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Referred: Community & Regional
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AND PARR

1 IN THE HOUSE

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 843

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for equalization of the tax resources
7 of municipalities, continuing a portion of the program
8 of state aid for municipal purposes, and providing for
9 minimum entitlements; and providing for an effective
10 date."

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

12 * Section 1. AS 29 is amended by adding a new chapter to read:

13 CHAPTER 88. MUNICIPAL TAX RESOURCE EQUALIZATION.

14 Sec. 29.88.005. PURPOSE. It is the purpose of this chapter to

15 (1) improve the revenue raising and distribution system for
16 the benefit of residents of home rule and general law municipalities by
17 providing for more equitable allocation of financial resources among
18 municipalities to improve their fiscal capacities;

19 (2) assure that no municipality suffers impoverishment of
20 necessary public services, relative to other municipalities, because of
21 the chance location of taxable wealth in the state;

22 (3) provide an incentive to improvement of the administrative
23 capacity of less populous municipalities.

24 Sec. 29.88.010. STATE EQUALIZATION OF THE RESOURCES OF MUNICIPALITI-
25 TIES FOR GENERAL GOVERNMENT SERVICES. (a) During each fiscal year the
26 state shall pay to a municipality an equalization entitlement for
27 general government services provided by the municipality.

28 (b) The equalization entitlement due each municipality is based on
29 its population, relative ability to generate revenue, and local tax rate

1 and is determined by the application of the formulas:

2 (1) Entitlement = P x LE

3 where P = population; and

4 LE = local effort, but not exceeding 25.

5 (2) LE shall be calculated in accordance with the formula

6
$$LE = (PT + ST) \times \frac{(SPCI/LPCI + SPCPV/LPCPV)}{2}$$

7

8 where PT = property tax mill rate;

9 ST = sales tax revenue per property tax mill;

10 SPCI = state average per capita income;

11 LPCI = local per capita income;

12 SPCPV = state average per capita property value; and

13 LPCPV = local per capita property value.

14 (c) For purposes of this section,

15 (1) the population of the taxing unit is determined annually
16 in accordance with sec. 15 of this chapter;

17 (2) property tax mill rate equals the full and true ad valo-
18 rem mill rate of the taxing unit for general government services during
19 the preceding fiscal year of the taxing unit determined by adjustment of
20 the unit's property tax rate in accordance with sec. 20(b) of this
21 chapter;

22 (3) sales tax revenue per property tax mill equals the total
23 revenue generated by the unit's sales or sales and use tax for general
24 government services during the preceding year divided by one-tenth of
25 one per cent (0.1) of the unit's full and true value of assessed pro-
26 perty determined under sec. 20(c) of this chapter;

27 (4) state per capita income equals the state average per
28 capita income determined in accordance with sec. 20(d) of this chapter;

29 (5) local per capita income equals the local taxing unit per

1 capita income determined in accordance with sec. 20(d) of this chapter;

2 (6) state per capita property value equals the state average
3 per capita full and true property value; and

4 (7) local per capita property value equals the local taxing
5 unit per capita full and true property value.

6 Sec. 29.88.015. DETERMINATION OF POPULATION. For purposes of this
7 chapter, population of a taxing unit shall be determined by the latest
8 figures of the United States Bureau of the Census or other population
9 data which, in the judgment of the department, is reliable.

10 Sec. 29.88.020. DETERMINATIONS OF LOCAL EFFORT. (a) Not later
11 than October 15 of each fiscal year, the department shall make a final
12 determination of the tax effort of each taxing unit which will be used
13 as the basis for computation of entitlements and distribution of equal-
14 ization entitlements for the fiscal year under this chapter. The
15 department shall make the determinations based upon the information
16 returned by the municipality and upon the several audits or financial
17 statements prepared and submitted by the municipality.

18 (b) The department shall calculate and enter adjustments to the
19 tax effort reported by municipalities. Adjustments shall be made by the
20 department

21 (1) for the portion of the estimated or actual municipal
22 tax effort claimed by the municipality which does not qualify for in-
23 clusion in or recognition as tax effort for general government purposes
24 under sec. 45(2) of this chapter, by deducting an amount equal to the
25 department's estimate of revenue which is not recognized for these
26 purposes;

27 (2) for optional exemptions authorized by AS 29.53.025 and
28 granted by the municipality, by increasing the total assessed value of
29 property in the municipality by the department's estimate of the value

1 of the property for which an exemption is claimed.

2 (c) The per capita full and true assessed property value shall be
3 determined by the department in the manner provided for the computation
4 of state aid to education under AS 14.17.140. In addition to the com-
5 putation required for municipalities which are authorized to levy and
6 collect a property tax and which levy and collect a tax, the department
7 shall determine an estimated full and true assessed property value for

8 (1) each municipality which is a school district and which
9 does not levy and collect a property tax; and

10 (2) each second class city in which the population of the
11 city equals or exceeds 750 persons; however, no computation may be re-
12 quired under this paragraph more often than once during a period of
13 three successive calendar years; and

14 (3) all other second class cities, by determining the average
15 per capita full and true assessed property value of all cities having a
16 population of less than 750 in which an assessment is completed by a
17 municipality or for which a determination is made under (1) or (2) of
18 this subsection.

19 (d) The per capita income of the state or of the taxing unit shall
20 be determined by the department by the latest figures of the United
21 States Bureau of the Census or other reliable data computed for the
22 state and its municipalities or election districts and which, in the
23 judgment of the department, is reliable. The department may not accept
24 an estimate of per capita income from a municipality unless the munici-
25 pality provides estimates of data for all municipalities; if the most
26 reliable data computed for the state and its municipalities expresses
27 per capita income on the basis of election districts or similar regional
28 unit, the department may apply the data to all taxing units within the
29 election district or similar regional unit.

1 Sec. 29.88.025. FINANCIAL REPORTS. No entitlement may be computed
2 and distributed to a municipality until the municipality has first
3 submitted a financial report to the department for the fiscal year pre-
4 ceding the year for which the entitlement is sought, together with a
5 budget for the municipality's current fiscal year. The financial re-
6 ports shall specifically include a listing of general revenues collected
7 from taxes levied and assessed by the municipality which, in the opinion
8 of the municipal officials, are eligible for inclusion within computa-
9 tions for determination of the local effort of the taxing unit. The
10 department may, by regulation, prescribe procedures and filing dates for
11 submitting financial reports and for obtaining all information required
12 to compute and determine the municipality's local effort.

13 Sec. 29.88.030. LIMITATION ON COMPUTATION AND USE OF ENTITLEMENTS.

14 (a) Entitlements allocated to a unified municipality or organized
15 borough which includes cities or service areas shall be computed with
16 reference to and expended by the municipality in accordance with the
17 following:

18 (1) an entitlement determined with reference to the local
19 effort of a municipality for areawide purposes shall be used for area-
20 wide purposes only;

21 (2) an entitlement determined with reference to the local
22 effort of a municipality for a service area shall be used for that
23 service area only;

24 (3) an entitlement determined with reference to the local
25 effort of a municipality for exercise of a nonareawide power shall be
26 used for the provision of nonareawide services only.

27 (b) Entitlements allocated to a city which contains one or more
28 differential tax zones established under AS 29.53.405 having differen-
29 tial levies for services shall be computed with reference to and ex-

1 pended by the municipality in accordance with the following:

2 (1) an entitlement determined with reference to the local
3 effort of the city for areawide purposes shall be used for areawide
4 purposes only; and

5 (2) an entitlement determined with reference to the local
6 effort of the city in a differential tax zone shall be used for the pro-
7 vision of a service in that tax zone only.

8 Sec. 29.88.035. TAX EQUALIZATION ACCOUNT. The tax equalization
9 account is established. Funds to carry out the provisions of this
10 chapter shall be allocated by the department to the account. The amount
11 allocated to the account shall be fully distributed by the department
12 for the purpose of fulfilling each municipality's share authorized under
13 sec. 10 of this chapter, and shall be distributed by the department pro
14 rata among eligible municipalities.

15 Sec. 29.88.040. REGULATIONS. The department may adopt regulations
16 necessary to implement the purposes and provisions of this chapter. The
17 regulations shall include, among other provisions, procedures by which
18 the department shall first notify the municipality in writing of the
19 reasons for the proposed disallowance or adjustment of any factor bear-
20 ing upon the determination of the municipality's entitlement and provide
21 the municipality reasonable time in which to respond or to challenge the
22 department's determination.

23 Sec. 29.88.045. DEFINITIONS. In this chapter

24 (1) "department" means the Department of Community and Re-
25 gional Affairs;

26 (2) "general government services" means those services, ex-
27 clusive of public education, which are authorized to and provided by a
28 municipality; for purposes of this chapter, the term

29 (A) includes property and sales tax levies for retire-

1 ment of debt service, except debt service attributable to public
2 education construction costs;

3 (B) excludes

4 (i) fees for government services and inspections;

5 (ii) special assessments upon property;

6 (iii) revenue received by the municipality through
7 the operation of facilities for the production or sale of
8 electricity, water, gas, heat, or telephone service, or any
9 other public utility or transportation service

10 (iv) grants or gifts from private persons, unless
11 made by an entity exempt from taxation in an amount which does
12 not exceed the tax which would have been payable by the entity
13 if the exemption did not exist; and

14 (v) locally levied taxes the incidence of which
15 does not generally burden residents or property owners within
16 the taxing unit;

17 (3) "municipality" means a city, borough or unified munic-
18 ipality incorporated under the laws of the state;

19 (4) "taxing unit" means a municipality and

20 (A) in a borough or unified municipality, a service area
21 or the entire area outside cities;

22 (B) in a city, a differential tax zone.

23 * Sec. 2. AS 29 is amended by adding a new chapter to read:

24 CHAPTER 89. STATE AID FOR MISCELLANEOUS

25 MUNICIPAL PURPOSES.

26 Sec. 29.89.005. REVENUE SHARING PAYABLE. In addition to the en-
27 titlements under ch. 88 of this title, during each fiscal year the state
28 shall pay aid to a municipality or other eligible recipient which has
29 the power to provide the services described in this chapter and exer-

1 cises the power in the manner required by this chapter.

2 Sec. 29.89.010. STATE AID TO MUNICIPALITIES FOR ROADS. (a) The
3 state shall pay to a city or organized borough of any class which has
4 power to provide for road maintenance and exercises the power a sum
5 equal to \$1,500 a mile for each mile of road, street or highway main-
6 tained by the local government, excluding the official state highway
7 system, roads, streets or highways not dedicated to public use, any
8 roads, streets or highways maintained under the local service road
9 program (AS 19.30.111 - 19.30.251), and alleyways, in accordance with
10 regulations adopted by the Department of Transportation and Public
11 Facilities. No payments may be made for maintenance of roads not used
12 by automotive equipment.

13 (b) Frozen waterways and connections from inhabited areas to the
14 waterways which may be safely used for public transportation by auto-
15 motive equipment and are so used during a portion of a year are eligible
16 for payments of \$900 per mile if the waterways and connections are main-
17 tained during the period of use by a municipality or combination of
18 municipalities. The Department of Community and Regional Affairs, after
19 consultation with the Department of Transportation and Public Facili-
20 ties, shall determine which waterways and connections qualify and, where
21 the waterways or connections lie outside the corporate limits of a
22 municipality, which municipality is eligible for the shared revenue
23 unless the municipalities involved have agreed in writing to a parti-
24 cular distribution.

25 Sec. 29.89.015. STATE AID TO MUNICIPALITIES AND OTHER ELIGIBLE
26 RECIPIENTS FOR HEALTH FACILITIES AND HOSPITALS. (a) The state shall
27 pay \$2 per capita to a municipality which has the power to provide
28 health facilities and services and in which a hospital is located.

29 (b) In addition to the payment made under (a) of this section, the

1 state shall make payments

2 (1) to a municipality which has the power to provide hospital
3 facilities and services and which exercises the power on the basis of
4 \$1,000 per bed for each bed actually used for patient care limited to
5 the number of beds provided for in the construction design of the hospi-
6 tal, or \$75,000 a hospital for those hospitals with 10 or more beds, or
7 \$25,000 a hospital for those hospitals with less than 10 beds, as the
8 municipality may elect; funds received under this paragraph may be used
9 only for hospitals and shall be apportioned among qualifying hospitals
10 as the municipality determines;

11 (2) on the basis set out in (1) of this subsection to a muni-
12 cipality for nonprofit hospitals not operated by a municipality if the
13 municipality first certifies to the department that the hospital is in
14 compliance with all standards for hospitals which have been adopted by
15 the municipality; in the absence of this certification the funds which
16 would have gone to the hospital lapse into the state general fund; pay-
17 ments to the municipality shall be transferred to the hospital in accord
18 with the basis by which the entitlement was generated by the hospital
19 and shall be applied to the annual cost of operation and maintenance of
20 the hospital or for the provision of health care service at the hospital
21 as the directors of the hospital determine;

22 (3) \$1,000 per bed to an organized borough or city outside an
23 organized borough in which a health facility is operated for each bed
24 actually used for patient care, limited to the number of beds provided
25 for in the construction design of the health facility, or \$4,000 per
26 health facility as the municipality may determine;

27 (c) A hospital may not receive payment under both (b)(1) and
28 (b)(2) of this section.

29 (d) Funds received by a municipality under (a) or (b)(3) of this

1 section shall be used for expenses of health services or operation and
2 maintenance of facilities as the municipality determines.

3 (e) Before funds may be distributed under this section, the com-
4 missioner of health and social services shall certify to the distri-
5 buting agency that any accumulation of assets by nonprofit corporations
6 or other recipients under this section are dedicated irrevocably to a
7 public purpose.

8 Sec. 29.89.020. STATE AID FOR HOSPITAL CONSTRUCTION. If construc-
9 tion of a facility began after January 1, 1968 and state matching aid
10 for construction approved for payment to the municipality or other
11 facility sponsor constitutes less than 25 per cent of the total project
12 cost, the state shall pay to the municipality or other facility sponsor
13 each fiscal year a sum equal to \$2,500 a bed for the maximum number of
14 beds provided for in the construction design of the facility. State aid
15 provided for in this section shall continue until the municipality or
16 other facility sponsor has received an amount which, combined with state
17 matching money for construction of the facility, equals 25 per cent of
18 the total project cost. No funds received for construction shall be
19 used for any other purpose.

20 Sec. 29.89.025. STATE AID TO MUNICIPALITIES FOR POPULATION LOCATED
21 ON MILITARY RESERVATIONS. (a) A municipality may not receive state
22 shared revenue provided in this chapter based on the population residing
23 on that portion of a military reservation annexed to a municipality
24 after January 1, 1973, except as provided in this section.

25 (b) If a military reservation is located within a municipality,
26 the municipality is limited in its entitlement to state shared revenue,
27 based on the population residing on the reservation, as follows:

28 (1) \$6 per capita for police protection services under (c) of
29 this section;

1 (2) \$1.25 per capita for parks and recreation services under
2 (d) of this section;

3 (3) \$2.50 per capita for transportation services or facili-
4 ties under (e) of this section.

5 (c) Shared revenue may be paid for police protection services
6 under this section if

7 (1) municipal police protection is available 24 hours a day;
8 and

9 (2) municipal police officers are citizens of the United
10 States who are at least 19 years of age and none of whom has been con-
11 victed of a crime involving moral turpitude within the past 10 years.

12 (d) Shared revenue may be paid for parks and recreation services
13 under this section if the municipality provides parks or recreation
14 facilities or services within or in the near vicinity of the military
15 reservation.

16 (e) Shared revenue may be paid for transportation services or
17 facilities under this section if the municipality provides municipally
18 operated small boat harbors, ports, airports, or mass transit systems.

19 Sec. 29.89.030. STATE AID TO VOLUNTEER FIRE DEPARTMENTS IN THE UN-
20 ORGANIZED BOROUGH. (a) The state shall pay to a volunteer fire depart-
21 ment registered with the state fire marshal and serving an area not in
22 an organized borough or a city a sum for protection purposes equal to
23 \$7.50 per capita for the population served by the department, as deter-
24 mined by the state fire marshal using the latest figures of the United
25 States Bureau of the Census or other reliable data.

26 (b) Grants shall be made as set out in (a) of this section to
27 facilitate the organization of volunteer fire departments in an area not
28 in an organized borough or a city, upon application of the proposed fire
29 protection group to the state fire marshal and approval of applications

1 according to standards of organization and service prescribed by regula-
2 tions promulgated by the state fire marshal.

3 (c) In this section, "fire protection" includes, but is not
4 limited to, fire protection provided by a volunteer fire department
5 registered with the state fire marshal which has official recognition
6 and financial support from the community or area in which it is located.

7 Sec. 29.89.035. POPULATION DETERMINATION. For purposes of this
8 chapter, population shall be determined by the latest figures of the
9 United States Bureau of the Census or other reliable population data,
10 including but not limited to public school enrollment figures, public
11 utility connection, registered voters or certified employment payrolls.

12 Sec. 29.89.040. AREA COST-OF-LIVING DIFFERENTIAL. (a) State pay-
13 ments to a municipality or other eligible recipient under this chapter
14 shall reflect area cost-of-living differentials. Amounts distributed
15 shall be based upon the sum of per capita, per mile and per bed or
16 facility grants due each municipality or other recipient multiplied by
17 the appropriate area cost-of-living differential. The area cost-of-
18 living differential for each recipient shall be determined annually by
19 election district under the provisions of AS 39.27.030; however, the
20 area cost-of-living differential to be applied shall not result in an
21 amount to be distributed less than the base allocation.

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

26 Sec. 29.89.045. UNIFICATION, MERGER OR CONSOLIDATION OF MUNICI-
27 PALITIES. If a borough and the cities within the borough merge, con-
28 solidate or unify in accordance with AS 29.68, the amount of revenue
29 sharing to which the successor municipality is entitled shall be com-

1 puted for the first year and each year thereafter as if the merger,
2 consolidation or unification had not occurred, and the successor muni-
3 cipality shall receive not less than the amount so computed.

4 Sec. 29.89.050. MISCELLANEOUS SERVICES ACCOUNT. The miscellaneous
5 services account is established. Funds to carry out the provisions of
6 this chapter shall be allocated by the department to the account in
7 accordance with AS 29.90.020. If amounts in the account are insuffi-
8 cient for the purpose of each municipality's or other recipient's share
9 authorized under this chapter, such funds as are available shall be
10 distributed pro rata among eligible municipalities and other recipients.

11 Sec. 29.89.055. REGULATIONS. The Department of Community and
12 Regional Affairs shall adopt regulations necessary to carry out the
13 purposes of this chapter. The regulations shall include minimum stan-
14 dards required to qualify a municipality for grants for each service and
15 provisions for a performance report adequate to demonstrate to the
16 department that each service for which credit was allowed was actually
17 performed by the municipality, at least at the prescribed minimum level.

18 Sec. 29.89.060. DEFINITIONS. In this chapter

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

23 (2) "health facility" means public health centers, maternity
24 homes and community mental health centers, facilities for the mentally
25 or physically handicapped, nursing homes and convalescent centers which
26 are licensed, when required, by the state under AS 18.20.010 - 18.20.130
27 and are owned or operated or both by a local government or by a non-
28 profit corporation or other nonprofit sponsor; the term excludes facili-
29 ties operated or wholly supported by the state or the federal govern-

1 ment .

2 * Sec. 3. AS 29 is amended by adding a new chapter to read:

3 CHAPTER 90. ADMINISTRATION OF STATE FINANCIAL
4 ASSISTANCE PROGRAMS.

5 Sec. 29.90.010. LIMITATION ON CREATION OF DEBT. This chapter may
6 not be construed so as to create a debt to the state.

7 Sec. 29.90.020. ALLOCATION AND DISTRIBUTION. The department shall
8 allocate funds appropriated to the accounts established in chs. 88 and
9 89 of this title in amounts determined by the legislature. Money in the
10 miscellaneous services account established in AS 29.89.050 which exceeds
11 the amount required to fully fund distributions authorized by ch. 89 of
12 this title shall be reallocated to the tax equalization account estab-
13 lished in AS 29.88.035 and distributed according to the provisions of
14 ch. 88 of this title.

15 Sec. 29.90.030. MINIMUM ENTITLEMENT. (a) A municipality re-
16 ceiving an entitlement under ch. 88 or 89 of this title shall receive a
17 minimum entitlement of \$25,000.

18 (b) Each minimum entitlement payable under (a) of this section
19 shall include an area cost-of-living differential. The area cost-of-
20 living differential of each municipality shall be determined annually by
21 election district under the provisions of AS 39.27.030; however, appli-
22 cation of the area cost-of-living differential may not result in an
23 amount which is less than the minimum entitlement determined under (a)
24 of this section. For purposes of this subsection, the election dis-
25 tricts used are those designated by the proclamation of reapportionment
26 and redistricting of December 7, 1961, and retained for the house of
27 representatives by proclamation of the governor September 3, 1965.

28 (c) The department shall pay to each municipality eligible to
29 receive a minimum entitlement an amount equal to the difference between

1 the amount determined under (a) and (b) of this section and the sum of
2 the amounts determined under chs. 88 and 89 of this title.

3 (d) If payments are required under this section, the payments
4 shall be distributed from the funds allocated to the equalization
5 account established in AS 29.88.035. Payments under this section and
6 under ch. 88 of this title shall equal the amount allocated to the
7 equalization account.

8 * Sec. 4. AS 29.23.560(a)(3) is amended to read:

9 (3) tax assessment and tax levy figures as requested specifi-
10 cally indicating the amount or rate of levy for general government, edu-
11 cation, and other purposes;

12 * Sec. 5. AS 29.23.560(a) is amended by adding new paragraphs to read:

13 (4) a copy of the current annual budget of the municipality;

14 (5) a summary of the optional property and sales tax exemp-
15 tions authorized in the municipality by ordinance, together with the
16 municipality's estimate of the revenues lost to it by operation of each
17 of the exemptions.

18 * Sec. 6. AS 29.23.560(b) is amended to read:

19 (b) Compliance with the provisions of this section is a prerequi-
20 site to receipt of municipal tax resource equalization assistance under
21 ch. 88 of this title and state aid for miscellaneous municipal services
22 under ch. 89 of this title [STATE-SHARED REVENUES UNDER AS 43.18]. The
23 Department of Community and Regional Affairs [STATE] shall withhold
24 annual allocations under those chapters [THAT CHAPTER] in the event of
25 noncompliance until such time as the report requirements are met [COM-
26 PLIED WITH].

27 * Sec. 7. AS 29.73 is amended by adding a new section to read:

28 Sec. 29.73.060. TAXPAYER NOTICE. (a) If a municipality levies
29 and collects real or personal property taxes, the governing body shall

furnish the following notice with tax statements mailed for the fiscal year for which aid is received under AS 14.17, AS 43.18.100, and chapters 88 and 89 of this title:

"NOTICE TO TAXPAYER

For the current fiscal year the (city) (borough) has been allocated the following amount of state aid for school and municipal purposes under the applicable financial assistance Acts:

PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE	
(AS 14.17)	\$
STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT (AS 43.18.100)	\$
MUNICIPAL TAX RESOURCE EQUALIZATION ASSISTANCE (AS 29.88)	\$
STATE AID FOR MISCELLANEOUS MUNICIPAL SERVICES (AS 29.89)	\$
TOTAL AID	\$

The millage equivalent of this state aid, based on the dollar value of a mill in the municipality during the current assessment year and for the preceding assessment year, is:

	MILLAGE EQUIVALENT	
	PREVIOUS YEAR	THIS YEAR
PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE MILLS MILLS
STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT MILLS MILLS
MUNICIPAL TAX RESOURCE EQUALIZATION ASSISTANCE MILLS MILLS
STATE AID FOR MISCELLANEOUS		

1 MUNICIPAL SERVICES MILLS MILLS
2 TOTAL MILLAGE EQUIVALENT MILLS MILLS"

3 (b) If the municipality levies and collects only a sales tax, the
4 governing body shall provide a notice substantially in the form set out
5 in (a) of this section. In providing notice under this subsection, the
6 council or assembly shall substitute for the millage equivalency its
7 estimate of the equivalent sales tax rate for each of the categories of
8 financial assistance set out in (a) of this section. Notice shall be
9 provided

10 (1) by publishing in a newspaper of general circulation
11 within the municipality a copy of the notice once each week for a period
12 of three successive weeks, with first publication to occur not earlier
13 than 45 days before the first day of the municipality's fiscal year; or

14 (2) if there is no newspaper of general circulation in the
15 municipality, by posting a copy of the notice for at least 20 days in at
16 least two public places within the municipality, with posting to occur
17 not earlier than 45 days before the first day of the municipality's
18 fiscal year.

19 (c) Compliance with the provisions of this section is a prerequi-
20 site to receipt of municipal tax resource equalization assistance under
21 ch. 88 of this title and state aid for miscellaneous municipal services
22 under ch. 89 of this title. The Department of Community and Regional
23 Affairs shall withhold annual allocations under those chapters until
24 municipal officials demonstrate that the requirements of this section
25 have been met.

26 * Sec. 8. AS 29.13.100 is amended by adding new paragraphs to read:

27 (38) AS 29.73.060 (taxpayer notice)

28 (39) AS 29.88 (municipal tax resource equalization assistance)

29 (40) AS 29.89 (state aid for miscellaneous municipal services)

1 * Sec. 9. AS 43.18.010 - 43.18.050 and secs. 4 and 5, ch. 120, SLA 1977
2 are repealed.

3 * Sec. 10. (a) Other provisions of this Act notwithstanding, a munici-
4 pality which would receive less money under the provisions of this Act than
5 it was entitled to receive in fiscal year 1978 under the provisions of AS
6 43.18 repealed by this Act shall, until June 30, 1981, be entitled to receive
7 an amount equal to that authorized for fiscal year 1978 under the former
8 provisions of AS 43.18, in accordance with those provisions.

9 (b) Until June 30, 1981, if the amount appropriated to pay entitlements
10 under this Act is insufficient for the purpose of paying the full entitlement
11 due each municipality or other recipient, entitlements determined under AS
12 29.88, AS 29.89 and AS 29.90, together with the additional sums required by
13 (a) of this section, shall be equally prorated and the prorated amounts
14 distributed to municipalities and other recipients.

15 * Sec. 11. This Act takes effect July 1, 1978, only if a sum which is not
16 less than \$27,000,000 is appropriated for distribution to municipalities and
17 other recipients under the provisions of this Act for the fiscal year ending
18 June 30, 1979.

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