

Introduced: 2/10/86
Referred: Community & Regional
Affairs and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 558

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to revenue sharing and municipal
7 assistance; and providing for an effective date."

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

9 * Section 1. AS 29.60.010 is amended to read:

10 Sec. 29.60.010. STATE EQUALIZATION OF TAX RESOURCES FOR MUNICI-
11 PAL SERVICES. (a) During each fiscal year the department shall com-
12 pute an equalization entitlement for municipal services provided by a
13 taxing unit for payment the following fiscal year.

14 (b) The equalization entitlement computed for a taxing unit is
15 based on the population, relative ability to generate revenue, and
16 local tax burden of the taxing unit and is determined by the applica-
17 tion of the formula

18 Entitlement = P x R

19 where P = population, and

20 R = millage rate equivalent, determined by dividing the sum
21 of the locally generated revenue of the taxing unit by one-tenth of
22 one percent of the full and true value of assessed property of the
23 taxing unit determined under AS 29.60.030(d); however, the per capita
24 property value used under this subsection may not be less than 15
25 percent of the statewide average per capita full and true assessed
26 property value.

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

28 (1) includes

29 (A) the actual revenue derived from the levy and

1 collection of local taxes in the taxing unit for municipal ser-
2 vices [DURING THE PRECEDING FISCAL YEAR OF THE TAXING UNIT];

3 (B) motor vehicle payments received by the municipal-
4 ity [DURING THE PRECEDING FISCAL YEAR] under AS 28.10.431;

5 (C) revenue from fees, rentals, leases, penalties,
6 licenses or permits received [DURING THE PRECEDING FISCAL YEAR]
7 by the municipality for a function or service over which it has
8 control, including revenues derived from parks and recreation
9 services, mass transit, offstreet parking, and garbage and solid
10 waste disposal services;

11 (D) special assessments received [DURING THE PRECEDING
12 FISCAL YEAR]; and

13 (E) payments received by a municipality from a utility
14 that are in place of taxes levied and collected by the municipal-
15 ity;

16 (2) excludes

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

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

22 (C) all other revenue from whatever service derived;

23 (3) is calculated on the basis of the actual revenue re-
24 ceived during the fiscal year of the taxing unit preceding the year in
25 which the department's determination of the millage rate equivalent is
26 made under AS 29.60.030.

27 * Sec. 2. AS 29.60.030(a) is amended to read:

28 (a) The department may require a municipality to return a certi-
29 fication, signed by the municipal treasurer or manager and the mayor,

1 that provides an estimate of the locally generated revenue received by
2 the municipality during the [PRECEDING] fiscal year preceding the year
3 in which the department's determination of the millage rate equivalent
4 is made under (c) of this section.

5 * Sec. 3. AS 29.60.030(c) is amended to read:

6 (c) As early as possible, but not later than January [DECEMBER]
7 15 of each year, the department shall make a [FINAL] determination of
8 the millage rate equivalent of each taxing unit to use to compute and
9 distribute equalization entitlements under AS 29.60.010 -- 29.60.080
10 for the following state fiscal year. The department shall base the
11 determination on audits, financial statements, and other financial
12 reports prepared and submitted by a municipality. The department
13 shall adjust the locally generated revenue reported by a municipality
14 to exclude the municipal revenue claimed that does not qualify for
15 inclusion in or recognition as locally generated revenue for municipal
16 purposes under AS 29.60.010(c)(1). The adjustment must [SHALL] be
17 made by deducting from total revenue claimed by the municipality the
18 amount of the department's estimate of revenue that is not recognized
19 for municipal purposes.

20 * Sec. 4. AS 29.60.040 is amended to read:

21 Sec. 29.60.040. REPORTS. A payment of an equalization entitle-
22 ment may not be made to a municipality under AS 29.60.010 -- 29.60.080
23 until the municipality has submitted its certificate of estimated
24 revenue and its financial report to the department for the fiscal year
25 preceding the year in [FOR] which the department's determination of
26 the millage rate equivalent is made under AS 29.60.030 [EQUALIZATION
27 ENTITLEMENT IS SOUGHT], together with the municipality's [A] budget
28 for the [MUNICIPALITY'S CURRENT] fiscal year for which an entitlement
29 is sought. The financial report must [SHALL] include a listing of

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

5 * Sec. 5. AS 29.60.290(a) is amended to read:

6 (a) A municipality qualifying for an entitlement under AS 29.-
7 60.010 -- 29.60.080 or 29.60.100 -- 29.60.180 shall receive a minimum
8 payment of \$25,000 plus an area cost-of-living differential for each
9 fiscal year if

10 (1) the municipality has [BEEN] conducted a regular elec-
11 tion during the fiscal year preceding the year in [FOR] which the
12 department's determination of the municipality's millage rate equiva-
13 lent is made under AS 29.60.030 [PAYMENT OF AN ENTITLEMENT IS AUTHOR-
14 IZED BY AS 29.60.010 -- 29.60.080 or 29.60.100 -- 29.60.180] and has
15 reported the results of the election to the commissioner;

16 (2) regular meetings of the governing body are held in the
17 municipality during the fiscal year preceding the year in [FOR] which
18 the department's determination of the municipality's millage rate
19 equivalent is made under AS 29.60.030 [PAYMENT OF AN ENTITLEMENT IS
20 AUTHORIZED BY AS 29.60.010 -- 29.60.080 or 29.60.100 -- 29.60.180] and
21 a record of the proceedings is maintained;

22 (3) a municipal budget has been adopted for the fiscal year
23 during which payment of an entitlement is authorized by AS 29.60.-
24 010 -- 29.60.080 or 29.60.100 -- 29.60.180 and an audit or financial
25 statement for the [PRECEDING] fiscal year preceding the year in which
26 the department's determination of the municipality's millage rate
27 equivalent is made under AS 29.60.030 has been prepared and furnished
28 to the department in accordance with AS 29.20.640(a); and

29 (4) local ordinances adopted by the municipality have been

1 codified in accordance with AS 29.25.050.

2 * Sec. 6. AS 29.60.350(b) is amended to read:

3 (b) The department shall distribute money from the municipal
4 assistance fund to each municipality on [OR] an annual basis as pro-
5 vided in AS 29.60.360 and 29.60.370. A municipality may not receive
6 payment until it submits to the department a resolution approved by
7 the governing body of the municipality that requests the money. Dis-
8 tribution of money from the municipal assistance fund to all munici-
9 palities must [A MUNICIPALITY WITH A FISCAL YEAR BEGINNING ON JANUARY
10 1 SHALL] be made on February 1 of the state fiscal year for which the
11 appropriation to the fund is made. [DISTRIBUTION OF MONEY FROM THE
12 MUNICIPAL ASSISTANCE FUND TO ALL OTHER MUNICIPALITIES SHALL BE MADE ON
13 JUNE 1 OF THE STATE FISCAL YEAR FOR WHICH THE APPROPRIATION TO THE
14 FUND IS MADE.] A municipality that incorporates after December 31 of
15 a state fiscal year is not eligible for a distribution under this
16 section until the following state fiscal year.

17 * Sec. 7. AS 29.60.030(b) is repealed.

18 * Sec. 8. Notwithstanding the provisions in secs. 1 -- 7 of this Act,
19 the Department of Community and Regional Affairs and municipalities seeking
20 payment from the tax equalization account for the state fiscal year ending
21 June 30, 1987 shall follow the procedures set out in AS 29.60 before amend-
22 ment by this Act. The Department of Community and Regional Affairs shall
23 follow the deadlines and procedures established by this Act for the state
24 fiscal year ending June 30, 1988.

25 * Sec. 9. This Act takes effect July 1, 1986.