

SENATE BILL NO. 210

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Introduced: 3/28/16

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the community revenue sharing program; changing the name of the**
2 **community revenue sharing program to the community assistance program; and**
3 **relating to the municipal property tax exemption on the residence of a senior, a disabled**
4 **veteran, and a widow or widower of a senior or disabled veteran."**

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 *** Section 1.** AS 28.10.181(d) is amended to read:

7 (d) Vehicles owned by veterans with disabilities, including persons disabled in
8 the line of duty while serving in the Alaska Territorial Guard, or other persons with
9 disabilities. Upon the request of a person with a disability that limits or impairs the
10 ability to walk, as defined in 23 C.F.R. 1235.2, the department shall (1) register one
11 motor vehicle in the name of the person without charge; and (2) issue a specially
12 designed registration plate that displays (A) recognition of the disabled veteran if the
13 applicant's disability originated from the applicant's service with the Alaska Territorial
14 Guard or the armed forces of the United States; (B) the international symbol of

accessibility (the wheelchair logo); and (C) if the applicant is a veteran, the Alaska and United States flags and red, white, and blue colors. A person who is not otherwise qualified under this subsection, but who meets the qualifications of a disabled veteran under **AS 29.45.050(x)** [AS 29.45.030(i)], may register one motor vehicle without charge, and the department shall issue a specially designed registration plate that displays recognition of the disabled veteran that does not display the international symbol of accessibility and does not carry with it special parking privileges. A disabled veteran who otherwise qualifies for a registration plate under this subsection may elect to receive a plate under (p) or (q) of this section for which the person is otherwise qualified that does not display the international symbol of accessibility and does not carry with it special parking privileges. A disabled person who otherwise qualifies for a registration plate under (2)(B) of this subsection may elect to receive a plate under another provision of this section for which the person is otherwise qualified that does not display the international symbol of accessibility and does not carry with it special parking privileges. For purposes of this subsection, proof of disability may be provided by a person licensed as a physician or physician assistant under AS 08.64 or as an advanced nurse practitioner under AS 08.68.

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

(b) Compliance with the provisions of this section is a prerequisite to receipt of community **assistance** [REVENUE SHARING] under AS 29.60.850 - 29.60.879. If a municipality does not comply with this section, the department shall withhold the allocations until the required reports are filed.

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

Sec. 29.45.020. Taxpayer notice. (a) If a municipality levies and collects property taxes, the governing body shall provide the following notice:

"NOTICE TO TAXPAYER

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

PUBLIC SCHOOL FUNDING PROGRAM (AS 14.17)	\$
STATE AID FOR RETIREMENT OF SCHOOL	\$

CONSTRUCTION DEBT (AS 14.11.100)
 COMMUNITY ASSISTANCE \$
 [REVENUE SHARING]
 PROGRAM (AS 29.60.850 - 29.60.879)

TOTAL AID \$

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

	MILLAGE EQUIVALENT	PREVIOUS YEAR	THIS YEAR
PUBLIC SCHOOL FUNDING	MILLS	MILLS	
PROGRAM ASSISTANCE			
STATE AID FOR RETIREMENT	MILLS	MILLS	
OF SCHOOL CONSTRUCTION			
DEBT			
COMMUNITY <u>ASSISTANCE</u>	MILLS	MILLS	
[REVENUE SHARING]			
PROGRAM			
TOTAL MILLAGE EQUIVALENT	MILLS	MILLS"	

Notice shall be provided by

(1) furnishing a copy of the notice with tax statements mailed for the fiscal year for which aid is received; or

(2) publishing in a newspaper of general circulation in the municipality a copy of the notice once each week for a period of three successive weeks, with publication to occur not later than 45 days after the final adoption of the municipality's budget.

(b) Compliance with the provisions of this section is a prerequisite to receipt of community assistance [REVENUE SHARING] under AS 29.60.850 - 29.60.879. The department shall withhold annual allocations under those sections until municipal officials demonstrate that the requirements of this section have been met.

* **Sec. 4.** AS 29.45.030(h) is amended to read:

(h) **Nothing** [EXCEPT AS PROVIDED IN (g) OF THIS SECTION, NOTHING] in **(i)** [(e) - (j)] of this section affects similar exemptions from property taxes granted by a municipality on September 10, 1972, or prevents a municipality from granting similar exemptions by ordinance as provided in AS 29.45.050.

* **Sec. 5.** AS 29.45.030(j) is amended to read:

(j) One motor vehicle **for each** [PER] household owned by a resident 65 years of age or older on January 1 of the assessment year is exempt either from taxation on its assessed value or from the registration tax under AS 28.10.431. An exemption may be granted under this subsection only upon written application on a form prescribed by the Department of Administration. **The Department of Commerce, Community, and Economic Development shall adopt regulations to implement this section.**

* **Sec. 6.** AS 29.45.040(f) is amended to read:

(f) In this section, "disabled veteran" has the meaning given in **AS 29.45.050(x)** [AS 29.45.030(i)].

* **Sec. 7.** AS 29.45.050(i) is amended to read:

(i) A municipality may by ordinance approved by the voters exempt from taxation

(1) all or part of the assessed value [THAT EXCEEDS \$150,000] of real property owned and occupied as a permanent place of abode by a resident who is

(A) [(1)] 65 years of age or older;

(B) [(2)] a disabled veteran [, INCLUDING A PERSON WHO WAS DISABLED IN THE LINE OF DUTY WHILE SERVING IN THE ALASKA TERRITORIAL GUARD];

(C) [OR (3)] at least 60 years **of age** [OLD] and a widow or widower of a person who qualified for an exemption under **(A)** [(1) OR (2)] of this **paragraph;**

(D) the widow or widower of a person who qualified for an exemption under (B) of this paragraph; or

(E) the widow or widower of a person who dies from a service-connected cause sustained while serving as a member of the United States armed forces or as a member of the National Guard

1 [SUBSECTION].

2 * **Sec. 8.** AS 29.45.050(x) is amended to read:

3 (x) In this section,

4 **(1) "disabled veteran" means a disabled person**

5 **(A) separated from the military service of the United States**
 6 **under a condition that is not dishonorable who is a resident of the state,**
 7 **whose disability was incurred or aggravated in the line of duty in the**
 8 **military service of the United States, and whose disability has been rated**
 9 **as 50 percent or more by the branch of service in which that person served**
 10 **or by the United States Department of Veterans Affairs; or**

11 **(B) who served in the Alaska Territorial Guard, who is a**
 12 **resident of the state, whose disability was incurred or aggravated in the**
 13 **line of duty while serving in the Alaska Territorial Guard, and whose**
 14 **disability has been rated as 50 percent or more;**

15 **(2) "farming activity" means raising and harvesting crops; feeding,**
 16 **breeding, and managing livestock; dairying; or any combination of those activities;**

17 **(3) "widow or widower" means a person whose spouse has died**
 18 **and who has not remarried.**

19 * **Sec. 9.** AS 29.45.050 is amended by adding new subsections to read:

20 (y) Only one exemption under (i) of this section may be granted for the same
 21 property, and, if two or more persons are eligible for an exemption for the same
 22 property, the parties shall decide between or among themselves who is to receive the
 23 benefit of the exemption. Real property may not be exempted under this subsection if
 24 the assessor determines, after notice to and hearing of the parties, that the property was
 25 conveyed to the applicant primarily for the purpose of obtaining the exemption. The
 26 determination of the assessor may be appealed under AS 44.62.560 and 44.62.570. A
 27 municipality shall determine the eligibility requirements and application procedure for
 28 an optional exemption provided under (i) of this section.

29 (z) In (i) of this section, "real property" includes mobile homes, whether
 30 classified as real or personal property for municipal tax purposes.

31 * **Sec. 10.** AS 29.45.660(b) is amended to read:

(b) Compliance with the provisions of this section is a prerequisite to receipt of community assistance [REVENUE SHARING] under AS 29.60.850 - 29.60.879. The department shall withhold annual allocations under those sections until municipal officials demonstrate that the requirements of this section have been met.

* **Sec. 11.** AS 29.60.810 is amended to read:

Sec. 29.60.810. Grant applications. A municipality or regional housing authority that owns a harbor facility may submit to the Department of Transportation and Public Facilities an application for a harbor facility grant to be used for construction, expansion, major repair, or major maintenance of a harbor facility. The application must include information about the project requested by the department. For a proposed project to be eligible for a grant, the municipality or regional housing authority must provide evidence acceptable to the department that the

(1) proposed project is a capital improvement project and not part of a preventive maintenance program or regular custodial care program;

(2) municipality or regional housing authority will provide 50 percent of the total project cost as matching funds for the state grant and that money received by the municipality or regional housing authority from the state will not be used for the matching funds except money received under

(A) AS 29.60.850 - 29.60.879 (community assistance [REVENUE SHARING] program);

(B) AS 29.60.450, AS 43.75.130, and 43.75.137 (shared fisheries business taxes);

(C) AS 43.52.200 - 43.52.295 (excise tax on overnight accommodations on commercial passenger vessels); and

(D) a transfer agreement between the state and a municipality for [PURSUANT TO] a sale under AS 35.10.120;

(3) municipality or regional housing authority has secured and will maintain adequate property loss insurance for the replacement cost of the harbor facility or has an adequate program of insurance;

(4) municipality or regional housing authority has a preventive maintenance plan for the harbor facility and will be adequately adhering to the

preventive maintenance plan after completion of the proposed project.

* **Sec. 12.** AS 29.60.850 is amended to read:

Sec. 29.60.850. Community assistance [REVENUE SHARING] fund. (a)

The community assistance [REVENUE SHARING] fund is established in the general fund for the purpose of making community assistance [REVENUE SHARING] payments to municipalities, reserves, and communities for any public purpose. The fund consists of appropriations. Income earned on money in the fund may be appropriated to the fund. Money in the fund does not lapse.

(b) Each fiscal year, the legislature may appropriate to the community assistance [REVENUE SHARING] fund money received by the state during the previous calendar year under AS 43.20.030(c). The amount may not exceed

(1) \$60,000,000; or

(2) the amount that, when added to the fund balance on June 30 of the previous fiscal year, equals \$180,000,000.

(c) The balance in the community assistance [REVENUE SHARING] fund shall be determined on June 30 of each year. If the fund balance is at least **\$15,000,000** [\$60,000,000], without further appropriation, the department shall distribute one-third of that amount as community assistance [REVENUE SHARING] payments for the immediately following fiscal year. Otherwise, no payments may be made.

(d) Notwithstanding the guidelines in (b) of this section, the legislature may appropriate any amount to the community assistance [REVENUE SHARING] fund. Nothing in this section creates a dedicated fund.

* **Sec. 13.** AS 29.60.855 is amended to read:

Sec. 29.60.855. Basic community assistance [REVENUE SHARING] payments. (a) The [DEPARTMENT SHALL CALCULATE THE] basic amount used for determining the basic community assistance [REVENUE SHARING] payment for a fiscal year [BY APPLYING THE FOLLOWING FORMULA: THE AMOUNT AVAILABLE FOR PAYMENTS FOR THAT FISCAL YEAR UNDER AS 29.60.850(c), MINUS 60,000,000, DIVIDED BY 60,000,000, PLUS ONE, MULTIPLIED BY 384,000. HOWEVER, IF THE AMOUNT CALCULATED IS LESS THAN \$220,000, THE BASIC AMOUNT FOR THAT FISCAL YEAR] is

\$384,000 [\$220,000]. **However, if the amount available for payments for that fiscal year under AS 29.60.850(c) is less than the amount necessary to make the payments under (b) of this section, the department shall reduce the basic amount pro rata.**

(b) Except as provided in (c) of this section, the basic community **assistance** [REVENUE SHARING] payment for a fiscal year equals, for each

(1) unified municipality, the sum of the amounts calculated under (2) and (3) of this subsection, rounded to the nearest \$1,000;

(2) borough, the basic amount, rounded to the nearest \$1,000;

(3) city and eligible reserve, one-fourth of the basic amount, rounded to the nearest \$100;

(4) eligible community in the unorganized borough, one-twelfth of the basic amount, rounded to the nearest \$100;

(5) eligible community in a unified municipality or borough, one-nineteenth of the basic amount, rounded to the nearest \$100.

(c) The basic **community assistance** [REVENUE SHARING] payment amount for a succeeding municipality formed when two or more municipalities merge, consolidate, or unify after January 1, 2002, equals the sum of the amounts each of the former municipalities would receive under (b) of this section calculated as if the merger, consolidation, or unification had not occurred.

* **Sec. 14.** AS 29.60.860(a) is amended to read:

(a) Subject to (b) of this section, if the amount available for distribution under AS 29.60.850(c) exceeds the amount needed to fully fund all the basic community **assistance** [REVENUE SHARING] payments, the balance shall be distributed on a per capita basis to municipalities, to reserves, and to communities in the unorganized borough.

* **Sec. 15.** AS 29.60.860(b) is amended to read:

(b) The per capita amount distributed to each community in the unorganized borough may not, when added to the basic community **assistance** [REVENUE SHARING] payment for that community, exceed the basic amount calculated under AS 29.60.855(b)(3). If the per capita distribution for a community in the unorganized

borough, when added to the basic community revenue sharing payment for that community, would exceed the basic amount calculated under AS 29.60.855(b)(3), the excess amount shall be distributed on a per capita basis to other communities in the unorganized borough.

* **Sec. 16.** AS 29.60.865 is amended to read:

Sec. 29.60.865. Eligibility requirements for reserves and communities. (a)

The department, with advice from the Department of Law, shall determine whether there is in each community or reserve an incorporated nonprofit entity or a Native village council that will agree to receive and spend the community assistance [REVENUE SHARING] payment. If there is more than one qualified entity in a reserve or community in the unorganized borough, the department shall pay the money to the entity that the department finds most qualified to receive and spend the money on behalf of the reserve or community. The department may not make a community assistance [REVENUE SHARING] payment to a Native village council unless the council waives immunity from suit for claims arising out of activities of the council related to the payment. A waiver of immunity from suit under this section must be on a form provided by the Department of Law. If there is no qualified incorporated nonprofit entity or Native village council in a reserve or community that is willing to receive the community assistance [REVENUE SHARING] payment and use the payment on behalf of that reserve or community, the payment for that reserve or community may not be paid. Neither this section nor any action taken under it enlarges or diminishes the governmental authority or jurisdiction of a Native village council.

(b) The department may make a community assistance [REVENUE SHARING] payment on behalf of a community in a borough or unified municipality only to the municipality for payment by the municipality to an incorporated nonprofit entity or Native village council that has been approved by the assembly and meets the requirements of (a) of this section. The department shall have written evidence of the assembly approval. If there is more than one qualified entity in a community in a borough or unified municipality, one of the entities may receive the entire payment, or the payment may be shared between two or more of the qualified entities, as determined by the assembly.

(c) A community in a borough or unified municipality is eligible for a community assistance [REVENUE SHARING] payment only if at least three of the following services are generally available to all residents of the community and each of the three services, in any combination, are provided by one or more qualifying incorporated nonprofit entities or a Native village council or are substantially paid for by the residents of the community through taxes, charges, or assessments levied or authorized by the borough or unified municipality:

- (1) fire protection;
- (2) emergency medical;
- (3) water and sewer;
- (4) solid waste management;
- (5) public road or ice road maintenance;
- (6) public health;
- (7) search and rescue.

* **Sec. 17.** AS 29.71.040(h)(2) is amended to read:

(2) "state money" includes state reimbursement to municipalities for school or related construction, foundation funding for education, municipal assistance, community assistance, revenue sharing, and state funds for capital projects.

* **Sec. 18.** AS 36.10.090(b) is amended to read:

(b) A local government or school district covered by the provisions of this chapter that is found to be in violation of these provisions may be required to forfeit all or part of the state aid made available for the project in which the violation occurs and in addition may be denied up to 12 months of state community assistance [REVENUE SHARING] or public school funding. A state department or agency head found to be in violation of this chapter may be required to forfeit the position of department or agency head.

* **Sec. 19.** AS 36.10.125(c) is amended to read:

(c) In an action brought under (b) of this section, the court may, in its discretion, order denial of state community assistance, revenue sharing, or public school funding, forfeiture of office or position, or injunctive or other relief. If the court finds for the plaintiff in an action brought under (b) of this section, it may award the

1 plaintiff an amount equal to the actual costs and attorney fees incurred by the plaintiff.

2 * **Sec. 20.** AS 36.15.050(h)(3) is amended to read:

3 (3) "state money" includes state reimbursement to school districts for
4 school or related construction, foundation funding for education, municipal assistance,
5 **community assistance**, revenue sharing, and state funds for capital projects.

6 * **Sec. 21.** AS 44.33.020(a) is amended to read:

7 (a) The Department of Commerce, Community, and Economic Development
8 shall

9 (1) advise and assist local governments;

10 (2) advise the governor and other commissioners on the delivery of
11 government services to rural areas, including services relating to public safety, justice,
12 economic development, natural resource management, education, and public health;

13 (3) make recommendations to the governor and other commissioners
14 about policy changes that would affect rural governments and rural affairs;

15 (4) serve as staff for the Local Boundary Commission;

16 (5) conduct studies and carry out experimental and pilot projects for
17 the purpose of developing solutions to community and regional problems;

18 (6) promote cooperative solutions to problems affecting more than one
19 community or region, including joint service agreements, regional compacts, and other
20 forms of cooperation;

21 (7) serve as a clearinghouse for information useful in solution of
22 community and regional problems, and channel to the appropriate authority requests
23 for information and services;

24 (8) advise and assist community and regional governments on matters
25 of finance, including but not limited to bond marketing and procurement of federal
26 funds;

27 (9) prepare suggested guidelines relating to the content of notice of
28 bond sale advertisements, prospectuses, and other bonding matters issued by local
29 governments;

30 (10) administer state funds appropriated for the benefit of unorganized
31 regions within the state, allowing for maximum participation by local advisory

1 councils and similar bodies;

2 (11) as assigned through a delegation by the governor, administer and
3 implement the state's role in the federal community development quota program
4 established under 16 U.S.C. 1855(i) or a successor federal program; the department
5 may adopt regulations under a delegation from the governor to implement duties under
6 this paragraph;

7 (12) carry out those administrative functions in the unorganized
8 borough that the legislature may prescribe;

9 (13) study existing and proposed laws and state activities that affect
10 community and regional affairs and submit to the governor recommended changes in
11 those laws and activities;

12 (14) coordinate activities of the state that affect community and
13 regional affairs;

14 (15) assist in the development of new communities and serve as the
15 agent of the state for purposes of participation in federal programs relating to new
16 communities;

17 (16) supervise planning, management, and other activities required for
18 local eligibility for financial aid under those federal and state programs that provide
19 assistance to community and regional governments;

20 (17) advise and assist municipalities on procedures of assessment,
21 valuation, and taxation, and notify municipalities of major errors in those procedures;

22 (18) apply for, receive, and use funds from federal and other sources,
23 public or private, for use in carrying out the powers and duties of the department;

24 (19) request and utilize the resources of other agencies of state
25 government in carrying out the purposes of this chapter to the extent such utilization is
26 more efficient than maintaining departmental staff, reimbursing the other agencies
27 when appropriate;

28 (20) administer state and, as appropriate, federal programs for revenue
29 sharing, community assistance, grants, and other forms of financial assistance to
30 community and regional governments;

31 (21) administer the state programs relating to commerce or community

1 development, enforce the laws relating to these programs, and adopt regulations under
2 these laws;

3 (22) register corporations;

4 (23) collect corporation franchise taxes;

5 (24) enforce state laws regulating public utilities and other public
6 service enterprises, banking and securities, insurance, and other businesses and
7 enterprises touched with a public interest;

8 (25) make veterans' loans;

9 (26) furnish the budgeting, clerical, and administrative services for
10 regulatory agencies and professional and occupational licensing boards not otherwise
11 provided for;

12 (27) conduct studies, enter into contracts and agreements, and make
13 surveys relating to the economic development of the state and, when appropriate,
14 assemble, analyze, and disseminate the findings obtained;

15 (28) provide factual information and technical assistance for potential
16 industrial and commercial investors;

17 (29) receive gifts, grants, and other aid that facilitate the powers and
18 duties of the department from agencies and instrumentalities of the United States or
19 other public or private sources;

20 (30) establish and activate programs to achieve balanced economic
21 development in the state and advise the governor on economic development policy
22 matters;

23 (31) formulate a continuing program for basic economic development
24 and for the necessary promotion, planning, and research that will advance the
25 economic development of the state;

26 (32) cooperate with private, governmental, and other public institutions
27 and agencies in the execution of economic development programs;

28 (33) review the programs and annual reports of other departments and
29 agencies as they are related to economic development and prepare an annual report on
30 the economic growth of the state;

31 (34) administer the economic development programs of the state;

1 (35) perform all other duties and powers necessary or proper in
2 relation to economic development and planning for the state;

3 (36) request tourism-related businesses in the state to provide data
4 regarding occupancy levels, traffic flow and gross receipts and to participate in visitor
5 surveys conducted by the department; data collected under this paragraph that
6 discloses the particulars of an individual business is not a matter of public record and
7 shall be kept confidential; however, this restriction does not prevent the department
8 from using the data to formulate tourism economic impact information including
9 expenditure patterns, tax receipts and fees, employment and income attributable to
10 tourism, and other information considered relevant to the planning, evaluation, and
11 policy direction of tourism in the state;

12 (37) provide administrative and budgetary services to the Real Estate
13 Commission under AS 08.88 as requested by the commission;

14 (38) sell at cost, to the extent possible, publications and promotional
15 materials developed by the department;

16 (39) as delegated by the governor, administer under 16 U.S.C. 1856
17 the internal waters foreign processing permit procedures and collect related fees;

18 (40) administer state laws relating to the issuance of business licenses;

19 (41) comply with AS 15.07.055 to serve as a voter registration agency
20 to the extent required by state and federal law, including 42 U.S.C. 1973gg (National
21 Voter Registration Act of 1993);

22 (42) [REPEALED

23 (43)] carry out other functions and duties, consistent with law,
24 necessary or appropriate to accomplish the purpose of this chapter;

25 **(43)** [(44)] administer the Alaska BIDCO assistance program under
26 AS 37.17.500 - 37.17.690 and adopt regulations to carry out the provisions of those
27 statutes;

28 **(44)** [(45)] supply necessary clerical and administrative services for the
29 Alcoholic Beverage Control Board and the Marijuana Control Board.

30 * **Sec. 22.** AS 46.07.080(2) is amended to read:

31 (2) "village" means

(A) a second class city;

(B) a first class city with a population of less than 1,000;

(C) a home rule municipality with a population of less than 1,000;

(D) the Annette Island Reserve established by 25 U.S.C. 495 for the Metlakatla Indian Community;

(E) a community with a population between 25 and 1,000 that is represented by

(i) a council organized under 25 U.S.C. 476 (sec. 16 of the Indian Reorganization Act);

(ii) a traditional village council recognized by the United States as eligible for federal aid to Indians; or

(iii) an incorporated nonprofit entity or Native village council that the Department of Commerce, Community, and Economic Development, with advice from the Department of Law, has determined is eligible to receive and spend a community assistance [REVENUE SHARING] payment under AS 29.60.865, if the incorporated nonprofit entity or Native village council agrees to act as a village governing body for the purposes of this chapter and provides for the ongoing maintenance of a project funded under this chapter.

* **Sec. 23.** AS 29.45.030(a)(6), 29.45.030(e), 29.45.030(f), 29.45.030(g), 29.45.030(i), and 29.45.030(k) are repealed.