

SENATE BILL NO. 29

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY SENATOR TORGERSON

Introduced: 1/13/97

Referred: CRA, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to certain programs of state aid to municipalities and recipients
2 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 collects

1 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:

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

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

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 services [REVENUE**
28 **SHARING PAYABLE]**. In addition to the equalization entitlements paid under
29 AS 29.60.010 - 29.60.080, during each fiscal year the department shall pay **priority**
30 **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.** The
6 **municipal** [MISCELLANEOUS] services account is established. Money to carry out
7 the provisions of AS 29.60.100 - 29.60.180 shall be allocated by the department to the
8 account in accordance with AS 29.60.280. If amounts in the account are insufficient
9 to pay each municipality's or other recipient's share authorized under AS 29.60.100 -
10 29.60.180, the amounts that are available shall be distributed pro rata among eligible
11 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) **To**
20 **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 ASSISTANCE].**

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

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

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

14 * **Sec. 11.** AS 29.60.365 is amended to read:

15 **Sec. 29.60.365. Municipalities organized under federal law.** To qualify to
 16 receive money under AS 29.60.350 - 29.60.375 [AS 29.60.350 - 29.60.370], a
 17 municipality organized under federal law as an Indian reserve that existed before
 18 enactment of 43 U.S.C. 1618(a) and is continued in existence under that subsection
 19 shall form a community development corporation with authority to determine how
 20 money received under AS 29.60.350 - 29.60.375 [AS 29.60.350 - 29.60.370] will be
 21 used. The charter must require that the governing board of the corporation shall be
 22 elected at an annual election open to all residents of the municipality who are
 23 registered and qualified to vote in state elections. The department may distribute
 24 money for the municipality only to a corporation organized in accordance with this
 25 section and only after the corporation has delivered a written waiver of sovereign
 26 immunity from legal action by the state to recover all or a portion of the money
 27 distributed under AS 29.60.350 - 29.60.375 [AS 29.60.350 - 29.60.370].

28 * **Sec. 12.** AS 29.60.370(a) is amended to read:

29 **Sec. 29.60.370. Per capita account distribution** [INCREASED
 30 ASSISTANCE]. (a) The [IF THE] amount allocated to the per capita account in
 31 the communities [MUNICIPAL ASSISTANCE] fund [AT THE TIME OF

1 DISTRIBUTION EXCEEDS THE BASE AMOUNT TO BE DISTRIBUTED UNDER
2 AS 29.60.360, THE EXCESS AMOUNT] shall be distributed to each municipality on
3 the basis of population. Population for the purpose of this section shall be as certified
4 by the commissioner of community and regional affairs. In determining the population
5 of a borough, the population of all cities in the borough shall be deducted from the
6 total population of the borough.

7 * **Sec. 13.** AS 29.60 is amended by adding new sections to read:

8 **Sec. 29.60.372. Minimum payment.** If a municipality qualifies for a payment
9 during a fiscal year under AS 29.60.010 - 29.60.080, 29.60.100 - 29.60.180, 29.60.290,
10 or 29.60.350 and if the total amount payable to the municipality under those sections
11 is less than \$40,000, the department shall pay to the municipality a minimum payment
12 in an amount equal to the difference between the total amount payable under those
13 sections and \$40,000 as adjusted under AS 29.60.373.

14 **Sec. 29.60.373. Adjustment of payments.** Adjustment of payments shall be
15 determined by prorating amounts payable under AS 29.60.360, 29.60.370, and
16 29.60.372 by a factor that, when applied, reduces all payments in equal proportion so
17 that total payments equal the amount appropriated to the communities fund.

18 * **Sec. 14.** AS 29.60.375 is amended to read:

19 **Sec. 29.60.375. Definition.** In AS 29.60.350 - 29.60.375 [AS 29.60.350 -
20 29.60.370] "municipality" includes a municipality organized under federal law as an
21 Indian reserve that existed before enactment of 43 U.S.C. 1618(a) and is continued in
22 existence under that subsection.

23 * **Sec. 15.** AS 29.60.370(b) is repealed.

24 * **Sec. 16.** This Act takes effect July 1, 1997.