

Original sponsor: Finance Committee

Offered: 4/24/69

1 IN THE HOUSE

BY THE FREE CONFERENCE COMMITTEE

2 FREE CONFERENCE CS FOR SENATE CS FOR CS FOR HOUSE BILL NO. 350

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to a program of state aid for local
7 school and other municipal purposes; and providing for
8 an effective date."

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

10 * Section 1. AS 14.17.020 is amended to read:

11 Sec. 14.17.020. STATE AID. The amount of state aid is [DETER-
12 MINED BY SUBTRACTING THE REQUIRED LOCAL EFFORT (SEC. 30 OF THIS
13 CHAPTER) FROM] the basic need (sec. 40 of this chapter).

14 * Sec. 2. AS 14.17.140 is amended to read:

15 Sec. 14.17.140. DETERMINATION OF FULL AND TRUE VALUE BY LOCAL AF-
16 FAIRS AGENCY. To determine supplemental allocations authorized by sec.
17 75 of this chapter, the [THE] Local Affairs Agency, in consultation with
18 the assessor for each district, shall determine the full value of the
19 taxable real and personal property in each district. Exemptions granted
20 under Chapter 129, SLA 1957, known as the Alaska Industrial Incentive
21 Act (AS 43.25), shall be honored. If there is no local assessor or cur-
22 rent local assessment for a district, then the Local Affairs Agency shall
23 make the determination of full value from information available. In mak-
24 ing the determination, the Local Affairs Agency shall be guided by AS 29.-
25 10.396. The determination of full value shall be made before October 1
26 [SEPTEMBER 16] and sent by certified mail, return receipt requested,
27 [REGISTERED MAIL] before that date to the president of the school board
28 in each district. Duplicate copies shall be sent to the commissioner.
29 The district may obtain judicial review of the determination by filing

1 a motion in the superior court of the judicial district in which the dis-
2 trict is located within 30 [10] days after receipt of the determination.
3 The superior court may modify the determination of the Local Affairs
4 Agency only upon a finding of abuse of discretion or upon a finding that
5 there is no substantial evidence to support the determination.

6 * Sec. 3. AS 14.17.160 is amended to read:

7 Sec. 14.17.160, ALLOCATION OF FUNDS ON PRELIMINARY COMPUTATIONS.
8 The commissioner shall determine the basic need for each school district
9 [, BEFORE JUNE 16 OF EACH YEAR, THE AMOUNT OF STATE AID TO WHICH EACH
10 DISTRICT IS ENTITLED] on the basis of the pre-fiscal year computations.
11 Beginning July 15 of the fiscal year and on the 15th of each month,
12 for seven successive months, one-twelfth of each district's state aid
13 [ENTITLEMENT] shall be distributed.

14 * Sec. 4. AS 14.17.170 is amended to read:

15 Sec. 14.17.170. PAYMENT UNDER ADJUSTED COMPUTATIONS. Each dis-
16 trict shall make a report at the end of the first nine weeks of school,
17 which contains a new estimate of its average daily membership for the
18 fiscal year and [ANY] other information which will aid the commissioner
19 in making a more accurate determination of each district's basic need
20 [THE AMOUNT OF STATE AID TO WHICH THE DISTRICT IS ENTITLED]. The
21 commissioner shall, on the basis of this new estimate and information,
22 make a recomputation of each district's basic need [THE TOTAL AMOUNT
23 OF STATE AID TO WHICH EACH DISTRICT IS ENTITLED]. Before December 2,
24 the commissioner shall notify each district of changes made in its
25 basic need [ENTITLEMENT TO STATE AID]. The commissioner shall also
26 determine [AT THAT TIME] whether the money in the public school founda-
27 tion account is sufficient to meet each district's basic need [THE
28 OBLIGATIONS] for the fiscal year, and, if the money is not sufficient,
29 he shall immediately inform the governor of the amount of additional

1 appropriation he estimates will be necessary to carry out the public
2 school foundation program for the rest of the fiscal year. Beginning
3 February 15 and on the 15th of each subsequent month, one-fifth of the
4 recomputed balance of each district's state aid shall be distributed
5 [EACH DISTRICT'S RECOMPUTED ENTITLEMENT SHALL BE DISTRIBUTED IN FIVE
6 EQUAL INSTALLMENTS]. However, one-half of the June payment shall be
7 withheld pending a final determination of the district's basic need
8 [STATE AID ENTITLEMENT].

9 * Sec. 5. AS 14.17.180 is amended to read:

10 Sec. 14.17.180. PAYMENT UNDER FINAL COMPUTATION. Before June 16
11 each district shall transmit to the commissioner a final computation of
12 the district's basic need [STATE AID TO WHICH THE DISTRICT IS ENTITLED].
13 The commissioner shall process each district's computation in the manner
14 provided by sec. 150(a) of this chapter. Additional state aid [MONEY
15 OWING TO A DISTRICT] shall be obligated by the commissioner before
16 June 30. If the district received more basic need money than its basic
17 need [STATE AID ENTITLEMENT], it shall immediately, after notice
18 from the commissioner of the overpayment, remit the amount of over-
19 payment to the commissioner to be returned to the public school founda-
20 tion account.

21 * Sec. 6. AS 14.17.190(a) is amended to read:

22 Sec. 14.17.190. RESTRICTIONS GOVERNING RECEIPT AND EXPENDITURE
23 OF MONEY FROM PUBLIC SCHOOL FOUNDATION ACCOUNT. (a) The public
24 school foundation money distributed to a district during a year[, TO-
25 GETHER WITH THE MONEY ACQUIRED FROM LOCAL EFFORT,] shall be received,
26 held, and expended by the district subject to the provisions of law
27 and regulations promulgated by the department.

28 * Sec. 7. AS 14.17 is amended by adding a new section to read:

29 Sec. 14.17.215. STATE AID TO DISTRICTS AFFECTED BY STATE ACTIVITIES.

1 A school district which provides free public education to a student
2 whose parent or guardian works on or lives on state property shall
3 receive an additional yearly allotment under this chapter equal to the
4 percentage of the state average cost of education, as reflected in the
5 audit report of district schools for the prior fiscal year, per student
6 times the number of qualifying students in average daily membership,
7 as follows:

8 (1) 50 per cent for a student whose parent or guardian lives
9 on and works on state property;

10 (2) 25 per cent for a student whose parent or guardian
11 works on state property;

12 (3) 25 per cent for a student whose parent or guardian lives
13 on state property;

14 (b) In this section "state property" means real property which is
15 owned by the state or is leased by the state and which is not subject
16 to taxation or payments in lieu of taxes by the state or a political
17 subdivision of the state; the term includes real property owned by
18 the state and leased from it, as well as improvements leased from it,
19 even though the lessee's interest, or an improvement on the property,
20 is subject to taxation by a state or a political subdivision of the
21 state.

22 * Sec. 8. AS 14.17 is amended by adding a new section to read:

23 Sec. 14.17.225. CONSTRUCTION AND IMPLEMENTATION OF CHAPTER. (a)
24 This chapter may not be construed so as to create a debt of the state.

25 (b) Funds to carry out the provisions of secs. 10 - 190 of this
26 chapter may be appropriated annually by the legislature into the
27 public school foundation account. If amounts in the account are in-
28 sufficient to meet the allocations authorized under secs. 10 - 190 of
29 this chapter, such funds as are available shall be distributed pro rata

1 among each district based upon the district's basic need.

2 (c) If appropriations to the public school foundation account
3 exceed in any fiscal year the amount required to carry out the provi-
4 sions of secs. 10 - 190 of this chapter, the excess shall be distributed
5 pro rata among districts based upon the average daily membership of
6 each district.

7 (d) The average daily membership allotment supplemental account
8 is established. Funds to carry out the provisions of sec. 215 of this
9 chapter may be appropriated annually by the legislature to the account.
10 If amounts in the account are insufficient to meet the allocations
11 authorized under sec. 215 of this chapter, such funds as are available
12 shall be distributed pro rata among eligible districts based upon sec.
13 215 of this chapter.

14 (e) If appropriations to the average daily membership supple-
15 mental account exceed in any fiscal year the amount required to carry
16 out the provisions of sec. 215 of this chapter, the excess shall be
17 credited to the public school foundation account and distributed pro
18 rata among districts based upon the average daily membership of each
19 district.

20 * Sec. 9. AS 43.26.080 is amended to read:

21 Sec. 43.26.080. GRANT OF TAX CREDIT BY POLITICAL SUBDIVISION.
22 With respect to taxes levied by it, a political subdivision of the
23 state may award grants of tax credit in the same manner and subject
24 to the same restrictions as provided for the department under this
25 chapter, except that the amount of tax credit granted may not exceed
26 25 per cent of the value of the investment made in the business as of
27 the date it commences operation, and a political subdivision shall
28 levy and collect at least a real and personal property tax millage
29 on the assessed valuation of the property which is equal to at least

1 seven mills [TWICE THE MILLAGE REQUIRED FOR THE LOCAL TAX EFFORT UNDER
2 THE PUBLIC SCHOOL FOUNDATION PROGRAM (AS14.17)].

3 * Sec. 10. AS 43 is amended by adding a new chapter to read:

4 CHAPTER 78. STATE AID TO LOCAL GOVERNMENTS.

5 Sec. 43.78.010. STATE AID TO LOCAL GOVERNMENTS. (a) During
6 each fiscal year the state shall pay to a city or organized borough of
7 any class which has power to provide the following services and exer-
8 cises that power

9 (1) \$5 per capita to cities and boroughs providing police
10 protection, subject to the conditions of (g) of this section;

11 (2) \$2.50 per capita to cities and boroughs providing fire
12 protection;

13 (A) fire protection includes, but is not limited to,
14 fire protection provided by a volunteer fire department registered
15 with the state fire marshal which has official recognition and
16 financial support from the city or borough in which it is located;

17 (B) In addition to the grants authorized under this
18 section, the state shall pay to a volunteer fire department
19 registered with the state fire marshal and serving an area not in
20 an organized borough or a city a sum for protection purposes equal
21 to \$2.50 per capita for the population served by the department,
22 as determined by the state fire marshal using the latest figures
23 of the United States Bureau of the Census or other reliable data.
24 Grants shall be made on the same basis to facilitate the organi-
25 zation of volunteer fire departments in an area not in an organized
26 borough or a city, upon application of the proposed fire protec-
27 tion group to the state fire marshal and approval of applications
28 according to standards of organization and service prescribed by
29 regulations promulgated by the state fire marshal;

1 (3) \$1 per capita to cities and boroughs providing air or
2 water pollution control or both; and

3 (4) \$1 per capita to cities and boroughs providing land
4 use planning.

5 (b) During each fiscal year the state shall pay to a city or
6 organized borough of any class which has power to provide for road
7 maintenance and exercises the power a sum equal to \$1,000 a mile for
8 each mile of road, street or highway maintained by the local government,
9 excluding the official state highway system, roads, streets or high-
10 ways not dedicated to public use, and alleyways, in accordance with
11 such rules and regulations as are adopted by the Department of Highways

12 (c) For purposes of this section, population shall be determined
13 by the latest figures of the United States Bureau of the Census or
14 other reliable population data.

15 (d) If a borough exercises the powers in (a) of this section in
16 the borough area outside cities only, or in a service area only, the
17 grants authorized under this section shall be based on the population
18 of the borough area outside cities or the service area respectively.

19 (e) If the services in (a) and (b) of this section are provided
20 by a service area, the borough shall give to the service area an amount
21 equal to the funds provided by the state for the services provided by
22 the service area.

23 (f) Funds received by a city, borough or service area under
24 this section may be expended for any public purpose for which it has
25 power to expend public funds.

26 (g) If a city within an organized borough provides police protec-
27 tion services, the borough may not qualify for aid under (a)(1) of this
28 section unless

29 (1) police protection services are provided in the borough

1 area outside cities, or if limited to a service area, in the service
2 area, through borough contract with a city or the state or

3 (2) the borough assumes and exercises power to provide
4 police protection services on an areawide basis in the manner provided
5 by law.

6 Sec. 43.78.020. CONSTRUCTION AND IMPLEMENTATION OF CHAPTER.

7 (a) This chapter may not be construed so as to create a debt of the
8 state.

9 (b) The special municipal services account is established. Funds
10 to carry out the provisions of sec. 10 of this chapter may be appropri-
11 ated annually by the legislature to the account. If amounts in the
12 account are insufficient for the purpose of each local government's
13 share authorized under sec. 10 of this chapter, such funds as are
14 available shall be distributed pro rata among eligible local govern-
15 ments.

16 (c) Money in the special municipal services account which, at
17 the end of the fiscal year for which the money is appropriated, exceeds
18 the amount required for the allocations authorized in this chapter
19 reverts to the general fund.

20 * Sec. 11. AS 14.17.010(c), AS 14.17.030, AS 14.17.075(b) and AS 14.17.-
21 130 are repealed.

22 * Sec. 12. This Act takes effect on July 1, 1969.
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