



THE SECRETARY OF THE INTERIOR  
WASHINGTON

**MAR 06 2013**

Dear County Commissioner:

Due to the failure of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President issued a sequestration order canceling approximately \$85 billion in budgetary resources across the Federal Government for the remainder of the Federal fiscal year. As a partner of the Department of the Interior (DOI), I wanted to provide you with timely and clear information about how these unfortunate budget cuts will impact payments made in June for the Payment in Lieu of Taxes (PILT) program.

Based on the President's report to Congress, there will be a 5.1 percent reduction in the PILT program, reducing 2013 payments to counties by this amount. In 2012, the total payments to over 1,850 counties were \$393 million. I cannot tell you at this time the amount of your county's payments because the formula, which is set by law, considers acreage, population, prior year revenue payments, and incorporates an inflationary adjustment. We will be calculating the amounts in preparation for the June payment. However, we do know that as a result of the sequester the amount we would have paid you based on the formula will be reduced by 5.1 percent, a total of \$20 million for the entire program. This is about 2.3 percent or \$9 million below the 2012 program level.

I am keenly aware of DOI's responsibility to local governments to ensure timely issuance of these payments. We plan to issue payments as usual in June 2013. States and counties rely on PILT funding to maintain critical services and our efforts to meet this responsibility continue to be of paramount importance. If sequestration is subsequently corrected, we would issue payments to counties with the balance of the PILT payments due to local governments.

We will also continue to keep you informed as additional information becomes available. Thank you for your continued efforts to provide services to the areas surrounding our Nation's Federal lands.

Sincerely,

Ken Salazar