

Original sponsor: Rodey, Willis  
and Colletta

Offered: 5/20/75  
Referred: Finance

1 IN THE SENATE

BY THE COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 271

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to payments in lieu of taxes by  
7 municipally owned utilities; and providing for an  
8 effective date."

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

10 \* Section 1. AS 29.48.040 is amended by adding new subsections to read:

11 (b) A municipality operating municipal utilities may not make  
12 contributions to its general fund or other municipal nonutility funds  
13 until it has first made payments in lieu of taxes to all municipalities  
14 served by its municipal utilities in amounts set out in this section.  
15 Payments in lieu of taxes by municipally owned utilities are considered  
16 an operating cost of the utility.

17 (c) Where a city or cities are located within a borough, payments  
18 in lieu of taxes based on property tax levies shall be distributed to  
19 the city or cities and borough as follows:

20 (1) payments in lieu of taxes upon real and personal property  
21 located within a city shall be distributed to the city and the borough  
22 in the same proportion that the city's and borough's tax effort bears  
23 to the total taxes collected by the city and the borough within the city;

24 (2) payments in lieu of taxes upon real and personal  
25 property located outside cities shall be made to the borough;

26 (3) if a borough levies only real property taxes and no  
27 personal property taxes, the payments in lieu of taxes shall be on the  
28 basis of real property only.

29 (d) Payments received by the borough from municipal utilities

1 under (c) of this section shall be distributed by the borough among  
2 borough areawide, nonareawide and service area functions as follows:

3 (1) payments based upon utility real and personal property  
4 located within a city shall be used by the borough only for borough  
5 areawide functions and for any service areas which include the whole  
6 of the city, according to the respective mill levies for each;

7 (2) payments in lieu of taxes upon real and personal property  
8 outside the city shall be used for areawide, nonareawide and service  
9 area functions according to the respective mill levies for each; the  
10 borough assembly may, by ordinance, collect payments in taxes for all  
11 service areas, except for service areas which include cities, in one  
12 lump sum and distribute the money among the service areas in its dis-  
13 cretion.

14 (e) The municipality owning the utility making payments in lieu  
15 of taxes may, at its option, make payments in lieu of taxes in the  
16 amount of three and one-half per cent of the gross revenue received by  
17 the utility during the previous year. If payments in lieu of taxes  
18 are made within a borough containing a city or cities, the payments  
19 shall be made as follows:

20 (1) payments in lieu of taxes upon gross revenue received  
21 within a city shall be distributed to the city and the borough in the  
22 same proportion that the city's and borough's revenue for real and  
23 personal property taxes bears to the total taxes collected as real and  
24 personal property taxes by the city and the borough within the city;

25 (2) payments in lieu of taxes upon revenue received outside  
26 cities shall be distributed to the borough.

27 (f) Proceeds received by the borough based on utility gross revenue  
28 shall be distributed by the borough among borough areawide, nonareawide  
29 and service area functions as follows:

1 (1) proceeds received by the borough based upon utility  
2 gross revenue received within a city shall be used by the borough only  
3 for borough areawide functions and for service areas which include the  
4 whole of the city; if there is a service area within a particular city,  
5 the proceeds for the functions of that service area shall be distributed  
6 in that proportion which real and personal property taxes collected for  
7 that service area within the city bear to the total of real and personal  
8 property taxes collected within the city for borough areawide and service  
9 area functions; the remaining proceeds shall be used for areawide func-  
10 tions only;

11 (2) proceeds based upon utility gross revenue outside the  
12 city shall be used for areawide purposes in the same proportion that the  
13 borough's real and personal property taxes outside cities for areawide  
14 purposes bears to total real and personal property taxes collected by  
15 the borough for the entire area outside cities;

16 (3) gross revenue taxes received by the borough on the basis  
17 of utility gross revenue received outside cities shall be used by the  
18 borough for nonareawide and service area functions in the same propor-  
19 tion that the borough real and personal property taxes raised for those  
20 functions bear to total borough real and personal property taxes col-  
21 lected outside cities;

22 (4) if a borough levies only real property taxes and no  
23 personal property taxes, the distribution of money by the borough shall  
24 be based on real property tax revenues only.

25 (g) Where a city is not located within a borough, the payments in  
26 lieu of taxes shall be paid to the city according to the assessed value  
27 of real and personal property taxes of the municipally owned utility,  
28 or if a real property tax only is levied, upon the basis of the assessed  
29 value of the real property owned by the utility in the city. The

1 municipality owning the utility may, at its option, pay an amount equal  
2 to three and one-half per cent of the gross earnings of the utility in  
3 the municipality.

4 \* Sec. 2. This Act takes effect January 1, 1976.  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29