

**PAYMENT IN LIEU OF TAXES
FOR CITIES IN THE UNORGANIZED BOROUGH
PROGRAM**

3 AAC 152.010 - 152.900

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

The federal PILT formula calculates payments based upon the population and 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, and certain National Wildlife Reserve areas.

In the 104th Congress, Division of Community and Regional Affairs staff worked closely with the late Senator Stevens who sponsored legislation amending the federal PILT program, 31 USC 6901 et seq., to permit the payment of PILT monies to the State of Alaska for distribution to cities within the State's unorganized borough. The amendment passed as part of the Omnibus Parks and Public Lands Management Act of 1996 (P.L. 104-333, sec 1033). The amendments provide that the eleven federal census areas comprising Alaska's unorganized borough are to be considered units of local government for purposes of this program. A PILT payment is made to the State for each of the eleven federal census areas. The federal law then provides that the State "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".

Accordingly, the Department adopted regulations implementing the newly expanded PILT program. Department regulations provide that each census area payment be distributed among the eligible cities located within the boundaries of the census area on the basis of population.

Distributions under the Payment in Lieu of Taxes Program are made beginning in July of each fiscal year.

PAYMENT IN LIEU OF TAXES FOR CITIES IN THE UNORGANIZED BOROUGH PROGRAM REGULATIONS

Alaska Administrative Code

3 AAC 152.010. Purpose

3 AAC 152.100. Eligibility requirements

3 AAC 152.200. Calculation of payment in lieu of taxes allocations

3 AAC 152.210. Distribution of payments

3 AAC 152.220. Use of payments

3 AAC 152.900. Definitions

3 AAC 152.010. Purpose 3 AAC 152.010 - 3 AAC 152.900 provide for annual distribution of payment in lieu of taxes income received by the state from the federal government under 31 U.S.C. 6901 - 6902, to eligible home rule and general law cities located within the unorganized borough.

3 AAC 152.100. Eligibility requirements To be eligible to receive a distribution under the payment in lieu of taxes for cities in the unorganized borough program, a city must (1) be located within the circumference of the boundaries of a federally designated area in the unorganized borough; and (2) be incorporated as a city under AS 29.04.010 - 29.04.020 before July 1 of the state fiscal year in which the distribution is requested.

3 AAC 152.200. Calculation of payment in lieu of taxes allocations Subject to appropriations, each payment received by the state under 31 U.S.C. 6901 - 6902 for a federally designated area in the unorganized borough will be fully

allocated by the department among the eligible home rule and general law cities located within the boundaries of that area on the basis of the population of each of those cities. For the purpose of this section, the population of a city is the population residing within the city and within the federally designated area, as certified by the commissioner during the state fiscal year immediately preceding the state fiscal year in which the distribution to the city is to be made.

3 AAC 152.210. Distribution of payments Subject to the receipt of appropriations, distribution to cities of payment in lieu of taxes income under this chapter will be made by the department to eligible cities on or after July 1 of the state fiscal year in which the department receives the federal payment for a federally designated area.

3 AAC 152.220. Use of payments A distribution received by a city under 3 AAC 152.010 - 3 AAC 152.900 may be used for any purpose authorized by law for which the city otherwise has the power to expend money.

3 AAC 152.900. Definitions In this chapter, (1) "commissioner" means the commissioner of the department; (2) "department" means the Department of Commerce, Community, and Economic Development; (3) "federally designated area" means a census area designated by the federal government for use in making payments to the state under 31 U.S.C. 6901 - 6902.