

Introduced: 1/19/77
Referred: Community & Regional
Affairs and Finance

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

1 IN THE HOUSE

2 CS HOUSE BILL NO. 70

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to municipal revenue sharing, and the
7 Alaska Business License Act; and providing for an
8 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 or other re-
18 cipient's share authorized under this chapter, such funds as are avail-
19 able shall be distributed pro rata among eligible local governments
20 and other recipients.

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

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

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

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

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

| | |
|----------------------------------|-----------|
| 10 (A) police protection | 12 units |
| 11 (B) fire protection | 7.5 units |
| 12 (C) water pollution control | 2 units |
| 13 (D) land use planning | 2 units |
| 14 (E) parks and recreation | 5 units |
| 15 (F) small boat harbor or port | 5 units |
| 16 (G) mass transit | 5 units |
| 17 (H) airport | 5 units |
| 18 (I) solid waste disposal | 2 units |
| 19 (J) ambulance | 2 units |
| 20 (K) air pollution | 2 units |

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

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

29 (c) If a municipality contains areas having differential rates of

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

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

9 (1) \$2 per capita to a municipality which has the power to
10 provide health facilities and services and in which a hospital is
11 located;

12 (2) in addition to the payment made under (1) of this sub-
13 section

14 (A) the state shall make payments to a municipality
15 which has the power to provide hospital facilities and services
16 and which exercises the power on the basis of \$1,000 per bed for
17 each bed actually used for patient care limited to the number of
18 beds provided for in the construction design of the hospital, or
19 \$75,000 a hospital for those hospitals with 10 or more beds, or
20 \$25,000 a hospital for those hospitals with less than 10 beds, as
21 the municipality may elect; funds received under this subparagraph
22 may be used only for hospitals and shall be apportioned among
23 qualifying hospitals as the municipality determines;

24 (B) the state shall make payments on the basis set out
25 in (A) of this paragraph to a municipality for nonprofit hospitals
26 not operated by a municipality if the municipality first certifies
27 to the department that the hospital is in compliance with all
28 standards for hospitals which have been adopted by the municipality
29 in the absence of this certification the funds which would have

1 gone to the hospital lapse into the state general fund; payments
2 to the municipality shall be transferred to the hospital in accord
3 with the basis by which the entitlement was generated by the
4 hospital and shall be applied to the annual cost of operation and
5 maintenance of the hospital or for the provision of health care
6 service at the hospital as the directors of the hospital determine;

7 (C) a hospital may not receive payment under both (A)
8 and (B) of this paragraph;

9 (3) \$1,000 per bed to an organized borough or city outside
10 an organized borough in which a health facility is operated for each
11 bed actually used for patient care, limited to the number of beds pro-
12 vided for in the construction design of the health facility, or \$4,000
13 per health facility as the local government may determine;

14 (4) funds received by a municipality under (1) or (3) of
15 this subsection shall be used for expenses of health services or opera-
16 tion and maintenance of facilities as the municipality determines.

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

29 (c) In this section

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

5 (2) "health facility" means public health centers, maternity
6 homes and community mental health centers, facilities for the mentally
7 or physically handicapped, nursing homes and convalescent centers which
8 are licensed, when required, by the state under AS 18.20.010 - 18.20.130
9 and are owned or operated or both by a local government or by a non-
10 profit corporation or other nonprofit sponsor; the term excludes facili-
11 ties operated or wholly supported by the state or the federal government.

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

24 Sec. 43.17.060. AREA COST-OF-LIVING DIFFERENTIAL. (a) State
25 payments to a municipality or to a hospital or volunteer fire department
26 located outside a municipality under this chapter shall reflect area
27 cost-of-living differential. Amounts distributed shall be based upon
28 the sum of the grants due each municipality or each hospital or volun-
29 teer fire department located outside a municipality multiplied by the

1 appropriate area cost-of-living differential. The area cost-of-living
2 differential for each municipality or each hospital or volunteer fire
3 department located outside a municipality shall be determined annually
4 by election district under the provisions of AS 39.27.030; however, the
5 area cost-of-living differential to be applied shall not result in an
6 amount to be distributed less than the base allocation.

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

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

20 Sec. 43.17.080. POPULATION DETERMINATION. For purposes of this
21 chapter, population shall be determined by the latest figures of the
22 United States Bureau of the Census, Department of Labor estimates or
23 other population data which, in the judgment of the department, is
24 reliable. However, a municipality may not receive state shared revenue
25 based on the population residing on that portion of a military reser-
26 vation annexed to a city or borough after January 1, 1973, except as
27 provided in this section. If a military reservation is located within a
28 city or borough, the city or borough is limited in its entitlement to
29 state shared revenue, based on the population residing on the reserva-

1 tion, as follows: 50 per cent of the amount paid per capita for police
2 protection under this chapter; 25 per cent of the amount paid per capita
3 for parks and recreation under this chapter; 50 per cent of the amount
4 paid per capita for mass transit under this chapter; 50 per cent of the
5 amount paid per capita for water pollution under this chapter; and 50
6 per cent of the amount paid per capita for air pollution under this
7 chapter.

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

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

15 (2) if a city within an organized borough provides police
16 protection services, the borough may not qualify for aid under sec.
17 30(a)(1)(A) of this chapter unless

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

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

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

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

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

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

28 Sec. 43.17.130. UNIFICATION, MERGER OR CONSOLIDATION OF MUNICI-
29 PALITIES. If a borough and the cities within the borough merge,

1 consolidate or unify in accordance with AS 29.68, the amount of revenue
2 sharing to which the successor municipality is entitled shall be com-
3 puted for the first year and each year thereafter as if the merger,
4 consolidation or unification had not occurred, and the successor muni-
5 cipality shall receive not less than the amount so computed.

6 Sec. 43.17.140. DEFINITIONS. In this chapter

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

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

13 * Sec. 2. AS 43.18.010 - 43.18.045 are repealed.

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

20 * Sec. 4. AS 43.70.010 is repealed.

21 * Sec. 5. AS 43.70.030(a) is amended to read:

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

29 * Sec. 6. AS 43.70.030(c) is amended to read:

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

6 * Sec. 7. AS 43.70.030(d) is amended to read:

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

18 * Sec. 8. AS 43.70.040 is amended to read:

19 Sec. 43.70.040. REVIEW AND DETERMINATION OF LICENSE TAX. As soon
20 as practicable after the final payment of the tax under sec. 30(b) of
21 this chapter, the department shall examine the return and determine the
22 correct amount of the tax and, if an error is found, shall notify the
23 taxpayer of the error and examine the taxpayer's records as authorized
24 in AS 43.05.040, and take other proper steps to determine the amount
25 due.

26 * Sec. 9. AS 43.70.110(2) is repealed.

27 * Sec. 10. 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 municipi-

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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. 11. Sections 1, 2, 3 and 4 of this Act take effect July 1, 1977. Sections 5, 6, 7, 8, 9, and 10 of this Act take effect January 1, 1980.

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