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FISCAL NOTE

Revision Date: _____ Dept. Affected: Community & Regional Affairs
 Title: An Act relating to payments in lieu of BRU: none
taxes for cities in the unorganized... Component none
 Sponsor: Sen. Lincoln
 Requestor: Senate CRA Committee COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0

REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program: Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current (FY97) impact \$ none

ANALYSIS: (Attach a separate page if necessary)
 This legislation provides for an administrative mechanism to distribute certain federal funds under the federal Payment In Lieu of Taxes (PILT) Program to cities located in Alaska's unorganized borough. We envision that the associated administrative duties, responsibilities and costs will be absorbed by the existing revenue sharing administrator position that currently administers the State Revenue Sharing, Municipal Assistance, State Shared Fisheries Business Taxes and federal National Forest Receipts programs.

Prepared by: Remond Henderson, Director *Remond Henderson* Phone: 465-4708
 Division: Division of Administrative Services Date: 1/30/97
 Approved by Commissioner: *Steve D. Wain* Date: 1/30/97
 Agency: Community & Regional Affairs

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MEMORANDUM

State of Alaska
Department of Law

TO: Lamar Cotten, Deputy Commissioner
Department of Community and
Regional Affairs

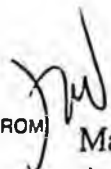
DATE: June 13, 1997

FILE NO.: 663-97-0417

TEL. NO.: 465-3600

SUBJECT: Payment in lieu of taxes;
31 U.S.C. 6901 -- 31 U.S.C. 6902

FROM


Marjorie L. Vandor
Assistant Attorney General
Governmental Affairs - Juneau

You have requested our opinion whether a separate appropriation or substantive law¹ is necessary in order for the Department of Community and Regional Affairs (department) to have authority to disburse to cities in the unorganized borough money received from the federal government under 31 U.S.C. 6901 -- 31 U.S.C. 6902, the payment in lieu of taxes program (PILT).² In short, we do not believe a separate appropriation passed by the Alaska Legislature is necessary, as there is authority under section 8 of CCS HB 75 (state operating budget bill) for the state to receive and expend federal funds. PILT is clearly federal funds. Also, under AS 37.07.080(h), the department, through the governor's office, may receive and expend the PILT funds after submitting the decision to the Legislative Budget and Audit Committee for review. Finally, we believe the appropriation to receive and expend federal funds together with existing law is sufficient authority for the department to disburse the PILT funds and that a substantive bill is unnecessary.

We base our opinion on several grounds. One, the federal law authorizing the state to disburse the money appropriated under PILT provides the state with the necessary criteria and guidelines for the department to comply with the federal program. For example, 31 U.S.C. 6901 (2)(A)(ii) describes the unit of local government in Alaska that is entitled to a payment from PILT. Then, 31 U.S.C. 6902(a) directs that the State of Alaska "shall" distribute the payments to home rule and general law cities (as such cities are defined by the State, i.e., Title 29 of the Alaska Statutes), located within the boundaries of the unit of general local government for which the payment was received. In this instance, that would be home rule and general law cities located in the unorganized borough. And, the federal law states that the cities may use the money received under the program

¹ HB 86 and SB 62 were introduced in the First Session of the Alaska Legislature, dealing with the federal payment in lieu of taxes program that is the subject of this opinion request, however, neither bill passed the legislature before adjournment.

² PILT was passed as part of the Omnibus Parks and Public Lands Management Act of 1996 (P.L. 104-333, sec. 1033).

Lamar Cotten
Our file: 663-97-0417

June 13, 1997
Page 2

for any governmental purpose. 31 U.S.C. 6902(a)(2). In sum, the federal law provides sufficient directive to the department to effectuate the distribution.³

Another reason we do not believe a substantive law is necessary here is due to the existence of the department's broad powers under AS 44.47.050(a), including, the power to

(14) administer state and, as appropriate, federal programs for revenue sharing, grants, and other forms of financial assistance to community and regional governments; [and]

(16) apply for, receive, and use funds from federal and other sources, public or private, for use in carrying out the powers and duties of the department.

Further, AS 44.47.020 states, "the purpose of the department is to render maximum state assistance to government at the community and regional level." In this instance, the department would be acting as a conduit between the federal government and the cities which are intended to benefit from the money provided by the federal government under PILT. Therefore, it is our opinion that the department's role in distributing PILT money is consistent with the department's broad statutory powers and that the federal law provides the necessary structure and authorization for the department to distribute the PILT funds received under 31 U.S.C. 6901 -- 31 U.S.C. 6902.

We hope this addresses your concerns. Please do not hesitate to call me if you have further questions.

MLV:clh

cc: Annalee McConnell
Director
Office of Management and Budget

✓ Honorable Ivan Ivan
Representative, House of Representatives
State of Alaska

³ The governor may consider signing an Administrative Order to specifically authorize the Department of Community and Regional Affairs to distribute the PILT money in a manner consistent with the federal law and provide for a method of distribution consistent with the department's statutory powers.

MEMORANDUM

STATE OF ALASKA Community and Regional Affairs


To: The Honorable Ivan Ivan
Representative
Alaska House of Representatives

Date: January 30, 1997

File

Thru:

Phone: 465-4733

From: Bill Rolfzen 
Program Administrator
Municipal and Regional Assistance
Division

Subject: PILT

As requested, following is a list of the organized boroughs (including unified home rule municipalities) in Alaska, their respective 1996 federal PILT payments and mill rates. Of the 16 boroughs that receive an annual PILT payment from the federal government, 4 levy no property taxes. You also requested a list of the cities in the unorganized borough that levy property taxes. We have attached a spreadsheet which shows the various taxes and tax rates levied by all Alaska communities.

As we discussed, the amount of money the State of Alaska will receive for distribution to the cities within each federal census area comprising the unorganized borough is not known. We were told by the BLM in Washington D.C. that it most likely will be mid-summer before those payments are calculated. In order to calculate the payments, the BLM must first determine several factors including the amount of eligible federal lands within each census area. Also, for the first time, several cities within the unorganized borough received a direct federal PILT payment from BLM. Those payments were made based upon an opinion from the Regional Solicitor's Office of the Department of the Interior. It is uncertain at this time under what formula those cities will receive future PILT payments given Senator Stevens' recent amendments to the federal PILT law.

The Honorable Ivan Ivan
January 30, 1997
Page Two

Borough	PILT Payment	Mill Rate
Aleutians East Borough	\$141,082	None
Municipality of Anchorage	\$301,342	18.79
Bristol Bay Borough	\$65,984	8.50
Denali Borough	\$94,953	None
Fairbanks North Star Borough	\$264,564	13.49
Haines Borough	\$110,012	4.00
City & Borough of Juneau	\$225,386	12.49
Kenai Peninsula Borough	\$982,280	8.30
Ketchikan Gateway Borough	\$193,727	7.94
Kodiak Island Borough	\$456,929	6.75
Lake & Peninsula Borough	\$91,202	None
Matanuska-Susitna Borough	\$1,011,933	13.00
North Slope Borough	\$324,916	18.52
Northwest Arctic Borough	\$297,769	None
City & Borough of Sitka	\$197,745	6.00
City & Borough of Yakutat	\$29,590	9.00



ALASKA STATE LEGISLATURE

Senate Community & Regional Affairs Committee

State Capitol

Juneau, AK 99801-1182

(907) 465-4989

COMMITTEE PACKET

SB 62, Cities: Payment in lieu of Taxes

1. Sponsor Statement
2. Bill
3. Bill Sectional
4. Fiscal Note Analysis
5. Back-up

MEMORANDUM

STATE OF ALASKA Community and Regional Affairs

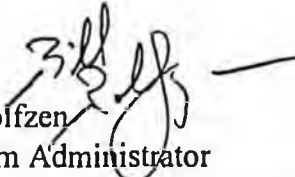
To: The Honorable Georgianna Lincoln
Senator
Alaska State Senate

Date: January 31, 1997

File

Thru:

Phone: 465-4733

From:  Bill Rolfzen
Program Administrator
Municipal and Regional Assistance
Division

Subject: PILT

PAYMENT IN LIEU OF TAXES PROGRAM SUMMARY

The federal Payment in Lieu of Taxes (PILT) Program provides payments to units of local government (typically counties or boroughs) containing certain federally-owned lands, also known as "entitlement lands". The PILT payments are intended to supplement other federal land payments local governments may be receiving. Federal law provides that PILT payments may be used by the local government for any governmental purpose.

The federal PILT formula provides payments to be calculated based upon the number of acres of "entitlement lands" located within the local government. "Entitlement lands" include lands in the National Forest System, National Park System, lands administered by the Bureau of Land Management (BLM), and certain National Wildlife Reserve areas.

The law also provides for a "population ceiling cap" for each local government. A PILT payment cannot exceed this ceiling cap. The payment "ceilings" are based upon a sliding scale (see attached table) starting at \$62 per capita for populations under 5,000 and increasing to a maximum of \$1,237,500 (50,000 X \$24.75).

The Honorable Georgianna Lincoln
January 31, 1997
Page Two

Payment Formulas
(Based Upon Federal Fiscal Year 1995 Criteria)

The federal PILT law incorporates the "entitlement lands" and "population ceiling cap" into a formula consisting of two alternatives. The PILT payment to a local government is the **higher** of Alternative A or B, not to exceed the "payment ceiling cap". The funding formulas are as follows:

Alternative A:

The lesser of the "payment ceiling cap" or ninety-three (93) cents for each acre of "entitlement land" within the boundaries of the unit of local government, reduced by the amount of certain federal land payments (most notably National Forest Receipt payments) that were received by the local government during the preceding fiscal year.

or

Alternative B:

Twelve (12) cents for each acre of "entitlement land" within the unit of local government, with no reductions for other federal land payments that were received.

Again, the maximum amount that a local government can receive under either alternative is their "population ceiling cap". The per acre payments and population ceiling payments will be increased slightly over federal fiscal years 1995 - 1999.

Senator Stevens' Amendments

Historically, only the organized boroughs in Alaska were determined to be "units of local government" for purposes of the PILT program. Senator Stevens' amendments provide that the eleven federal census areas comprising the unorganized borough of Alaska are now to be considered "units of local government" for purposes of this program. His amendments also provide that the State of Alaska shall receive the federal PILT payments for each federal census area (unlike payments to the organized boroughs which are made directly to the borough from the BLM) and "shall distribute such payment to home rule cities and general law cities (as such cities are defined by the State) located within the boundaries of the unit of local government for which the payment was received".

Table 2: Fiscal Year 1995 Population Constraints for
 Payments in Lieu of Taxes (Section 1)

If population is less than or equal to:	Payment shall not exceed the amount computed by multiplying such population by:
5,000	\$62.00
6,000	58.00
7,000	54.50
8,000	51.00
9,000	47.00
10,000	43.50
11,000	42.00
12,000	41.00
13,000	40.00
14,000	38.50
15,000	37.00
16,000	36.50
17,000	36.00
18,000	35.50
19,000	34.50
20,000	34.00
21,000	33.75
22,000	33.50
23,000	33.00
24,000	32.50
25,000	32.25
26,000	32.00
27,000	31.75
28,000	31.50
29,000	31.25
30,000	31.00
31,000	30.75
32,000	30.50
33,000	30.00
34,000	29.75
35,000	29.50
36,000	29.25
37,000	28.75
38,000	28.50
39,000	28.25
40,000	28.00
41,000	27.50
42,000	27.25
43,000	27.00
44,000	26.50
45,000	26.25
46,000	26.00
47,000	25.75
48,000	25.50
49,000	25.00
50,000	24.75

STATE OF ALASKA

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

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January 31, 1997

The Honorable Georgianna Lincoln
Senator
Alaska State Senate
State Capitol
Juneau, AK 99801-1182

RE: SB 62

The legislation you have sponsored, Senate Bill 62, relating to Payment in Lieu of Taxes (PILT) for Cities in the Unorganized Borough represents the final step in Senator Stevens' lengthy endeavor to expand this federal program to all cities located within the unorganized borough of Alaska. During this past year, DCRA staff worked with Senator Stevens' staff in drafting the amendments to the federal PILT program which were signed into law by President Clinton as part of the Omnibus Parks and Public Lands Management Act of 1996.

Based upon discussions between DCRA staff and Senator Stevens' staff during the drafting process, it was clear that Senator Stevens intended PILT funds to be considered "pass through" by the State of Alaska. Senator Stevens' legislation provides that the State of Alaska will receive payment for each participating federal census area based upon the amount of eligible federal lands and population located within each census area. In turn, the State of Alaska will then pass through these funds to the cities located within each census area based upon a straightforward per-capita funding formula. In fact, it was discussed at one point of putting the State-to-cities funding mechanism (the per-capita formula) into the federal amendments to insure that the State of Alaska did not somehow tamper with these funds.

In testimony in support of his legislation, Senator Stevens stated:

Only 40 percent of the Federal lands in Alaska are located in organized boroughs. Over half of the Federal lands in Alaska, 60 percent are not currently considered in determining PILT payments to Alaska. Therefore, hundreds of poor rural Alaskan communities which are surrounded by Federal lands, but which are outside of organized boroughs, receive no PILT payments. Most of these villages lack adequate sewer and water systems and do not have health facilities within 200 or 300 miles.

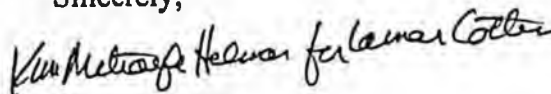
The Honorable Georgianna Lincoln
Senator
January 31, 1997

This bill will resolve a great injustice. The villages in Alaska that are surrounded by tax-exempt Federal lands should be compensated for loss of property tax revenues and for the inability to use the lands for any development. The increase in Alaskan PILT payments will directly benefit villages which are in desperate need of resources to sustain basic necessities for their remote existence.

The new amended federal legislation provides that "The State of Alaska shall distribute such payment to home rule cities and general law cities (as such cities are defined by the State) located within the boundaries of the unit of general local government for which the payment was received. Such cities may use monies received under this paragraph for any governmental purpose."

It is our determination that SB 62 accomplishes Senator Stevens' intent that the PILT payments be passed through the State to directly benefit the cities.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lamar Cotten".

Lamar Cotten
Deputy Commissioner

Nov. 12

PARKS AND PUBLIC LANDS ACT

P.L. 104-333
Sec. 1033

shall apply with respect to rights-of-way leases held on or after the date of enactment of this Act.

SEC. 1033. FEDERAL BOROUGH RECOGNITION.

(a) Section 6901(2) of title 31, United States Code, is amended to read as follows:

(2)(A) 'unit of general local government' means—

(i) a county (or parish), township, borough, or city where the city is independent of any other unit of general local government, that—

(I) is within the class or classes of such political subdivision in a State that the Secretary of the Interior,

in his discretion, determines to be the principal provider or providers of governmental services within the State; and

(II) is a unit of general government, as determined by the Secretary of the Interior on the basis of the same principles as were used by the Secretary of Commerce on January 1, 1983, for general statistical purposes;

(ii) any area in Alaska that is within the boundaries of a census area used by the Secretary of Commerce in the decennial census, but that is not included within the boundary of a governmental entity described under clause (i);

(iii) the District of Columbia;

(iv) the Commonwealth of Puerto Rico;

(v) Guam; and

(vi) the Virgin Islands.

(B) the term 'governmental services' includes, but is not limited to, those services that relate to public safety, the environment, housing, social services, transportation, and governmental administration."

(b) PAYMENT IN LIEU OF TAXES.—Section 6902(a) of title 31, United States Code, is amended to read as follows:

(a)(1) Except as provided in paragraph (2), the Secretary of the Interior shall make a payment for each fiscal year to each unit of general local government in which entitlement land is located as set forth in this chapter. A unit of general local government may use the payment for any governmental purpose.

(2) For each unit of general local government described in section 6901(2)(A)(ii), the Secretary of the Interior shall make a payment for each fiscal year to the State of Alaska for entitlement land located within such unit as set forth in this chapter. The State of Alaska shall distribute such payment to home rule cities and general law cities (as such cities are defined by the State) located within the boundaries of the unit of general local government for which the payment was received. Such cities may use monies received under this paragraph for any governmental purpose."

FEDERAL LAW

Alaska Boroughs and Census Areas

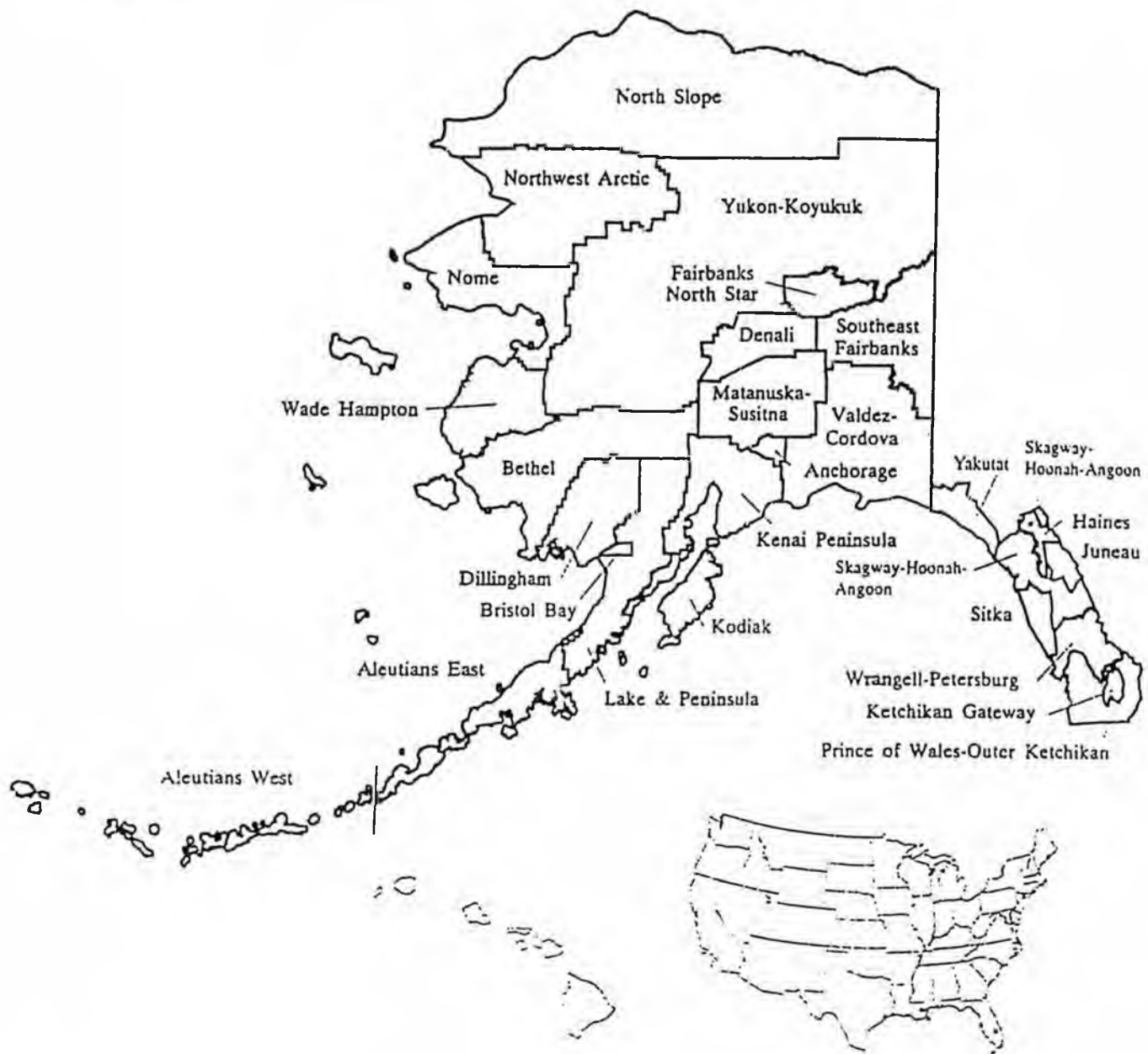


Table 4.2
Population of Places by Borough and Census Area 1990-1995

Area Name	Year Incorporated	April 1, 1990	July 1, 1991	July 1, 1992	July 1, 1993	July 1, 1994	July 1, 1995
Alaska	1959	550,043	569,383	587,328	597,868	606,278	615,900

Source: Alaska Department of Labor, Research and Analysis Section, Demographics Unit.

Aleutians West Census Area

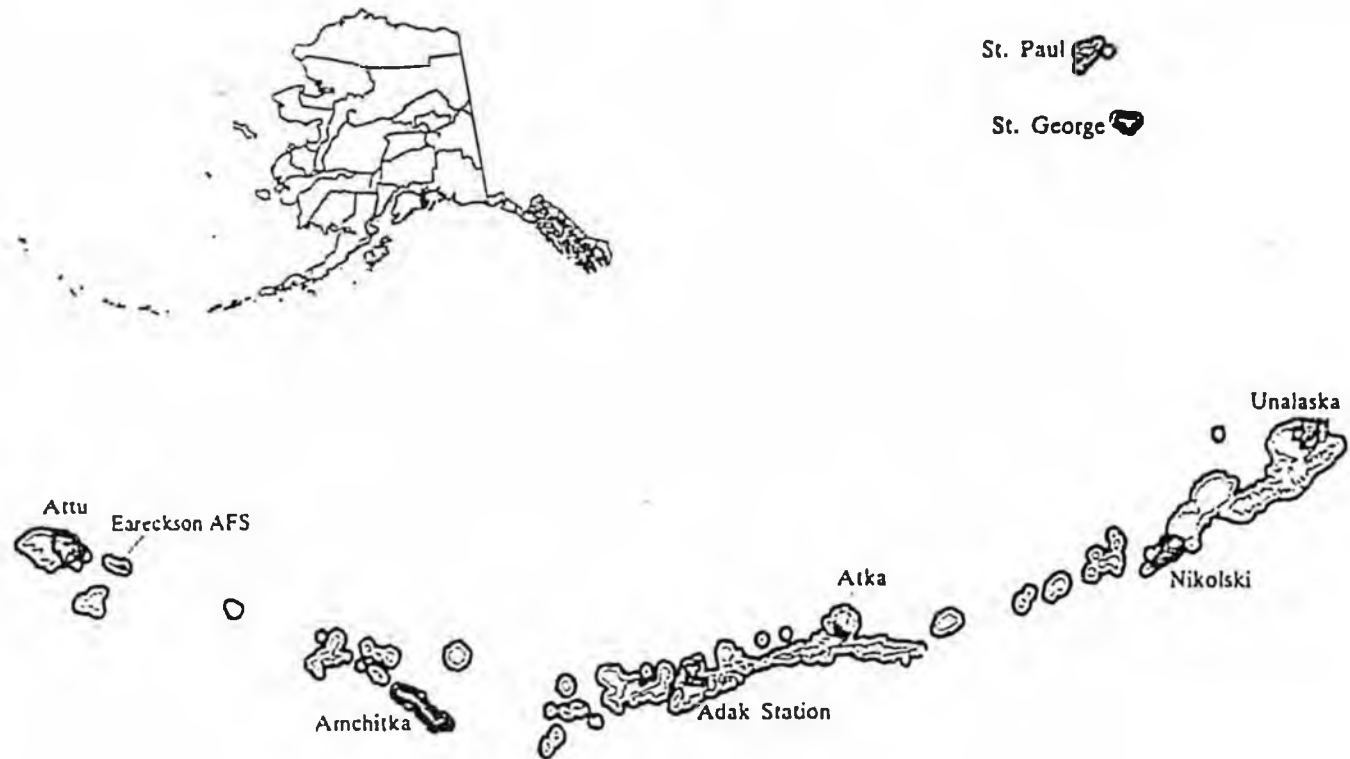


Table 4.2
Population of Places by Borough and Census Area 1990-1995

Area Name	Year Incorporated	April 1, 1990	July 1, 1991	July 1, 1992	July 1, 1993	July 1, 1994	July 1, 1995
Aleutians West Census Area		9,478	9,668	9,781	9,404	5,934	6,086
Adak Station CDP		4,633	4,665	4,583	4,017	627	874
Amchitka CDP		25	88	15	15	0	0
Atka *		98	103	99	100	89	103
Atka city	1988	73	77	74	74	66	77
Attu CG Station		23	20	22	23	21	16
Eareckson AFS		664	542	513	534	275	48
Nikolski CDP *		35	35	38	32	27	27
St. George city *	1993	138	135	144	147	156	151
St. Paul city *	1971	763	680	711	702	756	767
Unalaska city *	1942	3,089	3,388	3,642	3,819	3,967	4,083
Remainder of Aleutians West census area		10	12	14	15	16	17

CDP-Census Designated Place * Alaska Native Village Statistical Area
Alaska Department of Labor, Research and Analysis Section, Demographics Unit.

Bethel Census Area

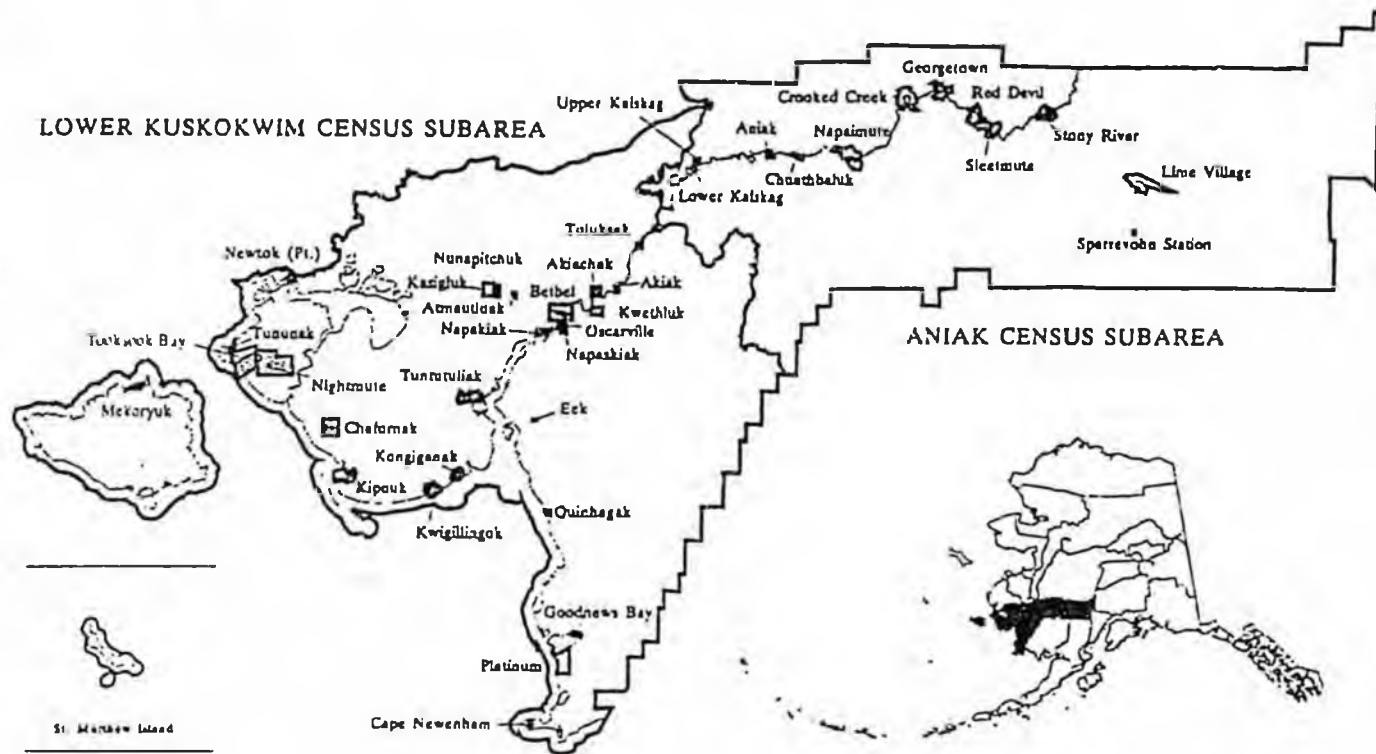


Table 4.2
Population of Places by Borough and Census Area 1990-1995

Area Name	Year Incorporated	April 1, 1990	July 1, 1991	July 1, 1992	July 1, 1993	July 1, 1994	July 1, 1995
Bethel Census Area		13,656	14,008	14,275	14,533	15,014	15,367
Aniak census subarea		1,529	1,567	1,595	1,622	1,637	1,686
Aniak city *	1972	540	514	542	530	531	581
Chuathbaluk city *	1975	97	128	101	115	122	125
Crooked Creek CDP *		106	112	106	122	110	138
Georgetown *		0	0	0	0	0	0
Lime Village CDP *		42	49	45	49	56	61
Lower Kalskag city *	1969	291	307	315	301	314	308
Napaimute *		3	3	3	3	3	3
Red Devil CDP *		53	50	71	70	75	61
Sleetmute CDP *		106	100	103	117	116	116
Stony River CDP *		51	48	46	49	48	44
Upper Kalskag city (Kalskag *)	1975	172	198	202	205	201	184
Remainder of Aniak census subarea		68	58	61	61	61	65

Dillingham Census Area

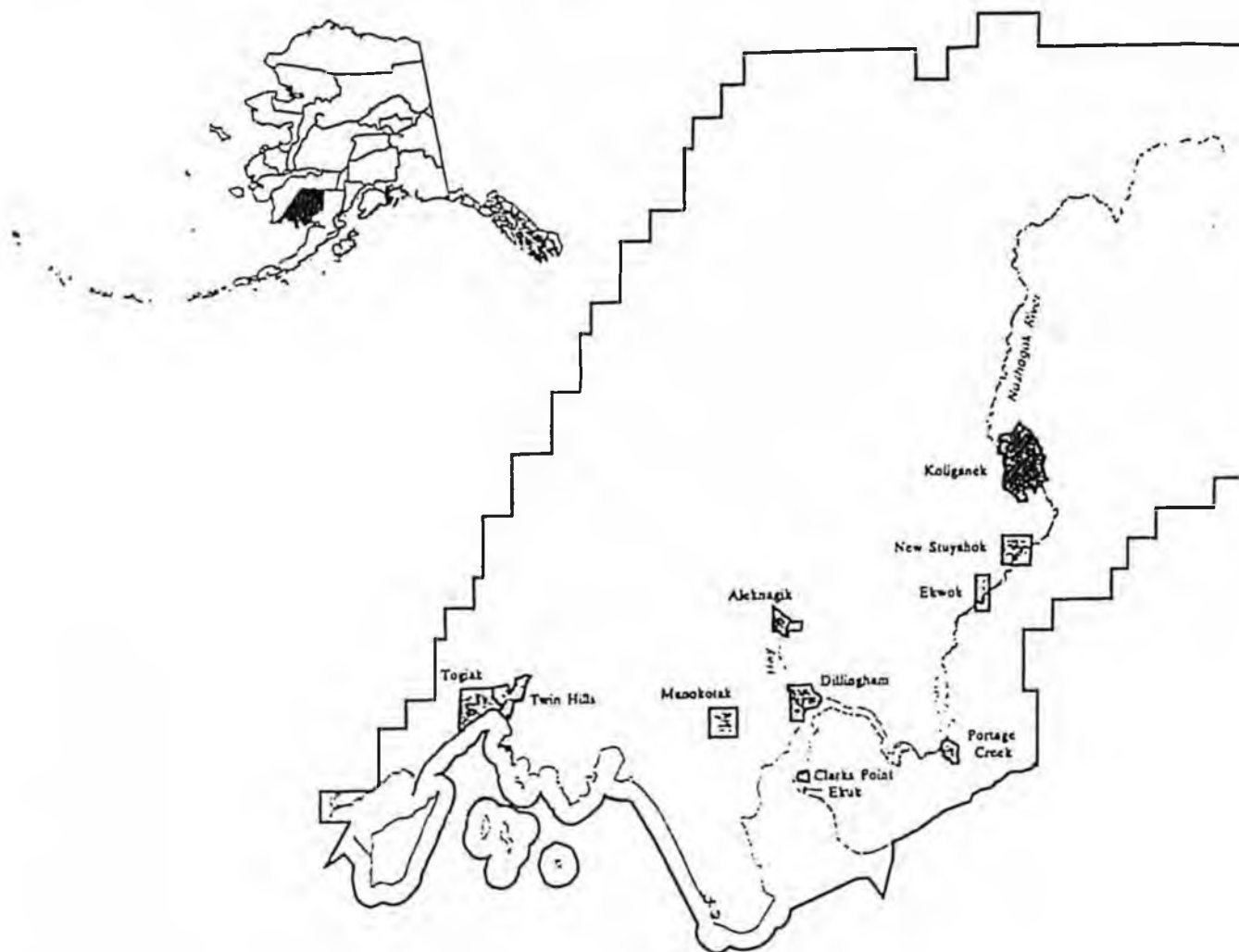


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Population of Places by Borough and Census Area 1990-1995

Area Name	Year Incorporated	April 1, 1990	July 1, 1991	July 1, 1992	July 1, 1993	July 1, 1994	July 1, 1995
Dillingham Census Area		4,012	4,150	4,189	4,321	4,300	4,421
Aleknagik city *	1973	185	203	191	177	172	182
Clarks Point city *	1971	60	55	70	55	62	63
Dillingham city *	1963	2,017	2,125	2,113	2,186	2,173	2,243
Ekuk *		3	3	3	3	3	3
Ekwok city *	1974	77	76	78	95	89	86
Koliganek CDP *		181	191	192	196	206	208
Manokotak city *	1970	385	392	398	420	405	402
New Stuyahok city *	1972	391	387	406	413	421	421
Portage Creek *		5	5	5	6	6	6
Togiak city *	1969	613	610	637	669	660	700
Twin Hills CDP *		66	72	65	70	73	75
Remainder of Dillingham census subarea		29	31	31	31	30	32

CDP-Census Designated Place * Alaska Native Village Statistical Area
Source: Alaska Department of Labor, Research and Analysis Section, Demographics Unit.

Nome Census Area

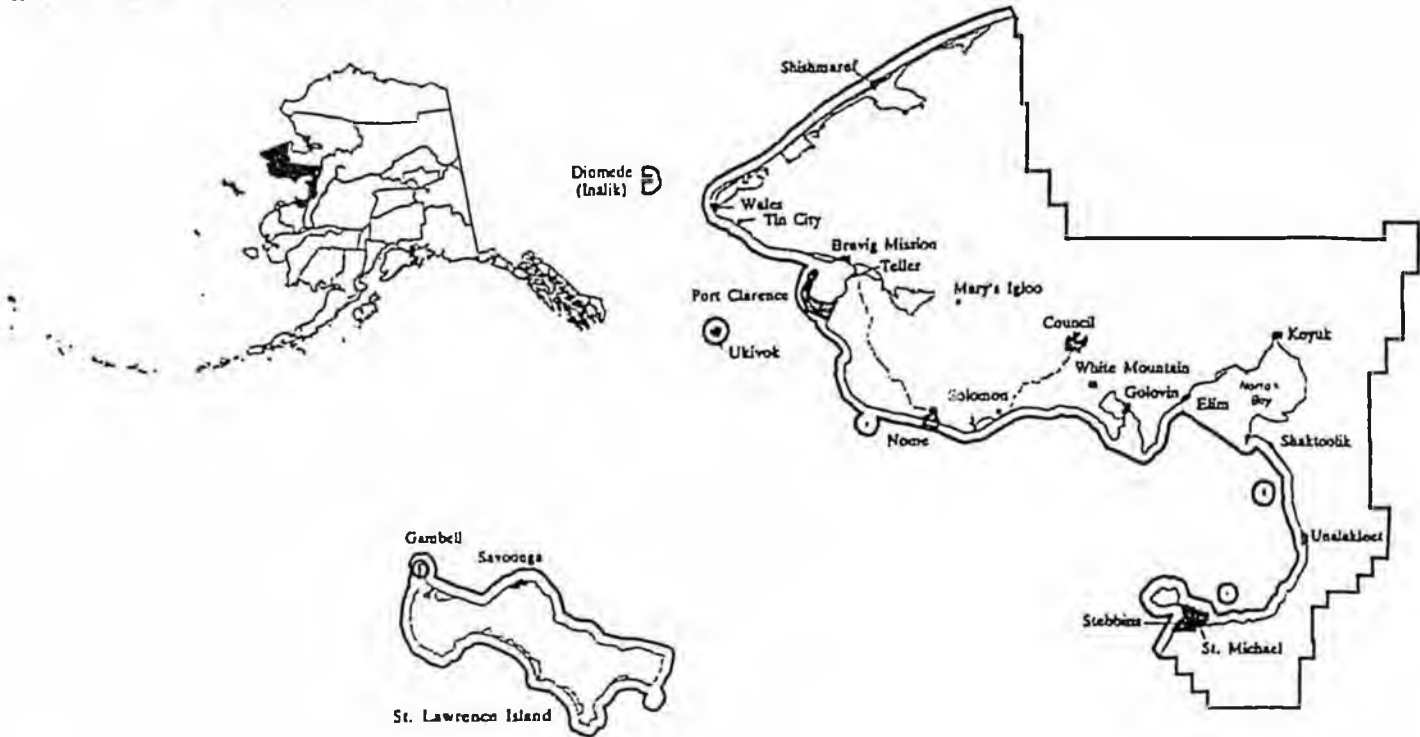
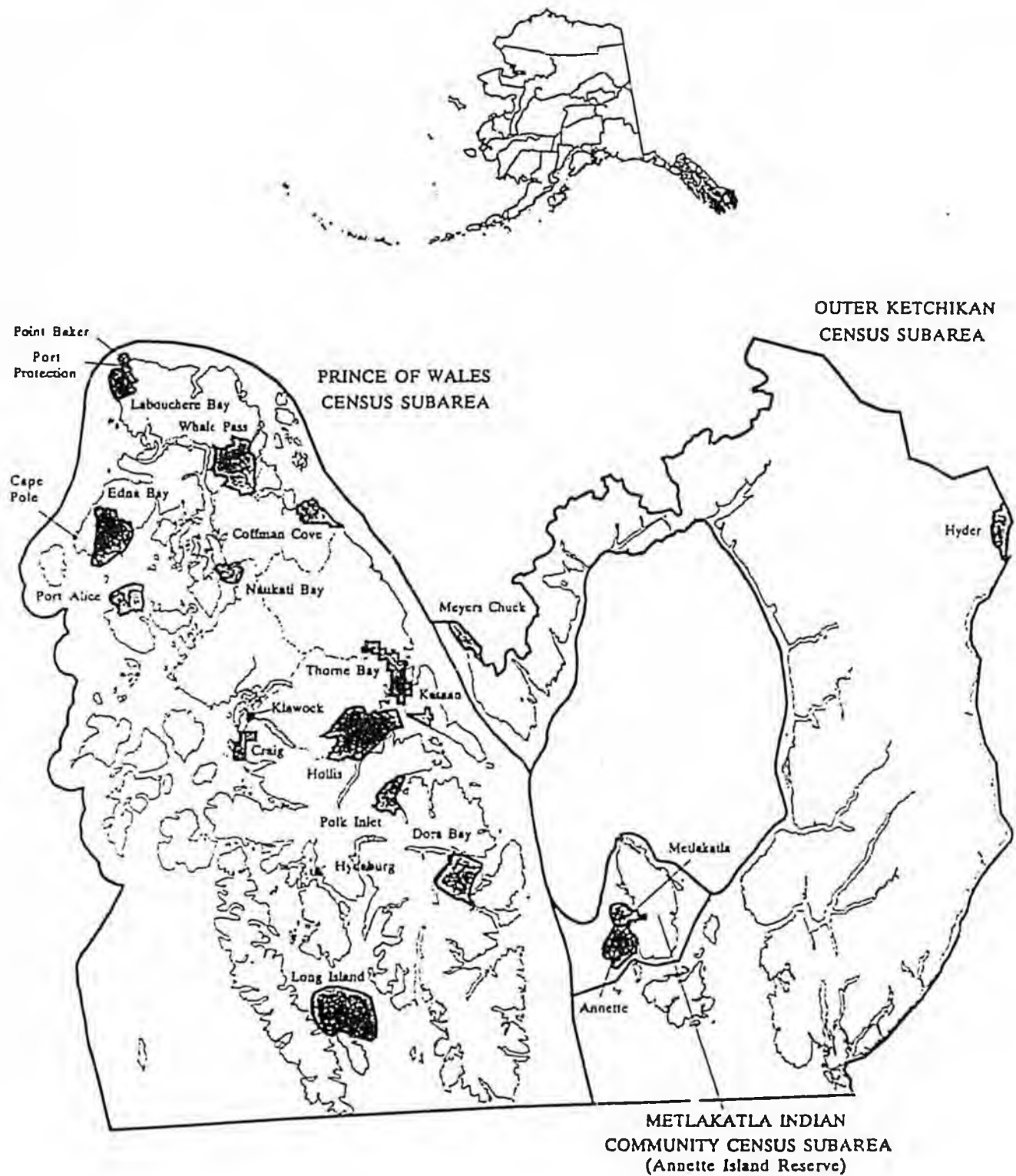


Table 4.2
Population of Places by Borough and Census Area 1990-1995

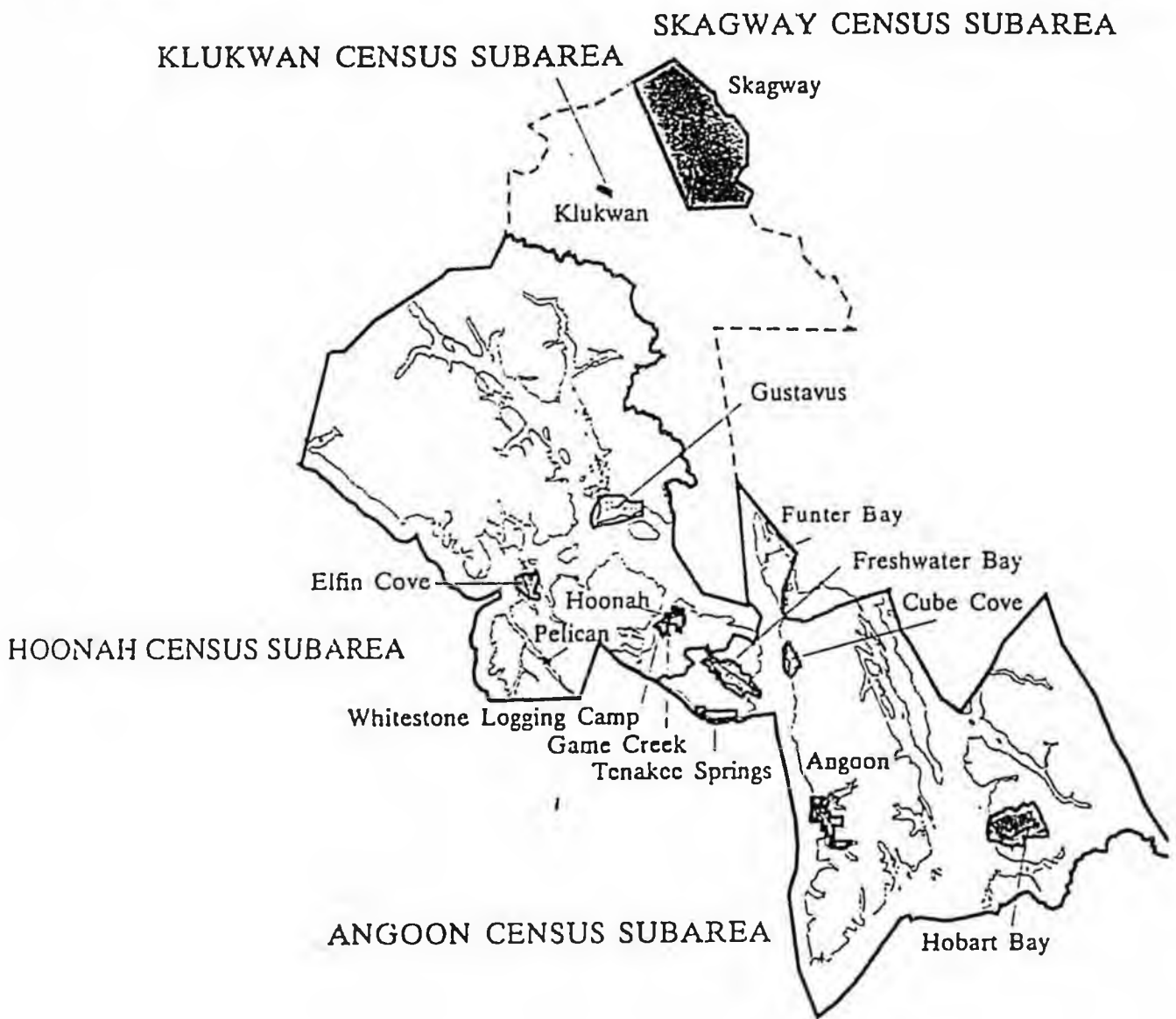
Area Name	Year Incorporated	April 1, 1990	July 1, 1991	July 1, 1992	July 1, 1993	July 1, 1994	July 1, 1995
Nome Census Area		8,288	8,544	8,807	8,849	8,933	8,991
Brevig Mission city *	1969	198	220	228	243	257	265
Council *		8	8	8	8	8	8
Diomedede city (Inalik *)	1970	178	176	181	178	169	154
Elim city *	1970	264	268	264	275	269	281
Gambell city *	1963	525	552	578	588	623	628
Golovin city *	1971	127	145	148	154	156	148
Koyuk city *	1970	231	248	271	284	265	258
Mary's Igloo *		0	0	0	0	0	0
Nome city	1901	3,500	3,556	3,652	3,598	3,564	3,576
Port Clarence CDP		26	23	28	28	23	24
St. Michael city *	1969	295	298	313	298	327	332
Savoonga city *	1969	519	544	562	574	578	604
Shaktoolik city *	1969	178	188	195	196	208	199
Shishmaref city *	1969	456	466	496	524	529	536
Solomon *		6	6	6	6	6	6
Stebbins city *	1969	400	435	453	459	464	475
Teller city *	1963	232	256	263	267	260	274
Ukivok *		0	0	0	0	0	0
Unalakleet city *	1974	714	728	744	746	781	764
Wales city *	1964	161	158	152	157	158	173
White Mountain city *	1969	180	180	175	178	204	209
Remainder of Nome census subarea		90	89	90	88	84	77

CDP-Census Designated Place * Alaska Native Village Statistical Area
Source: Alaska Department of Labor, Research and Analysis Section, Demographics Unit.

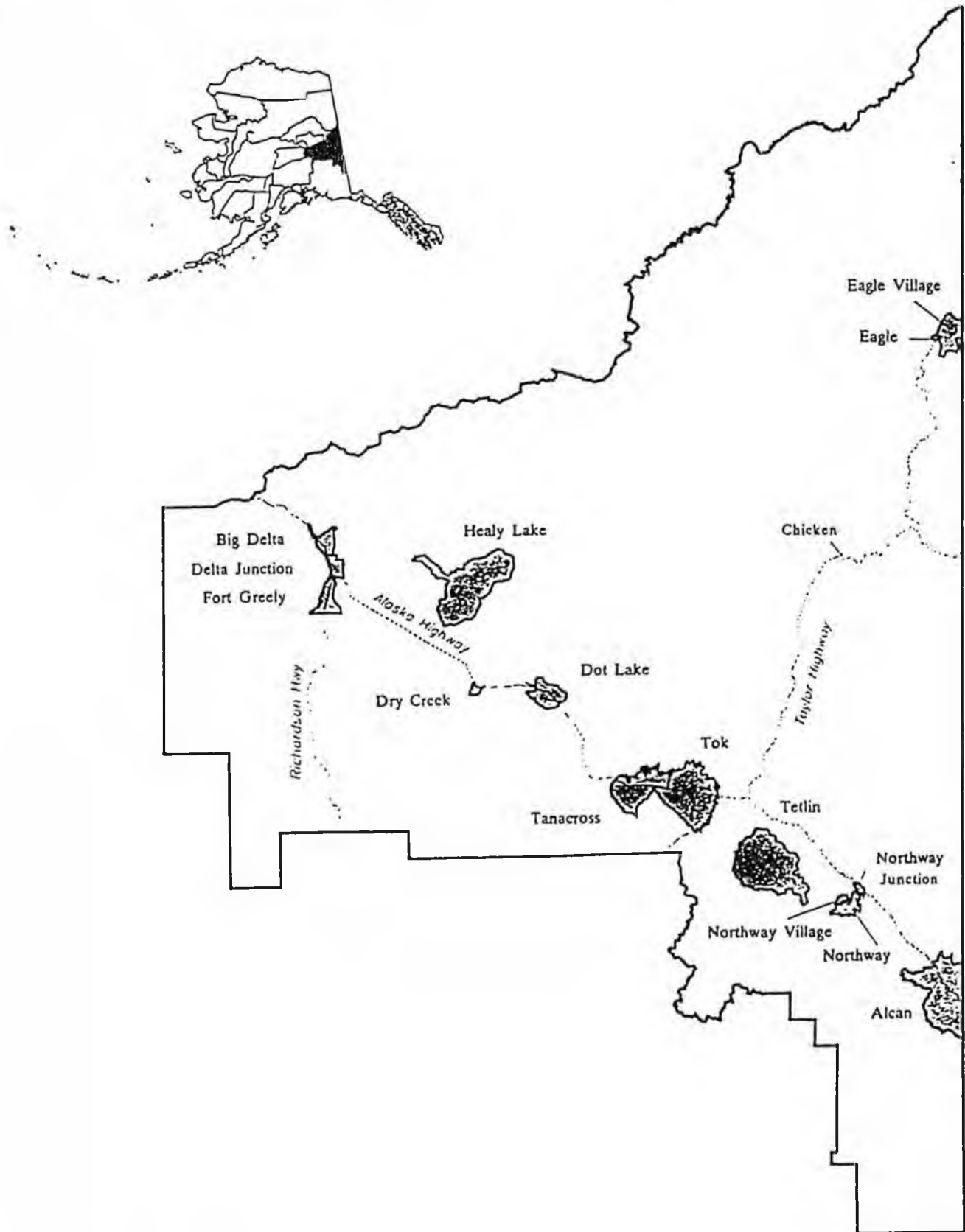
Prince of Wales-Outer Ketchikan Census Area



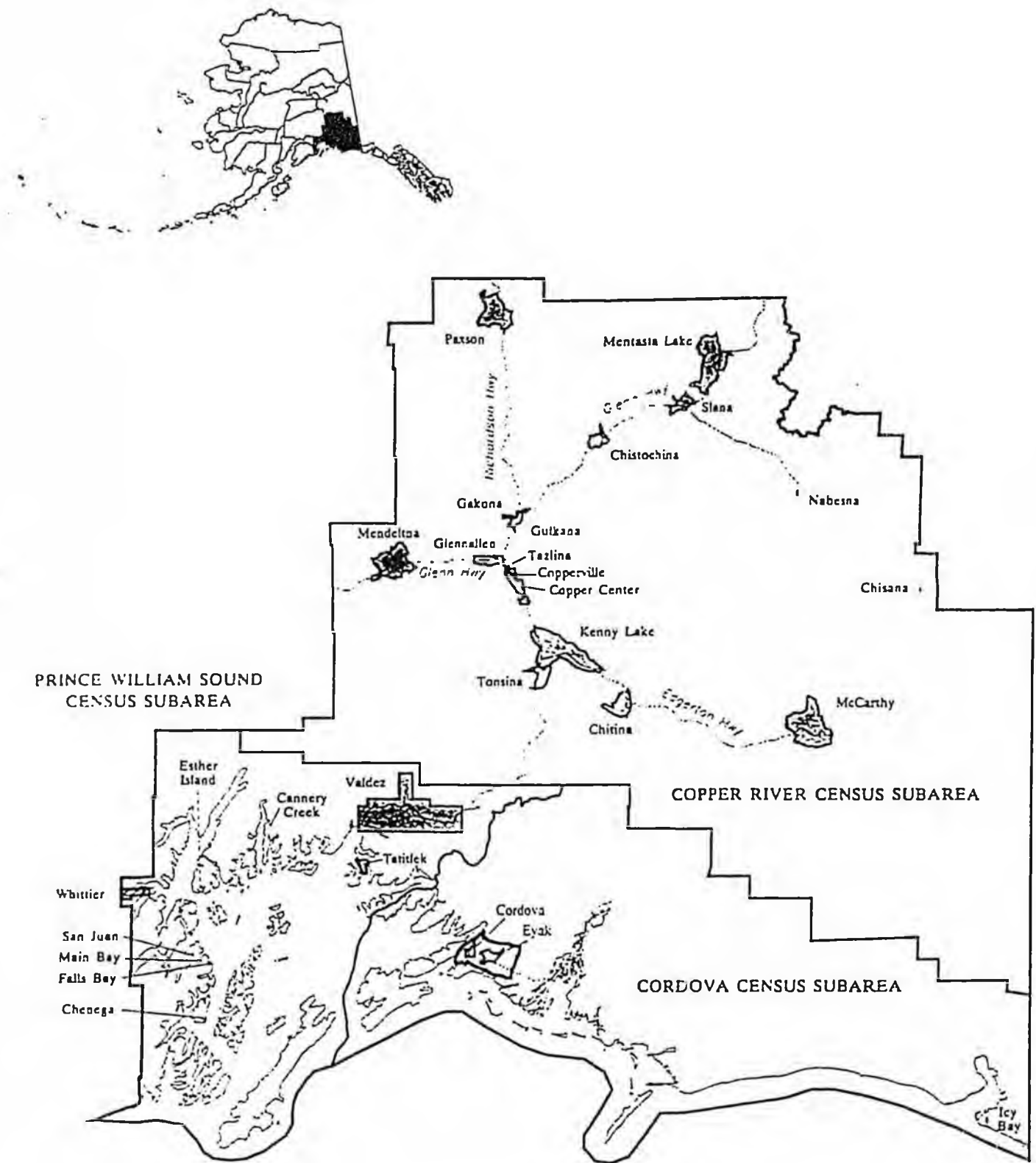
Skagway-Hoonah-Angoon Census Area



Southeast Fairbanks Census Area



Valdez-Cordova Census Area



Wade Hampton Census Area



Wrangell-Petersburg Census Area

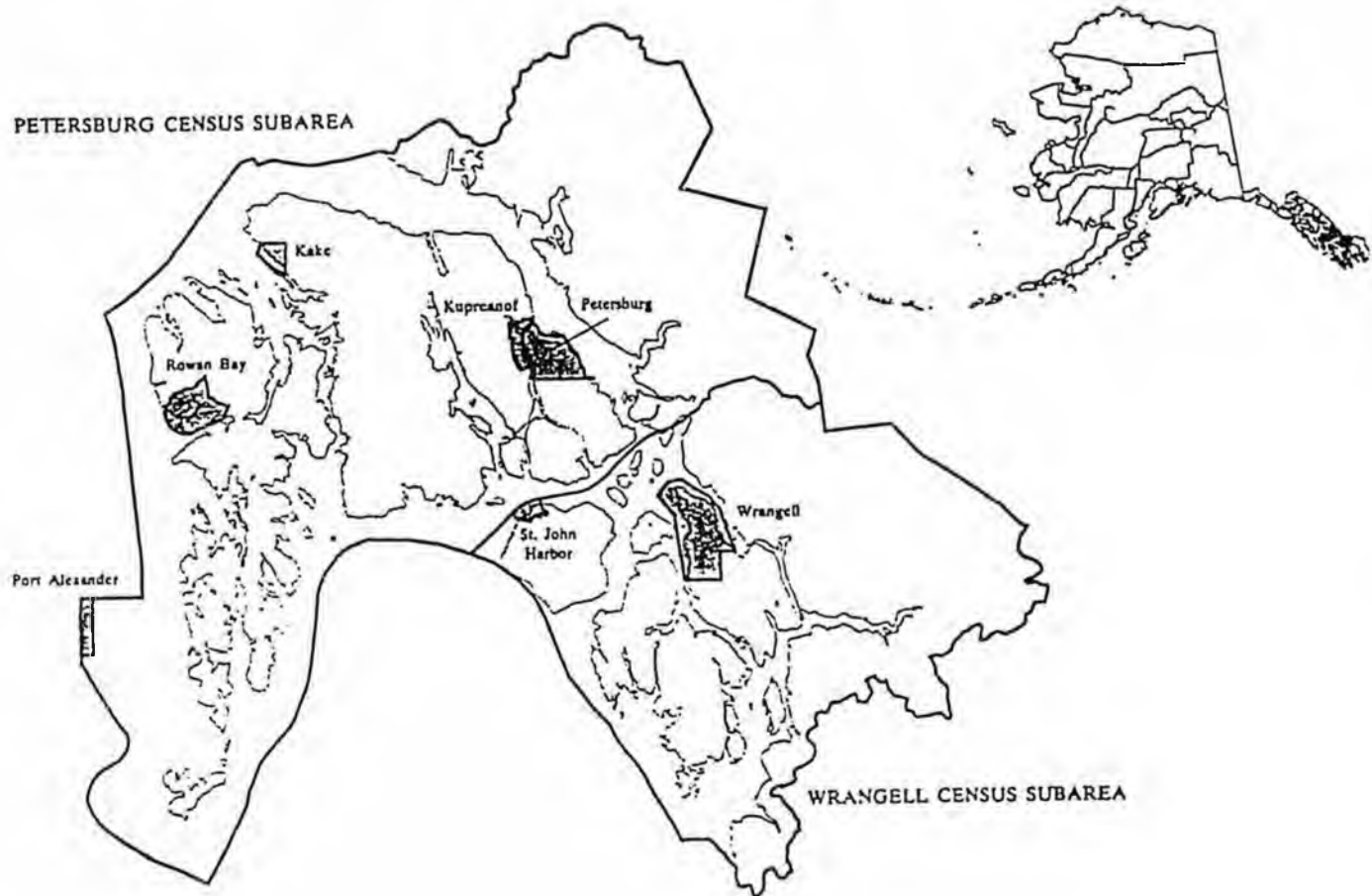


Table 4.2
Population of Places by Borough and Census Area 1990-1995

Area Name	Year Incorporated	April 1, 1990	July 1, 1991	July 1, 1992	July 1, 1993	July 1, 1994	July 1, 1995
Wrangell-Petersburg Census Area		7,042	7,200	7,297	7,272	7,221	7,303
Petersburg census subarea		4,407	4,509	4,509	4,497	4,384	4,451
Kake city *	1952	700	713	724	725	684	696
Kupreanof city	1975	23	24	24	24	24	24
Petersburg city	1910	3,207	3,293	3,292	3,297	3,271	3,350
Port Alexander city	1974	119	115	115	113	103	98
Rowan Bay CDP		133	137	126	110	79	55
Remainder of Petersburg census subarea		225	227	228	228	223	228
Wrangell census subarea		2,635	2,691	2,788	2,775	2,837	2,852
St. John Harbor CDP		69	0	0	0	0	0
Wrangell city	1903	2,479	2,602	2,696	2,683	2,744	2,756
Remainder of Wrangell census subarea		87	89	92	92	93	94

CDP-Census Designated Place * Alaska Native Village Statistical Area
Source: Alaska Department of Labor, Research and Analysis Section, Demographics Unit.

Yukon-Koyukuk Census Area

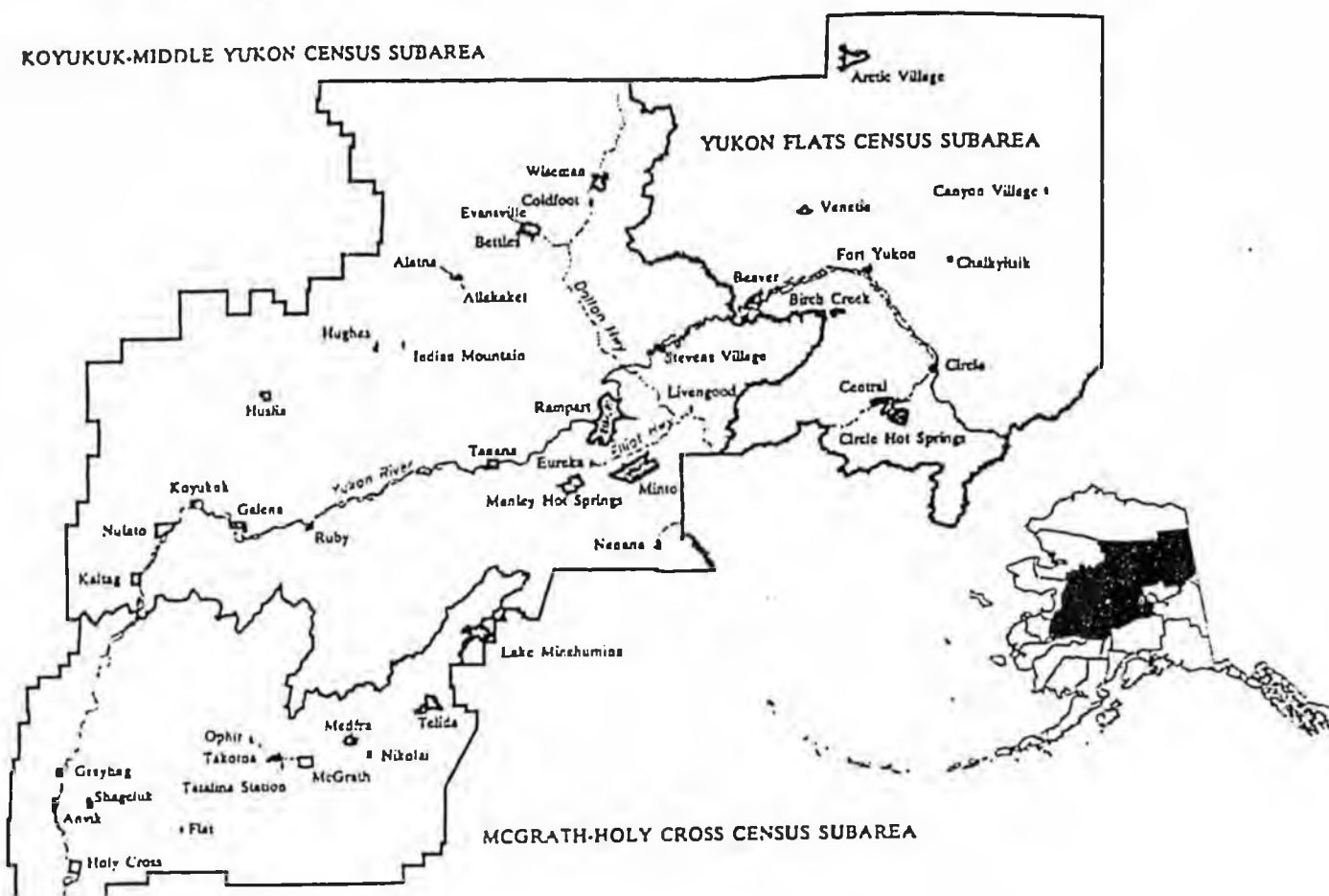


Table 4.2
Population of Places by Borough and Census Area 1990-1995

Area Name	Year Incorporated	April 1, 1990	July 1, 1991	July 1, 1992	July 1, 1993	July 1, 1994	July 1, 1995
Yukon-Koyukuk Census Area		6,714	6,693	6,794	6,689	6,529	6,516
Koyukuk-Middle Yukon census subarea		3,928	3,886	3,922	3,843	3,693	3,597
Allakaket city	1975	170	171	171	171	171	147
Alatna *		31	31	31	31	31	31
Allakaket *		140	140	140	140	140	116
Evansville*		69	54	49	48	59	64
Bettles city	1985	36	28	26	25	31	34
Evansville CDP		33	26	23	23	28	30
Galena city *	1971	833	852	838	711	520	527
Hughes city *	1973	54	51	61	59	61	62
Huslia city *	1969	207	198	207	220	244	255
Kaltag city *	1969	240	238	258	245	247	234
Koyukuk city *	1973	126	123	123	124	141	125
Lake Minchumina CDP *		32	31	23	32	37	36

P007/012

PAGE THREE
PILT ENTITLEMENT

	A	B	C	D	E	F	G
Calculations for Payments in Lieu of Taxes							
	"Unorganized Borough" (Census Area)	Total Census Area Acres	Eligible Federal Acres	Population	POP \$ Rate	Prior Year Pay	Ceiling \$ NTE Cap (D*B)
1	Alcutians West	2,817,344		9,478	35		\$350,000
2	Bethel	26,295,936		13,656	31		434,000
3	Dillingham	11,818,816		4,012	50		200,600
4	Nome	14,728,064		8,288	41		328,000
5	Prince of Wales-Outer Ketchikan	4,687,680		6,278	47		282,000
6	Stagway-Yukutat-Angoon	8,243,584		4,385	50		219,250
7	Southeast Fairbanks	16,636,224		5,913	47		282,000
8	Valdez-Cordova	23,645,056		9,952	35		350,000
9	Wade Hampton	10,959,424		5,791	47		282,000
10	Wrangell-Petersburg	3,717,440		7,042	44		308,000
11	Yukon-Koyukuk	100,557,632		8,478	38		342,000
	Totals	224,107,250		83,273			\$3,377,850

Reference:

U.S. Department of Commerce, Economic and Statistics Administration, Bureau of the Census; 1990 Census of Population and Housing, Population and Housing Unit Counts - Alaska; 1990 CPH-2-3; Land Area, Population, and Housing Units: 1990, Table 4; Issued March 1993

Alaska Department of Labor, Research & Analysis Section, Demographic Unit; Alaska Population Overview - 1991 Estimates; Population and Group Quarters for Boroughs and Census Areas by Labor Market Regions: 1990, 1991; Table 2.2

Explanation of Table:

Column A - Unorganized Borough. Name and geographic boundaries provided by the Bureau of the Census. Eleven units listed on the above table are recognized as official census areas.

Column B - Total Census Area Acres. The number represents the total acres within the census area unit. The acreage has been derived from the square mile figures provided by the Bureau of the Census.

Column C - Eligible Federal Acres. This column has not been developed because it would require a detailed township by township analysis, which would not be essential except to implement the legislation.

Column D - Population. Bureau of the Census statistic for 1990 population in census units.

Column E - Population Dollar Rate. Allowable rate for calculating entitlement payments based upon population. This rate is established by 31 U.S.C. § 6903, (P.L. 94-565).

Column G - Ceiling Dollars, Not to Exceed Cap. This figure is the product of the census area population and the allowable population dollar rate (column D x column E). According to the statute, no entitlement payment can exceed the rate determined by this cap on payments.

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Potential PILT Payments
ESTIMATES ONLY!!

Census Area	City	1995 DCRA Pop	Proportion of Census Area Pop	PILT Payment
Aleutians West	Atka	97	1.89%	\$6,602.49
	Saint George	195	3.79%	\$13,273.05
	Saint Paul	767	14.92%	\$52,207.31
	Unalaska	4,083	79.40%	\$277,917.15
		5,142	100%	\$350,000.00
Bethel	Akiak	320	2.91%	\$12,615.13
	Aniak	581	5.28%	\$22,904.35
	Bethel	5,195	47.19%	\$204,798.80
	Chefornak	371	3.37%	\$14,625.67
	Chuathbaluk	125	1.14%	\$4,927.79
	Eek	283	2.57%	\$11,156.51
	Goodnews Bay	254	2.31%	\$10,013.26
	Kwethluk	688	6.25%	\$27,122.54
	Lower Kalskag	308	2.80%	\$12,142.07
	Mekoryuk	212	1.93%	\$8,357.53
	Napakiak	326	2.96%	\$12,851.67
	Napaskiak	404	3.67%	\$15,926.61
	Nightmute	189	1.72%	\$7,450.81
	Nunapitchuk	456	4.14%	\$17,976.56
	Platinum	44	0.40%	\$1,734.58
	Quinhagak	549	4.99%	\$21,642.84
Toksook Bay	520	4.72%	\$20,499.59	
Upper Kalskag	184	1.67%	\$7,253.70	
		11,009	100%	\$434,000.00
Dillingham	Aleknagik	182	4.38%	\$8,780.47
	Clark's Point	63	1.52%	\$3,039.39
	Dillingham	2,243	53.94%	\$108,212.07
	Ekwok	102	2.45%	\$4,920.92
	Manokotak	402	9.67%	\$19,394.23
	New Stuyahok	421	10.13%	\$20,310.87
	Togiak	745	17.92%	\$35,942.04
		4,158	100%	\$200,600.00

Potential PILT Payments
ESTIMATES ONLY!!

Census Area	City	1995 DCRA Pop	Proportion of Census Area Pop	PILT Payment
Nome	Brevig Mission	265	2.84%	\$9,324.18
	Diomedede	154	1.65%	\$5,418.58
	Elim	281	3.01%	\$9,887.15
	Gambell	628	6.74%	\$22,096.55
	Golovin	156	1.67%	\$5,488.35
	Koyuk	279	2.99%	\$9,816.78
	Nome	3,984	42.74%	\$140,179.36
	Saint Michael	341	3.66%	\$11,998.28
	Savoonga	604	6.48%	\$21,252.09
	Shaktoolik	199	2.13%	\$7,001.93
	Shishmaref	536	5.75%	\$18,859.47
	Stebbins	475	5.10%	\$16,713.15
	Teller	274	2.94%	\$9,640.85
	Unalakleet	764	8.20%	\$26,881.79
	Wales	173	1.86%	\$6,087.11
White Mountain	209	2.24%	\$7,353.79	
		9,322	100%	\$328,000.00
Prince of Wales	Coffman Cove	254	6.26%	\$17,659.76
	Craig	1,946	47.98%	\$135,298.82
	Hydaburg	406	10.01%	\$28,227.81
	Kasaan	41	1.01%	\$2,850.59
	Klawock	759	18.71%	\$52,770.71
	Thorne Bay	650	16.03%	\$45,192.31
		4,056	100%	\$282,000.00
Skagway/Yakutat	Angoon	601	22.81%	\$50,007.31
	Hoonah	903	34.27%	\$75,135.77
	Pelican	209	7.93%	\$17,390.23
	Skagway	811	30.78%	\$67,480.74
	Tenakee Springs	111	4.21%	\$9,235.96
	2,635	100%	\$219,250.00	
Southeast Fairbanks	Delta Junction	828	85.01%	\$239,728.95
	Eagle	146	14.99%	\$42,271.05
		974	100%	\$282,000.00
Valdez/Cordova	Cordova	2,568	35.08%	\$122,770.11
	Valdez	4,469	61.04%	\$213,652.51
	Whittier	284	3.88%	\$13,577.38
	7,321	100%	\$350,000.00	

Potential PILT Payments
ESTIMATES ONLY!!

CENSUS Area	City	1995 DCRA Pop	Proportion of Census Area Pop	PILT Payment
Wade Hampton	Alakanuk	604	9.23%	\$26,036.07
	Chevak	682	10.42%	\$29,398.35
	Emmonak	762	11.65%	\$32,846.84
	Hooper Bay	996	15.22%	\$42,933.66
	Kotlik	548	8.38%	\$23,622.13
	Marshall	298	4.56%	\$12,845.61
	Mountain Village	758	11.59%	\$32,674.41
	Pilot Station	523	7.99%	\$22,544.48
	Russian Mission	295	4.51%	\$12,716.29
	Saint Mary's	479	7.32%	\$20,647.81
	Scammon Bay	434	6.63%	\$18,708.04
	Sheldon Point	163	2.49%	\$7,026.29
		6,542	100%	\$282,000.00
Wrangell/Petersburg	Kake	696	10.03%	\$30,897.67
	Kupreanof	24	0.35%	\$1,065.44
	Petersburg	3,350	48.28%	\$148,717.21
	Port Alexander	110	1.59%	\$4,883.25
	Wrangell	2,758	39.75%	\$122,436.44
		6,938	100%	\$308,000.00
Yukon Koyukuk	Allakaket	187	3.83%	\$13,102.64
	Anvik	96	1.97%	\$6,726.49
	Bettles	34	0.70%	\$2,382.30
	Fort Yukon	663	13.58%	\$46,454.82
	Galena	527	10.80%	\$36,925.63
	Grayling	212	4.34%	\$14,854.33
	Holy Cross	289	5.92%	\$20,249.54
	Hughes	78	1.60%	\$5,465.27
	Huslia	255	5.22%	\$17,867.24
	Kaltag	257	5.27%	\$18,007.38
	Koyukuk	125	2.56%	\$8,758.45
	McGrath	479	9.81%	\$33,562.38
	Nenana	490	10.04%	\$34,333.13
	Nikolai	125	2.56%	\$8,758.45
	Nulato	359	7.36%	\$25,154.27
	Ruby	210	4.30%	\$14,714.20
	Shageluk	144	2.95%	\$10,089.74
	Tanana	351	7.19%	\$24,593.73
			4,881	100%
TOTAL PILT PAYMENTS				\$3,377,850.00

HOUSE BILL NO. *86*

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE IVAN, *Foster*

Introduced:

Referred:

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the payments in lieu of taxes program for cities in the
2 unorganized borough; and providing for an effective date."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 * Section 1. AS 29.10.200 is amended by adding a new paragraph to read:

5 (54) AS 29.60.710(c) (payments in lieu of taxes).

6 * Sec. 2. AS 29.60 is amended by adding new sections to read:

7 Article 9. Payments in Lieu of Taxes for Cities in the Unorganized Borough.

8 Sec. 29.60.700. Payments in lieu of taxes program. The payments in lieu
9 of taxes program for cities in the unorganized borough is established in the department.
10 Payments received by the state from the federal government under 31 U.S.C. 6901 -
11 6903 (Payments in Lieu of Taxes Act) for federally designated areas in the
12 unorganized borough and appropriated for the program shall be fully distributed
13 annually by the department to eligible home rule and general law cities located in the
14 unorganized borough.

1 **Sec. 29.60.710. Distribution of payments.** (a) Subject to appropriation, each
2 payment received by the state under 31 U.S.C. 6901 - 6903 for a federally designated
3 area in the unorganized borough shall be distributed by the department to each eligible
4 home rule and general law city located in that area on the basis of population. The
5 population of a city for the purpose of this subsection shall be the population certified
6 by the commissioner during the state fiscal year immediately preceding the state fiscal
7 year in which the payment is made.

8 (b) Distributions under this section shall be made by the department on
9 November 1 of the state fiscal year in which the department receives the payment for
10 a federally designated area.

11 (c) A distribution received by a city under this section may be used for any
12 purpose authorized by federal law for which the city otherwise has the power to
13 expend funds. This subsection applies to home rule and general law cities.

14 **Sec. 29.60.720. Eligibility for distributions.** A city in the unorganized
15 borough is eligible for a distribution under AS 29.60.710 if

16 (1) the city was incorporated before October 1 of the state fiscal year
17 in which the distribution is requested by the city;

18 (2) the city has submitted a resolution to the department that requests
19 the distribution and verifies that

20 (A) the city has conducted a regular election during the state
21 fiscal year preceding the state fiscal year in which the distribution is requested
22 and has reported the results of the election to the commissioner;

23 (B) regular meetings of the governing body are held in the city
24 and a record of the proceedings is maintained; and

25 (C) local ordinances adopted by the city have been codified in
26 accordance with AS 29.25.050;

27 (3) the city has adopted and submitted to the department a municipal
28 budget for the city's fiscal year in which the distribution is requested;

29 (4) for a home rule or first class city, the city has filed with the
30 department a copy of the city's audit for the city's fiscal year immediately preceding
31 the city's fiscal year in which the distribution is requested; and

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(5) for a second class city, the city has filed with the department a copy of the city's audit or statement of annual income and expenditures for the city's fiscal year immediately preceding the city's fiscal year in which the distribution is requested.

Sec. 29.60.750. Definition. In AS 29.60.700 - 29.60.750, "unorganized borough" means the areas of the state established in AS 29.03.010.

* **Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).

CHAPTER 69, 31 UNITED STATES CODE
PAYMENTS IN LIEU OF TAXES ACT
31 U.S.C. 6901-6907

This paper briefly discusses the Payments in Lieu of Taxes Act of 1976, as amended. It describes eligibility for "in-lieu" payments, gives examples of how the payments are computed, and summarizes "entitlement" acres.

The Act authorizes the Secretary of the Interior to make two types of annual payments to eligible units of local government. The Secretary has delegated the responsibility for administering the Act to the Bureau of Land Management.

In October of 1976, Congress passed Public Law 94-565, commonly referred to as the "Payments in Lieu of Taxes Act". This Act provides for payments to local units of government containing certain federally-owned lands. These payments are designed to supplement other Federal land receipt sharing payments local governments may be receiving. Payments received under the Act may be used by the recipients for any governmental purpose. The Act was amended in September, 1982 and recodified at Chapter 69, 31 U.S.C.

On July 30, 1983, the PILT Act (31 U.S.C.) was amended by P.L. 98-63 which refined the definition of "unit of general local government" and added a new section (31 U.S.C 6907) that authorized State governments to enact legislation to reallocate PILT payments in whole or in part to other smaller units of general purpose government. The amendment further provides that where States Enact such legislation, the PILT funds would be paid to State governments for redistribution to the appropriate unit of general local government. The State of Wisconsin is presently the only State to enact legislation (Wisconsin Act 470) under section 6907.

On October 22, 1994, the PILT Act (31 U.S.C.) was amended by P.L. 103-397 which called for increases to the \$.75/\$.10 variables used to compute section 6902 payments and to the population table used to determine each unit of local governments population ceiling. The increases will begin October 1, 1994 and will continue to be made on an annual basis thereafter. A more detailed understanding of the changes implemented by P.L. 103-397 may be found by reviewing the law itself which is contained in Enclosure 8.

I. Section 6902 "Entitlement Land" Payments

Section 6902 authorizes payments to local units of government (generally counties, or the equivalent) under one of two alternatives, based on the number of acres of "entitlement lands" within the county. "Entitlement lands" consist of lands in the National Forest System and the National Park System, lands administered by the Bureau of Land Management, and lands dedicated to

the use of Federal water resource development projects. Also included are dredge disposal areas under the jurisdiction of the Army Corps of Engineers, National Wildlife Reserve Areas withdrawn from the public domain, inactive and semi-active Army installations used for non-industrial purposes, and certain lands donated to the United States Government by State and local governments. The Act specifically prohibits payments for tax exempt lands (but not donated lands) acquired from State or local governments.

The 75 cents for each acre of entitlement land provision is amended to 93 cents during fiscal year 1995, \$1.11 during fiscal year 1996, \$1.29 during fiscal year 1997, \$1.47 during fiscal year 1998, and \$1.65 during fiscal year 1999.

The 10 cents for each acre of entitlement land provision is amended to 12 cents during fiscal year 1995, 15 cents during fiscal year 1996, 17 cents during fiscal year 1997, 20 cents during fiscal year 1998, and 22 cents during fiscal year 1999.

The increase in population cap dollar amount during fiscal year 1994 will change from \$50 if population is less than or equal to 5,000 to \$62, \$74 during fiscal year 1996, \$86 during fiscal year 1997, \$98 during fiscal year 1998 and \$110 during fiscal year 1999.

Beginning in Fiscal Year 1996 all of the variables mentioned above and the population cap dollar amounts will be adjusted for inflation on an annual basis.

Fiscal Year 1995 Entitlement Land Payment Formula

The amount be paid to each unit of general local government is the higher of:

A. Ninety-three cents for each acre of "entitlement land" within the boundaries of the unit of government, reduced by the amount of certain Federal land payments (See Table 1) that were received by the unit of government in the preceding fiscal year. 1/

-OR-

B. Twelve cents for each acre of "entitlement land" within the unit of government. Here, no deductions are made for the Federal land payments received by the unit of government in the preceding fiscal year.

Entitlement land payments to each unit of general local government are subject to population payment limitations or ceilings. Payment ceilings are based on a sliding scale, starting at \$62 per capita (for population under 5,000) and rising to a maximum of \$1,237,500 (Table 2). Under Alternative A, if the total calculated payment (93 cents x entitlement acres) exceeds the ceiling, deductions for other Federal land payments received are made from the ceiling, not from the 93 cents per acre figure.

The following examples show how the section 1 payment is computed.

Example 1 - Payment Alternative A Greater than B:

Population limitation (19,000 x \$34.50)	<u>\$655,500</u>
A. 88,442 acres x 93 cents per acre	82,251
Deduction for prior year payments	<u>-36,435</u>
Payment to county - Alternative A	<u>\$45,816</u>
B. 88,442 acres x 12 cents per acre	<u>\$10,613</u>
No deduction under this alternative	<u>- 0</u>
Payment to county - Alternative B	<u>\$10,613</u>

In this case, \$45,816 would be the payment to the county. If the population limitation had been \$50,000, the payment calculated under Alternative A would be \$13,565 (\$50,000 - \$36,435).

* * * * *

1/ Only the amount of Federal land payments actually received by units of government in the prior fiscal year are deducted. If a unit of government receives a Federal land payment, but is required by State law to pass all or part of this payment to financially and politically independent school districts, or other single or special purpose district, such redistributed payments are considered to have not been received by the unit of local government and are not deducted from the section 1 in-lieu payment. The amounts to be deducted are reported to the Bureau of Land Management each year by the Governor of each State or his delegate.

Example 2 - Payment Alternative B greater than A:

Population limitation (12,000 x \$41)	<u>\$492,000</u>
A. 81,391 acres x 93 cents per acre	75,694
Deduction for prior year payments	<u>-82,792</u>
Payment to county - Alternative A	<u>\$ 0</u>
B. 81,391 acres x 12 cents per acre	\$9,767
No deduction under this alternative	<u>- 0</u>
Payment to county - Alternative B	<u>\$9,767</u>

In this case, \$9,767 would be the payment to the county.

Example 3 - ceiling in effect - payment limited to population ceiling:

Population limitation (3,000 x \$62)	<u>\$186,000</u>
A. 1,700,000 acra x 93 cents per acre	<u>\$1,581,000</u>
Population ceiling limit	186,000
Deduction for prior year payments	<u>-750,000</u>
Payment to county - Alternative A	\$ <u>0</u>
B. 1,700,000 acres x 12 cents per acre	<u>\$204,000</u>
No deduction under this alternative	<u>0</u>
Payment to county - Alternative B	<u>\$204,000</u>
Payment to county - allowed by ceiling	<u>\$186,000</u>

In the case of this county with high Federal land ownership and a small population, the ceiling is applied to both alternatives with that ceiling amount being paid to the county under Alternative B.

II. Section 6904 Payments

Section 6904 of the Act authorizes payments for any lands or interest therein which were acquired after December 31, 1970, as additions to the National Park System or National Forest Wilderness Areas. These lands must have been subject to local real property taxes within the five year period preceding the acquisition by the Federal government. Payments under this section are made in addition to payments under section 1. They are based on 1% of the fair market value of the lands at the time of acquisition, but may not exceed the amount of real property taxes assessed and levied on the property during the last full fiscal year before the fiscal year in which acquired. Section 6904 payments for each acquisition are to be made annually for five years following each acquisition.

Federal payments of \$100 or more made under section 6904 must be distributed by the recipient unit of local government to those units of local government and affected school districts which have incurred losses of real property taxes due to the acquisition of these lands or interests therein. Distribution shall be in proportion to the tax revenues assessed and levied by the affected units of local governments and school districts in the year prior to the acquisition of these lands by the Federal government.

III. Section 6905 Payments

Section 6905 of the Act authorizes payments for any lands or interest in land owned by the Government in the Redwood National Park or acquired in the Lake Tahoe Basin under the Act December 23, 1980 (P.L. 96-586, 94 Stat. 3383). Section 6905 payments will continue beyond the five year limitation. These payments will continue until the total amount paid equals 5% of the fair market value of the lands at the time of acquisition. However, the payment for each year cannot exceed the actual property taxes assessed and levied on the property during the last full fiscal year before the fiscal year in which the property was acquired by the Federal government.

TABLE 1

CHAPTER 69, 31 U.S. CODE
 PAYMENTS IN LIEU OF TAXES
 FEDERAL LAND PAYMENTS (SECTION 6903(a)(1))

<u>Provisions of Law</u>	<u>Agency Making Payment</u>	<u>Types of Receipts</u>	<u>Disposition of Receipts</u>
(1) Act of 5/23/08; Dept. of Agriculture Appropriation Act; 35 Stat. 251; 16 U.S.C. 500	U.S. Forest Service	Monies received from each National Forest	65% to U.S. Treasury 25% of gross to State for counties 10% to Forest Roads Appropriation
(2) Act of 6/20/10; Enabling Act of Arizona and New Mexico; 36 Stat. 557	U.S. Forest Service	Proceeds from all Nat'l Forests as area of land for schools bears to area of all Nat'l Forests in State	100% to States for schools
(3) Act of 2/25/20 (Sec 35); Mineral Lands Leasing Act; 41 Stat. 450; 30 U.S.C. 191.	Bu. of Land Management	Monies received from mineral leasing	50% to States 40% to Bur. of Reclamation 10% to U.S. Treasury
(4) Federal Power Act (Section 17); 41 Stat. 1072; 16 U.S.C. 810	Federal Energy Regulatory Commission	Occupancy and use of National Forests and Public Lands	50% to Bur. of Reclamation 37.5% to States 12.5% U.S. Treasury
(5) Taylor Grazing Act (Sec 10); 43 U.S.C. 315i	Bu. of Land Management	Proceeds from section 3 grazing receipts	50% to Range Improvement Fund 37.5% to U.S. Treasury 12.5% to States for counties
		Proceeds from section 15 grazing receipts	50% to States for counties 50% to Range Improvement Fund
(6) Bankhead-Jones Farm Tenant Act (Section 33); 50 Stat. 526; 7 U.S.C. 1012	Bu. of Land Management	Revenues from use of the lands	50% to Range Improvement Fund 25% to counties 25% to U.S. Treasury
(7) Act of 6/22/48; Superior Nat'l Forest State of Minn.; 62 Stat. 570; 16 U.S.C. 577g	U.S. Forest Service	Percentage of fair appraised value	.75% of appraised value paid in addition to Act of 5/23/08 ((1) above)
(8) Act of 6/22/56 to amend Act of 6/22/48; 70 Stat. 328; 16 U.S.C. 577g-1	U.S. Forest Service	Same as (7) above	Same as (7) above
(9) Mineral Leasing Act for Acquired Lands (Sect. 6); 61 Stat. 915; 30 U.S.C. 355	Bu. of Land Management U.S. Forest Service	Monies received from mineral leasing	50% to States 40% to Bureau of Reclamation 10% to U.S. Treasury
(10) Material Disposal Act (Section 3); 61 Stat. 681;	Bu. of Land Management U.S. Forest Service	Net revenues from sale of land and materials	varies depending upon type of receipt and agency
(11) Refuge Revenue Sharing Act, as amended; 92 Stat. 1321; 16 U.S.C. 715s(c)(2)	U.S. Fish and Wildlife Service	Revenues from sale of timber, grazing and minerals on reserve area lands and sale of carcasses of certain animals	25% of net receipts to counties 75% to Revenue Sharing Fund

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Representative Ivan M. Ivan

SPONSOR STATEMENT - HOUSE BILL 86

House Bill 86 establishes the payment in lieu of taxes program within the Department of Community and Regional Affairs for home rule and general law cities located in the unorganized borough within federally designated areas of Alaska.

The payment in lieu of taxes program or PILT is financed by funds the state will receive annually from the federal government under 31 U.S.C. 6901 - 31 U.S.C. 6902, which was passed as part of the Omnibus Parks and Public Lands Management Act of 1996 (P.L. 104-333, sec. 1033). The particular section (sec. 1033) of this federal legislation was sponsored by Senator Stevens to allow cities in the unorganized borough to receive payment.

The main purpose of this bill is to provide a method for the Department of Community and Regional Affairs to distribute the annual funding and to establish criteria to determine whether a city is eligible to receive payment under the program as intended by federal law. The amount of money to be distributed to each eligible home rule and general law city in the unorganized borough will be based upon the population of the city as certified by the commissioner of the department for the fiscal year preceding the year in which payment is made to the city. This bill establishes an annual payment date of November 1 of the state fiscal year. The money received by the cities from this program may be used for any general purpose for which a city is authorized under federal, state or local law. Finally, the bill is given an immediate effective date in order to meet the first year's application and payment schedule set out in the bill.