

Original sponsors: Gardiner, Anderson  
and Miller

Offered: 5/27/80  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 192 (Finance) am S

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

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

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

(3) "total project cost" means

(A) costs directly related to the project; and

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

(i) the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property, and the acquisition of 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

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. ENTITLEMENT ADJUSTMENT. (a) A municipality may  
27 not receive a total amount of money under AS 29.88, AS 29.89, and AS 29.  
28 95.020 which is less in proportion to the total amount appropriated and  
29 allocated under those sections than 90 percent of the percentage of the

1 population of the municipality to the total population of the state for  
2 the fiscal year, as the population of the municipality and the popula-  
3 tion of all municipalities of the state is determined under AS 29.88.015.

4 (b) When the total amount that would be received by a municipality  
5 under AS 29.88, AS 29.89 and AS 29.95.020 is less than the amount deter-  
6 mined under (a) of this section, the department shall pay to the muni-  
7 cipality, in addition to payments under AS 29.88, AS 29.89, and AS 29.-  
8 95.020, the amount of the difference.

9 (c) For purposes of determining whether an entitlement adjustment  
10 is payable to a borough under this section, if a borough includes one or  
11 more cities which are entitled to receive entitlements payable under  
12 AS 29.88, AS 29.89 or AS 29.95.020, in addition to the entitlement of  
13 the borough, entitlements payable to the cities shall be considered as  
14 if they were payable to the borough.

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

21 Sec. 29.95.040. PRORATION OF PAYMENTS. (a) Payments under  
22 AS 29.95.020 and AS 29.88 shall equal the amount allocated to the  
23 equalization account (AS 29.88.035), adjusted in accordance with AS 29.-  
24 90.010.

25 (b) Adjustments of payments shall be determined by prorating  
26 amounts payable under AS 29.95.020 and amounts payable under AS 29.88 by  
27 a factor which, when applied, reduces all payments in equal proportion  
28 so that payments under AS 29.95.020 and payments under AS 29.88 equal  
29 the amount allocated to the account established in AS 29.88.035.

1 \* Sec. 6. AS 29.23.560(a)(3) is amended to read:  
2 (3) tax assessment and tax levy figures as requested;

3 \* Sec. 7. AS 29.23.560(a) is amended by adding new paragraphs to read:  
4 (5) a copy of the current annual budget of the municipality;  
5 (6) a summary of the optional property tax exemptions autho-  
6 rized in the municipality, together with the municipality's estimate of  
7 the revenues lost to it by operation of each of the exemptions.

8 \* Sec. 8. AS 29.23.560(b) is amended to read:  
9 (b) Compliance with the provisions of this section is a prerequi-  
10 site to receipt of municipal tax resource equalization assistance under  
11 AS 29.88 and state aid for miscellaneous municipal services under  
12 AS 29.89 [STATE-SHARED REVENUES UNDER AS 43.18]. The Department of  
13 Community and Regional Affairs [STATE] shall withhold annual allocations  
14 under those chapters [THAT CHAPTER] in the event of noncompliance until  
15 such time as the report requirements are met [COMPLIED WITH].

16 \* Sec. 9. AS 29.73 is amended by adding a new section to read:  
17 Sec. 29.73.060. TAXPAYER NOTICE. (a) If a municipality levies  
18 and collects real or personal property taxes, the governing body shall  
19 provide the following notice:  
20 "NOTICE TO TAXPAYER  
21 For the current fiscal year the (city) (borough) has been  
22 allocated the following amount of state aid for school and  
23 municipal purposes under the applicable financial assistance  
24 Acts:  
25 PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE  
26 (AS 14.17) \$  
27 STATE AID FOR RETIREMENT OF SCHOOL CONSTRUC-  
28 TION DEBT (AS 43.18.100) \$  
29 MUNICIPAL TAX RESOURCE EQUALIZATION ASSIS-

1 TANCE (AS 29.88) \$  
 2 STATE AID FOR MISCELLANEOUS MUNICIPAL  
 3 SERVICES (AS 29.89) \$  
 4 TOTAL AID \$

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

	MILLAGE EQUIVALENT	
	PREVIOUS YEAR	THIS YEAR
10 PUBLIC SCHOOL FOUNDATION PROGRAM		
11 ASSISTANCE	.... MILLS	.... MILLS
12 STATE AID FOR RETIREMENT OF		
13 SCHOOL CONSTRUCTION DEBT	.... MILLS	.... MILLS
14 MUNICIPAL TAX RESOURCE EQUALI-		
15 ZATION ASSISTANCE	.... MILLS	.... MILLS
16 STATE AID FOR MISCELLANEOUS		
17 MUNICIPAL SERVICES	.... MILLS	.... MILLS
18 TOTAL MILLAGE EQUIVALENT	.... MILLS	.... MILLS"

19 Notice shall be provided

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

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

26 (b) If the municipality levies and collects only a sales tax, the  
 27 governing body shall provide a notice substantially in the form set out  
 28 in (a) of this section. In providing notice under this subsection, the  
 29 council or assembly shall substitute for the millage equivalency its

1 estimate of the equivalent sales tax rate for each of the categories of  
2 financial assistance set out in (a) of this section. Notice shall be  
3 provided

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

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

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

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

20 (40) AS 29.73.060 (taxpayer notice)

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

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

23 \* Sec. 11. AS 43.18.010 - 43.18.045 are repealed.

24 \* Sec. 12. (a) Notwithstanding other provisions of secs. 1 - 11 of this  
25 Act,

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

29 (2) For the first five fiscal years during which this Act is

1 effective, if the amount appropriated to pay entitlements under this Act is  
2 insufficient for the purpose of paying the full entitlement due each muni-  
3 cipality or other recipient, entitlements determined under AS 29.88, AS  
4 29.89, AS 29.90, and AS 29.95, together with the additional sums required by  
5 (a) of this section, shall be equally prorated and the prorated amounts  
6 distributed to municipalities and other recipients.

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

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

15 \* Sec. 14. (a) The Department of Health and Social Services and the  
16 Department of Community and Regional Affairs shall jointly examine programs  
17 of state assistance to persons for the construction and operation of hospi-  
18 tals and health facilities and shall report their recommendations on the  
19 extent to which the state should assist municipalities, nonprofit corpora-  
20 tions, and others in the construction and operation of hospitals and health  
21 facilities.

22 (b) By February 1, 1981, the commissioner of health and social services  
23 shall submit to the legislature a report, accompanied by draft legislation,  
24 examining programs of state aid for hospital and health facility construction  
25 and operation, including both public and private facilities, and recommending  
26 a comprehensive health and hospital financial assistance program. The report  
27 and accompanying legislation shall be based on health care and health facili-  
28 ty need, expressed as a function of number of beds, occupancy rate of faci-  
29 lities, kinds of care and levels of service provided or not provided, or any

1 other factors which the commissioner of health and social services reasonably  
2 believes should be the basis by which state assistance for hospitals and  
3 health facilities and their programs should be provided.

4 (c) The report and accompanying legislation presented under (b) of this  
5 section shall

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

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

14 \* Sec. 15. (a) The Department of Community and Regional Affairs and the  
15 Department of Transportation and Public Facilities shall jointly examine  
16 programs of state assistance for the construction and operation of mass  
17 transit facilities and services and shall report their recommendations on the  
18 extent to which the state should assist municipalities in the construction  
19 and operation of mass transit facilities and services.

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

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

28 \* Sec. 17. Sections 1 - 12 of this Act take effect on the first day of  
29 the fiscal year for which \$35,000,000 or more is appropriated and allowed by

1 the governor for distribution to municipalities and other recipients under  
2 the provisions of secs. 1 - 12 of this Act, or on July 1, 1983, whichever is  
3 earlier.

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

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

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