

Original sponsors: Gardiner, Anderson
and Miller

Offered: 5/5/80
Referred: Finance

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 192
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, providing for
9 minimum entitlements, and directing state agencies to
10 examine and recommend changes in programs of state
11 assistance; and providing for an effective date."

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

13 * Section 1. PURPOSE. It is the purpose of this Act to

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

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

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

22 CHAPTER 88. MUNICIPAL TAX RESOURCE EQUALIZATION.

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

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

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the formula

$$\text{Entitlement} = P \times R$$

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 parks and recreation services, mass transit, offstreet parking, and garbage and solid waste disposal services;

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

(E) payments received by a municipality from a utility which are in place of taxes levied and collected by the municipality;

(2) excludes

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

4 (B) revenue from interest earned on investments and from
5 the sale and lease of land or equipment; and

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

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

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

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

19 (b) By October 15 of each year, the department shall make an
20 initial determination of the millage rate equivalent of each taxing unit
21 which will be used as the basis for computing and distributing equal-
22 ization entitlements for the current fiscal year under this chapter.
23 The department shall make the determinations based upon the certifica-
24 tion returned by the municipality under (a) of this section.

25 (c) As early as possible, but not later than December 15 of each
26 year, the department shall make a final determination of the millage
27 rate equivalent of each taxing unit which will be used as the basis for
28 computation and distribution of equalization entitlements under this
29 chapter. The department shall make the determinations based on audits,

1 financial statements and other financial reports prepared and submitted
2 by the municipality. The department shall adjust to the locally
3 generated revenue reported by a municipality to exclude municipal revenue
4 claimed by the municipality which does not qualify for inclusion in or
5 recognition as locally generated revenue for local government purposes
6 under AS 29.88.010(c)(1). The adjustment shall be made by deducting
7 from total revenue claims submitted by the municipality an amount equal
8 to the department's estimate of revenue which is not recognized for
9 those purposes.

10 (d) The full and true assessed property value shall be determined
11 by the department in the manner provided for the computation of state
12 aid to education under AS 14.17.140. When the determination of locally
13 generated revenue includes revenue of a utility received under AS 29.-
14 88.010(c)(1)(E), the full and true assessed property value shall include
15 the computed assessed value of the utility, determined by dividing the
16 amount of the payment in place of taxes made by the utility by the
17 millage rate which would apply to the utility if the utility were subject
18 to levy and collection of taxes under AS 29.53.

19 (e) In addition to the computation for municipalities which levy
20 and collect a property tax, the department shall determine an estimated
21 full and true assessed property value under (d) of this section for

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

24 (2) each second class city with a population of 750 or more
25 persons; however, a computation is not required under this paragraph
26 more often than once during a period of three successive calendar years;
27 and

28 (3) all other second class cities, by determining the average
29 per capita full and true assessed property value of all cities having a

1 population of less than 750 persons in which an assessment has been
2 completed by a municipality or for which a determination is not made
3 under (1) or (2) of this subsection.

4 (f) The department shall annually compute a statewide average per
5 capita full and true assessed property value.

6 Sec. 29.88.025. REPORTS. A payment may not be made to a munici-
7 pality under AS 29.88 until the municipality has submitted its certifi-
8 cate of estimated revenue and its financial report to the department for
9 the fiscal year preceding the year for which the equalization entitle-
10 ment is sought, together with a budget for the municipality's current
11 fiscal year. The financial report shall include a listing of general
12 revenue collected from taxes levied and assessed by the municipality and
13 any other revenue which, in the opinion of the municipal officials, is
14 eligible for inclusion in computations of the locally-generated revenue
15 of the taxing unit.

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

17 (a) An equalization entitlement generated by the general tax levy of a
18 taxing unit may be expended only for legally authorized expenditures of
19 that taxing unit, but up to 15 percent of the payment of an equalization
20 entitlement determined with reference to the areawide locally generated
21 revenue of a municipality may be expended by the municipality at the
22 discretion of its assembly or council.

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

27 Sec. 29.88.035. TAX EQUALIZATION ACCOUNT. The tax equalization
28 account is established. Money to carry out the provisions of this
29 chapter shall be allocated by the department to the account. The amount

1 allocated to the account shall be fully distributed by the department as
2 payments to municipalities to fulfill each municipality's share author-
3 ized under AS 29.88.010, and the amount allocated to the account shall
4 be distributed by the department pro rata among eligible municipalities.

5 Sec. 29.88.040. ADMINISTRATION. (a) The department may adopt
6 regulations necessary to implement the provisions of this chapter. The
7 regulations shall include, among other provisions, (1) procedures and
8 filing dates for submitting financial reports; (2) procedures for ob-
9 taining information required to compute and determine the municipality's
10 millage rate equivalent; and (3) procedures by which the department
11 shall notify a municipality in writing of the reasons for a proposed
12 disallowance or adjustment of any factor bearing upon the determination
13 of the municipality's entitlement and by which the municipality will be
14 provided reasonable time in which to respond or to challenge the depart-
15 ment's determination.

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

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

23 Sec. 29.88.045. DEFINITIONS. In this chapter

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

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

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

29 (A) in a borough or unified municipality, a service area

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or the entire area outside cities;

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

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

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

CHAPTER 89. STATE AID FOR MISCELLANEOUS MUNICIPAL PURPOSES.

Sec. 29.89.010. REVENUE SHARING PAYABLE. In addition to the entitlements under AS 29.88, during each fiscal year the department shall pay aid to a municipality or other eligible recipient which has the power to provide the services described in this chapter and exercises the power in the manner required by this chapter.

Sec. 29.89.020. STATE AID TO MUNICIPALITIES FOR ROADS. (a) The department shall pay to a municipality which has power to provide for road maintenance and exercises that power, a sum equal to \$2,500 a mile for each mile of road, street or highway maintained by the local government, excluding (1) the official state highway system, (2) roads, streets or highways not dedicated to public use, (3) roads, streets or highways maintained under the local service road program (AS 19.30.111 - 19.30.-251), and (4) alleyways, in accordance with regulations adopted by the Department of Transportation and Public Facilities. A payment may not be made for maintenance of a road which is not used by automotive equipment.

(b) A frozen waterway and a connection from an inhabited area to a waterway which may be safely used for public transportation by automotive equipment and is so used during a portion of a year is eligible for a payment of \$1,500 per mile if the waterway and connection are maintained during the period of use by a municipality or combination of municipalities. The department, after consultation with the Department

1 of Transportation and Public Facilities, shall determine which waterways
2 and connections qualify and, where the waterways or connections lie
3 outside the corporate limits of a municipality, which municipalities
4 shall receive the payments under this subsection unless the municipali-
5 ties involved have agreed in writing to a particular distribution.

6 Sec. 29.89.030. STATE AID TO MUNICIPALITIES AND OTHER ELIGIBLE
7 RECIPIENTS FOR HEALTH FACILITIES AND HOSPITALS. (a) The department
8 shall pay

9 (1) to a municipality which has the power to provide hospital
10 facilities and services and which exercises that power, \$1,000 per bed
11 for each bed actually used for patient care, limited to the number of
12 beds provided for in the construction design of the hospital, or \$75,000
13 a hospital for those hospitals with 10 or more beds, or \$25,000 a hos-
14 pital for those hospitals with less than 10 beds, as the municipality
15 may elect; money received under this paragraph may be used only for
16 hospitals and shall be apportioned among qualifying hospitals as the
17 municipality may determine;

18 (2) on the basis set out in (1) of this subsection to a muni-
19 cipality for a nonprofit hospital not operated by a municipality if the
20 municipality first certifies to the department that the nonprofit hos-
21 pital is in compliance with all standards for hospitals which have been
22 adopted by the municipality; money may not be paid on behalf of a non-
23 profit hospital in the absence of this certification; payments to the
24 municipality shall be transferred to the nonprofit hospital in accord-
25 ance with the basis by which the entitlement was generated by the hospi-
26 tal and shall be applied to the annual cost of operation and maintenance
27 of the hospital or for the provision of health care service at the
28 hospital as the directors of the hospital determine;

29 (3) to a municipality in which a health facility is operated,

1 \$1,000 per bed for each bed actually used for patient care, limited to
2 the number of beds provided for in the construction design of the health
3 facility, or \$4,000 per health facility as the municipality may deter-
4 mine.

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

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

10 (d) Before money may be distributed under this section, the com-
11 missioner of health and social services shall certify to the distri-
12 buting agency that any accumulation of assets by nonprofit corporations
13 or other recipients under this section are dedicated irrevocably to a
14 public purpose.

15 Sec. 29.89.040. STATE AID TO VOLUNTEER FIRE DEPARTMENTS IN THE
16 UNORGANIZED BOROUGH. (a) The department shall pay to a volunteer fire
17 department registered with the state fire marshal and serving an area
18 not in an organized borough or city a sum for protection purposes equal
19 to \$7.50 per capita for the population served by the department, as
20 determined by the state fire marshal.

21 (b) A grant shall be made as set out in (a) of this section to
22 facilitate the organization of a volunteer fire department in an area
23 not in an organized borough or city upon application of the proposed
24 fire protection group to the state fire marshal and approval of appli-
25 cations according to standards of organization and service prescribed by
26 regulations adopted by the state fire marshal.

27 Sec. 29.89.050. POPULATION DETERMINATION. For purposes of this
28 chapter, population shall be determined by the latest figures of the
29 United States Bureau of the Census or other reliable population data,

1 including but not limited to public school enrollment figures, public
2 utility connection, registered voters or certified employment payrolls.

3 Sec. 29.89.060. AREA COST-OF-LIVING DIFFERENTIAL. (a) Payments
4 to a municipality or other eligible recipient under AS 29.89.020 -
5 29.89.030 shall reflect area cost-of-living differentials. Amounts
6 distributed shall be based upon the sum of per capita, per mile and per
7 bed or facility grants due each municipality or other recipient multi-
8 plied by the appropriate area cost-of-living differential. The area
9 cost-of-living differential for each recipient shall be determined
10 annually by election district under the provisions of AS 39.27.030;
11 however, the area cost-of-living differential to be applied may not
12 result in an amount to be distributed less than the base allocation.

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

17 Sec. 29.89.070. MISCELLANEOUS SERVICES ACCOUNT. The miscellaneous
18 services account is established. Money to carry out the provisions of
19 this chapter shall be allocated by the department to the account in
20 accordance with AS 29.95.010. If amounts in the account are insuffi-
21 cient to pay each municipality's or other recipient's share authorized
22 under this chapter, the amounts which are available shall be distributed
23 pro rata among eligible municipalities and other recipients.

24 Sec. 29.89.080. REGULATIONS. The department shall adopt regula-
25 tions necessary to carry out the purposes of this chapter. The regula-
26 tions shall include minimum standards required to qualify a municipality
27 or other recipient for grants for each service. The department may
28 require a municipality or other recipient to submit a performance report
29 adequate to demonstrate to the department that a service for which

1 payment is requested under this chapter was performed by the munici-
2 pality or other recipient and meets the minimum standards of service
3 prescribed by regulation.

4 Sec. 29.89.090. DEFINITIONS. In this chapter

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

7 (2) "health facility"

8 (A) means a facility which is licensed, when required,
9 by the state under AS 18.20.010 - 18.20.130 and which is owned or
10 operated or both by a municipality or by a nonprofit corporation or
11 other nonprofit sponsor;

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

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

17 (3) "hospital" means a licensed hospital determined by the
18 Department of Health and Social Services to be a general hospital; the
19 term excludes a facility operated or wholly supported by the state or
20 the federal government;

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

22 CHAPTER 90. STATE AID FOR HOSPITAL CONSTRUCTION.

23 Sec. 29.90.010. STATE AID FOR HOSPITAL CONSTRUCTION. If construc-
24 tion of a hospital began after January 1, 1968, and state matching aid
25 for construction approved for payment to the municipality or other
26 hospital sponsor constitutes less than 25 percent of the total project
27 cost, the department shall pay to the municipality or other hospital
28 sponsor each fiscal year a sum equal to \$2,500 a bed for the maximum
29 number of beds provided for in the construction design of the facility

1 or five percent of the total project cost, whichever is greater. State
2 aid provided for in this section shall continue until the municipality
3 or other hospital sponsor has received an amount which, combined with
4 state matching money for construction of the hospital, equals 25 percent
5 of the total project cost. Money received for construction may not be
6 used for any other purpose.

7 Sec. 29.90.020. HOSPITAL CONSTRUCTION ASSISTANCE ACCOUNT. The
8 hospital construction assistance account is established. Money to carry
9 out the provisions of this chapter shall be allocated by the department
10 to the account in accordance with AS 29.95.010. If amounts in the
11 account are insufficient to pay each recipient's share authorized under
12 this chapter, the amounts which are available shall be distributed pro
13 rata among eligible recipients.

14 Sec. 29.90.030. DEFINITIONS. In this chapter

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

17 (2) "hospital" means a licensed hospital determined by the
18 Department of Health and Social Services to be a general hospital; the
19 term excludes a facility operated or wholly supported by the state or
20 the federal government;

21 (3) "total project cost" means

22 (A) costs directly related to the project; and

23 (B) the total of all costs of financing and carrying out
24 the project; including, but not limited to,

25 (i) the costs of all necessary studies, surveys,
26 plans and specifications, architectural, engineering or other
27 special services, acquisition of real property, site prepara-
28 tion and development, purchase, construction, reconstruction
29 and improvement of real property, and the acquisition of

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machinery and equipment as may be necessary in connection with the project;

(ii) an allocable portion of the administrative and operating expenses of the municipality or other hospital sponsor;

(iii) the cost of financing the project, including interest on bonds issued to finance the project; and

(iv) the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositaries, financial advisors, and paying agents for the bonds issued as the issuer considers necessary.

* Sec. 5. AS 29 is amended by adding a new chapter to read:

CHAPTER 95. ADMINISTRATION OF MUNICIPAL FINANCIAL ASSISTANCE PROGRAMS.

Sec. 29.95.010. ALLOCATION AND DISTRIBUTION. (a) The Department of Community and Regional Affairs shall allocate money appropriated to the accounts established in AS 29.88, AS 29.89, AS 29.90, and AS 29.95.030(d) in amounts determined by the legislature.

(b) Money in the miscellaneous services account established in AS 29.89.070 which exceeds the amount required to fully distribute entitlements authorized by AS 29.89 shall be reallocated to the tax equalization account established in AS 29.88.035 and distributed according to the provisions of AS 29.88.

(c) Money in the hospital construction assistance account established in AS 29.90.020 which exceeds the amount required to fully distribute entitlements authorized by AS 29.90 shall be reallocated to the tax equalization account established in AS 29.88.035 and distributed according to the provisions of AS 29.88.

1 (d) Money in the entitlement adjustment account established in
2 AS 29.95.030(d) which exceeds the amount required to fully distribute
3 entitlements authorized by AS 29.95.030 shall be reallocated to the tax
4 equalization account established in AS 29.88.035 and distributed accord-
5 ing to the provisions of AS 29.88.

6 Sec. 29.95.020. QUALIFICATION FOR MINIMUM ENTITLEMENT. (a) A
7 municipality qualifying for an entitlement under AS 29.88 or AS 29.89
8 shall receive a minimum payment of \$25,000 plus an area cost-of-living
9 differential for each fiscal year if:

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

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

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

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

26 (b) The area cost-of-living differential of each municipality
27 payable under this section shall be determined annually by election
28 district under the provisions of AS 39.27.030. However, except as
29 provided in AS 29.95.040, application of the area cost-of-living dif-

1 ferential may not result in an amount which is less than the minimum
2 entitlement determined under (a) of this section. For purposes of this
3 subsection, the election districts used are those designated by the
4 proclamation of reapportionment and redistricting of December 7, 1961,
5 and retained for the house of representatives by proclamation of the
6 governor September 3, 1965.

7 (c) The Department of Community and Regional Affairs shall pay to
8 each municipality eligible to receive payment of a minimum entitlement
9 under this section an amount equal to the difference between the minimum
10 entitlement determined under (a) and (b) of this section and the sum of
11 the amounts determined as payable for the same fiscal year under AS 29.-
12 88 and AS 29.89, except that a payment may be prorated and reduced under
13 AS 29.95.040.

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

17 Sec. 29.95.030. ENTITLEMENT ADJUSTMENT. (a) A municipality may
18 not receive a total amount of money under AS 29.88, AS 29.89, and AS 29.-
19 95.020 which is less in proportion to the total amount appropriated and
20 allocated under those sections than 90 percent of the percentage of the
21 population of the municipality to the total population of the state for
22 the fiscal year, as the population of the municipality and the popula-
23 tion of all municipalities of the state is determined under AS 29.88.015.

24 (b) When the total amount that would be received by a municipality
25 under AS 29.88, AS 29.89 and AS 29.95.020 is less than the amount deter-
26 mined under (a) of this section, the department shall pay to the muni-
27 cipality, in addition to payments under AS 29.88, AS 29.89, and AS 29.-
28 95.020, the amount of the difference.

29 (c) For purposes of determining whether an entitlement adjustment

1 is payable to a borough under this section, if a borough includes one or
2 more cities which are entitled to receive entitlements payable under
3 AS 29.88, AS 29.89 or AS 29.95.020, in addition to the entitlement of
4 the borough, entitlements payable to the cities shall be considered as
5 if they were payable to the borough.

6 (d) The minimum entitlement adjustment account is established.
7 Money to carry out the provisions of this section shall be allocated by
8 the department to the account in accordance with AS 29.95.010. If
9 amounts in the account are insufficient to pay each municipality's share
10 authorized under this section, the amounts which are available shall be
11 distributed pro rata among eligible municipalities.

12 Sec. 29.95.040. PRORATION OF PAYMENTS. (a) Payments under AS 29.-
13 95.020 and AS 29.88 shall equal the amount allocated to the equalization
14 account (AS 29.88.035), adjusted in accordance with AS 29.90.010.

15 (b) Adjustments of payments shall be determined by prorating
16 amounts payable under AS 29.95.020 - 29.95.030 and amounts payable under
17 AS 29.88 by a factor which, when applied, reduces all payments in equal
18 proportion so that payments under AS 29.95.020 - 29.95.030 and payments
19 under AS 29.88 equal the amount allocated to the account established in
20 AS 29.88.035.

21 * Sec. 6. AS 29.23.560(a)(3) is amended to read:

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

23 * Sec. 7. AS 29.23.560(a) is amended by adding new paragraphs to read:

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

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

28 * Sec. 8. AS 29.23.560(b) is amended to read:

29 (b) Compliance with the provisions of this section is a prerequi-

1 site to receipt of municipal tax resource equalization assistance under
 2 AS 29.88 and state aid for miscellaneous municipal services under
 3 AS 29.89 [STATE-SHARED REVENUES UNDER AS 43.18]. The Department of
 4 Community and Regional Affairs [STATE] shall withhold annual allocations
 5 under those chapters [THAT CHAPTER] in the event of noncompliance until
 6 such time as the report requirements are met [COMPLIED WITH].

7 * Sec. 9. AS 29.73 is amended by adding a new section to read:

8 Sec. 29.73.060. TAXPAYER NOTICE. (a) If a municipality levies
 9 and collects real or personal property taxes, the governing body shall
 10 provide the following notice:

11 "NOTICE TO TAXPAYER

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

16	PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE	
17	(AS 14.17)	\$
18	STATE AID FOR RETIREMENT OF SCHOOL CONSTRUC-	
19	TION DEBT (AS 43.18.100)	\$
20	MUNICIPAL TAX RESOURCE EQUALIZATION ASSIS-	
21	TANCE (AS 29.88)	\$
22	STATE AID FOR MISCELLANEOUS MUNICIPAL	
23	SERVICES (AS 29.89)	\$
24	TOTAL AID	\$

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

28	MILLAGE EQUIVALENT	
29	PREVIOUS YEAR	THIS YEAR

1	PUBLIC SCHOOL FOUNDATION PROGRAM		
2	ASSISTANCE	.... MILLS	.... MILLS
3	STATE AID FOR RETIREMENT OF		
4	SCHOOL CONSTRUCTION DEBT	.... MILLS	.... MILLS
5	MUNICIPAL TAX RESOURCE EQUALI-		
6	ZATION ASSISTANCE	.... MILLS	.... MILLS
7	STATE AID FOR MISCELLANEOUS		
8	MUNICIPAL SERVICES	.... MILLS	.... MILLS
9	TOTAL MILLAGE EQUIVALENT	.... MILLS	.... MILLS"

10 Notice shall be provided

11 (1) by furnishing a copy of the notice with tax statements
12 mailed for the fiscal year for which aid is received; or

13 (2) by publishing in a newspaper of general circulation
14 within the municipality a copy of the notice once each week for a period
15 of three successive weeks, with publication to occur not later than 45
16 days after the final adoption of the municipality's budget.

17 (b) If the municipality levies and collects only a sales tax, the
18 governing body shall provide a notice substantially in the form set out
19 in (a) of this section. In providing notice under this subsection, the
20 council or assembly shall substitute for the millage equivalency its
21 estimate of the equivalent sales tax rate for each of the categories of
22 financial assistance set out in (a) of this section. Notice shall be
23 provided

24 (1) by publishing in a newspaper of general circulation
25 within the municipality a copy of the notice once each week for a period
26 of three successive weeks, with publication to occur not later than 45
27 days after the final adoption of the municipality's budget; or

28 (2) if there is no newspaper of general circulation in the
29 municipality, by posting a copy of the notice for at least 20 days in at

1 least two public places within the municipality, with posting to occur
2 not later than 45 days after the final adoption of the municipality's
3 budget.

4 (c) Compliance with the provisions of this section is a prerequi-
5 site to receipt of municipal tax resource equalization assistance under
6 AS 29.88 and state aid for miscellaneous municipal services under
7 AS 29.89. The Department of Community and Regional Affairs shall with-
8 hold annual allocations under those chapters until municipal officials
9 demonstrate that the requirements of this section have been met.

10 * Sec. 10. AS 29.13.100 is amended by adding new paragraphs to read:

11 (40) AS 29.73.060 (taxpayer notice)

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

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

14 * Sec. 11. AS 43.18.010 - 43.18.045 are repealed.

15 * Sec. 12. (a) Notwithstanding other provisions of secs. 1 - 11 of this
16 Act,

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

20 (2) a municipality which would receive less money under the provi-
21 sions of this Act than it received for the last fiscal year under the provi-
22 sions of AS 43.18.010 - 43.18.045 repealed by sec. 11 of this Act shall, for
23 the first five fiscal years during which this Act is effective, be entitled
24 to receive an amount equal to that received for the last fiscal year under
25 the former provisions of AS 43.18.010 - 43.18.045, in accordance with those
26 provisions.

27 (b) For the first five fiscal years during which this Act is effective,
28 if the amount appropriated to pay entitlements under this Act is insufficient
29 for the purpose of paying the full entitlement due each municipality or other

1 recipient, entitlements determined under AS 29.88, AS 29.89, AS 29.90, and
2 AS 29.95, together with the additional sums required by (a) of this section,
3 shall be equally prorated and the prorated amounts distributed to municipali-
4 ties and other recipients.

5 * Sec. 13. (a) The Department of Health and Social Services and the
6 Department of Community and Regional Affairs shall jointly examine and report
7 their recommendations on the extent to which the state should assist munici-
8 palities, nonprofit corporations, and others in the construction and opera-
9 tion of hospitals and health facilities.

10 (b) By February 1, 1981, the commissioner of health and social services
11 shall submit to the legislature a report, accompanied by draft legislation,
12 examining programs of state aid for hospital and health facility construction
13 and operation, including both public and private facilities, and recommending
14 a comprehensive health and hospital financial assistance program. The report
15 and accompanying legislation shall be based on health care and health facili-
16 ty need, expressed as a function of number of beds, occupancy rate of faci-
17 lities, kinds of care and levels of service provided or not provided, or any
18 other factors which the commissioner of health and social services reasonably
19 believes should be the basis by which state assistance for hospitals and
20 health facilities and their programs should be provided.

21 (c) The report and accompanying legislation presented under (b) of this
22 section shall

23 (1) include, if necessary, reference to certificates of need
24 legislation and any other current program of the federal or state government
25 which applies in determining whether hospitals and health care facilities
26 shall be constructed;

27 (2) recommend a permanent program of state assistance to munici-
28 palities for hospital care and health care services, whether provided by
29 public or private facilities, which improves the level of care for the people

1 of the state.

2 * Sec. 14. (a) The Department of Community and Regional Affairs and the
3 Department of Transportation and Public Facilities shall jointly examine and
4 report their recommendations on the extent to which the state should assist
5 municipalities in the construction and operation of mass transit facilities
6 and services.

7 (b) By February 1, 1981, the commissioner of community and regional
8 affairs shall submit to the legislature a report, accompanied by draft legis-
9 lation, examining programs of state aid for mass transit facilities and ser-
10 vices, and recommending a comprehensive financial assistance program. The
11 recommendation shall consider regional transit differences, public and pri-
12 vate operation of transit systems, and methods of financial support provided
13 in other states.

14 * Sec. 15. Sections 1 - 12 of this Act take effect on the first day of
15 the fiscal year for which \$33,500,000 or more is appropriated and allowed by
16 the governor for distribution to municipalities and other recipients under
17 the provisions of secs. 1 - 12 of this Act, or on July 1, 1983, whichever is
18 earlier.

19 * Sec. 16. Sections 13 and 14 of this Act take effect July 1, 1980.

20 * Sec. 17. Sections 15 - 17 of this Act take effect immediately in accord-
21 ance with AS 01.10.070(c).

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