waiting for inconsistent reauthorizations.

The purpose of my 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.

Let me touch on a couple of the other key provisions in the section. 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.

And lastly, let me talk about the \$500,000,000 in this section destined for the Tribes. The section reads:

“(2) Payments to 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.

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“(2) Eligible tribal government.—The term ‘eligible Tribal government’ means the recognized governing body of an eligible Tribe.

“(3) Eligible tribe.—The term ‘eligible Tribe’ means any Indian or Alaska Native tribe, band, nation, pueblo, village, community, component band, or component reservation, individually identified (including parenthetically) in the list published most recently as of the date of enactment of this section pursuant to section 104 of the Federally Recognized Indian Tribe List Act of 1994 (25 U.S.C. 5131).”

This section of the bill would establish 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.

Madam President, I am thrilled to be on the new path of providing stabilized aid to these counties. I look forward to working with my colleagues in standing up this program.