

Public Law 98-185
98th Congress

An Act

To extend and amend the provisions of title 31, United States Code, relating to the general revenue sharing program.

Nov. 30, 1983

[H.R. 2780]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Local
Government
Fiscal Assistance
Amendments of
1983.
31 USC 6701
note.

SHORT TITLE

SECTION 1. This Act may be cited as the "Local Government Fiscal Assistance Amendments of 1983".

EXTENSION OF PROGRAM

SEC. 2. Section 6701(a)(1) of title 31, United States Code, is amended to read as follows:

"Entitlement
period."

"(1) 'entitlement period' means each one-year period beginning on October 1 of 1982, 1983, 1984, and 1985."

TERMINATION OF STATE SHARE

SEC. 3. Section 6703(b)(1) of title 31, United States Code, is amended by inserting after "each entitlement period" the following: "beginning before October 1, 1983,".

STATE VARIATIONS OF LOCAL GOVERNMENT ALLOCATIONS

SEC. 4. Subsection (a) of section 6711 of title 31, United States Code, is amended—

- (1) by adding "and" at the end of clause (1);
- (2) by striking out "; and" at the end of clause (2) and inserting in lieu thereof a period; and
- (3) by striking out clause (3).

MODIFICATION OF INTRASTATE ALLOCATION FORMULA IN CERTAIN CASES

SEC. 5. Subsection (c) of section 6713 of title 31, United States Code, is amended—

- (1) by striking out "and" at the end of clause (1);
- (2) by striking out the period at the end of clause (2) and inserting in lieu thereof "; and"; and
- (3) by adding at the end thereof the following new clause:
"(3) for purposes of intrastate allocations under sections 6708, 6709, and 6712, consider any reduction in the amount of adjusted taxes of any unit of general local government if such reduction—

"(A) results from a specific economic dislocation which causes—

- "(i) the closing of places of employment,

“(ii) declines in assessed values of, or receipt of taxes from, real property, or

“(iii) declines in sales or income tax collections of such government, and

“(B) would reduce the allocation of the unit of local government for an entitlement period by an amount equal to or greater than 20 percent of such allocation for the preceding entitlement period.”

PUBLIC HEARINGS

SEC. 6. Section 6714 of title 31, United States Code, is amended—

(1) by striking out paragraph (1) of subsection (a);

(2) by redesignating paragraphs (2) and (3) of subsection (a) as paragraphs (1) and (2), respectively;

(3) by striking out “subsection (a)(2)” in subsection (b)(1) and inserting in lieu thereof “subsection (a)(1)”;

(4) by striking out clause (1) of subsection (c);

(5) by striking out “subsection (a)(2)” in subsection (c)(2) and inserting in lieu thereof “subsection (a)(1)”;

(6) by redesignating clauses (2) and (3) of subsection (c) as clauses (1) and (2), respectively.

DISCRIMINATION PROCEEDINGS

SEC. 7. Section 6717 of title 31, United States Code, is amended—

(1) by striking out “the Secretary submits a notice of noncompliance to the government” in subsection (b) and inserting in lieu thereof “the government receives a notice of noncompliance from the Secretary of the Treasury”; and

(2) by striking out “shall suspend payments to the government under this chapter unless by the 10th day after the decision” in the second sentence of subsection (c) and inserting in lieu thereof “shall notify the government of the decision and shall suspend payments to the government under this chapter unless, within 10 days after the government receives notice of the decision,”.

AUDIT REQUIREMENTS

SEC. 8. (a) Section 6723(a)(1) of title 31, United States Code is amended—

(1) by striking out “expecting to receive” and “which receives”;

(2) by striking out “at least once every 3 years” and inserting in lieu thereof “at least as often as is required by paragraph (2)”;

(3) by striking out “auditing standards” and inserting in lieu thereof “government auditing standards issued by the Comptroller General of the United States”.

(b) Section 6723(a)(2) of such title is amended to read as follows:

“(2) Paragraph (1) of this subsection does not apply to a government for a fiscal year in which the government receives less than \$25,000 under this chapter. A government which receives at least \$25,000 but not more than \$100,000 under this chapter for a fiscal year shall have an audit made in accordance with paragraph (1) at least once every 3 years. A government which receives more than \$100,000 under this chapter for a fiscal year shall have an audit

made in accordance with paragraph (1) for such fiscal year, except that, if the government operates on a biennial fiscal period, such audit may be made biennially but shall cover the financial statement or statements for, and compliance with the requirements of this chapter during, both years within such period.”

(c) Section 6723(b)(1) of such title is amended—

31 USC 6723.

(1) by striking out “at least once every 3 years” in clause (A) and inserting in lieu thereof “at least as often as would be required by subsection (a)(2)”; and

(2) by striking out “auditing standards” and inserting in lieu thereof “government auditing standards issued by the Comptroller General of the United States”.

(d) Section 6723(c)(2) of such title is amended—

(1) by striking out “generally accepted auditing standards” the first place it appears and inserting in lieu thereof “generally accepted government auditing standards issued by the Comptroller General of the United States”; and

(2) by striking out “generally accepted auditing standards” the second place it appears and inserting in lieu thereof “such auditing standards”.

(e) Section 6723(e) of such title is amended by adding at the end thereof the following: “No later than 30 days following completion of the audit, the audit report shall be made available for public inspection by the State government or unit of local government.”

Report, public inspection.

TECHNICAL AMENDMENTS

SEC. 9. (a)(1) Subsection (a) of section 6701 of title 31, United States Code, is amended by adding at the end thereof the following new clauses:

Definitions.

“(8) ‘adjusted taxes of a unit of general local government’ means the taxes imposed by the unit of general local government for public purposes (except employee and employer assessments and contributions to finance retirement and social insurance systems and other special assessments for capital outlay) determined by the Secretary of Commerce for general statistical purposes and adjusted (under regulations of the Secretary of the Treasury) to exclude amounts properly allocated to education expenses.

“(9) ‘urbanized population’ has the meaning given to such term by the Secretary of Commerce for general statistical purposes.”

(2) Section 6701(c) of such title is amended by striking out the last sentence and inserting in lieu thereof the following: “Except as provided in regulations prescribed by the Secretary of the Treasury, the Secretary shall make all data computations based on the ratio of the estimated population of the part to the population of the entire unit of general local government.”

Data computations.

(3) Section 6701(d) of such title is amended by inserting “annexation,” after “constitutional change.”

(4) Section 6701(e)(2) of such title is amended by striking out “having one unit of general local government” and inserting in lieu thereof “and the sole unit of general local government in the area”.

(b) Section 6704(a) of such title is amended—

31 USC 6704.

(1) by inserting “under this chapter” before the semicolon at the end of clause (1);

- (2) by striking out "received under" in clause (3) and inserting in lieu thereof "so received in accordance with";
- (3) by striking out "consistent" in clause (5) and inserting in lieu thereof "in accordance";
- (4) by striking out "section 6723(b)" in clause (7) and inserting in lieu thereof "section 6723(g)";
- (5) by striking out "and" at the end of such clause (7);
- (6) by striking out the period at the end of clause (8) and inserting in lieu thereof "; and"; and
- (7) by inserting after such clause the following new clause:
 "(9) the government will comply with the requirements of sections 6714 and 6723."
- 31 USC 6707. (c) Section 6707(c)(5) of such title is amended by striking out the last sentence.
- 31 USC 6709. (d) Clause (A) of section 6709(a)(2) of such title is amended to read as follows:
 "(A) the adjusted taxes of the unit of general local government, divided by".
- 31 USC 6713. (e) Section 6713(a) of such title is amended by inserting "before the beginning of the entitlement period" immediately after "Secretary of Commerce".
- 31 USC 6716. (f) Section 6716 of such title is amended by striking out "when" in subsections (a) and (b) and inserting in lieu thereof "if".
- (g) Section 6716(c)(1) of such title is amended by inserting before the period at the end the following: "with respect to which the allegation of discrimination is made".
- 31 USC 6717. (h) Section 6717 of such title is amended—
- (1) by striking out "a part" in subsection (b)(3) and inserting in lieu thereof "any part";
- (2) by striking out "except when" in subsection (c) and inserting in lieu thereof "unless";
- (3) by striking out "When" in such subsection and inserting in lieu thereof "If"; and
- (4) by inserting "of discrimination" after "The holding" in subsection (e).
- 31 USC 6718. (i) Section 6718(b) of such title is amended by striking out "about" and inserting in lieu thereof "based on".

STUDY OF FEDERAL/STATE/LOCAL FISCAL RELATIONSHIPS

- 31 USC 6701 note. SEC. 10. (a) The Secretary of the Treasury shall undertake a study of the following issues:
- 31 USC 6701 et seq. (1) The various factors used in the current allocation formulas under chapter 67 of title 31, United States Code, and possible alternatives to such formulas and factors (such as State gross domestic product, the representative tax system, and the inclusion of user fees in factors based on tax collections), including an analysis of the strengths and weaknesses of such formulas and factors.
- (2) The long-term outlook for the fiscal condition and fiscal capacity of Federal, State, and local governments.
- (3) The concept of returning revenue sources to State and local governments along with responsibility for programs and activities for which financial assistance is now provided by the Federal Government.
- (4) The impacts of the cyclical nature of the economy and other factors, such as unemployment, on the expenditures,

needs, and fiscal capacities of Federal, State, and local governments, and the responsiveness of the distribution of Federal financial assistance to the cyclical nature of the economy and such other factors.

(5) The responsiveness of the distribution of Federal assistance to the fiscal capacities of State and local governments, and the responsiveness of the distribution of Federal assistance to the need for services of State and local governments and to cost-of-living and cost-of-government differentials.

(6) The mathematical forms, data, and administration of Federal grant formulas, including the formulas examined under paragraph (1).

(7) The impact on State and local governments of—

(A) modification of the provisions of the Internal Revenue Code of 1954 with respect to—

(i) the deductibility of State and local government taxes, and

(ii) the tax exempt status of State and local securities used for purposes other than the financing of public facilities and cash management, and

(B) increases in allocations under chapter 67 of title 31, United States Code, made to compensate for the modifications described in clause (A).

(b) The Secretary of the Treasury, in consultation with the Secretary of Commerce, the Comptroller General of the United States, the Advisory Commission on Intergovernmental Relations, and recognized organizations of elected officials of State and local governments, including regional organizations of such officials and officials of States that may receive substantially reduced funding under alternative methods of allocating Federal grants-in-aid, shall develop a plan for the completion of the study required by subsection (a). Such plan may provide for the participation of such individuals and organizations in the conduct of the study.

(c) Upon completion of the study required by subsection (a), the Secretary shall solicit the views of the persons and organizations with whom he was required to consult by subsection (b) and shall append such views to a final report to the President and the Congress. Such report shall be submitted no later than June 30, 1985.

(d) There are authorized to be appropriated for each of the fiscal years 1984 and 1985 such sums as may be necessary to carry out this section, not to exceed for each such fiscal year an amount equal to 3 percent of the cost of administering chapter 67 of title 31, United States Code, for the preceding fiscal year.

26 USC 1 *et seq.*

31 USC 6701
et seq.
Plan
development.

Report to
President and
Congress.

Appropriation
authorization.

ADJUSTING DEFINITION OF MASSACHUSETTS TAX EFFORT

SEC. 11. (a) For the purposes of allocating amounts under sections 6708 and 6709 of title 31, United States Code, among units of general local government within the Commonwealth of Massachusetts for the entitlement period beginning October 1, 1983, the adjusted taxes of those governments shall include property taxes levied for the Commonwealth's 1982 fiscal year and recognized as fiscal year 1982 receipts pursuant to Massachusetts General Laws, chapter 59, sections 21 and 23, and chapter 44, sections 35 through 46.

(b) No tax collections credited to any unit of general local government under subsection (a) for the Commonwealth's 1982 fiscal year

shall be credited to that unit of general local government for any other fiscal year.

EFFECTIVE DATE

31 USC 6701
note.

Ante, p. 1309.

Ante, p. 1310.

SEC. 12. (a) Except as provided in subsection (b), the amendments made by this Act shall apply to entitlement periods (as such term is defined in section 6701(a)(1) of title 31, United States Code) beginning on or after October 1, 1983.

(b) The amendments made by section 8 shall apply with respect to any fiscal year (or period) of any State government or unit of general local government beginning on or after October 1, 1983.

Approved November 30, 1983.

LEGISLATIVE HISTORY—H.R. 2780 (S. 1426):

HOUSE REPORTS: No. 98-179 (Comm. on Government Operations) and No. 98-550 (Comm. of Conference).

SENATE REPORT No. 98-189 accompanying S. 1426 (Comm. on Finance).

CONGRESSIONAL RECORD, Vol. 129 (1983):

Aug. 2, considered and passed House.

Sept. 21, considered and passed Senate, amended, in lieu of S. 1426.

Nov. 17, House and Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 19, No. 48 (1983):
Nov. 30, Presidential statement.