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Referred: Finance

1 IN THE SENATE

BY COGHILL

2

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 244

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

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For an Act entitled: "An Act relating to the use of funds from the undis-

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tributed income account in the Alaska permanent fund

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for certain municipal aid programs, establishing a

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two-year funding cycle; and providing for an effec-

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tive date."

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

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\* Section 1. AS 29.60 is amended by adding a new section to article 3

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to read:

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Sec. 29.60.270. TWO-YEAR FUNDING CYCLE. (a) Entitlements under

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AS 29.60.010 - 29.60.180, 29.60.290, and sec. 9, ch. 95, SLA 1983,

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shall be estimated by the Department of Community and Regional Affairs

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based on a funding cycle of two fiscal years and recomputed each

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fiscal year. Legislative appropriations to carry out the provisions

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of AS 29.60.010 - 29.60.180, 29.60.290, and sec. 9, ch. 95, SLA 1983,

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shall be made for a period of two fiscal years.

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(b) By January 15 of each fiscal year, the commissioner of

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revenue shall transfer from the undistributed income account in the

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Alaska permanent fund (AS 37.13.145) to the Department of Community

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and Regional Affairs an amount determined by the commissioner of

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community and regional affairs to be sufficient, when added to appro-

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priations for the purpose, to fully fund the entitlements under

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AS 29.60.010 - 29.60.180, 29.60.290, and sec. 9, ch. 95, SLA 1983.

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Only if, after the transfer of money from the undistributed income

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account, the amount available is still not sufficient to fully fund

1 the entitlements, shall entitlements be reduced and distributed on a  
2 pro rata basis.

3 \* Sec. 2. AS 29.60.280 is amended to read:

4 Sec. 29.60.280. ALLOCATION AND DISTRIBUTION. (a) Every two  
5 fiscal years [EACH YEAR], the department shall allocate money appro-  
6 priated to the accounts established in AS 29.60.060, 29.60.170, and  
7 for payments under sec. 9, ch. 95, SLA 1983, [FORMER AS 29.90.020] in  
8 the amounts determined by the legislature.

9 (b) Money in the miscellaneous services account established in  
10 AS 29.60.170 that exceeds the amount required to fully fund distribu-  
11 tions authorized by AS 29.60.100 - 29.60.180 during the two-year  
12 funding cycle shall be reallocated to the tax equalization account  
13 established in AS 29.60.060 and distributed according to the provi-  
14 sions of AS 29.60.010 - 29.60.080.

15 (c) Money allocated for payments under sec. 9, ch. 95, SLA 1983,  
16 [IN THE HOSPITAL AND HEALTH FACILITY CONSTRUCTION ASSISTANCE ACCOUNT  
17 ESTABLISHED IN FORMER AS 29.90.020] that exceeds the amount required  
18 to fully fund distributions authorized during the two-year funding  
19 cycle [BY SEC. 9, CH. 95, SLA 1983] shall be reallocated to the tax  
20 equalization account established in AS 29.60.060 and distributed  
21 according to the provisions of AS 29.60.010 - 29.60.080.

22 \* Sec. 3. AS 29.60.280 is amended by adding a new subsection to read:

23 (d) If money allocated or reallocated under this section is not  
24 sufficient to fully fund all entitlements under AS 29.60.010 - 29.60.-  
25 180, 29.60.290, and sec. 9, ch. 95, SLA 1983, during a fiscal year,  
26 the commissioner of community and regional affairs shall by January 1  
27 of that year notify the commissioner of revenue and request the trans-  
28 fer of additional money under AS 29.60.270.

29 \* Sec. 4. AS 29.60.350 is amended to read:

1           Sec. 29.60.350. MUNICIPAL ASSISTANCE FUND. (a) There is estab-  
2           lished in the department the municipal assistance fund. The legisla-  
3           ture may appropriate to the municipal assistance fund [DURING EACH  
4           FISCAL YEAR] an amount equal to or greater than 30 percent of the  
5           income tax revenue received by the state under AS 43.20.011(e) for the  
6           previous two fiscal years [YEAR]. Legislative appropriations shall be  
7           made for a period of two fiscal years.

8           (b) The department shall distribute money from the municipal  
9           assistance fund to each municipality on an annual basis as provided in  
10          AS 29.60.360 and 29.60.370. A municipality may not receive payment  
11          until it submits to the department a resolution approved by the gov-  
12          erning body of the municipality that requests the money. Distribution  
13          of money from the municipal assistance fund to a municipality with a  
14          fiscal year beginning on January 1 shall be made on February 1 [OF THE  
15          STATE FISCAL YEAR FOR WHICH THE APPROPRIATION TO THE FUND IS MADE].  
16          Distribution of money from the municipal assistance fund to all other  
17          municipalities shall be made on June 1 [OF THE STATE FISCAL YEAR FOR  
18          WHICH THE APPROPRIATION TO THE FUND IS MADE]. A municipality that  
19          incorporates after December 31 [OF A STATE FISCAL YEAR] is not eligi-  
20          ble for a distribution under this section until the following state  
21          fiscal year.

22          \* Sec. 5. AS 29.60.360 is amended to read:

23                Sec. 29.60.360. BASE AMOUNT OF ASSISTANCE. (a) The base amount  
24                to be distributed from the municipal assistance fund to each munic-  
25                ipality shall be estimated based on a funding cycle of two fiscal  
26                years and recomputed each fiscal year. The base amount to be dis-  
27                tributed from the municipal assistance fund to each municipality each  
28                [FOR THE] fiscal year shall be the amount received by the municipality  
29                during fiscal year 1978 under AS 43.70.080. A city incorporated

1 within a borough after June 30, 1977, shall receive as a base amount a  
2 share of the amount distributed to the borough in which it is located  
3 based on the ratio of population in the city to the total population  
4 in the borough. A city incorporated outside a borough after June 30,  
5 1977, shall receive as a base amount the amount received by the city  
6 in the state most closely approximating it in population at the time  
7 of its incorporation. A borough incorporated after June 30, 1977,  
8 shall receive as a base amount the amount received by the borough in  
9 the state most closely approximating it in population at the time of  
10 its incorporation.

11 (b) By January 15 of each fiscal year, the commissioner of  
12 revenue shall transfer from the undistributed income account in the  
13 Alaska permanent fund (AS 37.13.145) to the Department of Community  
14 and Regional Affairs an amount determined by the commissioner of  
15 community and regional affairs to be sufficient, when added to appro-  
16 priations for the purpose, to fully fund the base amounts computed  
17 under (a) of this section. If the amount appropriated to the municipi-  
18 pal assistance fund when added to the amount transferred from the  
19 undistributed income account [BY THE LEGISLATURE DURING A FISCAL YEAR]  
20 is insufficient for distribution of the full base amount to each  
21 municipality, the department shall prorate the amount available for  
22 distribution on the basis of amounts received during the fiscal year  
23 1978 under AS 43.70.080.

24 \* Sec. 6. AS 29.60.370(a) is amended to read:

25 (a) If the amount in the municipal assistance fund at the time  
26 of the last distribution during a two-year funding cycle exceeds the  
27 base amount to be distributed under AS 29.60.360, the excess amount  
28 shall be distributed to each municipality on the basis of population.  
29 Population for the purpose of this section shall be as certified by

1 the commissioner [OF COMMUNITY AND REGIONAL AFFAIRS]. In determining  
2 the population of a borough, the population of all cities in the  
3 borough shall be deducted from the total population of the borough.

4 \* Sec. 7. The initial two-year funding cycles for municipal aid pro-  
5 grams required by this Act begin July 1, 1986.

6 \* Sec. 8. This Act takes effect immediately in accordance with AS 01.-  
7 10.070(c).