

Economic Relationships From A County Government's Perspective

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I became a county commissioner about five years ago and it's quite a learning curve to get up to speed on different issues. I always thought of the Thunder Basin Grasslands as something east of me and a little south of me, and I didn't have a lot of knowledge about the Thunder Basin Grasslands or the impact the grasslands had to the county revenues.

The money that is generated from the grasslands is huge to Campbell County. I'm primarily going to talk about what it means to Campbell County, and I know it affects a lot of other counties also and in different ways.

Economically we of course are a large agricultural base and a huge mineral base; we have service companies that service all of those sectors from manufacturing to a number of things. One of our concerns very early, and I don't want to get political, was in the proposed alternatives for the Thunder Basin Grasslands. There were some of them that we knew would affect our tax base dramatically. So we became involved rather late, I don't think any of the Campbell County Commissioners realized the [scope of the] process that was going on. We had received the books; our administrator had received all the different proposals for the Environmental Impact Study and the plan for the Thunder Basin Grasslands and he put it in a box behind the door to hold it. We of course didn't know what was going on until some of our constituents, particularly our grazing constituents in the Weston area, called us and asked "Do you realize what's going on in the Thunder Basin Grasslands and some of the alternative

plans?” So we became involved. We had a lot of questions so we asked the Forest Service to come up to Gillette and we had a meeting at the Complex. The people out of Douglas and Chadron were very helpful in bringing us up to speed on some of the effects that possibly were going to happen in the new plan. Some of the things were given us that we could see probably we weren’t going to be able to change. Some of them were things we knew would affect Campbell County from the standpoint of maybe road-less areas, wilderness areas, stipulation put on access to known oil and gas and coal reserves and that was what our concerns were. Because when you affect the surface by access it means a lot to Campbell County and our tax base, because we are pretty much a mineral oriented county.

Some of the revenues we receive from the Thunder Basin Grasslands are due to the Bankhead Jones Act of 1937. This is revenue sharing that comes directly back to the counties. It’s 25% of the net from grazing leases, oil and gas revenue, and minerals management. What I did was go back through the five years since I’ve been commissioner and look through the budget to see how the revenues tracked. Of course, they varied some with volumes and with pricing of commodities. In 1996, Campbell County received \$92,434. In 1997, we received \$102,116. In 1998, we received \$80,042 (you can probably remember in that time frame there was a dip in oil and gas prices). In 1999, it was \$141,002, and in year 2000, it was \$144,196. Counties receive those Bankhead – Jones payments in March of the following year. We generally think of them as “Acquired”, and then there is what we call “public domain”. The public domain receipts that flow into the state are 50% of the gross value. So the state receives a lot of

money from the coal because all of the federal coal leases are under “public domain”.

That’s a huge number.

Counties also receive PILT payments. In Campbell County I think we have 145,804 surface acres in the Thunder Basin Grasslands. The PILT payment is “payment in lieu of taxes”. I’ll give you those numbers that I have been able to pick out of our budget since 1996. In 1996, we received \$220,195. In 1997, we received \$234,286, and in 1998, \$243,505. In 1999, we received \$243,224 and in year 2000, \$266,528. Now Congress agreed to increase PILT payments, but they didn’t agree to fund it. So if you look at these numbers you can pretty much see that they have stayed the same. They haven’t increased a whole lot. There is talk, right now of the PILT payments being increased. I’ve heard numbers as high as \$20 million, which would greatly help our coffers, because we’re dealing with dollars that don’t have the same buying power they did ten years ago. It is certainly important that our congressional people recognize that and increase these PILT payments because they are dollars that we need to help run our schools and local government. Also we did receive (a I didn’t find out where this came from) \$55,000 interest in PILT payments over these years and it varied. The high side was about \$17,000 and the low side was about \$1,500 or \$1,600. I’m not sure exactly where that comes from and I apologize for not having that answer.

Counties also receive a benefit from recreation and tourism. Those dollars are a little bit harder for us to track. We recognize that they do flow into our communities. Our service sector businesses certainly receive sales tax back to the state, and we’re certain there are dollars spent in our state. We’ve done several studies in our county, and we do know that dollars spent in our community

generally rotate through at least 2 1/2-4 times. If you look at your sales taxes our county (a little over 5% right now), with our college funds at 5-1/4, I believe, so you could take that times whatever number you want to use, if it was 3 times it would be 15 cents on every dollar in sales taxes collected. And, of course, we share those sales taxes and the 1% optional tax comes directly back to the counties.

Our assessor recently visited one of the coalmines (and of course, they like to see our assessor show up). He was told at one of the mines on Thunder Basin Grasslands that they expect to produce approximately 60 million tons this year. They have about 18 trains going out of there and hope to increase that to 24 a day. If you used \$6.00 per ton, that's \$360 million. A large portion of that is spent right back in our community within the service companies (jobs, payroll, etc.) A lot of the mines now have service companies that do their service work on equipment at the mines and they also have sales now in Campbell County for a lot of the equipment they use. So part of those dollars that used to be spent out of our county for equipment are staying in our community. If you take that scenario of rolling those dollars over, there is certainly a lot of sales tax generated from this \$360 million. There's a lot of that money that stays in our community or within the state. So that's very, very important and when we look at the Thunder Basin Grasslands plan, we become very concerned. If we have land that is encumbered with stipulations that make it uneconomical for coal companies or the oil and gas industry to operate, that affects the bottom line, our economic development as far as jobs, and our tax base.