

Introduced: 1/30/87
Referred: Community & Regional
Affairs and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 90

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST 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 state fiscal year the department shall
14 compute an equalization entitlement for municipal services provided by
15 a taxing unit for payment the following state 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 sum
23 of the locally generated revenue of the taxing unit by one-tenth of
24 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 col-
3 lection of local taxes in the taxing unit for municipal services
4 [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 its [THE PRECEDING] fiscal year preceding the
5 year in which the department's determination of the millage rate
6 equivalent 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 must [SHALL] be
19 made by deducting from total revenue claimed by the municipality the
20 amount of the department's estimate of revenue that is not recognized
21 for municipal 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 municipal
27 fiscal year preceding the year in [FOR] which the department's deter-
28 mination of the millage rate equivalent is made under AS 29.60.030
29 [EQUALIZATION ENTITLEMENT IS SOUGHT], together with the municipality's

1 [A] budget for the [MUNICIPALITY'S CURRENT] fiscal year for which an
2 entitlement is sought. The financial report must [SHALL] include a
3 listing of general revenue collected from taxes levied and assessed
4 and any other revenue that, in the opinion of the municipal officials,
5 is eligible for inclusion in computations of the locally generated
6 revenue of the 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 state fiscal year preceding the year in [FOR] which the
14 department's determination of the municipality's millage rate equiva-
15 lent is made under AS 29.60.030 [PAYMENT OF AN ENTITLEMENT IS AUTHOR-
16 IZED BY AS 29.60.010 -- 29.60.080 or 29.60.100 -- 29.60.180] and has
17 reported the results of the election to the commissioner;

18 (2) regular meetings of the governing body are held in the
19 municipality during the state fiscal year preceding the year in [FOR]
20 which the department's determination of the municipality's millage
21 rate equivalent is made under AS 29.60.030 [PAYMENT OF AN ENTITLEMENT
22 IS AUTHORIZED BY AS 29.60.010 -- 29.60.080 or 29.60.100 -- 29.60.180]
23 and a 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.-
26 010 -- 29.60.080 or 29.60.100 -- 29.60.180 and an audit or financial
27 statement for the [PRECEDING] fiscal year preceding the year in which
28 the department's determination of the municipality's millage rate
29 equivalent is made under AS 29.60.030 has been prepared and furnished

1 to the 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 read:

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

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

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

24 * Sec. 8. AS 29.60.030(b) is repealed.

25 * Sec. 9. Notwithstanding secs. 1 -- 8 of this Act, the Department of
26 Community and Regional Affairs and municipalities seeking payment under
27 AS 29.60.010 -- 29.60.375 for the state fiscal year ending June 30, 1988
28 shall follow the procedures set out in those sections before amendment by
29 this Act. The Department of Community and Regional Affairs shall follow

1 the deadlines and procedures established by this Act for the state fiscal
2 year ending June 30, 1989.

3 * Sec. 10. This Act takes effect July 1, 1987.