

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

Offered: 5/21/76
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 474

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, municipal revenue
7 sharing, and the Alaska Business License Act; and
8 providing for an effective date."

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

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

11 CHAPTER 17. MUNICIPAL REVENUE SHARING.

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

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

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

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

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

29 (b) The department shall issue regulations regarding procedures

1 and time limits for making an election under this section.

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

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

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

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

22 (b) If a municipality provides one or more of the services in
23 (a)(1) of this section under contract to a defined area outside the
24 boundaries of the municipality, the revenue sharing amount for those
25 services shall be increased by the service units for that service or
26 services times the population of the area served rounded up to the
27 nearest 100.

28 (c) If a municipality contains areas having differential rates of
29 taxation, the entitlement shall be calculated for areawide services and

1 for each area separately and totaled to reach the entitlement of the
2 municipality. Revenue sharing money for which the entitlement is based
3 upon areawide services may be used for areawide purposes only, and
4 revenue sharing money for which the entitlement is based upon service
5 area services may be used for that service area only.

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

8 (1) \$2,000 per hospital bed to municipalities having health
9 powers for each hospital bed actually used for patient care, limited to
10 the number of beds provided for in the construction design of the
11 hospital, or \$100,000 per hospital for those hospitals with 10 or more
12 beds or \$40,000 per hospital for those hospitals with less than 10 beds
13 as the local government may determine;

14 (2) \$2,000 per hospital bed to each hospital located outside
15 a municipality having health powers for each hospital bed actually used
16 for patient care, limited to the number of beds provided for in the
17 construction design of the hospital, or \$100,000 for those hospitals
18 with 10 or more beds or \$40,000 per hospital for those hospitals with
19 less than 10 beds, as the hospital may determine;

20 (3) \$2,000 per bed to a municipality in which a health
21 facility is operated for each bed actually used for patient care,
22 limited to the number of beds provided for in the construction design of
23 the health facility, or \$8,000 per health facility as the local govern-
24 ment may determine;

25 (4) funds received under this section shall be used for ex-
26 pense of operation or maintenance of health services or health facili-
27 ties or hospitals as the municipality or hospital outside a municipality
28 determines;

29 (5) a municipality shall expend one-half of the funds re-

1 ceived for the operation and maintenance of hospitals and health facili-
2 ties under this section only for those specific facilities and services
3 in the specific amounts giving rise to the grant entitlement;

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

9 (b) If construction of a hospital or health facility began before
10 January 1, 1976, and state matching aid for construction approved under
11 AS 18 for payment to a municipality or other facility sponsor consti-
12 tutes less than 25 per cent of the total project cost, the state shall
13 pay to the municipality or other facility sponsor each fiscal year a sum
14 equal to \$2,500 a bed for the maximum number of beds provided for in
15 the construction design of the facility. State aid provided for in this
16 subsection shall continue until the municipality or other facility
17 sponsor has received an amount which, combined with state matching money
18 for construction of the facility approved under AS 18, equals 25 per
19 cent of the total project cost. No funds received for construction
20 shall be used for any other purpose.

21 (c) In this section

22 (1) "hospital" means a licensed hospital determined by the
23 Department of Health and Social Services to be a general hospital; the
24 term excludes facilities operated or wholly supported by the state or
25 the federal government;

26 (2) "health facility" means public health centers, maternity
27 homes and community mental health centers, facilities for the mentally
28 or physically handicapped, nursing homes and convalescent centers which
29 are licensed, when required, by the state under AS 18.20.010 - 18.20.130

1 and are owned or operated or both by a local government or by a non-
2 profit corporation or other nonprofit sponsor; the term excludes facili-
3 ties operated or wholly supported by the state or the federal government;

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

7 Sec. 43.17.050. VOLUNTEER FIRE DEPARTMENTS OUTSIDE MUNICIPALITIES.
8 The state shall pay to a volunteer fire department registered with the
9 state fire marshal and serving an area not in an organized borough or a
10 city a sum for protection purposes equal to \$7.50 per capita for the
11 population served by the department, as determined by the state fire
12 marshal using the latest figures of the United States Bureau of the
13 Census or other reliable data. Grants shall be made on the same basis
14 to facilitate the organization of volunteer fire departments in an area
15 not in an organized borough or a city, upon application of the proposed
16 fire protection group to the department and approval of applications
17 according to standards of organization and service prescribed by regu-
18 lations promulgated by the department.

19 Sec. 43.17.060. AREA COST-OF-LIVING DIFFERENTIAL. (a) State
20 payments to a municipality or to a hospital or volunteer fire department
21 located outside a municipality under this chapter shall reflect area
22 cost-of-living differential. Amounts distributed shall be based upon
23 the sum of the grants due each municipality or each hospital or volun-
24 teen fire department located outside a municipality multiplied by the
25 appropriate area cost-of-living differential. The area cost-of-living
26 differential for each municipality or each hospital or volunteer fire
27 department located outside a municipality shall be determined annually
28 by election district under the provisions of AS 39.27.030; however, the
29 area cost-of-living differential to be applied shall not result in an

1 amount to be distributed less than the base allocation.

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

6 Sec. 43.17.070. FINANCIAL REPORTS. No final payment may be
7 distributed to a municipality under this chapter unless the municipality
8 has first submitted a financial report to the department for each of the
9 two fiscal years immediately preceding the fiscal year in which funds
10 are to be distributed and a budget for the municipality's fiscal year in
11 which funds are to be distributed. The department may, by regulation,
12 prescribe procedures and filing dates for submitting financial reports
13 and for obtaining all information required to determine the munici-
14 pality's tax effort.

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

1 per cent of the amount paid per capita for air pollution under this
2 chapter.

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

5 (1) if a borough exercises the powers in sec. 30(a)(1) of
6 this chapter in the borough area outside cities only, or in a service
7 area only, the grants authorized under this section shall be based on
8 the population of the borough area outside cities or the service area
9 respectively;

10 (2) if a city within an organized borough provides police
11 protection services, the borough may not qualify for aid under sec.
12 30(a)(1)(A) of this chapter unless

13 (A) police protection services are provided in the
14 borough area outside cities, or if limited to a service area, in
15 the service area, through borough contract with a city or with the
16 state or

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

20 Sec. 43.17.100. ROAD MAINTENANCE. During each fiscal year the
21 state shall pay to a city or organized borough of any class which has
22 power to provide for road maintenance and exercises the power a sum
23 equal to \$1,500 a mile for each mile of road, street or highway main-
24 tained by the local government, excluding the official state highway
25 system, roads, streets, or highways not dedicated to public use, any
26 roads, streets or highways maintained under the local service road pro-
27 gram (AS 19.30.111 - 19.30.251), and alleyways, in accordance with regu-
28 lations adopted by the Department of Highways. No payments may be made
29 for maintenance of roads not used by automotive equipment. Frozen

1 waterways and connections from inhabited areas to the waterways which
2 may be safely used for public transportation by automotive equipment and
3 are so used during a portion of a year are eligible for payments of \$900
4 per mile if the waterways and connections are maintained during the
5 period of use by a municipality or combination of municipalities. The
6 Department of Community and Regional Affairs, after consultation with
7 the Department of Highways, shall determine which waterways and connec-
8 tions qualify and, where the waterways or connections lie outside the
9 corporate limits of a municipality, which municipality is eligible for
10 the shared revenue unless the municipalities involved have agreed in
11 writing to a particular distribution.

12 Sec. 43.17.110. REGULATIONS. The department shall adopt regula-
13 tions necessary to carry out the purposes of this chapter. The regula-
14 tions shall include minimum standards of service required to qualify a
15 municipality for service unit credit for each service and provisions for
16 a performance report adequate to demonstrate to the department that each
17 service for which credit was allowed was actually performed by the
18 municipality at least at the prescribed minimum level.

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

23 Sec. 43.17.130. DEFINITIONS. In this chapter

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

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

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

2 * Sec. 3. Other provisions of this Act notwithstanding, a municipality
3 which would receive less money under the provisions of this Act than it was
4 entitled to receive in fiscal year 1976 under the provisions of AS 43.18
5 repealed by this Act shall continue to receive an amount equal to that
6 authorized for fiscal year 1976 under the former provisions of AS 43.18, in
7 accordance with those provisions.

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

9 Sec. 29.18.020. SECOND CLASS CITIES. A community outside an
10 organized borough having 25 or more permanent residents may incorporate
11 as a second class city. A community located within an organized borough
12 having 125 or more permanent residents may incorporate as a second class
13 city.

14 * Sec. 5. AS 43.70.010 is repealed.

15 * Sec. 6. AS 43.70.030(a) is amended to read:

16 (a) The license fee for each business is \$50 [\$25 PLUS A SUM EQUAL
17 TO ONE-HALF OF ONE PER CENT OF THE GROSS RECEIPTS IN EXCESS OF \$20,000
18 FROM THE BUSINESS DURING THE YEAR FOR WHICH THE LICENSE IS ISSUED,
19 EXCEPT THAT ALL GROSS VOLUME IN EXCESS OF \$100,000 A YEAR IS TAXED AT
20 THE RATE OF ONE-QUARTER OF ONE PER CENT. THE ANNUAL LICENSE FEE PAID BY
21 A PROFESSIONAL PERSON TO HIS PROFESSIONAL BOARD SHALL BE CREDITED
22 AGAINST THE INITIAL FEE REQUIRED UNDER THIS CHAPTER].

23 * Sec. 7. AS 43.70.030(c) is amended to read:

24 (c) The license for the privilege of taking orders through use of
25 catalogs and by mail order offices in the state is the same as set out
26 in this chapter for business generally [AND GROSS VOLUME OF BUSINESS OF
27 THOSE OFFICES INCLUDES ALL ORDERS TAKEN AT THEM WHETHER DELIVERY OF THE
28 MERCHANDISE IS MADE THROUGH THE OFFICES OR NOT].

29 * Sec. 8. AS 43.70.030(d) is amended to read:

1 (d) The initial fee of \$50 [\$25] applies to all of the provisions
2 of this section, and shall accompany the application. The balance under
3 sec. 30(b) of this chapter is due and payable on December 31st of each
4 year and shall be paid before the first day of March following, except
5 that the department may extend the time until the 30th of the following
6 April upon application showing that the extension is necessary to enable
7 the applicant to ascertain the amount of license money due. To enable
8 accurate determination of the balance of the tax due at the end of each
9 year, each person to whom this chapter applies shall keep records, give
10 statements under oath, and make returns which the department requires.
11 Returns are made under penalty of perjury.

12 * Sec. 9. AS 43.70.040(a) is amended to read:

13 (a) As soon as practicable after the final payment of the tax
14 under sec. 30(b) of this chapter, the department shall examine the
15 return and determine the correct amount of the tax and, if an error is
16 found, shall notify the taxpayer of the error and examine the taxpayer's
17 records as authorized in AS 43.05.040, and take other proper steps to
18 determine the amount due.

19 * Sec. 10. AS 43.70.040(b) is amended to read:

20 (b) If an agreement cannot be reached with the taxpayer as to the
21 amount of a license tax due under sec. 30(b) of this chapter, the
22 department may set a time and place of hearing on the question, upon at
23 least 60 days' notice of the hearing by mail to the taxpayer. At the
24 hearing a person may be required to appear and testify and produce
25 records and other papers as provided in AS 43.05.040.

26 * Sec. 11. AS 43.70.110(2) is repealed.

27 * Sec. 12. AS 43.17 is amended by adding a new section to read:

28 Sec. 43.17.140. ADDITIONAL GRANTS TO REPLACE LOST REVENUE. In
29 addition to all other revenue sharing with municipalities, a munici-

1
2
3
4
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

pality is entitled to and shall receive each year an amount equal to the amount of money it was entitled to receive under AS 43.70.080 for the year 1978.

* Sec. 13. Sections 1, 2, 3 and 4 of this Act take effect July 1, 1976. Sections 5, 6, 7, 8, 9, 10, 11 and 12 of this Act take effect January 1, 1979.

#