



## Department of the Interior Office of Inspector General

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*Photos courtesy of U. S. Fish and Wildlife Service website*

## **Payments to Counties to Acquire Waterfowl Production Areas in Minnesota and Wisconsin U.S. Fish and Wildlife Service**

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**Report No. W-IN-MOA-0119-2003  
September 2005**



# United States Department of the Interior

## Office of Inspector General

Washington, D.C. 20240

September 29, 2005

### Memorandum

To: Matthew J. Hogan  
Acting Director, U.S. Fish and Wildlife Service

From: Earl E. Devaney  
Inspector General

Subject: Final Report *Payments to Counties to Acquire Waterfowl Production Areas in Minnesota and Wisconsin, U.S. Fish and Wildlife Service*,  
Report No. W-IN-MOA-0119-2003

This report calls your attention to an issue related to real property acquisitions noted during our review of selected Department of the Interior land transactions conducted with the assistance of non-federal partners. In responding to our requests for information, the U.S. Fish and Wildlife Service (FWS) identified four transactions, where payment for property purchased in waterfowl production areas (WPAs) exceeded fair market value by a total of more than \$42,000. In these transactions, the amount in excess of fair market value was paid to the county where the property was located at the close of escrow. We contacted the responsible realty official in the Great Lakes-Big Rivers Regional Office in Fort Snelling, Minnesota, to obtain an explanation for the payments and supporting documentation for the policy behind the payments.

We learned that payments to counties are in addition to payments received under the Refuge Revenue Sharing Act of 1935. The Act allows FWS to make annual revenue-sharing payments to counties for lands, such as fish and wildlife refuges, fish hatcheries, and WPAs, based on the concept that local governments, in which FWS fee and withdrawn lands are located, should be compensated for property tax revenue losses. Because county and township revenue-sharing payments in Minnesota and Wisconsin dropped off in the early 1990s, the Regional Office initiated a policy to pay counties up to 10 percent of fair market value as a way to assuage local government concern over lost property tax revenues.

The official told us that this policy was established under Regional Director authority to pay up to 110 percent of fair market value for WPA tracts of land (FWS Realty *Manual*, Part 342 FW 3, Paragraph 3.8E). The regional policy was promulgated in a memorandum issued by the Regional Director on October 26, 1992, which stated:

Therefore, we have made the decision to proceed with a “County Trust” (Trust) that will be established by each seller for each WPA tract that we acquire in Minnesota in the future.<sup>1</sup> These payments will be made under the authority to exceed appraised value that has been delegated to Regional Directors for fee tracts acquired under the Small Wetlands Acquisition Program.

We have concerns about the authority of the Regional Director to establish such a policy. The cited *Realty Manual* section describes the conditions and circumstances under which **landowners** may be paid more than appraised value as compensation for their property. In the transactions we noted, however, the payments in excess of appraised value were not made to compensate **landowners**, but rather to compensate local governments, which already receive compensation as determined by Congress under the Refuge Revenue Sharing Act. We therefore suggest that you direct the Fort Snelling Office to discontinue paying up to 10 percent of fair market value to local governments when WPA land tracts are acquired, unless a legal basis can be provided for the policy.

The legislation, as amended, creating the Office of Inspector General requires semiannual reporting to Congress on all reports issued. Accordingly, this report will be included in our next semiannual report. Although a written response to this report is not required, we would appreciate being advised of your action in this matter.

We appreciate the cooperation shown by FWS during our review. If you have any questions regarding this report, please call me at (202) 208-5745.

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<sup>1</sup> The trust fund payment procedure was expanded to include acquisitions in the State of Wisconsin in March 1996.

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