

KETCHIKAN CHARTER COMMISSION

AGENDA STATEMENT

NO. I-2MEETING OF March 25, 2005**ITEM TITLE****Amend Article X, Section 10.09 (b): Port
Payment in Lieu of Taxes**SUBMITTED BY Glen Thompson**SUMMARY STATEMENT**

During the Commission meeting of 3/11/05 there was considerable discussion regarding Payment in Lieu of Taxes (PILT) both from the Utility and from the Port. The following are excerpts from that meeting's minutes: THOMPSON asked if AMYLON had any suggested language to insert in 8:03 (e) and 10:09 (b) to further specify distribution of the PILT. AMYLON read from 8:03 (e), "The Assembly may require the municipal utilities to annually pay to the Municipality and/or service areas as designated 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." AMYLON said that he would suggest that the language be sent to the two attorneys for their review. He said the same phrase could be inserted in Section 10.09 (b), "The Assembly may require the municipally owned Port to pay annually to the Municipality and/or service areas as designated by the Assembly a payment in lieu of taxes." He said the same language as in 8:03 (e) might be carried over, "not more than the amount that said Port would pay in taxes, assessments or charges if subject to all such taxes, assessments, or charges." AMYLON said the Assembly may want the discretion to determine what service areas may be reasonably entitled to a PILT. There are some service areas that encompass off-road areas of the Borough and it might not be appropriate for them to be receiving PILT.

A further suggestion from that meeting's minutes suggested more changes to 10.09(b) as follows: FINNEY wanted to know if those were the only two, the utilities and the Port. Are there other potential enterprise funds that might be included in the assessment of a PILT? THOMPSON said that he was thinking that under Article X, Finance, rather than limiting it to the Port in section 10:09 (b), it could say, Municipally Owned Enterprise Funds. If they determine, since it's under a "may", the Assembly would have the option, and certainly the Port falls under that, but the Airport may fall under that. He asked AMYLON if he thought there would be objection to including all the enterprise funds? AMYLON said no. THOMPSON reviewed the proposed changes: In 10.09 (b) the word Port is taken out of the title and leave it just as **Payments in Lieu of Taxation**. The Assembly may require the municipally owned enterprise funds to annually pay to the Municipality and/or service areas as designated by the Assembly a payment in lieu of taxes not more than the amount that said enterprise funds would pay in taxes, assessments or charges if subject to all such taxes, assessments, or charges.

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Steve Schweppe commented on 3/21/05, saying: As for the language for enterprises, I would replace "municipally owned enterprise funds" with "designated enterprise funds" since all enterprise funds are municipally owned but may not be strict enterprise funds in the accounting sense but treated as such by the Assembly. You do not need to say "designated by the Assembly" since the Assembly is the only authority to designate either directly or by revokable delegation.

RECOMMENDED MOTION:

"I move to amend Article X, Section 10.09 (b) as follows: ~~Port~~ Payment in Lieu of Taxation: The Assembly may require the ~~port~~ municipally owned enterprise funds to annually pay to the Municipality and/or service areas as designated by the Assembly a payment in lieu of taxes not more than the amount that said enterprise funds would pay in taxes, assessments or charges if subject to all such taxes, assessments, or charges.