

COMMITTEE: AGRICULTURE AND ENERGY

POLICY: RURAL POLICY

TYPE: CONSENT

A State-Federal Partnership

NCSL believes a vibrant state-federal partnership to strengthen rural America is essential. Therefore, NCSL encourages Congress and the Administration to support programs that:

- Build community capacity by strengthening state and regional programs to enhance the economic competitiveness and social viability of small-town and rural America.
- Leverage technology to overcome the obstacles to economic growth resulting from physical isolation of rural areas.
- Improve infrastructure by strengthening federal programs that support physical development, protect the environment and diversify rural economies.
- Provide job opportunities in small-town and rural America by increasing federal investment in revolving loan funds for small business development, making Small Business Administration loan programs and Economic Development Administration grants more accessible for rural businesses, and expanding programs that encourage the export of agricultural and other rural products.
- Improve rural living conditions by increasing residents' job skills, improving existing housing, encouraging homeownership, protecting the environment,

providing human services programs for all ages, and assuring adequate health care for all rural citizens.

- Assist communities in transition by providing federal technical assistance and financial aid to regions impacted by federal government policies that produce sudden and severe economic dislocation, base closures, natural disasters, emergencies, long term economic and population decline, and inordinate or unanticipated growth.
- Support coordination of programs by encouraging collaboration among all federal, state, and local service providers.

NCSL believes these goals are best accomplished in the context of an integrated regional framework encouraging innovation and collaboration across economic sectors, political boundaries and program lines. A regional approach recognizes the importance of regions in global competitiveness and of leadership within regions. Federal investments should build on existing regional assets and take into account the diverse economic, demographic, geographic, and cultural realities of different regions.

Principles for Rural Policy

In promoting these goals, Congress and the Administration should recognize the following values as fundamental to achieving success:

Balanced and Sustainable Growth: National policies should recognize and respect the special needs of rural, urban and suburban regions. As such, Federal programs must continue to encourage development in areas of the country that have experienced persistent poverty.

Use of Existing Programs and Institutions: Strengthening and reforming existing programs should take priority over the creation of new ones. NCSL supports the concept of the National Rural Development Partnership, Initiative on Rural America, and other efforts to achieve better coordination and collaboration among federal agencies. NCSL supports efforts to consolidate federal rural development and credit programs and provide states with greater flexibility in program administration. NCSL supports changes to the non-entitlement Community Development Block Grant (CDBG) program to permit broader discretion in the use of CDBG funds.

Strategic Planning: Priority should be given to federal programs, that help build capacity in small-town and rural America by bringing together federal, state, local and private resources for economic development.

Infrastructure Development: Modern infrastructure investments are essential for rural communities to overcome geographic barriers and to spur economic growth in small towns and rural America.

Job Creation and Small Business Assistance: Agriculture and natural resource industries such as mining and forestry must be sustained as essential components of strong rural economies. At the same time, a diversified economic base is the key to the prosperity of small-town and rural America. NCSL believes that locally controlled revolving loan funds have proven over time to be effective ways to bridge the gap between the need and availability of credit for rural entrepreneurs.

Rural, Urban, Suburban Collaboration: NCSL endorses federal support of convenings and initiatives that promote understanding and collaboration between rural, urban, and suburban policymakers and their communities.

National Awareness: NCSL supports the creation of a White House level policy group, which would allow stakeholders to give their input, that coordinates approaches to rural issues across federal departmental lines.

The Federal Role in Rural Economic Development

All levels of government must join together immediately in a comprehensive national effort to stem the tide of decline in rural communities. This objective can be accomplished by continued federal efforts to revitalize the agricultural, mining and forestry industries and by new initiatives to diversify the economies of these rural communities. In seeking to achieve economic diversification, special focus must be placed upon the search for an effective strategy incorporating economic development, market diversification, venture capital, workforce development training, intercity transportation, education, health and housing facilities, technical assistance and infrastructure components, at a minimum.

Maximum flexibility should be given to enable state government officials to maximize program resources by tailoring them to the needs of individual areas and directing them to the areas of highest priority. Whenever possible, federal agency service delivery points should be consolidated to facilitate easy utilization by rural residents.

Furthermore, a critical review of new and existing federal programs must be conducted to determine if statutory or regulatory requirements are placing an unnecessary or costly

compliance burden upon rural communities or are contributing to the decline in the quality of life in rural areas. Unjustified, unreimbursed mandates or program requirements should be promptly eliminated.

The Extension Service and agricultural experiment stations are important components in the effort to restore economic vitality to rural America. The National Conference of State Legislatures, therefore, urges Congress and the Administration to support adequate funding for these vital organizations.

State legislators must be full and equal partners in all program development and implementation activities. Furthermore, the sanctity of state programs must be maintained; the federal government must work with the states and local governments to ensure that its investment decisions support state and local development priorities.

To facilitate the development of an effective rural economic development and diversification strategy, the National Conference of State Legislatures calls upon the federal government to join in the creation of:

An agreement on roles and relationships among state and federal agencies and other participants;

- A mechanism for identifying opportunities for joint investments targeted to rural development concerns and priorities;
- A forum for dealing with interagency and intergovernmental obstacles to timely use of resources;

- A vehicle for conducting assessments of rural conditions and progress toward accomplishment of rural development goals; and
- A vehicle for conducting assessments of the impact of federal farm policy on rural communities.

Rural Investment Programs

NCSL believes that locally driven approaches for rural investment that incorporate the participation of elected officials, businesses and non-profits, and include regional economic development strategies tailored to local needs and opportunities will best allow rural citizens to chart the future of their communities.

Rural Development Block Grants

NCSL supports efforts to consolidate federal rural development and credit programs and provide states with greater flexibility in program administration.

NCSL is committed to working with the federal government to develop carefully crafted programs and policies that promote and fund rural development while protecting rural America's uniqueness.

Payments in Lieu of Taxes (PILT)

The National Conference of State Legislatures recognizes the shared responsibility of states, counties and the federal government for the management of public lands. The PILT program gives counties a small payment per acre of federally managed land, which only partially offsets county costs of supporting federally managed lands in the county. In many cases, payments are inadequate to support the growth of recreation,

travel and tourism on federally managed lands. Inadequate payments have strained some county budgets and undermined the intergovernmental partnership between counties, states and the federal government.

The NCSL supports federal efforts to:

- reform the PILT program to create a more predictable, fair and flexible system that accurately reflects the fiscal effects of federally managed lands on state and local governments;
- provide full funding for the PILT program; and
- provide a more flexible payment system.

NCSL supports authorization for the transfer of land of equivalent value from the federal government to states or counties in lieu of monetary payment, consistent with state statutes and practice. Clearly, such payments would only be appropriate in cases where the federal government, states and counties have been in close consultation and are in agreement on the terms of transfer.