

Original sponsors: Gardiner, Anderson  
and Miller

Offered: 4/21/80  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 192 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH 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. PURPOSE. It is the purpose of this Act to

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

17 (2) assure that no municipality suffers impoverishment of neces-  
18 sary public services, relative to other municipalities, because of the chance  
19 location of taxable wealth in the state.

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

21 CHAPTER 88. MUNICIPAL TAX RESOURCE EQUALIZATION.

22 Sec. 29.88.010. STATE EQUALIZATION OF TAX RESOURCES FOR LOCAL  
23 GOVERNMENT SERVICES. (a) During each fiscal year the state shall  
24 compute an equalization entitlement for local government services pro-  
25 vided by a taxing unit.

26 (b) The equalization entitlement computed for each taxing unit is  
27 based on the population, relative ability to generate revenue, and local  
28 tax burden of the taxing unit and is determined by the application of  
29 the formula

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Entitlement = P x R

where P = population, and

R = millage rate equivalent, determined by dividing the sum of the locally generated revenue of the taxing unit by one-tenth of one percent (0.1) of the full and true value of assessed property of the taxing unit determined under AS 29.88.020(d); however, the property value used under this subsection may not be less than 15 percent of the statewide average per capita full and true assessed property value.

(c) For purposes of this section, locally generated revenue

(1) includes,

(A) the actual revenue derived from the levy and collection of local taxes in the taxing unit for local government services during the preceding fiscal year of the taxing unit;

(B) motor vehicle payments received by the municipality during the preceding fiscal year under AS 28.10.431;

(C) revenue from fees, rentals, leases, penalties, licenses or permits received during the preceding fiscal year by the municipality for a function or service over which it has control, including revenues derived from utilities, parks and recreation services, mass transit, offstreet parking, and garbage and solid waste disposal services; and

(D) special assessments received during the preceding fiscal year;

(2) excludes,

(A) revenue derived from the levy and collection of municipal taxes and appropriated for the operating expenses and debt service of utilities;

(B) revenue from interest earned on investments and from

1 the sale and lease of land or equipment; and

2 (C) all other revenue from whatever service derived.

3 Sec. 29.88.015. DETERMINATION OF POPULATION. (a) For purposes of  
4 this chapter, the population of a taxing unit shall be determined annu-  
5 ally by the latest figures of the United States Bureau of the Census or  
6 other population data which, in the judgment of the department, is  
7 reliable.

8 (b) The population of the taxing unit includes the population of  
9 any military reservation which is a part of the taxing unit.

10 Sec. 29.88.020. DETERMINATION OF MILLAGE RATE EQUIVALENT. (a)  
11 The department may require a municipality to return a certification,  
12 signed by the municipal treasurer or manager and the mayor, which pro-  
13 vides an estimate of the locally generated revenue received by the  
14 municipality during the preceding fiscal year.

15 (b) Not later than October 15 of each year, the department shall  
16 make an initial determination of the millage rate equivalent of each  
17 taxing unit which will be used as the basis for computation and distri-  
18 bution of equalization entitlements for the fiscal year under this  
19 chapter. The department shall make the determinations based upon the  
20 certification returned by the municipality under (a) of this section.

21 (c) At the earliest possible date, but not later than December 15  
22 of each year, the department shall make a final determination of the  
23 millage rate equivalent of each taxing unit which will be used as the  
24 basis for computation and distribution of equalization entitlements  
25 under this chapter. The department shall make the determinations based  
26 upon all audits, financial statements and other financial reports pre-  
27 pared and submitted by the municipality. The department shall adjust to  
28 the locally generated revenue reported by municipalities to exclude the  
29 portion of the municipal revenue-generating effort claimed by the muni-

1       cipality which does not qualify for inclusion in or recognition as  
2       locally generated revenue for local government purposes under AS 29.88.-  
3       010(c)(1). The adjustment shall be made by deducting an amount equal to  
4       the department's estimate of revenue which is not recognized for those  
5       purposes.

6       (d) The full and true assessed property value shall be determined  
7       by the department in the manner provided for the computation of state  
8       aid to education under AS 14.17.140. In addition to the computation for  
9       municipalities which levy and collect a property tax, the department  
10      shall determine an estimated full and true assessed property value for

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

13           (2) each second class city in which the population of the  
14      city equals or exceeds 750 persons; however, a computation may not be  
15      required under this paragraph more often than once during a period of  
16      three successive calendar years; and

17           (3) all other second class cities, by determining the average  
18      per capita full and true assessed property value of all cities having a  
19      population of less than 750 in which an assessment is completed by a  
20      municipality or for which a determination is not made under (1) or (2)  
21      of this subsection.

22      (e) The department shall annually compute a statewide average per  
23      capita full and true assessed property value.

24      Sec. 29.88.025. REPORTS. No payment may be made to a municipality  
25      under AS 29.88 until the municipality has first submitted its certifi-  
26      cate of estimated revenue and its financial report to the department for  
27      the fiscal year preceding the year for which the equalization entitle-  
28      ment is sought, together with a budget for the municipality's current  
29      fiscal year. The financial report shall include a listing of general

1 revenue collected from taxes levied and assessed by the municipality and  
2 any other revenue which, in the opinion of the municipal officials, is  
3 eligible for inclusion in computations of the locally-generated revenue  
4 of the taxing unit.

5 Sec. 29.88.030. LIMITATION ON COMPUTATION AND USE OF PAYMENTS.

6 (a) An equalization entitlement generated by the general tax levy of a  
7 taxing unit may be expended only for legally authorized expenditures of  
8 that taxing unit, but up to 15 percent of the payment of an equaliza-  
9 tion entitlement determined with reference to the areawide locally  
10 generated revenue of a municipality may be expended by the municipality  
11 at the discretion of its assembly or council.

12 (b) An equalization entitlement determined with reference to  
13 revenue other than revenue obtained from the levy and collection of  
14 taxes may be used for areawide or nonareawide purposes, at the discre-  
15 tion of the assembly or council.

16 Sec. 29.88.035. TAX EQUALIZATION ACCOUNT. The tax equalization  
17 account is established. Funds to carry out the provisions of this  
18 chapter shall be allocated by the department to the account. The amount  
19 allocated to the account shall be fully distributed by the department as  
20 payments to municipalities for the purpose of fulfilling each municipal-  
21 ity's share authorized under AS 29.88.010, and the amount allocated to  
22 the account shall be distributed by the department pro rata among eli-  
23 gible municipalities.

24 Sec. 29.88.040. ADMINISTRATION. (a) The department may adopt  
25 regulations necessary to implement the provisions of this chapter. The  
26 regulations shall include, among other provisions, (1) procedures and  
27 filing dates for submitting financial reports; (2) procedures for ob-  
28 taining information required to compute and determine the municipality's  
29 millage rate equivalent; and (3) procedures by which the department

1 shall notify a municipality in writing of the reasons for a proposed  
2 disallowance or adjustment of any factor bearing upon the determination  
3 of the municipality's entitlement and by which the municipality will be  
4 provided reasonable time in which to respond or to challenge the depart-  
5 ment's determination.

6 (b) The department shall make reasonable efforts to advise and  
7 assist municipalities in collecting information and completing reports  
8 necessary for the determination of entitlements under this chapter.

9 (c) The department shall, by regulation, classify for inclusion or  
10 exclusion as a component of a municipality's millage rate equivalent  
11 under AS 29.88.010, any tax revenue appropriated for a utility not  
12 included in the definition set out in AS 29.88.045(4).

13 Sec. 29.88.045. DEFINITIONS. In this chapter

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

16 (2) "municipality" means a city, borough or unified munici-  
17 pality incorporated under the laws of the state;

18 (3) "taxing unit" means a municipality and

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

21 (B) in a city, a differential tax zone;

22 (4) "utilities" means electricity, water, sewer, gas, heat,  
23 or telephone services, and refuse and garbage collection services.

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

25 CHAPTER 89. STATE AID FOR MISCELLANEOUS

26 MUNICIPAL PURPOSES.

27 Sec. 29.89.005. REVENUE SHARING PAYABLE. In addition to the en-  
28 titlements under AS 29.88, during each fiscal year the state shall pay  
29 aid to a municipality or other eligible recipient which has the power to

1 provide the services described in this chapter and exercises the power  
2 in the manner required by this chapter.

3 Sec. 29.89.010. STATE AID TO MUNICIPALITIES FOR ROADS. (a) The  
4 state shall pay to a municipality which has power to provide for road  
5 maintenance and exercises that power, a sum equal to \$2,500 a mile for  
6 each mile of road, street or highway maintained by the local government,  
7 excluding (1) the official state highway system, (2) roads, streets or  
8 highways not dedicated to public use, (3) roads, streets or highways  
9 maintained under the local service road program (AS 19.30.111 - 19.30.-  
10 251), and (4) alleyways, in accordance with regulations adopted by the  
11 Department of Transportation and Public Facilities. No payments may be  
12 made for maintenance of roads not used by automotive equipment.

13 (b) Frozen waterways and connections from inhabited areas to  
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 \$1,500 per mile if the waterways and connections are  
17 maintained 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 municipalities shall receive the payments under this  
23 subsection unless the municipalities involved have agreed in writing to  
24 a particular 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

28 (1) to a municipality which has the power to provide hospital  
29 facilities and services and which exercises that power, \$1,000 per bed

1 for each bed actually used for patient care, limited to the number of  
2 beds provided for in the construction design of the hospital, or \$75,000  
3 a hospital for those hospitals with 10 or more beds, or \$25,000 a hos-  
4 pital for those hospitals with less than 10 beds, as the municipality  
5 may elect; money received under this paragraph may be used only for  
6 hospitals and shall be apportioned among qualifying hospitals as the  
7 municipality may determine;

8 (2) on the basis set out in (1) of this subsection to a muni-  
9 cipality for a nonprofit hospital not operated by a municipality if the  
10 municipality first certifies to the department that the nonprofit hos-  
11 pital is in compliance with all standards for hospitals which have been  
12 adopted by the municipality; money may not be paid on behalf of a non-  
13 profit hospital in the absence of this certification; payments to the  
14 municipality shall be transferred to the nonprofit hospital in accord-  
15 ance with the basis by which the entitlement was generated by the hospi-  
16 tal and shall be applied to the annual cost of operation and maintenance  
17 of the hospital or for the provision of health care service at the  
18 hospital as the directors of the hospital determine;

19 (3) to a municipality in which a health facility is operated,  
20 \$1,000 per bed for each bed actually used for patient care, limited to  
21 the number of beds provided for in the construction design of the health  
22 facility, or \$4,000 per health facility as the municipality may deter-  
23 mine.

24 (b) A hospital may not receive payment under both (a)(1) and  
25 (a)(2) of this section.

26 (c) Money received by a municipality under (a)(3) of this section  
27 shall be used for expenses of health services or operation and mainte-  
28 nance of health facilities as the municipality may determine.

29 (d) Before money may be distributed under this section, the com-

1           missioner of health and social services shall certify to the distri-  
2           bute agency that any accumulation of assets by nonprofit corporations  
3           or other recipients under this section are dedicated irrevocably to a  
4           public purpose.

5           Sec. 29.89.020. STATE AID FOR HOSPITAL CONSTRUCTION. (a) If con-  
6           struction of a facility began after January 1, 1968, and state matching  
7           aid for construction approved for payment to the municipality or other  
8           facility sponsor constitutes less than 25 percent of the total project  
9           cost, the state shall pay to the municipality or other facility sponsor  
10          each fiscal year a sum equal to \$2,500 a bed for the maximum number of  
11          beds provided for in the construction design of the facility or five  
12          percent of the total project cost, whichever is greater. State aid pro-  
13          vided for in this section shall continue until the municipality or other  
14          facility sponsor has received an amount which, combined with state  
15          matching money for construction of the facility, equals 25 percent of  
16          the total project cost. Money received for construction may not be used  
17          for any other purpose.

18          (b) In this section, "total project cost" includes, in addition to  
19          costs directly related to the project, the total of all costs of  
20          financing and carrying out the project. These include, but are not  
21          limited to, the costs of all necessary studies, surveys, plans and  
22          specifications, architectural, engineering or other special services,  
23          acquisition of real property, site preparation and development, pur-  
24          chase, construction, reconstruction and improvement of real property,  
25          and the acquisition of machinery and equipment as may be necessary in  
26          connection with the project; an allocable portion of the administrative  
27          and operating expenses of the municipality or other facility sponsor;  
28          the cost of financing the project, including interest on bonds issued to  
29          finance the project; and the cost of other items, including any indem-

1 nity and surety bonds and premiums on insurance, legal fees, fees and  
2 expenses of trustees, depositaries, financial advisors, and paying  
3 agents for the bonds issued as the issuer considers necessary.

4 Sec. 29.89.025. STATE AID TO VOLUNTEER FIRE DEPARTMENTS IN THE UN-  
5 ORGANIZED BOROUGH. (a) The state shall pay to a volunteer fire depart-  
6 ment registered with the state fire marshal and serving an area not in  
7 an organized borough or a city a sum for protection purposes equal to  
8 \$7.50 per capita for the population served by the department, as deter-  
9 mined by the state fire marshal.

10 (b) A grant shall be made as set out in (a) of this section to  
11 facilitate the organization of a volunteer fire department in an area not  
12 in an organized borough or a city, upon application of the proposed fire  
13 protection group to the state fire marshal and approval of applications  
14 according to standards of organization and service prescribed by regula-  
15 tions adopted by the state fire marshal.

16 (c) In this section, "fire protection" includes, but is not limi-  
17 ted to, fire protection provided by a volunteer fire department regis-  
18 tered with the state fire marshal which has official recognition and  
19 financial support from the community or area in which it is located.

20 Sec. 29.89.030. 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 or other reliable population data,  
23 including but not limited to public school enrollment figures, public  
24 utility connection, registered voters or certified employment payrolls.

25 Sec. 29.89.035. AREA COST-OF-LIVING DIFFERENTIAL. (a) State pay-  
26 ments to a municipality or other eligible recipient under AS 29.89.010  
27 and AS 29.89.015 shall reflect area cost-of-living differentials.  
28 Amounts distributed shall be based upon the sum of per capita, per mile  
29 and per bed or facility grants due each municipality or other recipient

1 multiplied by the appropriate area cost-of-living differential. The  
2 area cost-of-living differential for each recipient shall be determined  
3 annually by election district under the provisions of AS 39.27.030;  
4 however, the area cost-of-living differential to be applied may not  
5 result in an amount to be distributed less than the base allocation.

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

10 Sec. 29.89.040. MISCELLANEOUS SERVICES ACCOUNT. The miscellaneous  
11 services account is established. Money to carry out the provisions of  
12 this chapter shall be allocated by the department to the account in  
13 accordance with AS 29.90.010. If amounts in the account are insuffi-  
14 cient for the purpose of each municipality's or other recipient's share  
15 authorized under this chapter, the amounts which are available shall be  
16 distributed pro rata among eligible municipalities and other recipients.

17 Sec. 29.89.045. REGULATIONS. The Department of Community and  
18 Regional Affairs shall adopt regulations necessary to carry out the  
19 purposes of this chapter. The regulations shall include minimum stan-  
20 dards required to qualify a municipality for grants for each service and  
21 provisions for a performance report adequate to demonstrate to the  
22 department that each service for which credit was allowed was actually  
23 performed by the municipality, at least at the prescribed minimum level.

24 Sec. 29.89.050. DEFINITIONS. In this chapter

25 (1) "health facility"

26 (A) means a facility which is licensed, when required,  
27 by the state under AS 18.20.010 - 18.20.130 and which is owned or  
28 operated or both by a municipality or by a nonprofit corporation or  
29 other nonprofit sponsor;

1 (B) includes a public health center, maternity home,  
2 community mental health center, facility for the mentally or physi-  
3 cally handicapped, nursing home or convalescent center;

4 (C) excludes a facility operated or wholly supported by  
5 the state or the federal government;

6 (2) "hospital" means a licensed hospital determined by the  
7 Department of Health and Social Services to be a general hospital; the  
8 term excludes a facility operated or wholly supported by the state or  
9 the federal government.

10 \* Sec. 4. AS 29 is amended by adding a new chapter to read:

11 CHAPTER 90. ADMINISTRATION OF MUNICIPAL  
12 FINANCIAL ASSISTANCE PROGRAMS.

13 Sec. 29.90.010. ALLOCATION AND DISTRIBUTION. (a) The Department  
14 of Community and Regional Affairs shall allocate money appropriated to  
15 the accounts established in AS 29.88 and AS 29.89 in amounts determined  
16 by the legislature. Money in the miscellaneous services account estab-  
17 lished in AS 29.89.040 which exceeds the amount required to fully dis-  
18 tribute entitlements authorized by AS 29.89 shall be reallocated to the  
19 tax equalization account established in AS 29.88.035 and distributed ac-  
20 cording to the provisions of AS 29.88.

21 (b) Payments under AS 29.90.020 and AS 29.88 shall equal the  
22 amount allocated to the equalization account (AS 29.88.035), adjusted in  
23 accordance with this section. Payments under AS 29.90.020 and AS 29.88  
24 shall be adjusted by proration in accordance with this subsection.  
25 Adjustments shall be determined by prorating amounts payable under  
26 AS 29.90.020 and amounts payable under AS 29.88 by a factor which, when  
27 applied, reduces all payments in equal proportion so that payments under  
28 AS 29.90.020 and payments under AS 29.88 total the amount allocated to  
29 the account established in AS 29.88.035, adjusted in accordance with

1 this section.

2 Sec. 29.90.020. QUALIFICATION FOR MINIMUM ENTITLEMENT. (a) A  
3 municipality qualifying for an entitlement under AS 29.88 or AS 29.89  
4 shall receive a minimum payment of \$25,000 plus an area cost-of-living  
5 differential for each fiscal year if:

6 (1) the municipality has conducted a regular election under  
7 AS 29.28.010 - 29.28.050 during the fiscal year preceding the year for  
8 which payment of an entitlement is authorized and has reported the re-  
9 sults of the election to the commissioner of the Department of Community  
10 and Regional Affairs;

11 (2) regular council meetings are held in the municipality in  
12 accordance with the requirements of AS 29.23.210 during the fiscal year  
13 preceding the year for which payment of an entitlement is authorized and  
14 a record of the proceedings is maintained;

15 (3) a municipal budget has been adopted for the fiscal year  
16 during which payment of an entitlement is authorized and an audit or  
17 financial statement, as applicable, for the preceding fiscal year has  
18 been prepared and furnished to the Department of Community and Regional  
19 Affairs in accordance with AS 29.23.560(a); and

20 (4) local ordinances adopted by the governing body of the  
21 municipality have been codified in accordance with AS 29.48.180.

22 (b) The area cost-of-living differential of each municipality  
23 payable under this section shall be determined annually by election  
24 district under the provisions of AS 39.27.030. However, except as  
25 provided in AS 29.90.010(b), application of the area cost-of-living  
26 differential may not result in an amount which is less than the minimum  
27 entitlement determined under (a) of this section. For purposes of this  
28 subsection, the election districts used are those designated by the  
29 proclamation of reapportionment and redistricting of December 7, 1961,

1 and retained for the house of representatives by proclamation of the  
2 governor September 3, 1965.

3 (c) The Department of Community and Regional Affairs shall pay to  
4 each municipality eligible to receive payment of a minimum entitlement  
5 under this section an amount equal to the difference between the minimum  
6 entitlement determined under (a) and (b) of this section and the sum of  
7 the amounts determined as payable for the same fiscal year under AS 29.-  
8 88 and AS 29.89, except that a payment may be prorated and reduced  
9 under AS 29.90.010(b).

10 (d) If payments are required under this section, the payments  
11 shall be made from the money allocated to the equalization account  
12 established in AS 29.88.035.

13 \* Sec. 5. AS 29.23.560(a)(3) is amended to read:

14 (3) tax assessment and tax levy figures as requested;

15 \* Sec. 6. AS 29.23.560(a) is amended by adding new paragraphs to read:

16 (5) a copy of the current annual budget of the municipality;

17 (6) a summary of the optional property tax exemptions autho-  
18 rized in the municipality, together with the municipality's estimate of  
19 the revenues lost to it by operation of each of the exemptions.

20 \* Sec. 7. AS 29.23.560(b) is amended to read:

21 (b) Compliance with the provisions of this section is a prerequi-  
22 site to receipt of municipal tax resource equalization assistance under  
23 AS 29.88 and state aid for miscellaneous municipal services under AS 29.-  
24 89 [STATE-SHARED REVENUES UNDER AS 43.18]. The Department of Community  
25 and Regional Affairs [STATE] shall withhold annual allocations under  
26 those chapters [THAT CHAPTER] in the event of noncompliance until such  
27 time as the report requirements are met [COMPLIED WITH].

28 \* Sec. 8. AS 29.73 is amended by adding a new section to read:

29 Sec. 29.73.060. TAXPAYER NOTICE. (a) If a municipality levies

1 and collects real or personal property taxes, the governing body shall  
2 provide the following notice:

3 "NOTICE TO TAXPAYER

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

7 Acts:

8	PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE	
9	(AS 14.17)	\$
10	STATE AID FOR RETIREMENT OF SCHOOL CONSTRUC-	
11	TION DEBT (AS 43.18.100)	\$
12	MUNICIPAL TAX RESOURCE EQUALIZATION ASSIS-	
13	TANCE (AS 29.88)	\$
14	STATE AID FOR MISCELLANEOUS MUNICIPAL	
15	SERVICES (AS 29.89)	\$
16	TOTAL AID	\$

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

20		MILLAGE EQUIVALENT	
21		PREVIOUS YEAR	THIS YEAR
22	PUBLIC SCHOOL FOUNDATION PROGRAM		
23	ASSISTANCE	.... MILLS	.... MILLS
24	STATE AID FOR RETIREMENT OF		
25	SCHOOL CONSTRUCTION DEBT	.... MILLS	.... MILLS
26	MUNICIPAL TAX RESOURCE EQUALI-		
27	ZATION ASSISTANCE	.... MILLS	.... MILLS
28	STATE AID FOR MISCELLANEOUS		
29	MUNICIPAL SERVICES	.... MILLS	.... MILLS



1           strate that the requirements of this section have been met.

2       \* Sec. 9. AS 29.13.100 is amended by adding new paragraphs to read:

3                   (40) AS 29.73.060 (taxpayer notice)

4                   (41) AS 29.88 (municipal tax resource equalization assistance)

5                   (42) AS 29.89 (state aid for miscellaneous municipal services)

6       \* Sec. 10. AS 43.18.010 - 43.18.045 are repealed.

7       \* Sec. 11. (a) Notwithstanding other provisions of this Act,

8                   (1) a municipality may not receive less than \$25,000 plus an area  
9 cost-of-living differential during the first fiscal year in which this Act is  
10 effective; and

11                   (2) a municipality which would receive less money under the provi-  
12 sions of this Act than it received for the last fiscal year under the provi-  
13 sions of AS 43.18 repealed by this Act shall, for the first five fiscal years  
14 during which this Act is effective, be entitled to receive an amount equal to  
15 that received for the last fiscal year under the former provisions of AS 43.-  
16 18, in accordance with those provisions.

17                   (b) For the first three fiscal years during which this Act is effec-  
18 tive, if the amount appropriated to pay entitlements under this Act is in-  
19 sufficient for the purpose of paying the full entitlement due each munici-  
20 pality or other recipient, entitlements determined under AS 29.88, AS 29.89  
21 and AS 29.90, together with the additional sums required by (a) of this  
22 section, shall be equally prorated and the prorated amounts distributed to  
23 municipalities and other recipients.

24       \* Sec. 12. This Act takes effect on the first day of the fiscal year for  
25 which not less than \$31,000,000 is appropriated and allowed by the governor  
26 for distribution to municipalities and other recipients under the provisions  
27 of this Act, or on July 1, 1983, whichever is earlier.