

HOUSE CS FOR CS FOR SS FOR SENATE BILL NO. 20(FIN) am H

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Amended: 5/6/96

Offered: 4/24/96

Sponsor(s): SENATORS TORGERSON, Pearce, Kelly, Zharoff, Taylor

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to certain programs of state aid to municipalities and
2 recipients in the unorganized borough; and providing for an effective date."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 * **Section 1.** AS 29.10.200(50) is amended to read:

5 (50) AS 29.60.120(a) and (c) (**priority revenue sharing** [STATE AID]
6 for health facilities and hospitals);

7 * **Sec. 2.** AS 29.20.640(b) is amended to read:

8 (b) Compliance with the provisions of this section is a prerequisite to receipt
9 of municipal tax resource equalization assistance under AS 29.60.010 - 29.60.080 and
10 **priority revenue sharing** [STATE AID] for [MISCELLANEOUS] municipal services
11 under AS 29.60.100 - 29.60.180. If a municipality does not comply with this section,
12 the department shall withhold the allocations until the required reports are filed.

13 * **Sec. 3.** AS 29.45.020 is amended to read:

14 Sec. 29.45.020. TAXPAYER NOTICE. (a) If a municipality levies and

1 collects property taxes, the governing body shall provide the following notice:

2 "NOTICE TO TAXPAYER

3 For the current fiscal year the (city)(borough) has been allocated the following amount
4 of state aid for school and municipal purposes under the applicable financial assistance
5 Acts:

6	PUBLIC SCHOOL FOUNDATION PROGRAM	
7	ASSISTANCE (AS 14.17)	\$
8	STATE AID FOR RETIREMENT OF SCHOOL	
9	CONSTRUCTION DEBT (AS 14.11.100)	\$
10	MUNICIPAL TAX RESOURCE EQUALIZATION	
11	[ASSISTANCE] (AS 29.60.010 - 29.60.080)	\$
12	<u>PRIORITY REVENUE SHARING</u> [STATE	
13	AID] FOR [MISCELLANEOUS] MUNICIPAL	
14	SERVICES (AS 29.60.100 - 29.60.180)	\$
15	<u>REVENUE SHARING FOR COMMUNITIES</u>	
16	<u>(AS 29.60.350 - 29.60.375)</u>	\$
17	TOTAL AID	\$

18 The millage equivalent of this state aid, based on the dollar value of a mill in the
19 municipality during the current assessment year and for the preceding assessment year,
20 is:

21	MILLAGE EQUIVALENT	
22	PREVIOUS YEAR	THIS YEAR
23	PUBLIC SCHOOL FOUNDATION	
24	PROGRAM ASSISTANCE MILLS MILLS
25	STATE AID FOR RETIREMENT	
26	OF SCHOOL CONSTRUCTION	
27	DEBTMILLSMILLS
28	MUNICIPAL TAX RESOURCE	
29	EQUALIZATION [ASSISTANCE]MILLSMILLS
30	<u>PRIORITY REVENUE SHARING</u>	
31	[STATE AID] FOR [MISCELLANEOUS]	

1	MUNICIPAL SERVICESMILLSMILLS
2	<u>REVENUE SHARING FOR</u>		
3	<u>COMMUNITIES</u>	<u>. . . .MILLS</u>	<u>. . . .MILLS</u>
4	TOTAL MILLAGE		
5	EQUIVALENTMILLSMILLS"

6 Notice shall be provided

7 (1) by furnishing a copy of the notice with tax statements mailed for

8 the fiscal year for which aid is received; or

9 (2) by publishing in a newspaper of general circulation in the

10 municipality a copy of the notice once each week for a period of three successive

11 weeks, with publication to occur not later than 45 days after the final adoption of the

12 municipality's budget.

13 (b) Compliance with the provisions of this section is a prerequisite to receipt

14 of municipal tax resource equalization [ASSISTANCE] under AS 29.60.010 -

15 29.60.080 and **priority revenue sharing** [STATE AID] for [MISCELLANEOUS]

16 municipal services under AS 29.60.100 - 29.60.180. The department shall withhold

17 annual allocations under those sections until municipal officials demonstrate that the

18 requirements of this section have been met.

19 * **Sec. 4.** AS 29.45.660(b) is amended to read:

20 (b) Compliance with the provisions of this section is a prerequisite to receipt

21 of municipal tax resource equalization [ASSISTANCE] under AS 29.60.010 -

22 29.60.080 and **priority revenue sharing** [STATE AID] for [MISCELLANEOUS]

23 municipal services under AS 29.60.100 - 29.60.180. The department shall withhold

24 annual allocations under those sections until municipal officials demonstrate that the

25 requirements of this section have been met.

26 * **Sec. 5.** AS 29.60.100 is amended to read:

27 Sec. 29.60.100. **PRIORITY REVENUE SHARING FOR MUNICIPAL**

28 **SERVICES** [REVENUE SHARING PAYABLE]. In addition to the equalization

29 entitlements paid under AS 29.60.010 - 29.60.080, during each fiscal year the

30 department shall pay **priority revenue sharing for municipal services to** [AID]

31 (1) [TO] a municipality or other eligible recipient that has the power

1 to provide the services described in AS 29.60.110 - 29.60.130 and exercises the power
2 in the manner required by AS 29.60.100 - 29.60.180;

3 (2) [TO] an unincorporated community under AS 29.60.140.

4 * **Sec. 6.** AS 29.60.170 is amended to read:

5 Sec. 29.60.170. **MUNICIPAL** [MISCELLANEOUS] SERVICES ACCOUNT.

6 The **municipal** [MISCELLANEOUS] services account is established. Money to carry
7 out the provisions of AS 29.60.100 - 29.60.180 shall be allocated by the department
8 to the account in accordance with AS 29.60.280. If amounts in the account are
9 insufficient to pay each municipality's or other recipient's share authorized under
10 AS 29.60.100 - 29.60.180, the amounts that are available shall be distributed pro rata
11 among eligible municipalities and other recipients.

12 * **Sec. 7.** AS 29.60.280(b) is amended to read:

13 (b) Money in the **municipal** [MISCELLANEOUS] services account established
14 in AS 29.60.170 that exceeds the amount required to fully fund distributions authorized
15 by AS 29.60.100 - 29.60.180 shall be reallocated to the tax equalization account
16 established in AS 29.60.060 and distributed according to the provisions of
17 AS 29.60.010 - 29.60.080.

18 * **Sec. 8.** AS 29.60.350 is amended to read:

19 Sec. 29.60.350. **COMMUNITIES** [MUNICIPAL ASSISTANCE] FUND. (a)
20 **To implement the revenue sharing for communities program, there** [THERE] is
21 established in the department the **communities** [MUNICIPAL ASSISTANCE] fund
22 **consisting of the base amount account and the per capita account.** The legislature
23 may appropriate to the **communities** [MUNICIPAL ASSISTANCE] fund during each
24 fiscal year **a total** [AN] amount equal to or greater than 30 percent of the income tax
25 revenue received by the state under AS 43.20.011(e) for the previous fiscal year.
26 **Unless otherwise provided in the appropriation, the department shall allocate one-**
27 **third of the money appropriated to the base amount account and two-thirds to the**
28 **per capita account.**

29 (b) The department shall distribute money from the **communities**
30 [MUNICIPAL ASSISTANCE] fund to each municipality on an annual basis as
31 provided in AS 29.60.360 and 29.60.370 **and as adjusted under AS 29.60.373.** A

1 municipality may not receive payment until it submits to the department a resolution
2 approved by the governing body of the municipality that requests the money.
3 Distribution of money from the communities [MUNICIPAL ASSISTANCE] fund to
4 all municipalities must be made on July 31 [FEBRUARY 1] of the state fiscal year
5 for which the appropriation to the fund is made. A municipality that incorporates after
6 July 1 [DECEMBER 31] of a state fiscal year is not eligible for a distribution under
7 this section until the following state fiscal year.

8 * **Sec. 9.** AS 29.60.350 is amended by adding new subsections to read:

9 (c) Money from the revenue sharing for communities program distributed to
10 a municipality shall be used by that municipality only for the following services in the
11 following ranking of priority:

- 12 (1) police protection and related public safety services;
- 13 (2) fire protection and emergency medical services;
- 14 (3) water and sewer services not offset by user fees;
- 15 (4) solid waste management;
- 16 (5) other services determined by the governing body to have the highest

17 priority.

18 (d) Subsection (c) of this section may not be construed to require a
19 municipality to fund all requests it receives for services in a category with a higher
20 ranking of priority before funding services in a category with a lower ranking of
21 priority.

22 * **Sec. 10.** AS 29.60.360 is amended to read:

23 Sec. 29.60.360. BASE AMOUNT ACCOUNT DISTRIBUTIONS [OF
24 ASSISTANCE]. (a) The base amount to be distributed from the base amount
25 account [MUNICIPAL ASSISTANCE FUND] to each municipality for the fiscal year
26 shall be the amount received by the municipality during fiscal year 1978 under
27 AS 43.70.080 as that section provided before the 1978 amendment. A city
28 incorporated within a borough after June 30, 1977, shall receive as a base amount a
29 share of the amount distributed to the borough in which it is located based on the ratio
30 of population in the city to the total population in the borough. A city incorporated
31 outside a borough after June 30, 1977, shall receive as a base amount the amount

1 received by the city in the state most closely approximating it in population at the time
2 of its incorporation. A borough incorporated after June 30, 1977, shall receive as a
3 base amount the amount received by the borough in the state most clearly
4 approximating it in population at the time of its incorporation, excluding each
5 borough with a per capita full and true property value exceeding \$500,000. The
6 base amount to be distributed to each municipality organized under federal law shall
7 be the amount received as a base amount by the city most closely approximating it in
8 population on June 30, 1977.

9 (b) If the amount in the base amount account from allocation of
10 appropriations [APPROPRIATED] to the communities [MUNICIPAL
11 ASSISTANCE] fund [BY THE LEGISLATURE] during a fiscal year is insufficient
12 for distribution of the full base amount to each municipality, the department shall
13 prorate the amount available for distribution [ON THE BASIS OF AMOUNTS
14 RECEIVED DURING THE FISCAL YEAR 1978 UNDER AS 43.70.080].

15 * **Sec. 11.** AS 29.60.370(a) is amended to read:

16 Sec. 29.60.370. PER CAPITA ACCOUNT DISTRIBUTION [INCREASED
17 ASSISTANCE]. (a) The [IF THE] amount allocated to the per capita account in
18 the communities [MUNICIPAL ASSISTANCE] fund [AT THE TIME OF
19 DISTRIBUTION EXCEEDS THE BASE AMOUNT TO BE DISTRIBUTED UNDER
20 AS 29.60.360, THE EXCESS AMOUNT] shall be distributed to each municipality on
21 the basis of population. Population for the purpose of this section shall be as certified
22 by the commissioner of community and regional affairs. In determining the population
23 of a borough, the population of all cities in the borough shall be deducted from the
24 total population of the borough.

25 * **Sec. 12.** AS 29.60 is amended by adding new sections to read:

26 Sec. 29.60.372. MINIMUM PAYMENT. (a) If a municipality qualifies for
27 a payment during a fiscal year under AS 29.60.010 - 29.60.080, or 29.60.100 -
28 29.60.180, or 29.60.290, and 29.60.350, and if the total amount payable to the
29 municipality under those sections is less than \$40,000, the department shall pay to the
30 municipality a minimum payment in an amount equal to the difference between the
31 total amount payable under those sections and \$40,000 as adjusted under

1 AS 29.60.373.

2 (b) If the total amount appropriated to the communities fund for a fiscal year
3 is less than \$29,400,000, minimum payments under (a) of this section shall be reduced
4 by a percent equal to the percent of reduction that the amount appropriated for that
5 fiscal year represents when compared to \$29,400,000. However, the total amount
6 payable to the municipality under AS 29.60.010 - 29.60.080, 29.60.100 - 29.60.180,
7 29.60.290, and 29.60.350 may not be reduced under this subsection.

8 Sec. 29.60.373. ADJUSTMENT OF PAYMENTS. Adjustment of payments
9 shall be determined by prorating amounts payable under AS 29.60.360, 29.60.370, and
10 29.60.372 by a factor that, when applied, reduces all payments in equal proportion so
11 that total payments equal the amount appropriated to the communities fund.

12 * **Sec. 13.** AS 29.60.370(b) is repealed.

13 * **Sec. 14.** This Act takes effect July 1, 1996.