

**Section by Section
Forest Management for Rural Stability Act
December 2018**

Section 1—Short Title

The Forest Management for Rural Stability Act.

Section 2—Establishment of the Forest and Refuge County Foundation and Natural Resources Permanent Fund.

300201 includes relevant definitions.

300202 charters a new nonprofit corporation (Corporation) to manage the natural resources permanent fund (Fund) and make payments to counties. The Corporation is chartered to remain independent from the U.S. Government and the annual appropriations process to ensure the Fund and Fund management best serve only the interests of the beneficiary county governments.

300203 defines the Corporation’s status as a non-federal, nonprofit corporation. Just as the Fund charter separates the Fund Corporation from the US Government, the United States Government is not liable for the actions or inactions of the Corporation.

300204 vests the powers of the Corporation in a Board of Directors (Board). This section details the qualifications, appointment process, terms, and board leadership. The Board will have 11 members total, three nominated by the Forest Service, two by the BLM, and six by the Treasury Department. Three of the board members must be elected county officials, with one representing a Forest Service county, one representing an O&C county, and one representing a wildlife refuge county. One board member must represent rural economic development interests, one board member must represent education interests, and six board members must be experts in fund management.

300205 establishes the duties and responsibilities of the Board, including to adopt and ability to amend the bylaws of the Corporation that define the duties and responsibilities of the Board and the operational procedures of the Corporation. This section also empowers the board to hire a director of fund management, employ professional and administrative staff, and contract for professional services required to manage the Fund.

300207(a) establishes the Natural Resources Permanent Fund (Fund) and defines the revenue sources dedicated to the Fund, including eligible receipts generated on Forest Service Lands, O&C lands, and wildlife refuge plans, as well as other discretionary appropriations and transfers made by Congress.

300207(b) creates three specific accounts within the Fund for eligible receipts directed to the Fund from the Forest Service, U.S. Fish and Wildlife Service, and Bureau of Land Management respectively. Creates a fourth account, which acts as an optional savings and investment account for counties that would like to invest money.

300207(c) allows states and local governments to voluntarily invest in individual accounts within the Fund.

300207(d) establishes requirements the Board must adhere to when it defines the investment policy for the Fund. The investment strategy will seek to achieve at least a 5% return on investment each year, while preserving the real (after inflation) value of the Fund in perpetuity. In practice, this means seeking a rate of return, net of inflation, that is equal to or greater than the amount that will be distributed from the Fund annually. This section also establishes the fiduciary duty of the Board to the beneficiary eligible county governments.

300207(e) establishes distribution policy from each of the accounts within the Fund. Within each account, 4.5% of the ending yearly balance is available for payments to counties.

USE OF FUNDS: 85 percent of the funds available for distribution from the Forest Service and the Bureau of Land Management accounts within the Fund shall be used to make payments to eligible states and counties in accordance with Title I of the Secure Rural Schools and Community Self-Determination Act of 2000 (SRS). This means that 85% of the funds will be used for county roads and schools.

15 percent of the funds will be used for county projects in accordance with Title III. Additionally, the legislation amends SRS to expand the authorized uses of Title III to include virtually all county economic development needs, including the ability to fund projects on federal lands that create jobs and merchantable timber products.

CALCULATION AND DISTRIBUTION OF FUNDS: This section establishes how payments from the fund are calculated. The Corporation will make payments directly to states (for further distribution to eligible jurisdictions) and counties using these authorizations. Payments can be used for any purpose authorized by Title I and Title III of SRS.

100% of the available amounts in the US Fish and Wildlife Service account within the Fund shall be used to make payments to eligible counties in accordance with the Refuge Revenue Sharing Act. The U.S. Fish and Wildlife Service will calculate authorized payments based on the total amount available for distribution and the Refuge Revenue Sharing Act formula. The Corporation will make payments directly to eligible jurisdictions using these authorizations. Payments can be used for any purpose authorized by the Refuge Revenue Sharing Act.

MINIMUM PAYMENT: This section establishes a minimum payment amount equal to SRS and Refuge Revenue Sharing Act payments made for FY 2017. If, in the unlikely event, the amounts available for distribution from the Fund are insufficient to meet the minimum payment amount, the balance is paid from Treasury.

MAXIMUM PAYMENT: This section establishes a cap (maximum payment) on total distributions to eligible jurisdictions for Forest Service and O&C counties. The maximum payment is equal to the total highest year SRS payments (as adjusted for inflation), which for Forest Service counties is FY2008 and FY2006 for O&C counties.

EFFECT OF MEETING THE MAXIMUM PAYMENT: This section states that once the each account is sufficient to make the maximum payment, the applicable receipt payments will return to the counties. At this point, counties receiving funding from the applicable account will receive both a stable payment from the fund, as well as a Forest Service and/or O&C revenue sharing payment.

OPT IN AND OPT OUT: This ensures that all counties are initially opted into distributions from the fund, but ensures that counties have a three-year window to opt out of distributions and instead applicable revenue sharing payments. This also gives counties a 5 year window to opt back into the fund.

Finally, this section provides for reasonable administrative and fund management expenses of the Corporation to be paid from the Fund.

300207(f) through **300207(h)** establish reporting, auditing, and oversight responsibilities respectively for the Corporation.

300207(i) and 300207(j) provide for additional Congressional appropriations and transfers, respectively, to be deposited in the Fund. This also requires the Forest Service and BLM to produce detailed reports on forest management activities on a county-by-county basis

Section 3—Transfer of Amounts to the Fund

Section 3 suspends payments from several permanently authorized revenue sharing programs and permanently transfers them to the appropriate account within the Fund for continue distribution through the Fund. These revenue sharing payments currently are sent directly to counties or are used to pay the first portion of payments appropriated under the SRS Act and the Refuge Revenue Sharing Act. The suspended and transferred payments include:

- payments authorized for the Forest Service in the Act of May 23, 1908 (35 Stat. 260, chapter 192; 16 U.S.C. 500) and section 13 of the Act of March 1, 1911 (commonly known as the “Weeks Law”) (36 Stat. 963, chapter 186; 16 U.S.C. 500) are transferred to the Forest Service Account within the Fund; and

- payments under title II of the Act of August 28, 1937 (50 Stat. 875, chapter 876; 43 U.S.C. 2605) are transferred to the Forest Service Account within the Fund; and
- payments authorized under the first section of the Act of May 24, 1939 (53 Stat. 753, chapter 144; 43 U.S.C. 2621 et seq.) (commonly known as the “BLM O&C 50% Revenue Sharing payments”) are transferred to the Bureau of Land Management Account within the Fund; and
- payments authorized under section 401(c)(2) of the Act of June 15, 1935 (commonly known as the “Refuge Revenue Sharing Act”) (49 Stat. 383, chapter 261; 16 U.S.C. 715s(c)(2)), are transferred to the U.S. Fish and Wildlife Service Account within the Fund.

However, counties that have opted out of the fund will continue to receive these payments.

Section 4—Amendments to the Secure Rural Schools and Community Self-Determination Act of 2000.

This section amends the SRS Act to authorize the continued use of the Secure Rural Schools Formula and to repeal Title II without repealing the authority to continue using Forest Service Resource Advisory Committees. This section also requires Treasury to make emergency payments to counties in the unlikely event the amount of available money in the Fund is insufficient to accommodate the minimum Secure Rural Schools payment amount.

Additionally, this section expands the authorized uses of Title III to allow counties to use funds for job training or job creation activities, projects approved by RACs or a forest collaborative, natural resource conservation projects, forest health treatments, economic development activities, transportation infrastructure projects on county road systems that serve Federal land; or to plan, develop, or carry out projects on Federal land that are consistent with applicable Federal laws (including regulations) and forest plans and that create private sector jobs, generate county revenue, or provide merchantable forest products, including funding Master Stewardship Agreements.

Section 5—Funding For Refuge Revenue Sharing Act.

This section allows Treasury to make emergency payments to counties in the unlikely event the amount of available money in the Fund is insufficient to accommodate the minimum Refuge Revenue Sharing payment amount.