

Offered: 4/1/86  
Referred: Rules

Original sponsor: Rules/Governor

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

6 Sec. 29.60.310. TIME OF PAYMENT. The department shall make  
7 payments under AS 29.60.010 - 29.60.300 no later than July 31, based  
8 upon the entitlement calculations made during the preceding fiscal  
9 year.

10 \* Sec. 7. AS 29.60.350(b) is amended to read:

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

25 \* Sec. 8. AS 29.60.030(b) is repealed.

26 \* Sec. 9. Notwithstanding the provisions in secs. 1 - 8 of this Act,  
27 the Department of Community and Regional Affairs and municipalities seeking  
28 payments under AS 29.60.010 - 29.60.370 for the state fiscal year ending  
29 June 30, 1987, shall follow the procedures set out in those sections before

1 amendment by this Act. The Department of Community and Regional Affairs  
2 shall follow the deadlines and procedures established by this Act for the  
3 state fiscal year ending June 30, 1988.

4 \* Sec. 10. This Act takes effect July 1, 1986.