

KETCHIKAN CHARTER COMMISSION

AGENDA STATEMENT

NO. I-1

MEETING OF March 25, 2005

ITEM TITLE

Amend Article XIII, Section 8.03 (e): Payment in Lieu of Taxes

SUBMITTED BY Glen Thompson

SUMMARY STATEMENT

From the 3/11/05 Charter Commission minutes: Karl Amylon said what he was saying was as a major provider of municipal services for all residents of the community, what will become the Gateway Service Area, the present City has traditionally relied on a revenue source coming from PILT both from the Utility and the Port. He said the manner in which the Charter is currently structured does not provide a mechanism for PILT from the Port or KPU going to the GSA. He said that at a minimum there ought to be language that allows discretion to the Assembly, if it so chooses, to have the Utility and the Port make PILT to service areas generally, but his concern is for the GSA. He said he would be delighted if the three-year budget reflected such payments, but that is a matter for the Commission to deliberate and the City will consider as the process continues.

Scott Brandt-Erichsen commented on 3/21/05 regarding this issue: As to the PILT issue, Karl's suggested language does not cause me any concern from a legal standpoint. It would have the benefit of clarifying that PILT could be paid on a service area basis as well as areawide. Some folks like to debate use of "and/or" in statutes and urge a selection of one word or the other. I tend to not be very concerned about it in contexts such as this.

Steve Schweppe commented on 3/21/05 regarding this issue: Payments in Lieu of Taxes: I suggest that the language "an/or service areas as designated by the Assembly" be replaced by "designated service areas". This clarifies that not all service areas will get a PILOT. For example one service area may have substantial utility or port property while another might only have an indirect, if any, connection between the services it renders and the utility or port. The Assembly should be able to designate the one service area as getting a PILOT without giving it to the other.

As is currently in the Charter:

Section 8.03 (e) Payment in Lieu of Taxes. The Assembly may require the municipal utilities to annually pay to the Municipality an amount reasonably estimated to be not more than the amount that said utilities would pay in taxes, assessments, or charges if subject to all such taxes, assessments, or charges.

Suggested amendment:

Section 8.03 (e) Payment in Lieu of Taxes. The Assembly may require the municipal utilities to annually pay to the Municipality and/or service areas as determined by the Assembly an amount reasonably estimated to be not more than the amount that said utilities would pay in taxes, assessments, or charges if subject to all such taxes, assessments, or charges.

RECOMMENDED ACTION:

"I amend Article VIII, Section 8.03 by inserting the phrase "and/or service areas as determined by the Assembly" into the first sentence as indicated."