

Why GAO Did This Study

The Atomic Energy Act, as amended, authorizes DOE to make PILT payments to communities that host DOE sites that meet specific criteria. PILT is discretionary financial assistance that provides payments to communities based on the property taxes they would have received had the property remained on their tax rolls.

House Report 115-230 accompanying a bill for the Energy and Water Development and Related Agencies Appropriations Act of 2018 included a provision for GAO to review DOE PILT. This report assesses (1) how PILT payments vary, if at all, by site and over time, and (2) reasons for variations in payments and the extent to which DOE is providing assurance that payments meet PILT goals.

GAO analyzed data on DOE payments to communities that DOE reported as having received PILT payments between 2008 and 2017. GAO compared 2017 data across sites and identified changes in payments to those communities between 1994 and 2017. GAO reviewed PILT's authorizing statute, DOE's PILT order, and PILT documentation. GAO interviewed officials from DOE, communities, and community organizations.

What GAO Recommends

GAO is making three recommendations that DOE update its PILT order to: improve collection and documentation of key determinants of PILT payments, implement a review process, and clarify how communities should calculate payment requests. DOE neither agreed nor disagreed and plans instead to further study PILT. We believe our report supports implementation of these recommendations.

View [GAO-20-122](#). For more information, contact David Trimble at (202)512-3841 or TrimbleD@gao.gov

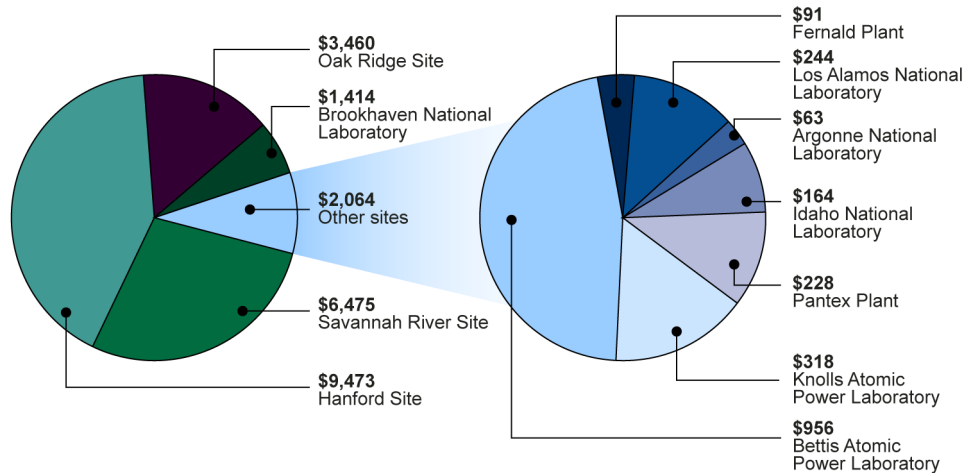
PAYMENTS IN LIEU OF TAXES

Revisions to DOE Order Could Provide Better Assurance That Payments Meet Goals

What GAO Found

The Department of Energy's (DOE) payments in lieu of taxes (PILT)—payments made to some local communities that host DOE sites—vary considerably across the sites and have generally increased over time. Communities at 11 DOE sites received PILT payments in fiscal year 2017 (the most recent fiscal year for which complete data were available), totaling approximately \$23 million (see figure). Payments to communities at the Hanford and Savannah River sites accounted for approximately 70 percent of that total, while payments to six sites combined accounted for less than 5 percent. Total PILT payments have more than doubled since 1994, primarily because of growth in payments to communities at the Hanford and Savannah River sites and because communities at other sites began receiving payments since 1994.

Payments in Lieu of Taxes Grouped by Department of Energy Site in Fiscal Year 2017 (Dollars in Thousands)



Source: GAO analysis of Department of Energy data. | GAO-20-122

DOE intentionally allows for variations of payments across sites so that payments may reflect the revenues communities would have received had the property remained on the tax rolls in the condition in which it was acquired, which DOE officials stated is a goal of PILT. However, DOE's PILT order's lack of requirements has limited DOE's ability to provide adequate assurance that payments consistently meet this and other PILT goals. The PILT order does not require documentation of the key determinants that went into the calculation of payments, or an independent review process to determine whether payment calculations are consistent with PILT goals. The PILT order also lacks specificity about payment determinations in certain scenarios. Without updates to the PILT order to strengthen DOE's internal controls, DOE will continue to lack adequate assurance that payments meet PILT goals.