

Offered: 2/28/86
Referred: Finance

Original sponsor: Rules/governor

1 IN THE HOUSE
2
3 CS FOR HOUSE BILL NO. 558 (C&RA)
4 IN THE LEGISLATURE OF THE STATE OF ALASKA
5 FOURTEENTH LEGISLATURE - SECOND SESSION
6 A BILL
7 For an Act entitled: "An Act relating to time periods to be used for
8 administering the tax equalization program and the
9 municipal assistance program; and providing for an
10 effective date."
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
12 * Section 1. AS 29.60.010 is amended to read:
13 Sec. 29.60.010. STATE EQUALIZATION OF TAX RESOURCES FOR MUNICI-
14 PAL SERVICES. (a) During each fiscal year the department shall
15 compute an equalization entitlement for municipal services provided by
16 a taxing unit for payment the following fiscal year.
17 (b) The equalization entitlement computed for a taxing unit is
18 based on the population, relative ability to generate revenue, and
19 local tax burden of the taxing unit and is determined by the applica-
20 tion of the formula
21 Entitlement = P x R
22 where P = population, and
23 R = millage rate equivalent, determined by dividing the
24 sum of the locally generated revenue of the taxing unit by one-tenth
25 of one percent of the full and true value of assessed property of the
26 taxing unit determined under AS 29.60.030(d); however, the per capita
27 property value used under this subsection may not be less than 15
28 percent of the statewide average per capita full and true assessed
29 property value.
(c) For purposes of this section, locally generated revenue

- 1 (1) includes
- 2 (A) the actual revenue derived from the levy and
- 3 collection of local taxes in the taxing unit for municipal
- 4 services [DURING THE PRECEDING FISCAL YEAR OF THE TAXING UNIT];
- 5 (B) motor vehicle payments received by the municipal-
- 6 ity [DURING THE PRECEDING FISCAL YEAR] under AS 28.10.431;
- 7 (C) revenue from fees, rentals, leases, penalties,
- 8 licenses or permits received [DURING THE PRECEDING FISCAL YEAR]
- 9 by the municipality for a function or service over which it has
- 10 control, including revenues derived from parks and recreation
- 11 services, mass transit, offstreet parking, and garbage and solid
- 12 waste disposal services;
- 13 (D) special assessments received [DURING THE PRECEDING
- 14 FISCAL YEAR]; and
- 15 (E) payments received by a municipality from a utility
- 16 that are in place of taxes levied and collected by the municipal-
- 17 ity;
- 18 (2) excludes
- 19 (A) revenue derived from the levy and collection of
- 20 municipal taxes and appropriated for the operating expenses and
- 21 debt service of utilities;
- 22 (B) revenue from interest earned on investments and
- 23 from the sale and lease of land or equipment; and
- 24 (C) all other revenue from whatever service derived;
- 25 (3) is calculated on the basis of the actual revenue re-
- 26 ceived during the fiscal year of the taxing unit preceding the year in
- 27 which the department's determination of the millage rate equivalent is
- 28 made under AS 29.60.030.
- 29 * Sec. 2. AS 29.60.030(a) is amended to read:

1 (a) The department may require a municipality to return a certi-
2 fication, signed by the municipal treasurer or manager and the mayor,
3 that provides an estimate of the locally generated revenue received by
4 the municipality during the [PRECEDING] fiscal year preceding the year
5 in which the department's determination of the millage rate equivalent
6 is made under (c) of this section.

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

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

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

23 Sec. 29.60.040. REPORTS. A payment of an equalization entitle-
24 ment may not be made to a municipality under AS 29.60.010 - 29.60.080
25 until the municipality has submitted its certificate of estimated
26 revenue and its financial report to the department for the fiscal year
27 preceding the year in [FOR] which the department's determination of
28 the millage rate equivalent is made under AS 29.60.30 [EQUALIZATION
29 ENTITLEMENT IS SOUGHT], together with the municipality's [A] budget

1 for the [MUNICIPALITY'S CURRENT] fiscal year for which an entitlement
2 is sought. The financial report must [SHALL] include a listing of
3 general revenue collected from taxes levied and assessed and any other
4 revenue that, in the opinion of the municipal officials, is eligible
5 for inclusion in computations of the locally generated revenue of the
6 taxing unit.

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

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

12 (1) the municipality has conducted a regular election
13 during the fiscal year preceding the year in [FOR] which the depart-
14 ment's determination of the municipality's millage rate equivalent is
15 made under AS 29.60.030 [PAYMENT OF AN ENTITLEMENT IS AUTHORIZED BY
16 AS 29.60.010 - 29.60.080 OR 29.60.100 - 29.60.180] and has reported
17 the results of the election to the commissioner;

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

24 (3) a municipal budget has been adopted for the fiscal year
25 during which payment of an entitlement is authorized by AS 29.60.010 -
26 29.60.080 or 29.60.100 - 29.60.180 and an audit or financial statement
27 for the [PRECEDING] fiscal year preceding the year in which the de-
28 partment's determination of the municipality's millage rate equivalent
29 is made under AS 29.60.030 has been prepared and furnished to the

1 department in accordance with AS 29.20.640(a); and

2 (4) local ordinances adopted by the municipality have been
3 codified in accordance with AS 29.25.050.

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

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

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

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

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