

**HOUSE BILL NO. 86**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES IVAN, Foster, Kubina, James

Introduced: 1/24/97

Referred: Community and Regional Affairs, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the payments in lieu of taxes program for cities in the  
2 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 is amended by adding a new paragraph to read:

5 (54) AS 29.60.710(c) (payments in lieu of taxes).

6 \* **Sec. 2.** AS 29.60 is amended by adding new sections to read:

7 **Article 9. Payments in Lieu of Taxes for Cities in the Unorganized Borough.**

8 **Sec. 29.60.700. Payments in lieu of taxes program.** The payments in lieu  
9 of taxes program for cities in the unorganized borough is established in the department.

10 Payments received by the state from the federal government under 31 U.S.C. 6901 -  
11 6903 (Payments in Lieu of Taxes Act) for federally designated areas in the  
12 unorganized borough and appropriated for the program shall be fully distributed  
13 annually by the department to eligible home rule and general law cities located in the  
14 unorganized borough.

1           **Sec. 29.60.710. Distribution of payments.** (a) Subject to appropriation, each  
 2 payment received by the state under 31 U.S.C. 6901 - 6903 for a federally designated  
 3 area in the unorganized borough shall be distributed by the department to each eligible  
 4 home rule and general law city located in that area on the basis of population. The  
 5 population of a city for the purpose of this subsection shall be the population certified  
 6 by the commissioner during the state fiscal year immediately preceding the state fiscal  
 7 year in which the payment is made.

8           (b) Distributions under this section shall be made by the department on  
 9 November 1 of the state fiscal year in which the department receives the payment for  
 10 a federally designated area.

11           (c) A distribution received by a city under this section may be used for any  
 12 purpose authorized by federal law for which the city otherwise has the power to  
 13 expend funds. This subsection applies to home rule and general law cities.

14           **Sec. 29.60.720. Eligibility for distributions.** A city in the unorganized  
 15 borough is eligible for a distribution under AS 29.60.710 if

16           (1) the city was incorporated before October 1 of the state fiscal year  
 17 in which the distribution is requested by the city;

18           (2) the city has submitted a resolution to the department that requests  
 19 the distribution and verifies that

20                   (A) the city has conducted a regular election during the state  
 21 fiscal year preceding the state fiscal year in which the distribution is requested  
 22 and has reported the results of the election to the commissioner;

23                   (B) regular meetings of the governing body are held in the city  
 24 and a record of the proceedings is maintained; and

25                   (C) local ordinances adopted by the city have been codified in  
 26 accordance with AS 29.25.050;

27           (3) the city has adopted and submitted to the department a municipal  
 28 budget for the city's fiscal year in which the distribution is requested;

29           (4) for a home rule or first class city, the city has filed with the  
 30 department a copy of the city's audit for the city's fiscal year immediately preceding  
 31 the city's fiscal year in which the distribution is requested; and

1                   (5) for a second class city, the city has filed with the department a copy  
2                   of the city's audit or statement of annual income and expenditures for the city's fiscal  
3                   year immediately preceding the city's fiscal year in which the distribution is requested.

4                   **Sec. 29.60.750. Definition.** In AS 29.60.700 - 29.60.750, "unorganized  
5                   borough" means the areas of the state established in AS 29.03.010.

6                   \* **Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).