

Original sponsor: Community and Regional
Affairs Committee

Offered: 2/16/77
Referred: Finance

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2

CS FOR 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."

8

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. The

15

legislature may annually appropriate funds to the account to carry out

16

the provisions of this chapter. If there are not enough funds in the

17

account to provide for each local government's or other recipient's

18

share authorized under this chapter, the funds which are available shall

19

be distributed in proportion among eligible local governments and other

20

recipients.

21

(c) If any money remains in the special municipal services account

22

at the end of the fiscal year for which the money is appropriated and

23

this remaining money is more than the amount required for the alloca-

24

tions authorized in this chapter, this money reverts to the general

25

fund.

26

Sec. 43.17.020. MINIMUM GRANTS TO MUNICIPALITIES. (a) A municipi-

27

ality proposing to provide administrative services or a service pro-

28

vided for in sec. 30(a)(1) of this chapter may, in lieu of obtaining

29

revenue sharing money as provided in this chapter, obtain instead a

1 minimum grant of \$25,000.

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

4 Sec. 43.1/.030. BASIC GRANTS TO MUNICIPALITIES. (a) If a municipi-
5 pality elects not to receive the grant provided for under sec. 20 of
6 this chapter, the amount of revenue sharing for which it is eligible
7 shall be $B \times P$ where

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

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

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

24 (b) If a municipality provides one or more of the services in
25 (a)(1) of this section under contract to a defined area outside the
26 boundaries of the municipality, the revenue sharing amount for those
27 services shall be increased by the service units for each service times
28 the population of the area served rounded up to the 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. Revenue
5 sharing money for which the entitlement is based upon service area
6 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 and
16 which exercises the power on the basis of \$1,000 per bed for each
17 bed actually used for patient care limited to the number of beds
18 provided for in the construction design of the hospital, or \$75,000
19 a hospital for those hospitals with 10 or more beds, or \$25,000 a
20 hospital for those hospitals with less than 10 beds, as the muni-
21 cipality may elect; funds received under this subparagraph may be
22 used only for hospitals and shall be apportioned among qualifying
23 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 munici-
29 pality; in the absence of this certification the funds which would

1 have gone to the hospital lapse into the state general fund; pay-
2 ments to the municipality shall be transferred to the hospital in
3 accord 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 an
10 organized borough in which a health facility is operated for each bed
11 actually used for patient care, limited to the number of beds provided
12 for in the construction design of the health facility, or \$4,000 for
13 each health facility as the local government may determine;

14 (4) funds received by a municipality under (1) or (3) of this
15 subsection shall be used for expenses of health services or operation
16 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 the
23 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. Payment shall be made upon
21 application by the proposed fire protection group to the department and
22 approval of the application according to standards of organization and
23 service prescribed by regulations promulgated by the department.

24 Sec. 43.17.060. AREA COST-OF-LIVING DIFFERENTIAL. (a) State
25 payments under this chapter shall reflect area cost-of-living differ-
26 ential. Amounts distributed shall be based upon the sum of the grants
27 due multiplied by the appropriate area cost-of-living differential. The
28 area cost-of-living differential shall be determined annually by elec-
29 tion district under the provisions of AS 39.27.030; however, the area

1 cost-of-living differential to be applied shall not result in an amount
2 to be distributed less than the base allocation.

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

7 Sec. 43.17.070. FINANCIAL REPORTS. No final payment may be
8 distributed to a municipality under this chapter unless that munici-
9 pality first submits to the department (1) a financial report for each
10 of the two fiscal years immediately preceding the fiscal year in which
11 funds are to be distributed; and (2) a budget for the municipality's
12 fiscal year in which funds are to be distributed. The department may,
13 by regulation, prescribe procedures and filing dates for submitting
14 financial reports and for obtaining all information required to deter-
15 mine the municipality's tax effort.

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

1 water pollution; and 50 per cent of the amount paid per capita for air
2 pollution.

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. (a) During each fiscal year the
21 state shall pay to a city or organized borough which has and exercises
22 power to provide road maintenance \$1500 a mile for each mile of road,
23 street, or highway maintained by that local government. No payment may
24 be made for

25 (1) the official state highway system;

26 (2) roads, streets, or highways not dedicated to a public
27 use;

28 (3) roads, streets or highways maintained under the local
29 services road program;

1 (4) alleyways; or

2 (5) maintenance of roads not used by automotive equipment.

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

14 Sec. 43.17.110. REGULATIONS. The department shall adopt regula-
15 tions necessary to carry out the purposes of this chapter. The regula-
16 tions shall include

17 (1) minimum standards of service required to qualify a muni-
18 cipality for service unit credit for each service; and

19 (2) provisions for a performance report adequate to demon-
20 strate to the department that each service for which credit was allowed
21 was actually performed by the municipality at least at the prescribed
22 minimum level.

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

27 Sec. 43.17.130. UNIFICATION, MERGER OR CONSOLIDATION OF MUNICI-
28 PALITIES. If a borough and the cities within the borough merge, con-
29 solidate or unify in accordance with AS 29.68, the amount of revenue

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

5 Sec. 43.17.160. DEFINITIONS. In this chapter

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

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

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

13 * Sec. 3. Other provisions of this Act notwithstanding, a municipality
14 which would receive less money under the provisions of this Act than it was
15 entitled to receive in fiscal year 1977 under the provisions of AS 43.18
16 repealed by this Act shall continue to receive an amount equal to that
17 authorized for fiscal year 1977 under the former provisions of AS 43.18, in
18 accordance with those provisions.

19 * Sec. 4. AS 43.70.010 is repealed.

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

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

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

29 (c) The license for the privilege of taking orders through use of

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

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

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

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

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

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

26 * Sec. 10. AS 43 is amended by adding a new section to read:

27 CHAPTER 17. MUNICIPAL REVENUE SHARING.

28 Sec. 43.17.150. ADDITIONAL GRANTS TO REPLACE LOST REVENUE. In
29 addition to all other revenue sharing with municipalities, a munici-

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

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

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29