

**HOUSE CS FOR CS FOR SENATE BILL NO. 29(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 5/1/97

Referred: Rules

Sponsor(s): SENATORS TORGERSON, Mackie

REPRESENTATIVE Mulder

**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	<b><u>PRIORITY REVENUE SHARING</u></b> [STATE	
13	AID] FOR [MISCELLANEOUS] MUNICIPAL	
14	SERVICES (AS 29.60.100 - 29.60.180)	\$
15	<b><u>REVENUE SHARING FOR COMMUNITIES</u></b>	
16	<b><u>(AS 29.60.350 - 29.60.375)</u></b>	\$
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 <b><u>PRIORITY REVENUE SHARING</u></b>		
31 [STATE AID] FOR [MISCELLANEOUS]		

1	MUNICIPAL SERVICES	. . . .MILLS	. . . .MILLS
2	<b><u>REVENUE SHARING FOR</u></b>		
3	<b><u>COMMUNITIES</u></b>	<b><u>. . . .MILLS</u></b>	<b><u>. . . .MILLS</u></b>
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**  
27 **money to the base amount account and the per capita account in the same**  
28 **proportion as under AS 29.60.360 and 29.60.370 in state fiscal year 1997.**

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 the communities program distributed  
 10 to a municipality shall be used by that municipality only for the following services in  
 11 the 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 entitlement.** (a) If a municipality qualifies for a  
 9 payment during a fiscal year under AS 29.60.350 and also under AS 29.60.010 -  
 10 29.60.080, 29.60.100 - 29.60.180, or 29.60.290, and if the total amount payable to the  
 11 municipality under those sections is less than a minimum entitlement of \$40,000, the  
 12 department shall pay to the municipality an amount equal to the difference between  
 13 the total amount payable under those sections and \$40,000 as adjusted under  
 14 AS 29.60.373.

15 (b) If the total amount appropriated to the communities fund for a fiscal year  
 16 is less than \$29,402,300, the minimum entitlement under (a) of this section shall be  
 17 reduced by a percent equal to the percent of reduction that the amount appropriated for  
 18 that fiscal year represents when compared to \$29,402,300.

19 **Sec. 29.60.373. Adjustment of payments.** Adjustment of payments shall be  
 20 determined by prorating amounts payable under AS 29.60.360, 29.60.370, and  
 21 29.60.372 by a factor that, when applied, reduces all payments in equal proportion so  
 22 that total payments equal the amount appropriated to the communities fund.

23 \* **Sec. 14.** AS 29.60.375 is amended to read:

24 **Sec. 29.60.375. Definition.** In AS 29.60.350 - 29.60.375 [AS 29.60.350 -  
 25 29.60.370] "municipality" includes a municipality organized under federal law as an  
 26 Indian reserve that existed before enactment of 43 U.S.C. 1618(a) and is continued in  
 27 existence under that subsection.

28 \* **Sec. 15.** AS 29.60.370(b) is repealed.

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