

BY THE COMMUNITY AND REGIONAL AFFAIRS
COMMITTEE BY REQUEST OF THE LEGISLA-
TIVE COUNCIL INTERIM COMMITTEE ON
SHARED REVENUE WITH MUNICIPALITIES

1 IN THE HOUSE

2 *CS* HOUSE BILL NO. 539

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to municipal revenue sharing; and pro-
7 viding for an effective date."

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

9 * Section 1. AS 43 is amended by adding a new chapter to read:

10 CHAPTER 17. MUNICIPAL REVENUE SHARING.

11 Sec. 43.17.010. CONSTRUCTION AND IMPLEMENTATION OF CHAPTER. (a)

12 This chapter may not be construed so as to create a debt of the state.

13 (b) The special municipal services account is established. Funds
14 to carry out the provisions of this chapter may be appropriated
15 annually by the legislature to the account. If amounts in the account
16 are insufficient for the purpose of each local government's share
17 authorized under this chapter, such funds as are available shall be
18 distributed pro rata among eligible local governments.

19 (c) Money in the special municipal services account which, at the
20 end of the fiscal year for which the money is appropriated, exceeds
21 the amount required for the allocations authorized in this chapter re-
22 verts to the general fund.

23 Sec. 43.17.020. MINIMUM GRANTS TO MUNICIPALITIES. (a) A
24 municipality may, in lieu of obtaining revenue sharing money as pro-
25 vided in this chapter, obtain instead a minimum grant of \$25,000.

26 (b) In addition to the minimum grant, a municipality which assumes
27 a new service listed below and has elected to receive the minimum
28 grant provided for in (a) of this section shall receive a grant as set
29 out in (1) - (8) of this subsection for the first year it provides the

1 new service and for the next four years receive respectively 80 per
2 cent, 60 per cent, 40 per cent and 20 per cent of that amount. A grant
3 received under this subsection must be expended on the service which gave
4 rise to the grant entitlement. The services and the amount per capita
5 grant are:

- 6 (1) police protection, \$75
- 7 (2) fire protection, \$25
- 8 (3) air or water pollution control, \$10
- 9 (4) land use planning, \$10
- 10 (5) parks and recreation, \$25
- 11 (6) small boat harbor or port, \$25
- 12 (7) airport, \$25
- 13 (8) mass transit system, \$25.

14 (c) For purposes of computing the grant under this section, the
15 population figure for a municipality having less than 250 people shall
16 be 250; the population figure for a municipality having 250 - 500 shall
17 be 500; and the population figure for a municipality having more than
18 500 people shall be the actual population recorded to the next highest
19 even hundred.

20 (d) The department shall issue regulations regarding procedures
21 and time limits for making an election under this section.

22 Sec. 43.17.030. BASIC GRANTS TO MUNICIPALITIES. (a) The amount
23 of revenue sharing for which each municipality which does not elect to
24 receive instead of the grant as provided for under sec. 20 of this
25 chapter shall be calculated: as a result of $B \times P$ where

26 (1) B is the base revenue sharing amount of \$1 times the
27 service units for each service performed by the municipality established
28 as follows:

- 29 (A) police protection 12 units

1	(B) fire protection	7.5 units
2	(C) air or water pollution control	2 units
3	(D) land use planning	2 units
4	(E) parks and recreation	5 units
5	(F) small boat harbor or port	5 units
6	(G) mass transit	5 units
7	(H) airport	5 units
8	(I) solid waste disposal	2 units

9 (2) P is the population of the municipality rounded up to the
10 nearest 500.

11 (b) If a municipality contains areas having differential rates of
12 taxation, the entitlement shall be calculated for areawide services and
13 for each area separately and totaled to reach the entitlement of the
14 municipality. Revenue sharing money for which the entitlement is based
15 upon areawide services may be used for areawide purposes only, and
16 revenue sharing money for which the entitlement is based upon service
17 area services may be used for that service area only.

18 Sec. 43.17.040. HEALTH FACILITIES AND HOSPITALS. (a) During
19 each fiscal year the state shall make payments as follows:

20 (1) \$1,000 per hospital bed to organized boroughs having
21 health powers for each hospital bed actually used for patient care,
22 limited to the number of beds provided for in the construction design
23 of the hospital, or \$50,000 per hospital for those hospitals with 10
24 or more beds or \$20,000 per hospital for those hospitals with less
25 than 10 beds as the local government may determine;

26 (2) \$1,000 per hospital bed to each hospital located outside
27 an organized borough having health powers for each hospital bed
28 actually used for patient care, limited to the number of beds provided
29 for in the construction design of the hospital, or \$50,000 for those

1 hospitals with 10 or more beds or \$20,000 per hospital for those
2 hospitals with less than 10 beds, as the hospital may determine;

3 (3) \$1,000 per bed to an organized borough or city outside
4 an organized borough in which a health facility is operated for each
5 bed actually used for patient care, limited to the number of beds
6 provided for in the construction design of the health facility, or
7 \$4,000 per health facility as the local government may determine;

8 (4) funds received by a local government under (1), (2) or
9 (3) of this subsection shall be used for expenses of operation, main-
10 tenance, or health services or facilities, as the local government
11 or hospital outside a municipality determines;

12 (5) before funds may be distributed under this subsection,
13 the commissioner of health and social services shall certify to the
14 distributing agency that any accumulation of assets by nonprofit
15 corporations or other recipients under this subsection are dedicated
16 irrevocably to a public purpose.

17 (b) If construction of a facility began after January 1, 1968,
18 a bond issued by a surety company licensed to do business in the state
19 in a form and amount determined by the department to be adequate to
20 assure completion of the project has been furnished the department,
21 and state matching aid for construction approved for payment to the
22 local government or other facility sponsor constitutes less than 25
23 per cent of the total project cost, the state shall pay to the local
24 government or other facility sponsor each fiscal year a sum equal to
25 \$2,500 a bed for the maximum number of beds provided for in the
26 construction design of the facility. State aid provided for in this
27 subsection shall continue until the local government or other facility
28 sponsor has received an amount which, combined with state matching
29 money for construction of the facility, equals 25 per cent of the

1 total project cost. No funds received for construction shall be used
2 for any other purpose.

3 (c) In this section

4 (1) "hospital" means a licensed hospital determined by the
5 Department of Health and Social Services to be a general hospital;
6 the term excludes facilities operated or wholly supported by the state
7 or the federal government;

8 (2) "health facility" means public health centers, maternity
9 homes and community mental health centers, facilities for the mentally
10 or physically handicapped, nursing homes and convalescent centers which
11 are licensed, when required, by the state under AS 18.20.010 - 18.20.-
12 130 and are owned or operated or both by a local government or by a
13 nonprofit corporation or other nonprofit sponsor; the term excludes
14 facilities operated or wholly supported by the state or the federal
15 government.

16 (d) This section shall be administered by the Department of Health
17 and Social Services.

18 (e) A municipality may expend funds received under this section
19 only for the specific facilities and services which gave rise to the
20 grant entitlement.

21 (f) No hospital or health facility is eligible for revenue
22 sharing under this section unless the hospital or health facility has
23 received a certificate of need from the municipality in which it is
24 located or from a state agency authorized to issue certificates of
25 need.

26 Sec. 43.17.050. VOLUNTEER FIRE DEPARTMENTS OUTSIDE MUNICIPALITIES.
27 The state shall pay to a volunteer fire department registered with the
28 state fire marshal and serving an area not in an organized borough or a
29 city a sum for protection purposes equal to \$7.50 per capita for the popu-

1 lation served by the department, as determined by the state fire marshal
2 using the latest figures of the United States Bureau of the Census or
3 other reliable data. Grants shall be made on the same basis to facili-
4 tate the organization of volunteer fire departments in an area not in an
5 organized borough or a city, upon application of the proposed fire pro-
6 tection group to the state fire marshal and approval of applications
7 according to standards of organization and service prescribed by regula-
8 tions promulgated by the state fire marshal.

9 Sec. 43.17.060. AREA COST-OF-LIVING DIFFERENTIAL. (a) State
10 payments to a city or an organized borough under this chapter shall
11 reflect area cost-of-living differential. Amounts distributed shall be
12 based upon the sum of the grants due each city or organized borough
13 multiplied by the appropriate area cost-of-living differential. The
14 area cost-of-living differential for each city and organized borough
15 shall be determined annually by election district under the provisions
16 of AS 39.27.030; however, the area cost-of-living differential to be
17 applied shall not result in an amount to be distributed less than the
18 base allocation.

19 (b) The election districts used in (a) of this section are those
20 designated by the proclamation of reapportionment and redistricting
21 of December 7, 1961, and retained for the house of representatives by
22 proclamation of the governor September 3, 1955.

23 Sec. 43.17.070. FINANCIAL REPORTS. No money may be distributed
24 to a municipality under this chapter unless the municipality has first
25 submitted a financial report to the department for each of the two fis-
26 cal years immediately preceding the fiscal year in which funds are to be
27 distributed and a budget for the municipality's fiscal year in which funds
28 are to be distributed. The department may, by regulation, prescribe
29 procedures and filing dates for submitting financial reports and for

1 obtaining all information required to determine the municipality's tax
2 effort.

3 Sec. 43.17.080. POPULATION DETERMINATION. For purposes of this
4 chapter, population shall be determined by the latest figures of the
5 United States Bureau of the Census, Department of Labor estimates or
6 other population data which, in the judgment of the department, is
7 reliable.

8 Sec. 43.17.090. ADDITIONAL LIMIT ON EXPENDITURE OF FUND. In
9 addition to the limitations on expenditure of funds contained in sec.
10 40 of this chapter:

11 (1) if a borough exercises the powers in sec. 30(a)(1) of
12 this chapter in the borough area outside cities only, or in a service
13 area only, the grants authorized under this section shall be based on
14 the population of the borough area outside cities or the service area
15 respectively;

16 (2) if a city within an organized borough provides police
17 protection services, the borough may not qualify for aid under (a)(1) of
18 this section unless

19 (A) police protection services are provided in the
20 borough area outside cities, or if limited to a service area, in
21 the service area, through borough contract with a city or in the
22 state or

23 (B) the borough assumes and exercises power to provide
24 police protection services on an areawide basis in the manner
25 provided by law.

26 Sec. 43.17.100. ROAD MAINTENANCE. During each fiscal year the
27 state shall pay to a city or organized borough of any class which has
28 power to provide for road maintenance and exercises the power a sum
29 equal to \$1,500 a mile for each mile of road, street or highway main-

1 tained by the local government, excluding the official state highway
2 system, roads, streets, or highways not dedicated to public use, any
3 roads, streets or highways maintained under the local service road pro-
4 gram (AS 19.30.111 - 19.30.251), and alleyways, in accordance with regu-
5 lations adopted by the Department of Highways. No payments may be made
6 for maintenance of roads not used by automotive equipment. Frozen
7 waterways and connections from inhabited areas to the waterways which
8 may be safely used for public transportation by automotive equipment
9 and are so used during a portion of a year are eligible for payments of
10 \$900 per mile if the waterways and connections are maintained during
11 the period of use by a municipality or combination of municipalities.
12 The Department of Community and Regional Affairs, after consultation
13 with the Department of Highways, shall determine which waterways and
14 connections qualify and, where the waterways or connections lie outside
15 the corporate limits of a municipality, which municipality is eligible
16 for the shared revenue unless the municipalities involved have agreed
17 in writing to a particular distribution.

18 Sec. 43.17.110. REGULATIONS. The department shall adopt regula-
19 tions necessary to carry out the purposes of this chapter. The regula-
20 tions shall include minimum standards of service required to qualify
21 a municipality for service unit credit for each service and provisions
22 for a performance audit adequate to demonstrate to the department that
23 each service for which credit was allowed was actually performed by the
24 municipality at least at the prescribed minimum level.

25 Sec. 43.17.120. EXPENDITURE OF FUNDS. Funds received by a munici-
26 pality under this chapter may be expended for any public purpose for
27 which the municipality has power to expend funds except as provided in
28 secs 20(b) and 40 of this chapter.

29 Sec. 49.17.130. DEFINITIONS. In this chapter

1 (1) "department" means the Department of Community and
2 Regional Affairs;

3 (2) "municipality" for revenue sharing purposes means a
4 city, borough or unified municipality incorporated under the laws of the
5 State of Alaska except a second class city incorporated after the effec-
6 tive date of this Act and lying within an organized borough.

7 * Sec. 2. AS 43.18.010 - 43.18.050 are repealed.

8 * Sec. 3. Other provisions of this Act notwithstanding, a municipality
9 which would receive less money under the provisions of this Act than it was
10 entitled to receive in 1975 under the provisions of AS 43.18 repealed by this
11 Act shall continue to receive an amount equal to that authorized for 1975
12 under the former provisions of AS 43.18, in accordance with those provisions.

13 * Sec. 4. AS 29.18.020 is amended to read:

14 Sec. 29.18.020. SECOND CLASS CITIES. A community outside an
15 organized borough having 25 or more permanent residents may incorporate
16 as a second class city. A community located within an organized borough
17 having 125 or more permanent residents may incorporate as a second class
18 city.

19 * Sec. 5. This Act takes effect July 1, 1976.
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