

Original sponsor: Community and Regional
Affairs Committee by request of the
Legislative Council Interim Committee on
Shared Revenue with Municipalities

Offered: 3/3/76
Referred: Finance

1 IN THE HOUSE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 CS FOR 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 municipalities and municipal re-
7 venue sharing; and providing 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 annually
15 by the legislature to the account. If amounts in the account are
16 insufficient for the purpose of each local government's share authorized
17 under this chapter, such funds as are available shall be distributed pro
18 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 the
21 amount required for the allocations authorized in this chapter reverts
22 to the general fund.

23 Sec. 43.17.020. MINIMUM GRANTS TO MUNICIPALITIES. (a) A municipi-
24 pality proposing to provide administrative services or a service pro-
25 vided for in sec. 30(a)(1) of this chapter may, in lieu of obtaining
26 revenue sharing money as provided in this chapter, obtain instead a
27 minimum grant of \$25,000.

28 (b) The department shall issue regulations regarding procedures
29 and time limits for making an election under this section.

1 Sec. 43.17.030. BASIC GRANTS TO MUNICIPALITIES. (a) If a municipi-
2 pality elects not to receive the grant provided for under sec. 20 of
3 this chapter, the amount of revenue sharing for which it is eligible
4 shall be calculated: as a result of B X P where

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

8	(A) police protection	12 units
9	(B) fire protection	7.5 units
10	(C) water pollution control	2 units
11	(D) land use planning	2 units
12	(E) parks and recreation	5 units
13	(F) small boat harbor or port	5 units
14	(G) mass transit	5 units
15	(H) airport	5 units
16	(I) solid waste disposal	2 units
17	(J) ambulance	2 units
18	(K) air pollution	2 units

19 (2) P is the population of the municipality rounded up to the
20 nearest 100.

21 (b) If a municipality contains areas having differential rates of
22 taxation, the entitlement shall be calculated for areawide services and
23 for each area separately and totaled to reach the entitlement of the
24 municipality. Revenue sharing money for which the entitlement is based
25 upon areawide services may be used for areawide purposes only, and
26 revenue sharing money for which the entitlement is based upon service
27 area services may be used for that service area only.

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

1 (1) \$1,000 per hospital bed to municipalities having health
2 powers for each hospital bed actually used for patient care, limited to
3 the number of beds provided for in the construction design of the
4 hospital, or \$50,000 per hospital for those hospitals with 10 or more
5 beds or \$20,000 per hospital for those hospitals with less than 10 beds
6 as the local government may determine;

7 (2) \$1,000 per hospital bed to each hospital located outside
8 a municipality having health powers for each hospital bed actually used
9 for patient care, limited to the number of beds provided for in the
10 construction design of the hospital, or \$50,000 for those hospitals with
11 10 or more beds or \$20,000 per hospital for those hospitals with less
12 than 10 beds, as the hospital may determine;

13 (3) \$1,000 per bed to a municipality in which a health
14 facility is operated for each bed actually used for patient care,
15 limited to the number of beds provided for in the construction design of
16 the health facility, or \$4,000 per health facility as the local govern-
17 ment may determine;

18 (4) funds received under this section shall be used for ex-
19 pense of operation or maintenance of health services or health facilities
20 or hospitals as the municipality or hospital outside a municipality de-
21 termines;

22 (5) before funds may be distributed under this subsection,
23 the commissioner of health and social services shall certify to the
24 distributing agency that any accumulation of assets by nonprofit cor-
25 porations or other recipients under this subsection is dedicated irre-
26 vocably to a public health purpose.

27 (b) If construction of a hospital or health facility began before
28 January 1, 1976, and state matching aid for construction approved under
29 AS 18 for payment to a municipality or other facility sponsor

1 constitutes less than 25 per cent of the total project cost, the state
2 shall pay to the municipality or other facility sponsor each fiscal year
3 a sum equal to \$2,500 a bed for the maximum number of beds provided for
4 in the construction design of the facility. State aid provided for in
5 this subsection shall continue until the municipality or other facility
6 sponsor has received an amount which, combined with state matching money
7 for construction of the facility approved under AS 18, equals 25 per
8 cent of the total project cost. No funds received for construction
9 shall be used for any other purpose.

10 (c) In this section

11 (1) "hospital" means a licensed hospital determined by the
12 Department of Health and Social Services to be a general hospital; the
13 term excludes facilities operated or wholly supported by the state or
14 the federal government;

15 (2) "health facility" means public health centers, maternity
16 homes and community mental health centers, facilities for the mentally
17 or physically handicapped, nursing homes and convalescent centers which
18 are licensed, when required, by the state under AS 18.20.010 - 18.20.130
19 and are owned or operated or both by a local government or by a non-
20 profit corporation or other nonprofit sponsor; the term excludes facili-
21 ties operated or wholly supported by the state or the federal government;

22 (3) "other facility sponsor" means a public or nonprofit
23 corporation located outside a municipality which owns or operates, or
24 both, a hospital or health facility.

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

1 marshal using the latest figures of the United States Bureau of the
2 Census or other reliable data. Grants shall be made on the same basis
3 to facilitate the organization of volunteer fire departments in an area
4 not in an organized borough or a city, upon application of the proposed
5 fire protection group to the department and approval of applications
6 according to standards of organization and service prescribed by regu-
7 lations promulgated by the department.

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

20 (b) The election districts used in (a) of this section are those
21 designated by the proclamation of reapportionment and redistricting of
22 December 7, 1961, and retained for the house of representatives by
23 proclamation of the governor September 3, 1965.

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

1 scribe procedures and filing dates for submitting financial reports and
2 for obtaining all information required to determine the municipality's
3 tax effort.

4 Sec. 43.17.080. POPULATION DETERMINATION. For purposes of this
5 chapter, population shall be determined by the latest figures of the
6 United States Bureau of the Census, Department of Labor estimates or
7 other population data which, in the judgment of the department, is
8 reliable. However, a municipality may not receive state shared revenue
9 based on the population residing on that portion of a military reser-
10 vation annexed to a city or borough after January 1, 1973, except as
11 provided in this section. If a military reservation is located within a
12 city or borough, the city or borough is limited in its entitlement to
13 state shared revenue, based on the population residing on the reserva-
14 tion, as follows: 50 per cent of the amount paid per capita for police
15 protection under this chapter; 25 per cent of the amount paid per capita
16 for parks and recreation under this chapter; 50 per cent of the amount
17 paid per capita for mass transit under this chapter; 50 per cent of the
18 amount paid per capita for water pollution under this chapter; and 50
19 per cent of the amount paid per capita for air pollution under this
20 chapter.

21 Sec. 43.17.090. ADDITIONAL LIMIT. In addition to the limitations
22 on expenditure of funds contained in sec. 40 of this chapter:

23 (1) if a borough exercises the powers in sec. 30(a)(1) of
24 this chapter in the borough area outside cities only, or in a service
25 area only, the grants authorized under this section shall be based on
26 the population of the borough area outside cities or the service area
27 respectively;

28 (2) if a city within an organized borough provides police
29 protection services, the borough may not qualify for aid under sec.

1 30(a)(1)(A) of this chapter unless

2 (A) police protection services are provided in the
3 borough area outside cities, or if limited to a service area, in
4 the service area, through borough contract with a city or with the
5 state or

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

9 Sec. 43.17.100. ROAD MAINTENANCE. During each fiscal year the
10 state shall pay to a city or organized borough of any class which has
11 power to provide for road maintenance and exercises the power a sum
12 equal to \$1,500 a mile for each mile of road, street or highway main-
13 tained by the local government, excluding the official state highway
14 system, roads, streets, or highways not dedicated to public use, any
15 roads, streets or highways maintained under the local service road pro-
16 gram (AS 19.30.111 - 19.30.251), and alleyways, in accordance with regu-
17 lations adopted by the Department of Highways. No payments may be made
18 for maintenance of roads not used by automotive equipment. Frozen
19 waterways and connections from inhabited areas to the waterways which
20 may be safely used for public transportation by automotive equipment and
21 are so used during a portion of a year are eligible for payments of \$900
22 per mile if the waterways and connections are maintained during the
23 period of use by a municipality or combination of municipalities. The
24 Department of Community and Regional Affairs, after consultation with
25 the Department of Highways, shall determine which waterways and connec-
26 tions qualify and, where the waterways or connections lie outside the
27 corporate limits of a municipality, which municipality is eligible for
28 the shared revenue unless the municipalities involved have agreed in
29 writing to a particular distribution.

1 Sec. 43.17.110. REGULATIONS. The department shall adopt regula-
2 tions necessary to carry out the purposes of this chapter. The regula-
3 tions shall include minimum standards of service required to qualify a
4 municipality for service unit credit for each service and provisions for
5 a performance report adequate to demonstrate to the department that each
6 service for which credit was allowed was actually performed by the
7 municipality at least at the prescribed minimum level.

8 Sec. 43.17.120. EXPENDITURE OF FUNDS. Funds received by a munici-
9 pality under this chapter may be expended for any public purpose for
10 which the municipality has power to expend funds except as provided in
11 sec. 40 of this chapter.

12 Sec. 43.17.130. DEFINITIONS. In this chapter

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

15 (2) "municipality" for revenue sharing purposes means a city,
16 borough or unified municipality incorporated under the laws of the State
17 of Alaska except a second class city incorporated after the effective
18 date of this Act and lying within an organized borough.

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

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

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

26 Sec. 29.18.020. SECOND CLASS CITIES. A community outside an
27 organized borough having 25 or more permanent residents may incorporate
28 as a second class city. A community located within an organized borough
29 having 125 or more permanent residents may incorporate as a second class

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