

Original sponsors: Gardiner, Anderson
and Miller

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Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR 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 relating to programs of state aid to municipali-
7 ties and other recipients: providing for equalization
8 of the tax resources of municipalities, continuing a
9 portion of the program of state aid for municipal
10 purposes, providing for minimum payments, and directing
11 state agencies to examine and recommend changes in
12 programs of state assistance; amending the program of
13 fisheries tax refunds to municipalities; and providing
14 for an effective date."

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

16 * Section 1. PURPOSE. It is the purpose of sec. 2 of this Act to

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

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

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

25 CHAPTER 88. MUNICIPAL TAX RESOURCE EQUALIZATION.

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

1 (b) The equalization entitlement computed for a taxing unit is
2 based on the population, relative ability to generate revenue, and local
3 tax burden of the taxing unit and is determined by the application of
4 the formula

5 Entitlement = P x R

6 where P = population, and

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

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

15 (1) includes

16 (A) the actual revenue derived from the levy and collec-
17 tion of local taxes in the taxing unit for local government ser-
18 vices during the preceding fiscal year of the taxing unit;

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

21 (C) revenue from fees, rentals, leases, penalties,
22 licenses or permits received during the preceding fiscal year by
23 the municipality for a function or service over which it has con-
24 trol, including revenues derived from parks and recreation ser-
25 vices, mass transit, offstreet parking, and garbage and solid waste
26 disposal services;

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

29 (E) payments received by a municipality from a utility

1 which are in place of taxes levied and collected by the municipali-
2 ty;

3 (2) excludes

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

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

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

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

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

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

22 (b) By October 15 of each year, the department shall make an
23 initial determination of the millage rate equivalent of each taxing unit
24 to be used for computing and distributing equalization entitlements for
25 the current fiscal year under this chapter. The department shall base
26 the initial determination on the estimates in the certification returned
27 by a municipality under (a) of this section.

28 (c) As early as possible, but not later than December 15 of each
29 year, the department shall make a final determination of the millage

1 rate equivalent of each taxing unit to use to compute and distribute
2 equalization entitlements under this chapter. The department shall base
3 the determination on audits, financial statements and other financial
4 reports prepared and submitted by a municipality. The department shall
5 adjust the locally generated revenue reported by a municipality to
6 exclude the municipal revenue claimed by the municipality which does not
7 qualify for inclusion in or recognition as locally generated revenue for
8 local government purposes under AS 29.88.010(c)(1). The adjustment
9 shall be made by deducting from total revenue claimed by the municipali-
10 ty the amount of the department's estimate of revenue which is not
11 recognized for local government purposes.

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

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

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

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

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

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

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

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

19 (a) An equalization entitlement generated by the general tax levy of a
20 taxing unit may be used only for authorized expenditures of that taxing
21 unit, but up to 15 percent of the payment of an equalization entitlement
22 generated by areawide revenue of a municipality may be used by the
23 municipality for areawide or nonareawide purposes at the discretion of
24 its assembly or council.

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

29 Sec. 29.88.035. TAX EQUALIZATION ACCOUNT. The tax equalization

1 account is established. Money to carry out the provisions of this
2 chapter shall be allocated by the department to the account. The amount
3 allocated to the account shall be fully distributed by the department as
4 payments to municipalities to fulfill each municipality's share author-
5 ized under AS 29.88.010. The amount allocated to the account shall be
6 distributed by the department pro rata among eligible municipalities.

7 Sec. 29.88.040. ADMINISTRATION. (a) The department may adopt
8 regulations necessary to implement this chapter. The regulations shall
9 include, among other provisions,

10 (1) procedures and filing dates for submitting certification
11 and financial reports;

12 (2) procedures for obtaining information required to compute
13 and determine the municipality's millage rate equivalent; and

14 (3) procedures by which the department shall notify a munici-
15 pality in writing of the reasons for a proposed disallowance or adjust-
16 ment of any factor bearing upon the determination of the municipality's
17 entitlement and by which the municipality will be provided reasonable
18 time in which to respond or to challenge the department's determination.

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

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

26 Sec. 29.88.045. DEFINITIONS. In this chapter

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

29 (2) "municipality" means a city, borough or unified munici-

1 pality incorporated under the laws of the state;

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

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

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

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

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

9 CHAPTER 89. STATE AID FOR MISCELLANEOUS
10 MUNICIPAL PURPOSES.

11 Sec. 29.89.010. REVENUE SHARING PAYABLE. In addition to the
12 equalization entitlements paid under AS 29.88, during each fiscal year
13 the department shall pay aid

14 (1) to a municipality or other eligible recipient which has
15 the power to provide the services described in AS 29.88.020 - 29.88.040
16 and exercises the power in the manner required by this chapter;

17 (2) to a Native village government under AS 29.89.050.

18 Sec. 29.89.020. STATE AID TO MUNICIPALITIES FOR ROADS. (a) The
19 department shall pay to a municipality which has power to provide for
20 road maintenance and exercises that power, \$2,500 a mile for each mile
21 of road, street or highway maintained by the local government, excluding
22 (1) the official state highway system, (2) roads, streets or highways
23 not dedicated to public use, (3) roads, streets or highways maintained
24 under the local service road program (AS 19.30.111 - 19.30.251), and (4)
25 alleyways, in accordance with regulations adopted by the Department of
26 Transportation and Public Facilities. A payment may not be made under
27 this subsection for maintenance of a road which is not used by automo-
28 tive equipment.

29 (b) A frozen waterway and a connection from an inhabited area to a

1 waterway which may be safely used for public transportation by auto-
2 motive equipment and is so used during a portion of a year is eligible
3 for a payment of \$1,500 per mile if the waterway and connection are
4 maintained during the period of use by a municipality or combination of
5 municipalities. The department, after consultation with the Department
6 of Transportation and Public Facilities, shall determine which waterways
7 and connections qualify and, where the waterways or connections lie
8 outside the corporate limits of a municipality, which municipalities
9 shall receive the payments under this subsection, unless the municipali-
10 ties involved have agreed in writing to a particular distribution.

11 Sec. 29.89.030. STATE AID TO MUNICIPALITIES AND OTHER ELIGIBLE
12 RECIPIENTS FOR HEALTH FACILITIES AND HOSPITALS. (a) The department
13 shall pay

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

23 (2) on the basis set out in (1) of this subsection to a muni-
24 cipality for a nonprofit hospital not operated by a municipality if the
25 municipality first certifies to the department that the nonprofit hos-
26 pital is in compliance with all standards for hospitals which have been
27 adopted by the municipality; money may not be paid on behalf of a non-
28 profit hospital without this certification; payments to the municipality
29 shall be transferred to the nonprofit hospital in accordance with the

1 basis by which the payment was generated by the hospital, and shall be
2 applied to the annual cost of operation and maintenance of the hospital
3 or for the provision of health care service at the hospital as the
4 directors of the hospital determine;

5 (3) to a municipality in which a health facility is operated,
6 \$1,000 per bed for each bed actually used for patient care, limited to
7 the number of beds provided for in the construction design of the health
8 facility, or \$4,000 per health facility as the municipality determines.

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

11 (c) Money received by a municipality under (a)(3) of this section
12 shall be used for expenses of health services or operation and mainte-
13 nance of health facilities as the municipality determines.

14 (d) Before money may be distributed under this section, the com-
15 missioner of health and social services shall certify to the commissioner
16 of community and regional affairs that any accumulation of assets by
17 nonprofit corporations or other recipients under this section is dedi-
18 cated irrevocably to a public purpose.

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

25 (b) A grant shall be made under (a) of this section to facilitate
26 the organization of a volunteer fire department in an area not in an
27 organized borough or city, upon application of the proposed fire protec-
28 tion group to the state fire marshal and upon approval of applications
29 according to standards of organization and service prescribed by regula-

1 tions adopted by the state fire marshal.

2 Sec. 29.89.050. STATE AID TO CERTAIN NATIVE VILLAGE GOVERNMENTS.
3 The state shall pay \$25,000 to a Native village government for a village
4 which is not incorporated as a city under this title. In this subsec-
5 tion, "Native village government" means

6 (1) a local governing body organized by authority of the Act
7 of Congress of June 18, 1934 (25 U.S.C. sec. 476); or

8 (2) a traditional village council or, if there is no tradi-
9 tional village council, the paramount chief or other governing body of a
10 Native village which meets the requirements of the Alaska Native Claims
11 Settlement Act (43 U.S.C. sec. 1601 - 1628).

12 Sec. 29.89.060. POPULATION DETERMINATION. For purposes of this
13 chapter, population shall be determined by the latest figures of the
14 United States Bureau of the Census or other reliable population data,
15 including but not limited to public school enrollment figures, public
16 utility connection, registered voters or certified employment payrolls.

17 Sec. 29.89.070. AREA COST-OF-LIVING DIFFERENTIAL. (a) Payments
18 to a municipality or other eligible recipient under AS 29.89.020 -
19 29.89.030 and 29.89.050 shall reflect area cost-of-living differentials.
20 Payments shall be based upon the sum of per capita, per mile and per bed
21 or facility grants due each municipality or other recipient multiplied
22 by the appropriate area cost-of-living differential. The area cost-of-
23 living differential for each recipient shall be determined annually by
24 election district under the provisions of AS 39.27.030. Application of
25 the area cost-of-living differential may not result in distribution of
26 an amount less than the amount of the payment determined without refer-
27 ence to application of this section.

28 (b) The election districts used to establish area cost-of-living
29 differentials under (a) of this section are those designated by the

1 proclamation of reapportionment and redistricting of December 7, 1961,
2 and retained for the house of representatives by proclamation of the
3 governor September 3, 1965.

4 Sec. 29.89.080. MISCELLANEOUS SERVICES ACCOUNT. The miscellaneous
5 services account is established. Money to carry out the provisions of
6 this chapter shall be allocated by the department to the account in
7 accordance with AS 29.95.010. If amounts in the account are insuffi-
8 cient to pay each municipality's or other recipient's share authorized
9 under this chapter, the amounts which are available shall be distributed
10 pro rata among eligible municipalities and other recipients.

11 Sec. 29.89.090. REGULATIONS. The department shall adopt regula-
12 tions necessary to carry out the purposes of this chapter. The regula-
13 tions shall include minimum standards required to qualify a municipality
14 or other recipient for payments for each service. The department may
15 require a municipality or other recipient to submit a performance report
16 adequate to demonstrate to the department that a service for which
17 payment is requested under this chapter was performed by the munici-
18 pality or other recipient and meets minimum standards of service pre-
19 scribed by regulation.

20 Sec. 29.89.100. DEFINITIONS. In this chapter

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

23 (2) "health facility"

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

28 (B) includes a public health center, maternity home,
29 community mental health center, facility for the mentally or physi-

1 cally handicapped, nursing home or convalescent center;

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

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

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

9 CHAPTER 90. STATE AID FOR HOSPITAL CONSTRUCTION.

10 Sec. 29.90.010. STATE AID FOR HOSPITAL CONSTRUCTION. If construc-
11 tion of a hospital began after January 1, 1968, and state matching aid
12 for construction approved for payment to the municipality or other hospi-
13 tal sponsor constitutes less than 25 percent of the total project cost,
14 the department shall pay to the municipality or other hospital sponsor
15 each fiscal year \$2,500 a bed for the maximum number of beds provided for
16 in the construction design of the facility or five percent of the total
17 project cost, whichever is greater. State aid provided for in this sec-
18 tion shall continue until the municipality or other hospital sponsor has
19 received an amount which, combined with state matching money for con-
20 struction of the hospital, equals 25 percent of the total project cost.
21 Money received for construction may not be used for any other purpose.

22 Sec. 29.90.020. HOSPITAL CONSTRUCTION ASSISTANCE ACCOUNT. The
23 hospital construction assistance account is established. Money to carry
24 out the provisions of this chapter shall be allocated by the department
25 to the account in accordance with AS 29.95.010. If amounts in the
26 account are insufficient to pay each recipient's share authorized under
27 this chapter, the amounts which are available shall be distributed pro
28 rata among eligible recipients.

29 Sec. 29.90.030. DEFINITIONS. In this chapter

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

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

7 (3) "total project cost" means

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

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

11 (i) the costs of all necessary studies, surveys,
12 plans and specifications, architectural, engineering or other
13 special services, acquisition of real property, site prepara-
14 tion and development, purchase, construction, reconstruction
15 and improvement of real property, and the acquisition of
16 machinery and equipment as may be necessary in connection with
17 the project;

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

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

23 (iv) the cost of other items, including any indem-
24 nity and surety bonds and premiums on insurance, legal fees,
25 fees and expenses of trustees, depositaries, financial advi-
26 sors, and paying agents for the bonds issued as the issuer
27 considers necessary.

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

29 CHAPTER 95. ADMINISTRATION OF MUNICIPAL

1 FINANCIAL ASSISTANCE PROGRAMS.

2 Sec. 29.95.010. ALLOCATION AND DISTRIBUTION. (a) Each year, the
3 Department of Community and Regional Affairs shall allocate money appro-
4 priated to the accounts established in AS 29.88, AS 29.89, and AS 29.90
5 in the amounts determined by the legislature.

6 (b) Money in the miscellaneous services account established in
7 AS 29.89.080 which exceeds the amount required to fully fund distribu-
8 tions authorized by AS 29.89 shall be reallocated to the tax equaliza-
9 tion account established in AS 29.88.035 and distributed according to
10 the provisions of AS 29.88.

11 (c) Money in the hospital construction assistance account estab-
12 lished in AS 29.90.020 which exceeds the amount required to fully fund
13 distributions authorized by AS 29.90 shall be reallocated to the tax
14 equalization account established in AS 29.88.035 and distributed accord-
15 ing to the provisions of AS 29.88.

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

20 (1) the municipality has conducted a regular election under
21 AS 29.28.010 - 29.28.050 during the fiscal year preceding the year for
22 which payment of an entitlement is authorized by AS 29.88 or AS 29.89
23 and has reported the results of the election to the commissioner of the
24 Department of Community and Regional Affairs;

25 (2) regular council meetings are held in the municipality in
26 accordance with the requirements of AS 29.23.210 during the fiscal year
27 preceding the year for which payment of an entitlement is authorized by
28 AS 29.88 or AS 29.89 and a record of the proceedings is maintained;

29 (3) a municipal budget has been adopted for the fiscal year

1 during which payment of an entitlement is authorized by AS 29.88 or
2 AS 29.89 and an audit or financial statement for the preceding fiscal
3 year has been prepared and furnished to the Department of Community and
4 Regional Affairs in accordance with AS 29.23.560(a); and

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

7 (b) The area cost-of-living differential payable to each munici-
8 pality under this section shall be determined annually by election
9 district under the provisions of AS 39.27.030. Except as provided in
10 AS 29.95.030, application of the area cost-of-living differential may
11 not result in a payment which is less than the minimum payment deter-
12 mined under (a) of this section. For purposes of this subsection, the
13 election districts used are those designated by the proclamation of
14 reapportionment and redistricting of December 7, 1961, and retained for
15 the house of representatives by proclamation of the governor September 3,
16 1965.

17 (c) The Department of Community and Regional Affairs shall pay to
18 each municipality eligible to receive a minimum payment under this
19 section an amount equal to the difference between the minimum payment
20 determined under (a) and (b) of this section and the sum of the amounts
21 payable for the same fiscal year under AS 29.88 and AS 29.89.

22 (d) A payment under this section may be prorated and reduced under
23 AS 29.95.030.

24 (e) Payments under this section shall be made from the money
25 allocated to the equalization account established in AS 29.88.035.

26 Sec. 29.95.030. PRORATION OF PAYMENTS. (a) Payments under
27 AS 29.95.020 and AS 29.88 shall equal the amount allocated to the
28 equalization account (AS 29.88.035), adjusted in accordance with AS 29.-
29 90.010.

1 (b) Adjustments of payments shall be determined by prorating
2 amounts payable under AS 29.95.020 and amounts payable under AS 29.88 by
3 a factor which, when applied, reduces all payments in equal proportion
4 so that payments under AS 29.95.020 and payments under AS 29.88 equal
5 the amount allocated to the account established in AS 29.88.035.

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

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

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

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

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

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

14 (b) Compliance with the provisions of this section is a prerequi-
15 site to receipt of municipal tax resource equalization assistance under
16 AS 29.88 and state aid for miscellaneous municipal services under
17 AS 29.89 [STATE-SHARED REVENUES UNDER AS 43.18]. The Department of
18 Community and Regional Affairs [STATE] shall withhold annual allocations
19 under those chapters [THAT CHAPTER] in the event of noncompliance until
20 such time as the report requirements are met [COMPLIED WITH].

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

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

25 "NOTICE TO TAXPAYER

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

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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 MUNICIPAL SERVICES	.... MILLS	.... MILLS
TOTAL MILLAGE EQUIVALENT	.... MILLS	.... MILLS"

Notice shall be provided

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

(2) by publishing in a newspaper of general circulation within the municipality a copy of the notice once each week for a period of three successive weeks, with publication to occur not later than 45

1 days after the final adoption of the municipality's budget.

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

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

13 (2) if there is no newspaper of general circulation in the
14 municipality, by posting a copy of the notice for at least 20 days in at
15 least two public places within the municipality, with posting to occur
16 not later than 45 days after the final adoption of the municipality's
17 budget.

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

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

25 (40) AS 29.73.060 (taxpayer notice)

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

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

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

29 * Sec. 12. (a) Notwithstanding other provisions of secs. 1 - 11 of this

1 Act,

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

5 (2) a municipality which would receive less money under the provi-
6 sions of this Act than it received for the last fiscal year under the provi-
7 sions of AS 43.18.010 - 43.18.045, repealed by sec. 11 of this Act, shall,
8 for the first five fiscal years during which this Act is effective, be en-
9 titled to receive an amount equal to that received for the last fiscal year
10 under the former provisions of AS 43.18.010 - 43.18.045, in accordance with
11 those provisions.

12 (b) For the first five fiscal years during which this Act is effective,
13 if the amount appropriated to pay entitlements under this Act is insufficient
14 for the purpose of paying the full entitlement due each municipality or other
15 recipient, entitlements determined under AS 29.88, AS 29.89, AS 29.90, and
16 AS 29.95, together with the additional sums required by (a) of this section,
17 shall be equally prorated and the prorated amounts distributed to municipali-
18 ties and other recipients.

19 * Sec. 13. Section 14, ch. 79, SLA 1979 is amended to read:

20 Sec. 14. TRANSITION. (a) The taxes paid for the 1978 [1979]
21 calendar year under AS 43.75 shall be shared with municipalities in
22 accordance with AS 43.75.130 and 43.75.135, as those sections read
23 before their respective amendment and repeal by this Act. The taxes
24 paid for the 1979 [1980] calendar year and for each succeeding calendar
25 year shall be shared with municipalities in accordance with AS 43.75.-
26 130, as amended by sec. 11 of this Act.

27 * Sec. 14. (a) The Department of Health and Social Services and the
28 Department of Community and Regional Affairs shall jointly examine programs
29 of state assistance to persons for the construction and operation of hospi-

1 tals and health facilities and shall report their recommendations on the
2 extent to which the state should assist municipalities, nonprofit corpora-
3 tions, and others in the construction and operation of hospitals and health
4 facilities.

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

16 (c) The report and accompanying legislation presented under (b) of this
17 section shall

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

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

26 * Sec. 15. (a) The Department of Community and Regional Affairs and the
27 Department of Transportation and Public Facilities shall jointly examine
28 programs of state assistance for the construction and operation of mass
29 transit facilities and services and shall report their recommendations on the

1 extent to which the state should assist municipalities in the construction
2 and operation of mass transit facilities and services.

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

10 * Sec. 16. Section 13 of this Act is retroactive to July 1, 1979.

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

16 * Sec. 18. Sections 14 and 15 of this Act take effect July 1, 1980.

17 * Sec. 19. Sections 13 and 16 - 19 of this Act take effect immediately in
18 accordance with AS 01.10.070(c).

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