



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

OFFICE OF GENERAL COUNSEL

B-193233

OCT 24 1978

Mr. Robert O. Townsend, Chairman
Board of Supervisors
County of San Bernardino
175 West Fifth Street
San Bernardino, California 92415

Dear Mr. Townsend:

This is in reply to your letter of October 10, 1978, concerning the proper interpretation of section 2(a)(1) of the Payments in Lieu of Taxes Act of 1976.

On October 16, 1978, we issued a decision on the questions raised by the Department of the Interior regarding section 2(a)(1), in which we held that payments made by States directly to school districts, from revenues received pursuant to the statutes listed in section 4 of the Act, should not be deducted from entitlements due units of local government. We also held that payments made by States to units of local government that are required by State law to pass these payments through to school districts, should be deducted from section 2(a)(1) payments to local governments only where the local units are responsible for providing school services from local tax revenues. A copy of our October 16 decision, B-167553, is enclosed.

Thank you for your interest in the work of this Office.

Sincerely yours,

Mrs. Rollee Efros
Assistant General Counsel

Enclosure