

(iv) The maximum allowable adjusted taxes for a unit of general local government is the allowable adjusted taxes of the unit minus the excess adjusted taxes of the unit.

(v) The allowable adjusted taxes of a unit of general government is the greater of—

(I) the amount equal to 2.5, multiplied by the per capita adjusted taxes of all units of general local government of the same type in the State, multiplied by the population of the unit; or

(II) the amount equal to the population of the unit, multiplied by the sum of the adjusted taxes of all units of municipal local government in the State, divided by the sum of the populations of all the units of municipal local government in the State.

(vi) The excess adjusted taxes of a unit of general local government is the amount equal to—

(I) the adjusted taxes of the unit, minus

(II) 1.5 multiplied by the allowable adjusted taxes of the unit;

except that if this amount is less than zero then the excess adjusted taxes of the unit is deemed to be zero.

(vii) For purposes of this subparagraph—

(I) the term “per capita adjusted taxes of all units of general local government of the same type” means the sum of the adjusted taxes of all units of general local government of the same type divided by the sum of the populations of all units of general local government of the same type; and

(II) the term “units of general local government of the same type” means all townships if the unit of general local government is a township, all municipalities if the unit of general local government is a municipality, all counties if the unit of general local government is a county, or all unified city/county governments if the unit of general local government is a unified city/county government.

(4) INCOME GAP.—(A) Except as provided in subparagraph (B), the income gap of a unit of general local government is—

(i) the number which applies under section 6706, multiplied by the per capita income of the State in which the unit is located; minus

(ii) the per capita income of the geographic area of the unit.

(B) If the amount determined under subparagraph (A) for a unit of general local government is less than zero, then the relative income factor of the unit is deemed to be zero.

(d) SMALL GOVERNMENT ALLOCATIONS.—If the Secretary decides that information available for a unit of general local government with a population below a number (of not more than 500) prescribed by the Secretary is inadequate, the Secretary may allocate to the unit, in lieu of any allocation under subsection (b) for a payment period, an amount bearing the same ratio to the total amount to be allocated under subsection (b) for the period for all units of general local government in the State as the population of the unit bears to the population of all units in the State.

(Added Pub. L. 103-322, title III, §31001(a), Sept. 13, 1994, 108 Stat. 1867.)

PRIOR PROVISIONS

A prior section 6705, Pub. L. 97-258, Sept. 13, 1982, 96 Stat. 1014, related to State government allocations, prior to repeal by Pub. L. 99-272, title XIV, §14001(a)(1), (e), Apr. 7, 1986, 100 Stat. 327, 329, eff. Oct. 18, 1986.

§ 6706. Income gap multiplier

For purposes of determining the income gap of a unit of general local government under section 6705(b)(4)(A),¹ the number which applies is—

(1) 1.6, with respect to ½ of any amount allocated under section 6704 to the State in which the unit is located; and

(2) 1.2, with respect to the remainder of such amount.

(Added Pub. L. 103-322, title III, §301001(a), Sept. 13, 1994, 108 stat. 1871.)

PRIOR PROVISIONS

A prior section 6706, Pub. L. 97-258, Sept. 13, 1982, 96 Stat. 1014, related to reductions in State government allocations, prior to repeal by Pub. L. 99-272, title XIV, §14001(a)(1), (e), Apr. 7, 1986, 100 Stat. 327, 329, eff. Oct. 18, 1986.

§ 6707. State variation of local government allocations

(a) STATE FORMULA.—A State government may provide by law for the allocation of amounts among units of general local government in the State on the basis of population multiplied by the general tax effort factors or income gaps of the units of general local government determined under sections 6705(a) and (b)¹ or a combination of those factors. A State government providing for a variation of an allocation formula provided under sections 6705(a) and (b)¹ shall notify the Secretary of the variation by the 30th day before the beginning of the first payment period in which the variation applies. A variation shall—

(1) provide for allocating the total amount allocated under sections 6705(a) and (b);¹ and

(2) apply uniformly in the State.

(b) CERTIFICATION.—A variation by a State government under this section may apply only if the Secretary certifies that the variation complies with this section. The Secretary may certify a variation only if the Secretary is notified of the variation at least 30 days before the first payment period in which the variation applies.

(Added Pub. L. 103-322, title III, §31001(a), Sept. 13, 1994, 108 Stat. 1872.)

PRIOR PROVISIONS

A prior section 6707, Pub. L. 97-258, Sept. 13, 1982, 96 Stat. 1016; Pub. L. 98-185, §9(c), Nov. 30, 1983, 97 Stat. 1312, related to State allocations for units of general local government, prior to repeal by Pub. L. 99-272, title XIV, §14001(a)(1), (e), Apr. 7, 1986, 100 Stat. 327, 329, eff. Oct. 18, 1986.

§ 6708. Adjustments of local government allocations

(a) MAXIMUM AMOUNT.—The amount allocated to a unit of general local government for a pay-

¹ So in original. Probably should be section “6705(c)(4)(A).”

¹ So in original. Probably should be “section 6705(a) and (c).”