

COMMITTEE REPORT

3/3/75

HOUSE

Mr. Speaker:

Date July 30 1975

The Committee on FINANCE has had # SB 474 am

under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR # SB 474 am AND THAT

DO NOT CS FOR 0513 4 am DO PASS

( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____

Members NOT concurring in the Majority report:

[Signature] recommends: no rec

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

[Signature] Chairman

[ Final ]  
as R/O

Original sponsor: Community and Regional  
Affairs Committee by request of the  
Legislative Council Interim Committee on  
Shared Revenue with Municipalities

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 474

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to municipalities, municipal revenue  
7 sharing, and the Alaska Business License Act; and  
8 providing for an effective date."

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

10 § Section 1. AS 43 is amended by adding a new chapter to read:

11 CHAPTER 17. MUNICIPAL REVENUE SHARING

12 Sec. 43.17.010. CONSTRUCTION AND IMPLEMENTATION OF CHAPTER. (a)

13 This chapter may not be construed so as to create a debt of the state.

14 (b) The special municipal services account is established. Funds  
15 to carry out the provisions of this chapter may be appropriated annually  
16 by the legislature to the account. If amounts in the account are  
17 insufficient for the purpose of each local government's share authorized  
18 under this chapter, such funds as are available shall be distributed pro  
19 rata among eligible local governments.

20 (c) Money in the special municipal services account which, at the  
21 end of the fiscal year for which the money is appropriated, exceeds the  
22 amount required for the allocations authorized in this chapter reverts  
23 to the general fund.

24 Sec. 43.17.020. MINIMUM GRANTS TO MUNICIPALITIES. (a) A municipi-  
25 tality proposing to provide administrative services or a service pro-  
26 vided for in sec. 30(a)(1) of this chapter may, in lieu of obtaining  
27 revenue sharing money as provided in this chapter, obtain instead a  
28 minimum grant of \$25,000.

29 (b) The department shall issue regulations regarding procedures

1 and time limits for making an election under this section.

2 Sec. 43.17.030. BASIC GRANTS TO MUNICIPALITIES. (a) If a municipi-  
3 pality elects not to receive the grant provided for under sec. 20 of  
4 this chapter, the amount of revenue sharing for which it is eligible  
5 shall be calculated: as a result of B X P where

6 (1) B is the base revenue sharing amount of \$1 times the  
7 service units for each service performed by the municipality established  
8 as follows:

9 (A) police protection	12 units
10 (B) fire protection	7.5 units
11 (C) water pollution control	2 units
12 (D) land use planning	2 units
13 (E) parks and recreation	5 units
14 (F) small boat harbor or port	5 units
15 (G) mass transit	5 units
16 (H) airport	5 units
17 (I) solid waste disposal	2 units
18 (J) ambulance	2 units
19 (K) air pollution	2 units

20 (2) P is the population of the municipality rounded up to the  
21 nearest 100.

22 (b) If a municipality provides one or more of the services in  
23 (a)(1) of this section under contract to a defined area outside the  
24 boundaries of the municipality, the revenue sharing amount for those  
25 services shall be increased by the service units for that service or  
26 services times the population of the area served rounded up to the  
27 nearest 100.

28 (c) If a municipality contains areas having differential rates of  
29 taxation, the entitlement shall be calculated for areawide services and

1 for each area separately and totaled to reach the entitlement of the  
2 municipality. Revenue sharing money for which the entitlement is based  
3 upon areawide services may be used for areawide purposes only, and  
4 revenue sharing money for which the entitlement is based upon service  
5 area services may be used for that service area only.

6 Sec. 43.17.040. HEALTH FACILITIES AND HOSPITALS. (a) During each  
7 fiscal year the state shall make payments as follows:

8 (1) \$2,000 per hospital bed to municipalities having health  
9 powers for each hospital bed actually used for patient care, limited to  
10 the number of beds provided for in the construction design of the  
11 hospital, or \$100,000 per hospital for those hospitals with 10 or more  
12 beds or \$40,000 per hospital for those hospitals with less than 10 beds  
13 as the local government may determine;

14 (2) \$2,000 per hospital bed to each hospital located outside  
15 a municipality having health powers for each hospital bed actually used  
16 for patient care, limited to the number of beds provided for in the  
17 construction design of the hospital, or \$100,000 for those hospitals  
18 with 10 or more beds or \$40,000 per hospital for those hospitals with  
19 less than 10 beds, as the hospital may determine;

20 (3) \$2,000 per bed to a municipality in which a health  
21 facility is operated for each bed actually used for patient care,  
22 limited to the number of beds provided for in the construction design of  
23 the health facility, or \$8,000 per health facility as the local govern-  
24 ment may determine;

25 (4) funds received under this section shall be used for ex-  
26 pense of operation or maintenance of health services or health facili-  
27 ties or hospitals as the municipality or hospital outside a municipality  
28 determines;

29 (5) a municipality shall expend one-half of the funds re-

1 received for the operation and maintenance of hospitals and health facili-  
2 ties under this section only for those specific facilities and services  
3 in the specific amounts giving rise to the grant entitlement;

4 (6) before funds may be distributed under this subsection,  
5 the commissioner of health and social services shall certify to the  
6 distributing agency that any accumulation of assets by nonprofit cor-  
7 porations or other recipients under this subsection is dedicated irre-  
8 vocably to a public health purpose.

9 (b) If construction of a hospital or health facility began before  
10 January 1, 1976, and state matching aid for construction approved under  
11 AS 18 for payment to a municipality or other facility sponsor consti-  
12 tutes less than 25 per cent of the total project cost, the state shall  
13 pay to the municipality or other facility sponsor each fiscal year a sum  
14 equal to \$2,500 a bed for the maximum number of beds provided for in  
15 the construction design of the facility. State aid provided for in this  
16 subsection shall continue until the municipality or other facility  
17 sponsor has received an amount which, combined with state matching money  
18 for construction of the facility approved under AS 18, equals 25 per  
19 cent of the total project cost. No funds received for construction  
20 shall be used for any other purpose.

21 (c) In this section

22 (1) "hospital" means a licensed hospital determined by the  
23 Department of Health and Social Services to be a general hospital; the  
24 term excludes facilities operated or wholly supported by the state or  
25 the federal government;

26 (2) "health facility" means public health centers, maternity  
27 homes and community mental health centers, facilities for the mentally  
28 or physically handicapped, nursing homes and convalescent centers which  
29 are licensed, when required, by the state under AS 18.20.010 - 18.20.130

1 and are owned or operated or both by a local government or by a non-  
2 profit corporation or other nonprofit sponsor; the term excludes facili-  
3 ties operated or wholly supported by the state or the federal government;

4 (3) "other facility sponsor" means a public or nonprofit  
5 corporation located outside a municipality which owns or operates, or  
6 both, a hospital or health facility.

7 Sec. 43.17.050. VOLUNTEER FIRE DEPARTMENTS OUTSIDE MUNICIPALITIES.  
8 The state shall pay to a volunteer fire department registered with the  
9 state fire marshal and serving an area not in an organized borough or a  
10 city a sum for protection purposes equal to \$7.50 per capita for the  
11 population served by the department, as determined by the state fire  
12 marshal using the latest figures of the United States Bureau of the  
13 Census or other reliable data. Grants shall be made on the same basis  
14 to facilitate the organization of volunteer fire departments in an area  
15 not in an organized borough or a city, upon application of the proposed  
16 fire protection group to the department and approval of applications  
17 according to standards of organization and service prescribed by regu-  
18 lations promulgated by the department.

19 Sec. 43.17.060. AREA COST-OF-LIVING DIFFERENTIAL. (a) State  
20 payments to a municipality or to a hospital or volunteer fire department  
21 located outside a municipality under this chapter shall reflect area  
22 cost-of-living differential. Amounts distributed shall be based upon  
23 the sum of the grants due each municipality or each hospital or volun-  
24 teer fire department located outside a municipality multiplied by the  
25 appropriate area cost-of-living differential. The area cost-of-living  
26 differential for each municipality or each hospital or volunteer fire  
27 department located outside a municipality shall be determined annually  
28 by election district under the provisions of AS 39.27.030; however, the  
29 area cost-of-living differential to be applied shall not result in an

1 amount to be distributed less than the base allocation.

2 (b) The election districts used in (a) of this section are those  
3 designated by the proclamation of reapportionment and redistricting of  
4 December 7, 1961, and retained for the house of representatives by  
5 proclamation of the governor September 3, 1965.

6 Sec. 43.17.070. FINANCIAL REPORTS. No final payment may be  
7 distributed to a municipality under this chapter unless the municipality  
8 has first submitted a financial report to the department for each of the  
9 two fiscal years immediately preceding the fiscal year in which funds  
10 are to be distributed and a budget for the municipality's fiscal year in  
11 which funds are to be distributed. The department may, by regulation,  
12 prescribe procedures and filing dates for submitting financial reports  
13 and for obtaining all information required to determine the munici-  
14 pality's tax effort.

15 Sec. 43.17.080. POPULATION DETERMINATION. For purposes of this  
16 chapter, population shall be determined by the latest figures of the  
17 United States Bureau of the Census, Department of Labor estimates or  
18 other population data which, in the judgment of the department, is  
19 reliable. However, a municipality may not receive state shared revenue  
20 based on the population residing on that portion of a military reser-  
21 vation annexed to a city or borough after January 1, 1973, except as  
22 provided in this section. If a military reservation is located within a  
23 city or borough, the city or borough is limited in its entitlement to  
24 state shared revenue, based on the population residing on the reserva-  
25 tion, as follows: 50 per cent of the amount paid per capita for police  
26 protection under this chapter; 25 per cent of the amount paid per capita  
27 for parks and recreation under this chapter; 50 per cent of the amount  
28 paid per capita for mass transit under this chapter; 50 per cent of the  
29 amount paid per capita for water pollution under this chapter; and 50

1 per cent of the amount paid per capita for air pollution under this  
2 chapter.

3 Sec. 43.17.090. ADDITIONAL LIMIT. In addition to the limitations  
4 on expenditure of funds contained in sec. 40 of this chapter:

5 (1) if a borough exercises the powers in sec. 30(a)(1) of  
6 this chapter in the borough area outside cities only, or in a service  
7 area only, the grants authorized under this section shall be based on  
8 the population of the borough area outside cities or the service area  
9 respectively;

10 (2) if a city within an organized borough provides police  
11 protection services, the borough may not qualify for aid under sec.  
12 30(a)(1)(A) of this chapter unless

13 (A) police protection services are provided in the  
14 borough area outside cities, or if limited to a service area, in  
15 the service area, through borough contract with a city or with the  
16 state or

17 (B) the borough assumes and exercises power to provide  
18 police protection services on an areawide basis in the manner  
19 provided by law.

20 Sec. 43.17.100. ROAD MAINTENANCE. During each fiscal year the  
21 state shall pay to a city or organized borough of any class which has  
22 power to provide for road maintenance and exercises the power a sum  
23 equal to \$1,500 a mile for each mile of road, street or highway main-  
24 tained by the local government, excluding the official state highway  
25 system, roads, streets, or highways not dedicated to public use, any  
26 roads, streets or highways maintained under the local service road pro-  
27 gram (AS 19.30.111 - 19.30.251), and alleyways, in accordance with regu-  
28 lations adopted by the Department of Highways. No payments may be made  
29 for maintenance of roads not used by automotive equipment. Frozen

1 waterways and connections from inhabited areas to the waterways which  
2 may be safely used for public transportation by automotive equipment and  
3 are so used during a portion of a year are eligible for payments of \$900  
4 per mile if the waterways and connections are maintained during the  
5 period of use by a municipality or combination of municipalities. The  
6 Department of Community and Regional Affairs, after consultation with  
7 the Department of Highways, shall determine which waterways and connec-  
8 tions qualify and, where the waterways or connections lie outside the  
9 corporate limits of a municipality, which municipality is eligible for  
10 the shared revenue unless the municipalities involved have agreed in  
11 writing to a particular distribution.

12 Sec. 43.17.110. REGULATIONS. The department shall adopt regula-  
13 tions necessary to carry out the purposes of this chapter. The regula-  
14 tions shall include minimum standards of service required to qualify a  
15 municipality for service unit credit for each service and provisions for  
16 a performance report adequate to demonstrate to the department that each  
17 service for which credit was allowed was actually performed by the  
18 municipality at least at the prescribed minimum level.

19 Sec. 43.17.120. EXPENDITURE OF FUNDS. Funds received by a munici-  
20 pality under this chapter may be expended for any public purpose for  
21 which the municipality has power to expend funds except as provided in  
22 sec. 40 of this chapter.

23 Sec. 43.17.130. DEFINITIONS. In this chapter

24 (1) "department" means the Department of Community and  
25 Regional Affairs;

26 (2) "municipality" for revenue sharing purposes means a city,  
27 borough or unified municipality incorporated under the laws of the State  
28 of Alaska except a second class city incorporated after the effective  
29 date of this Act and lying within an organized borough.

1 \* Sec. 2. AS 43.18.010 - 43.18.050 are repealed.

2 \* Sec. 3. Other provisions of this Act notwithstanding, a municipality  
3 which would receive less money under the provisions of this Act than it was  
4 entitled to receive in fiscal year 1976 under the provisions of AS 43.18  
5 repealed by this Act shall continue to receive an amount equal to that  
6 authorized for fiscal year 1976 under the former provisions of AS 43.18, in  
7 accordance with those provisions.

8 \* Sec. 4. AS 29.18.020 is amended to read:

9       Sec. 29.18.020. SECOND CLASS CITIES. A community outside an  
10 organized borough having 25 or more permanent residents may incorporate  
11 as a second class city. A community located within an organized borough  
12 having 125 or more permanent residents may incorporate as a second class  
13 city.

14 \* Sec. 5. AS 43.70.010 is repealed.

15 \* Sec. 6. AS 43.70.030(a) is amended to read:

16       (a) The license fee for each business is \$50 [\$25 PLUS A SUM EQUAL  
17 TO ONE-HALF OF ONE PER CENT OF THE GROSS RECEIPTS IN EXCESS OF \$20,000  
18 FROM THE BUSINESS DURING THE YEAR FOR WHICH THE LICENSE IS ISSUED,  
19 EXCEPT THAT ALL GROSS VOLUME IN EXCESS OF \$100,000 A YEAR IS TAXED AT  
20 THE RATE OF ONE-QUARTER OF ONE PER CENT. THE ANNUAL LICENSE FEE PAID BY  
21 A PROFESSIONAL PERSON TO HIS PROFESSIONAL BOARD SHALL BE CREDITED  
22 AGAINST THE INITIAL FEE REQUIRED UNDER THIS CHAPTER].

23 \* Sec. 7. AS 43.70.030(c) is amended to read:

24       (c) The license for the privilege of taking orders through use of  
25 catalogs and by mail order offices in the state is the same as set out  
26 in this chapter for business generally [AND GROSS VOLUME OF BUSINESS OF  
27 THOSE OFFICES INCLUDES ALL ORDERS TAKEN AT THEM WHETHER DELIVERY OF THE  
28 MERCHANDISE IS MADE THROUGH THE OFFICES OR NOT].

29 \* Sec. 8. AS 43.70.030(d) is amended to read:

1 (d) The initial fee of \$50 [\$25] applies to all of the provisions  
2 of this section, and shall accompany the application. The balance under  
3 sec. 30(b) of this chapter is due and payable on December 31st of each  
4 year and shall be paid before the first day of March following, except  
5 that the department may extend the time until the 30th of the following  
6 April upon application showing that the extension is necessary to enable  
7 the applicant to ascertain the amount of license money due. To enable  
8 accurate determination of the balance of the tax due at the end of each  
9 year, each person to whom this chapter applies shall keep records, give  
10 statements under oath, and make returns which the department requires.  
11 Returns are made under penalty of perjury.

12 \* Sec. 9. AS 43.70.040(a) is amended to read:

13 (a) As soon as practicable after the final payment of the tax  
14 under sec. 30(b) of this chapter, the department shall examine the  
15 return and determine the correct amount of the tax and, if an error is  
16 found, shall notify the taxpayer of the error and examine the taxpayer's  
17 records as authorized in AS 43.05.040, and take other proper steps to  
18 determine the amount due.

19 \* Sec. 10. AS 43.70.040(b) is amended to read:

20 (b) If an agreement cannot be reached with the taxpayer as to the  
21 amount of a license tax due under sec. 30(b) of this chapter, the  
22 department may set a time and place of hearing on the question, upon at  
23 least 60 days' notice of the hearing by mail to the taxpayer. At the  
24 hearing a person may be required to appear and testify and produce  
25 records and other papers as provided in AS 43.05.040.

26 \* Sec. 11. AS 43.70.110(2) is repealed.

27 \* Sec. 12. AS 43.17 is amended by adding a new section to read:

28 Sec. 43.17.140. ADDITIONAL GRANTS TO REPLACE LOST REVENUE. In  
29 addition to all other revenue sharing with municipalities, a municipi-

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pality is entitled to and shall receive each year an amount equal to the amount of money it was entitled to receive under AS 43.70.080 for the year 1978.

Sec. 13. Sections 1, 2, 3 and 4 of this Act take effect July 1, 1976. Sections 5, 6, 7, 8, 9, 10, 11 and 12 of this Act take effect January 1, 1979.

BY THE COMMUNITY AND REGIONAL  
AFFAIRS COMMITTEE BY REQUEST OF  
THE LEGISLATIVE COUNCIL INTERIM  
COMMITTEE ON SHARED REVENUES  
WITH MUNICIPALITIES

1 IN THE SENATE

2 SENATE BILL NO. 474

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to municipal revenue sharing."

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

8 \* Section 1. AS 43.18.040 is amended to read:

9 Sec. 43.18.040. REGULATIONS. The Department of Community and  
10 Regional Affairs shall adopt regulations necessary to carry out the  
11 purposes of secs. 10 - 99 of this chapter. The regulations shall include  
12 minimum standards required to qualify a municipality for grants for each  
13 service and provisions for a performance audit adequate to demonstrate  
14 to the department that each service for which credit was allowed was  
15 actually performed by the municipality, at least at the prescribed  
16 minimum level.

THE LEGISLATURE OF THE STATE OF ALASKA  
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. HCSSB 474  
 Title: ... municipal Revenue Sharing and the Alaska Business License Act...  
 Requested by: House Finance Date: 5-20-76  
 Return Date Requested: 5-21-76  
 Agency: Community & Regional Affairs Program: Development

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Municipal Services Revenue Sharing

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		4.2				
200 TRAVEL		1.1				
300 CONTRACTUAL		3.0				
400 COMMODITIES		-0-				
500 EQUIPMENT		.9				
600 LAND & STRUCTURES		-0-				
700 GRANTS, CLAIMS, ETC.		*8,690.1				
TOTAL		8,699.3				

\*additional amount required over Governor's budget of 15,410.6

B. FUNDING: (Thousands of dollars)

GENERAL FUND		8,699.3				
FEDERAL FUNDS		-0-				
OTHER		-0-				

C. POSITIONS:

PERMANENT/TEMPORARY	/	0 / 1	/	/	/	/
MAN MONTHS (P./T.)	/	0 / 3	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Based on the following assumptions, the total cost required to fund the grant portion of HCSSB 474 is estimated to be \$24,100,714.

1. All eligible volunteer fire departments and municipalities will properly apply for funds.
2. No funds are budgeted for assumption of power to exercise additional services provided for under the basic grants section (Sec. 43.17.030).
3. No fiscal analysis of secs. 4 through 12, relating Alaska Business License Act since effective date is January 1, 1979 - Fiscal Note for these sections should be provided by the Department of Revenue.
4. Basis for change in administrative costs are the marginal increases in cost over FY '77 budget submission as shown on the following page.

IV. ATTACHMENTS

1. Per capita fiscal analysis (worksheet)
2. Health facility & hospital (worksheet)
3. Fiscal analysis of HCSSB 474 (worksheet)

V. DATE: 5-21-76 PREPARED BY: Palmer McCarter

Palmer McCarter  
Director  
Local Government Assistance

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)



The bill provides minimum levels of State support (\$25,000 to smaller municipalities. The transportation category has been separated into three categories (small boat harbor or port, airport, and mass transit). The air/water pollution control category has been separated into two categories (air and water pollution), with military populations eligible. Ambulance services and solid waste disposal are new categories. \*All populations are rounded upwards to the next 100 (except military populations, which are to be the actual number).\*\*

Additional administration with the program is outlined as follows:

Personal Services

Salary

Upgrade Clerk IV and added  
part-time clerical

\$3,400

Benefits @ 23%

800

4,200

Travel

Additional travel required to  
monitor program (5 cities)

\$1,100

1,100

Contractual

Mag-card typewriter

\$3,000

3,000

Equipment

Desk & chair

\$ 450

Calculator

450

900

Total Administrative

\$9,200

\*Hospital and health facilities are funded at double the present level with one half of the funding restricted for specific expenditure on the facilities. Construction aid payments under municipal revenue sharing programs for new hospitals or health facility applicants is terminated as of January 1, 1976.

\*\*Under the proposed bill (Sec. 3) no municipality shall receive a smaller amount than it did in FY 1976. Total approved entitlements for FY 76 for municipalities (including fire protection groups in the unorganized borough) is \$14,952,963.

## PER CAPITA FISCAL ANALYSIS OF HCSSB 474

Basic Grants AS 43.17.030	#	Population	FY '77 entitlements under existing law	Per Capita	FY '77 entitlements under new law	Per Capita
Boroughs*	10	349,213	\$10,809,494	\$33	\$14,035,517	\$43
Cities*	41	99,483	4,329,836	43	1,807,672	46
Volunteer Fire Depts.	40	8,061	869,550	9	985,505	9
New Volunteer Fire Depts. (estimate)	10	1,400	12,653	9	12,653	9
Military	3	36,705	358,053	10	411,910	11
<u>Minimum Grants</u> AS 43.17.020						
Cities	95	22,916	1,122,260	49	3,017,596	132
New Cities (estimate)	11	2,200	112,668	51	331,375	151
TOTAL			\$16,817,540		\$22,689,299	
less military			<u>358,053</u>		<u>411,910</u>	
			\$16,459,487		\$22,277,389	
			**Additional Health & Hospital		<u>1,823,325</u>	
					TOTAL \$24,100,714	

\*includes military

\*\*see attachment 2

Basic Grants AS 43.17.030 (Boroughs)	Population	FY '76 entitlement	FY '77 entitlement under existing law	Per Capita	FY '77 entitlement under new law	Per Capita
Bristol Bay	1,147	\$ 13,757	\$ 13,757	\$12	\$ 17,423	\$15
City & Borough of Juneau	19,518	646,147	682,952	35	919,915	47
City & Borough of Sitka	7,398	301,273	316,429	43	354,882	22
Fairbanks North Star military	53,781 6,892	747,145*	1,086,001 29,721	20 4	1,210,047 29,756	39 4
Kenai Peninsula	16,844	343,495	345,479	21	382,055	23
Ketchikan Gateway	11,538	203,152	206,719	18	288,900	25
Kodiak Island	6,915	106,089	107,183	16	118,519	17
Matanuska-Susitna	12,682	121,594	131,997	10	185,402	15
Municipality of Anchorage military	183,348 22,920	7,154,125*	7,446,664 280,770	41 12	10,016,150 326,609	55 14
North Slope	8,634	161,792	161,792	19	185,859	21
<b>TOTAL</b>	<b>\$351,617</b>		<b>\$10,809,494</b>		<b>\$14,035,517</b>	
<b>AVERAGE</b>				<b>30</b>		<b>40</b>

\*includes military

Basic Grants AS 43.17.030	Population	FY '76 entitlement	FY '77 entitlement under existing law	Per Capita	FY '77 entitlement under new law	Per Capita
(cities >1,000 pop.)						
Barrow	2,307	\$ 75,598	\$ 81,768	\$35	\$ 91,485	\$40
Bethel	3,314	230,436	250,152	75	253,897	75
Cordova	3,609	171,179	214,591	59	226,608	63
Dillingham	1,025	49,052	49,411	48	52,583	51
Fairbanks	32,741	937,946*	998,287	30	1,027,640	31
military	6,893		47,562	7	55,545	8
Haines	1,366	67,165	67,165	49	68,429	49
Homer	1,538	64,577	64,577	42	66,777	42
Kenai	5,241	228,477	235,442	45	237,440	45
Ketchikan	7,953	249,631	259,514	33	276,900	35
Kodiak	4,221	146,413	156,450	37	205,180	49
Kotzebue	2,528	114,917	123,964	49	126,708	49
Nome	2,685	175,605	177,745	66	191,977	71
Palmer	1,651	73,080	79,840	48	85,070	52
Petersburg	2,266	143,517	148,093	65	153,976	67
Seward	2,005	82,081	87,844	44	90,856	45
Soldotna	1,821	93,815	94,998	52	97,653	54
Valdez	6,670	319,669	153,249	69	335,510	50
Wrangell	3,152	169,634	169,634	54	177,843	56
<b>TOTAL</b>	<b>92,985</b>		<b>\$3,460,286</b>		<b>\$3,822,077</b>	
<b>AVERAGE</b>				<b>37</b>		<b>41</b>

MUNICIPALITY	FACILITY	NUMBER OF BEDS	BASIS OF ENTITLEMENT	ENTITLEMENT	COST OF SERVICES FACTOR	INCREASED FUNDING FOR HEALTH
Fairbanks North Star Borough	Fairbanks Memorial Hos.	116	116 beds	116,000	1.15 =	\$ 133,400
	Hope Center	36	36 beds	36,000	=	41,400
	Fairbanks City Clinic	--	1 facility	4,000	=	46,000
Municipality of Anchorage	Providence Hospital	150				
	Anchorage Community Hos.	84	234 beds	234,000	1.00 =	150,000
	Booth Memorial	12				84,000
	Hope Chalet	10				
	Sunrise Hope Cottage	14				
	Hope Park	40				
	Bering Program	10				
	Alaska Family House	30	116 beds	116,000	=	116,000
			228 beds	228,000	=	228,000
			9 facilities	36,000	=	36,000
City & Borough of Juneau	Barlett Memorial Hos.	67	67 beds	67,000	1.00 =	67,000
	Alcoholism Rehabilitation	10				
	Gasteneau Manor Halfway House	9	19 beds	19,000	=	19,000
Kenai Peninsula Borough	Homer Hospital	10	Per Hospital	50,000	1.075 =	53,750
	Central Peninsula General Hos.	30	Per Hospital	50,000	=	53,750
	Seward General Hospital	33	Per Hospital	50,000	=	53,750
	Wesleyan Nursing Home	64	64 beds	64,000	=	68,800
	Seldovia Health Facility	--	1 facility	4,000	=	4,300
Ketchikan Gateway Borough	Ketchikan General Hos.	95	95 beds	95,000	1.00 =	95,000
	Ketchikan Health Dept.	--	1 facility	4,000	=	4,000
	Gateway Comm. Mental Health Ctr.	--	1 facility	4,000	=	4,000
	Ketchikan Alcohol Recov. Dept.	19	19 beds	19,000	=	19,000
Kodiak Island Borough	Kodiak Island Hospital	25	Per Hospital	50,000	1.075 =	53,750
	Hope House	12				
	DeTox Center	9	21 beds	21,000	=	22,575
	Kodiak Aleutian Center	--	1 facility	4,000	=	4,300

MUNICIPALITY	FACILITY	NUMBER OF BEDS	BASIS OF ENTITLEMENT	ENTITLEMENT	COST OF SERVICES FACTOR	INCREASED FUNDING FOR HEALTH
Matanuska-Susitna Borough	Valley Hospital	25	Per Hospital	50,000	1.0375 =	\$ 51,875
City & Borough of Sitka	Sitka Community Hospital	<u>24</u>	Per Hospital	50,000	1.0375 =	<u>51,875</u>
		934 beds 14 facilities				\$1,420,125

MUNICIPALITY	FACILITY	NUMBER OF BEDS	BASIS OF ENTITLEMENT	ENTITLEMENT	COST OF SERVIDES FACTOR	INCREASED FUNDING FOR HEALTH
Akolmiut	Nunapitchuk Clinic Kasigluk	-- --	2 facilities	8,000	1.30 =	\$ 10,400
Anderson	Anderson Medical Clinic	--	1 facility	4,000	1.3375 =	5,350
Bethel	Prematernal Home Bethel Alcohol Tr. Ctr.	14 16	14 beds 16 beds	14,000 16,000	1.30 = =	18,200 20,800
Cordova	Cordova Community Hos. Public Health Center	22	Per Hospital 1 facility	50,000 4,000	1.15 = =	57,500 4,600
Delta Junction	Delta Medical Surgical Clinic	--	1 facility	4,000	1.15 =	4,600
Eagle	Eagle Medical Center Clinic	--	1 facility	4,000	1.15 =	4,600
Kiana	Kiana Hospital	--	1 facility	4,000	1.3375 =	5,350
King Cove	King Cove Health Center	--	1 facility	4,000	1.2625 =	5,050
Nome	Maynard McDougal Hos.	24	Per Hospital	50,000	1.2625 =	63,125
Pelican	Pelican Health Facility	--	1 facility	4,000	1.075 =	4,300
Petersburg	Petersburg General Hos. Public Health Center	25 --	Per Hospital 1 facility	50,000 4,000	1.0375 = =	51,875 4,150
Port Lions	Port Lions Clinic	--	1 facility	4,000	1.075 =	4,300
Sand Point	Sand Pt. Baptist Med. Mission	--	1 facility	4,000	1.2625 =	5,050
Skagway	Dahl Memorial Health Ctr.	--	1 facility	4,000	1.075 =	4,300
Unalaska	Tlivliuk Fam. & Health Serv.	--	1 facility	4,000	1.3375 =	5,350
Valdez	Valdez Community Hos.	15	Per Hospital	50,000	1.1875 =	59,375

MUNICIPALITY	FACILITY	NUMBER OF BEDS	BASIS OF ENTITLEMENT	ENTITLEMENT	COST OF SERVICES FACTOR	INCREASED FUNDING FOR HEALTH
Whittier	Whittier Health Clinic	--	1 facility	4,000	1.15 =	\$ 4,600
Wrangell	Wrangell General Hos.	13	Per Hospital	50,000	1.0375 =	51,875
	Gateway Comm. Mental Health	--	1 facility	4,000	=	4,150
Yakutat	Yakutat Comm. Health Clinic	--	1 facility	4,000	1.075 =	<u>4,300</u>
		127 beds				\$ 403,200
		<u>934</u>				<u>1,420,125</u>
		1,061 total beds			Total Health	\$ 1,823,325
		16 facilities				
		<u>14</u>				
		30 total facilities				

Fiscal Analysis of HCSSB 474Cost of Basic Grants - AS 43.17.030

FY '77 entitlements under existing law	sub-total	+ new transportation	+ new solid waste	+ new air/water pollution (civilian)	+ new air/water pollution (military)	+ new ambulance	+ rounding up to 100	= total
boroughs	\$10,809,494 (10)*	\$2,124,727 (4)	\$205,787 (5)	\$366,696 (1)	\$53,766 (2)	\$625,784 (7)	\$12,094 (10)	\$14,198,348
cities	4,329,836 (41)	45,376 (1)	135,717 (15)		7,927 (1)	70,147 (12)	78,930 (41)	4,667,933
vol. fire depts.	72,576 (40)							72,576
" " " (new)	12,653 (10-est)							12,653
TOTAL	\$15,224,559	\$2,170,103	\$341,504	\$366,696	\$61,693	\$695,931	\$91,024	\$18,951,510
						Plus Added Health and Hospital		1,823,325
								\$20,774,835

Cost of Minimum Grants - AS 43.17.020

FY '77 entitlements under existing law	sub-total	+ additional cost of minimum grants	= total
cities	\$1,122,260 (95)	\$1,895,336 (95)	\$ 3,017,596
new " "	112,668 (11-est)	218,707 (11-est)	331,375
TOTAL	\$1,234,928	\$2,114,043	\$ 3,348,971

Total FY '77 entitlements under existing law	\$16,459,487
Additional Cost of Basic Grants and Minimum Grants (HCSSB 474)	<u>7,664,319</u>
TOTAL	\$24,123,806
	<u>- 23,092</u>
	\$24,100,714

\*Numbers in parentheses indicate the number of municipalities or volunteer fire departments eligible in the category

1st proposed CS  
not adopted

Original sponsor: Community and Regional  
Affairs Committee by request of the  
Legislative Council Interim Committee on  
Shared Revenue with Municipalities

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 474

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to municipalities and municipal re-  
7 venue sharing; and providing for an effective date."

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

9 \* Section 1. AS 43 is amended by adding a new chapter to read:

10 CHAPTER 17. MUNICIPAL REVENUE SHARING

11 Sec. 43.17.010. CONSTRUCTION AND IMPLEMENTATION OF CHAPTER. (a)

12 This chapter may not be construed so as to create a debt of the state.

13 (b) The special municipal services account is established. Funds  
14 to carry out the provisions of this chapter may be appropriated annually  
15 by the legislature to the account. If amounts in the account are  
16 insufficient for the purpose of each local government's share authorized  
17 under this chapter, such funds as are available shall be distributed pro  
18 rata among eligible local governments.

19 (c) Money in the special municipal services account which, at the  
20 end of the fiscal year for which the money is appropriated, exceeds the  
21 amount required for the allocations authorized in this chapter reverts  
22 to the general fund.

23 Sec. 43.17.020. MINIMUM GRANTS TO MUNICIPALITIES. (a) A munici-  
24 pality proposing to provide administrative services or a service pro-  
25 vided for in sec. 30(a)(1) of this chapter may, in lieu of obtaining  
26 revenue sharing money as provided in this chapter, obtain instead a  
27 minimum grant of \$25,000.

28 (b) The department shall issue regulations regarding procedures  
29 and time limits for making an election under this section.

1           Sec. 43.17.030. BASIC GRANTS TO MUNICIPALITIES. (a) If a municipi-  
2           pality elects not to receive the grant provided for under sec. 20 of  
3           this chapter, the amount of revenue sharing for which it is eligible  
4           shall be calculated: as a result of B X P where

5           (1) B is the base revenue sharing amount of \$1 times the  
6           service units for each service performed by the municipality established  
7           as follows:

(A) police protection	12 units
(B) fire protection	7.5 units
(C) water pollution control	2 units
(D) land use planning	2 units
(E) parks and recreation	5 units
(F) small boat harbor or port	5 units
(G) mass transit	5 units
(H) airport	5 units
(I) solid waste disposal	2 units
(J) ambulance	2 units
(K) air pollution	2 units

19           (2) P is the population of the municipality rounded up to the  
20           nearest 100, and for any services provided another defined area under con-  
21           tract, the population of the area receiving the service rounded up to  
22           the nearest 100.

23           (b) If a municipality contains areas having differential rates of  
24           taxation, the entitlement shall be calculated for areawide services and  
25           for each area separately and totaled to reach the entitlement of the  
26           municipality. Revenue sharing money for which the entitlement is based  
27           upon areawide services may be used for areawide purposes only, and  
28           revenue sharing money for which the entitlement is based upon service  
29           area services may be used for that service area only.

1                   Sec. 43.17.040. HEALTH FACILITIES AND HOSPITALS. (a) During each  
2 fiscal year the state shall make payments as follows:

3                   (1) \$1,000 per hospital bed to municipalities having health  
4 powers for each hospital bed actually used for patient care, limited to  
5 the number of beds provided for in the construction design of the  
6 hospital, or \$50,000 per hospital for those hospitals with 10 or more  
7 beds or \$20,000 per hospital for those hospitals with less than 10 beds  
8 as the local government may determine;

9                   (2) \$1,000 per hospital bed to each hospital located outside  
10 a municipality having health powers for each hospital bed actually used  
11 for patient care, limited to the number of beds provided for in the  
12 construction design of the hospital, or \$50,000 for those hospitals with  
13 10 or more beds or \$20,000 per hospital for those hospitals with less  
14 than 10 beds, as the hospital may determine;

15                   (3) \$1,000 per bed to a municipality in which a health  
16 facility is operated for each bed actually used for patient care,  
17 limited to the number of beds provided for in the construction design of  
18 the health facility, or \$4,000 per health facility as the local govern-  
19 ment may determine;

20                   (4) funds received under this section shall be used for ex-  
21 pense of operation or maintenance of health services or health facilities  
22 or hospitals as the municipality or hospital outside a municipality de-  
23 termines;

24                   (5) before funds may be distributed under this subsection,  
25 the commissioner of health and social services shall certify to the  
26 distributing agency that any accumulation of assets by nonprofit cor-  
27 porations or other recipients under this subsection is dedicated irre-  
28 vocably to a public health purpose.

29                   (b) If construction of a hospital or health facility began before

1 January 1, 1976, and state matching aid for construction approved under  
2 AS 18 for payment to a municipality or other facility sponsor  
3 constitutes less than 25 per cent of the total project cost, the state  
4 shall pay to the municipality or other facility sponsor each fiscal year  
5 a sum equal to \$2,500 a bed for the maximum number of beds provided for  
6 in the construction design of the facility. State aid provided for in  
7 this subsection shall continue until the municipality or other facility  
8 sponsor has received an amount which, combined with state matching money  
9 for construction of the facility approved under AS 18, equals 25 per  
10 cent of the total project cost. No funds received for construction  
11 shall be used for any other purpose.

12 (c) In this section

13 (1) "hospital" means a licensed hospital determined by the  
14 Department of Health and Social Services to be a general hospital; the  
15 term excludes facilities operated or wholly supported by the state or  
16 the federal government;

17 (2) "health facility" means public health centers, maternity  
18 homes and community mental health centers, facilities for the mentally  
19 or physically handicapped, nursing homes and convalescent centers which  
20 are licensed, when required, by the state under AS 18.20.010 - 18.20.130  
21 and are owned or operated or both by a local government or by a non-  
22 profit corporation or other nonprofit sponsor; the term excludes facili-  
23 ties operated or wholly supported by the state or the federal government;

24 (3) "other facility sponsor" means a public or nonprofit  
25 corporation located outside a municipality which owns or operates, or  
26 both, a hospital or health facility.

27 Sec. 43.17.050. VOLUNTEER FIRE DEPARTMENTS OUTSIDE MUNICIPALITIES.  
28 The state shall pay to a volunteer fire department registered with the  
29 state fire marshal and serving an area not in an organized borough or a

1 city a sum for protection purposes equal to \$7.50 per capita for the  
2 population served by the department, as determined by the state fire  
3 marshal using the latest figures of the United States Bureau of the  
4 Census or other reliable data. Grants shall be made on the same basis  
5 to facilitate the organization of volunteer fire departments in an area  
6 not in an organized borough or a city, upon application of the proposed  
7 fire protection group to the department and approval of applications  
8 according to standards of organization and service prescribed by regu-  
9 lations promulgated by the department.

10 Sec. 43.17.060. AREA COST-OF-LIVING DIFFERENTIAL. (a) State  
11 payments to a municipality or to a hospital or volunteer fire department  
12 located outside a municipality under this chapter shall reflect area  
13 cost-of-living differential. Amounts distributed shall be based upon  
14 the sum of the grants due each municipality or each hospital or volun-  
15 teer fire department located outside a municipality multiplied by the  
16 appropriate area cost-of-living differential. The area cost-of-living  
17 differential for each municipality or each hospital or volunteer fire  
18 department located outside a municipality shall be determined annually  
19 by election district under the provisions of AS 39.27.030; however, the  
20 area cost-of-living differential to be applied shall not result in an  
21 amount to be distributed less than the base allocation.

22 (b) The election districts used in (a) of this section are those  
23 designated by the proclamation of reapportionment and redistricting of  
24 December 7, 1961, and retained for the house of representatives by  
25 proclamation of the governor September 3, 1965.

26 Sec. 43.17.070. FINANCIAL REPORTS. No money may be distributed to  
27 a municipality under this chapter unless the municipality has first  
28 submitted a financial report to the department for each of the two fis-  
29 cal years immediately preceding the fiscal year in which funds are to be

1 distributed and a budget for the municipality's fiscal year in which  
2 funds are to be distributed. The department may, by regulation, pre-  
3 scribe procedures and filing dates for submitting financial reports and  
4 for obtaining all information required to determine the municipality's  
5 tax effort.

6       Sec. 43.17.080. POPULATION DETERMINATION. For purposes of this  
7 chapter, population shall be determined by the latest figures of the  
8 United States Bureau of the Census, Department of Labor estimates or  
9 other population data which, in the judgment of the department, is  
10 reliable. However, a municipality may not receive state shared revenue  
11 based on the population residing on that portion of a military reser-  
12 vation annexed to a city or borough after January 1, 1973, except as  
13 provided in this section. If a military reservation is located within a  
14 city or borough, the city or borough is limited in its entitlement to  
15 state shared revenue, based on the population residing on the reserva-  
16 tion, as follows: 50 per cent of the amount paid per capita for police  
17 protection under this chapter; 25 per cent of the amount paid per capita  
18 for parks and recreation under this chapter; 50 per cent of the amount  
19 paid per capita for mass transit under this chapter; 50 per cent of the  
20 amount paid per capita for water pollution under this chapter; and 50  
21 per cent of the amount paid per capita for air pollution under this  
22 chapter.

23       Sec. 43.17.090. ADDITIONAL LIMIT. In addition to the limitations  
24 on expenditure of funds contained in sec. 40 of this chapter:

25       (1) if a borough exercises the powers in sec. 30(a)(1) of  
26 this chapter in the borough area outside cities only, or in a service  
27 area only, the grants authorized under this section shall be based on  
28 the population of the borough area outside cities or the service area  
29 respectively;

1 (2) if a city within an organized borough provides police  
2 protection services, the borough may not qualify for aid under sec.  
3 30(a)(1)(A) of this chapter unless

4 (A) police protection services are provided in the  
5 borough area outside cities, or if limited to a service area, in  
6 the service area, through borough contract with a city or with the  
7 state or

8 (B) the borough assumes and exercises power to provide  
9 police protection services on an areawide basis in the manner  
10 provided by law.

11 Sec. 43.17.100. ROAD MAINTENANCE. During each fiscal year the  
12 state shall pay to a city or organized borough of any class which has  
13 power to provide for road maintenance and exercises the power a sum  
14 equal to \$1,500 a mile for each mile of road, street or highway main-  
15 tained by the local government, excluding the official state highway  
16 system, roads, streets, or highways not dedicated to public use, any  
17 roads, streets or highways maintained under the local service road pro-  
18 gram (AS 19.30.111 - 19.30.251), and alleyways, in accordance with regu-  
19 lations adopted by the Department of Highways. No payments may be made  
20 for maintenance of roads not used by automotive equipment. Frozen  
21 waterways and connections from inhabited areas to the waterways which  
22 may be safely used for public transportation by automotive equipment and  
23 are so used during a portion of a year are eligible for payments of \$900  
24 per mile if the waterways and connections are maintained during the  
25 period of use by a municipality or combination of municipalities. The  
26 Department of Community and Regional Affairs, after consultation with  
27 the Department of Highways, shall determine which waterways and connec-  
28 tions qualify and, where the waterways or connections lie outside the  
29 corporate limits of a municipality, which municipality is eligible for

1 the shared revenue unless the municipalities involved have agreed in  
2 writing to a particular distribution.

3 Sec. 43.17.110. REGULATIONS. The department shall adopt regula-  
4 tions necessary to carry out the purposes of this chapter. The regula-  
5 tions shall include minimum standards of service required to qualify a  
6 municipality for service unit credit for each service and provisions for  
7 a performance report adequate to demonstrate to the department that each  
8 service for which credit was allowed was actually performed by the  
9 municipality at least at the prescribed minimum level.

10 Sec. 43.17.120. EXPENDITURE OF FUNDS. Funds received by a munici-  
11 pality under this chapter may be expended for any public purpose for  
12 which the municipality has power to expend funds except as provided in  
13 sec. 40 of this chapter.

14 Sec. 43.17.130. DEFINITIONS. In this chapter

15 (1) "department" means the Department of Community and  
16 Regional Affairs;

17 (2) "municipality" for revenue sharing purposes means a city,  
18 borough or unified municipality incorporated under the laws of the State  
19 of Alaska except a second class city incorporated after the effective  
20 date of this Act and lying within an organized borough.

21 \* Sec. 2. AS 43.18.010 - 43.18.050 are repealed.

22 \* Sec. 3. Other provisions of this Act notwithstanding, a municipality  
23 which would receive less money under the provisions of this Act than it was  
24 entitled to receive in 1975 under the provisions of AS 43.18 repealed by this  
25 Act shall continue to receive an amount equal to that authorized for 1975  
26 under the former provisions of AS 43.18, in accordance with those provisions.  
27

28 \* Sec. 4. AS 29.18.020 is amended to read:

29 Sec. 29.18.020. SECOND CLASS CITIES. A community outside an  
organized borough having 25 or more permanent residents may incorporate

1 as a second class city. A community located within an organized borough  
2 having 125 or more permanent residents may incorporate as a second class  
3 city.

4 \* Sec. 5. This Act takes effect July 1, 1976.  
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CSHB 539

PER CAPITA FISCAL ANALYSIS OF ~~HB 539/SB 473~~

Basic Grants AS43.17.030	#	Population	FY '77 entitlements under existing law	Per Capita	FY '77 entitlements under new law	Per Capita
Boroughs*	10	349,213	<sup>12,239,404</sup> \$11,533,457	\$33	14,922,311 <del>\$14,433,233</del>	\$43 <del>\$41</del>
Cities*	41	99,483	<sup>11,339,726</sup> 4,236,130	43	574,227 <del>4,883,119</del>	\$46 <del>\$49</del>
Volunteer Fire Dpts.	40	8,061	72,576	9	72,576	9
New Volunteer Fire Dpts. (estimate)	10	1,400	12,653	9	12,653	9
Military	3	36,705	358,053	10	<del>911,524</del> 419,746	<del>25</del> 11
 Minimum Grants AS43.17.020						
Cities	95	22,916	1,122,260	49	3,017,596	132
New Cities (estimate)	11	2,200	112,668	51	331,375	151
TOTAL			\$17,447,797		<sup>23,350,424</sup> <del>\$23,865,331</del>	
less military			<u>358,053</u>		<u>419,746</u> <del>911,524</del>	
			\$17,089,744	20	<del>\$22,753,967</del> <u>22,930,738</u>	

\*includes military

Basic Grants AS 43.17.030 (Boroughs)	Population	FY '77 entitlements under existing law	Per Capita	FY '77 entitlements under new law	Per Capita
Bristol Bay	1,147	\$ 31,134	\$27	\$ <del>44,053</del> 35,603	<del>38</del> 31
City & Borough of Juneau	19,518	682,952	35	<del>894,515</del> 919,915	<del>46</del> 47
City & Borough of Sitka	7,398	316,429	43	<del>352,669</del> 354,922	<del>48</del> 48
Fairbanks North Star military	53,781 6,892	1,838,083 29,721	34 4	<del>1,965,803</del> 2,025,264	<del>37</del> 39
Kenai Peninsula	16,844	328,951	20	<del>368,188</del> 402,265	<del>22</del> 24
Ketchikan Gateway	11,538	206,719	18	<del>273,500</del> 222,900	<del>24</del> 20
Kodiak Island	6,915	107,183	16	<del>107,769</del> 112,519	<del>16</del> 17
Matanuska-Susitna	12,682	131,997	10	<del>160,294</del> 125,402	<del>13</del> 10
Municipality of Anchorage military	183,348 22,920	7,446,664 280,770	41 12	<del>9,266,506</del> 10,016,150	<del>51</del> 55
North Slope	6,230	132,854	21	<del>133,491</del> 150,549	<del>21</del> 24
<b>TOTAL</b>	<b>349,213</b>	<b>\$11,533,457</b>		<del>\$14,433,228</del> 14,922,311	<del>43</del> 43
<b>AVERAGE</b>			<b>\$33</b>		<b>\$41</b>

Basic Grants AS 43.17.030	Population	FY '77 entitlements under existing law	Per Capita	FY '77 entitlements under new law	Per Capita
(cities > 1,000 pop.)					40
Barrow	2,307	\$ 81,768	\$35	\$ -88,609	91,425 \$38
Bethel	3,314	214,525	65	221,416	226,551 63 67
Cordova	3,609	214,591	59	229,655	226,408 63 64
Dillingham	1,025	49,411	48	69,500	52,523 51 68
Fairbanks	32,740	998,287	30	1,145,745	1,027,410 31 35
military	6,893	47,562	7	96,600	55,545 14 8
Haines	1,366	63,173	46	67,999	62,698 50
Homer	1,468	62,207	42	63,291	63,291 43
Kenai	5,241	235,442	45	244,213	237,440 45 47
Ketchikan	7,953	259,514	33	276,900	274,900 35
Kodiak	4,221	156,450	37	213,672	205,180 49 51
Kotzebue	2,528	96,364	38	114,356	106,664 42 45
Nome	2,685	177,745	66	197,847	191,977 71 74
Palmer	1,651	79,840	48	96,120	85,070 52 58
Petersburg	2,266	139,665	62	152,500	150,321 66 67
Seward	2,005	87,844	44	103,541	90,256 45 52
Soldotna	1,821	94,998	52	101,039	97,653 54 55
Valdez	2,221	140,649	63	155,366	154,660 67 70
Wrangell	3,059	166,595	54	186,270	180,800 59 62
<b>TOTAL</b>	<b>88,373</b>	<b>\$3,366,630</b>		<b>\$3,826,639</b>	<b>3,522,722</b>

# MEMORANDUM


# State of Alaska

TO: R. D. Stevenson  
Assistant to the Commissioner  
Department of Revenue

DATE: May 21, 1976

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins   
Director  
Audit Division

SUBJECT: House Bill 932

This bill would delete the gross receipts tax portion of the Alaska Business License Act with the exception of the tax on financial institutions.

If action is taken on this bill, I would suggest in section 4 that the second sentence of paragraph (d) be deleted, and that the following language be submitted in place of it.

"The business license return filed in accordance with section 30(b) of this chapter shall be for the same tax year as reported to the Internal Revenue Service. The return shall be filed at the same time the taxpayer's federal income tax return is filed. Any federally approved extensions which the taxpayer has obtained must be attached to the return when filed."

I would further recommend that section 43.70.110(3) of the law be repealed. This language will no longer be necessary since the gross receipts tax provision would be repealed and the prior recommended language changes to section 30(d) of the act would require a financial institution to report to us on the same basis as they report to the Internal Revenue Service. The requirement that the license not be issued for any time period other than the calendar year is provided by section 43.70.020(c) of the act.

The major impact of this legislation will be the loss of revenue to the State of Alaska as well as that portion to the various municipalities required by the revenue sharing program. During fiscal year 76 it is anticipated that the State will receive gross receipts tax in the amount of \$16,000,000. Of this total we share approximately 55.5% of that total back to the individual municipalities in which the gross receipts were generated. For fiscal year 76 the total sharing would be approximately \$8,560,000. In subsequent years, as the pipeline construction tapers off, it is anticipated that total receipts would decline annually at the amount shared. This is expected to be at the least, \$7,500,000 per year.

It would appear that some provision would be made in other revenue sharing processes to ensure that the municipalities would continue to receive that amount of money in those years as the same total dollars that it now receives.

GLJ:lam

Introduced. 5/18/76  
Referred: Commerce and  
Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 HOUSE BILL NO. 932

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Business License Act;  
7 and providing for an effective date."

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

9 \* Section 1. AS 43.70.010 is repealed.

10 \* Sec. 2. AS 43.70.030(a) is amended to read:

11 .(a) The license fee for each business is \$50 [\$25 PLUS A SUM EQUAL  
12 TO ONE-HALF OF ONE PER CENT OF THE GROSS RECEIPTS IN EXCESS OF \$20,000  
13 FROM THE BUSINESS DURING THE YEAR FOR WHICH THE LICENSE IS ISSUED,  
14 EXCEPT THAT ALL GROSS VOLUME IN EXCESS OF \$100,000 A YEAR IS TAXED AT  
15 THE RATE OF ONE-QUARTER OF ONE PER CENT. THE ANNUAL LICENSE FEE PAID BY  
16 A PROFESSIONAL PERSON TO HIS PROFESSIONAL BOARD SHALL BE CREDITED  
17 AGAINST THE INITIAL FEE REQUIRED UNDER THIS CHAPTER].

18 \* Sec. 3. AS 43.70.030(c) is amended to read:

19 (c) The license for the privilege of taking orders through use of  
20 catalogs and by mail order offices in the state is the same as set out  
21 in this chapter for business generally [AND GROSS VOLUME OF BUSINESS OF  
22 THOSE OFFICES INCLUDES ALL ORDERS TAKEN AT THEM WHETHER DELIVERY OF THE  
23 MERCHANDISE IS MADE THROUGH THE OFFICES OR NOT].

24 \* Sec. 4. AS 43.70.030(d) is amended to read:

25 (d) The initial fee of \$50 [\$25] applies to all of the provisions  
26 of this section, and shall accompany the application. The balance under  
27 sec. 30(b) of this chapter is due and payable on December 31st of each  
28 year and shall be paid before the first day of March following, except  
29 that the department may extend the time until the 30th of the following

1 April upon application showing that the extension is necessary to enable  
2 the applicant to ascertain the amount of license money due. To enable  
3 accurate determination of the balance of the tax due at the end of each  
4 year, each person to whom this chapter applies shall keep records, give  
5 statements under oath, and make returns which the department requires.  
6 Returns are made under penalty of perjury.

7 \* Sec. 5. AS 43.70.040(a) is amended to read:

8 (a) As soon as practicable after the final payment of the tax  
9 under sec. 30(b) of this chapter, the department shall examine the  
10 return and determine the correct amount of the tax and, if an error is  
11 found, shall notify the taxpayer of the error and examine the taxpayer's  
12 records as authorized in AS 43.05.040, and take other proper steps to  
13 determine the amount due.

14 \* Sec. 6. AS 43.70.040(b) is amended to read:

15 (b) If an agreement cannot be reached with the taxpayer as to the  
16 amount of a license tax due under sec. 30(b) of this chapter, the  
17 department may set a time and place of hearing on the question, upon at  
18 least 60 days' notice of the hearing by mail to the taxpayer. At the  
19 hearing a person may be required to appear and testify and produce  
20 records and other papers as provided in AS 43.05.040.

21 \* Sec. 7. AS 43.70.110(2) is repealed.

22 \* Sec. 8. This Act takes effect January 1, 1978.  
23  
24  
25  
26  
27  
28  
29

THE LEGISLATURE OF THE STATE OF ALASKA  
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. HCSSB 474  
 Title: ... municipal Revenue Sharing and the Alaska Business License Act...  
 Requested by: House Finance Date: 5-20-76  
 Return Date Requested: 5-21-76  
 Agency: Community & Regional Affairs Program: Development

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Municipal Services Revenue Sharing

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		4.2				
200 TRAVEL		1.1				
300 CONTRACTUAL		3.0				
400 COMMODITIES		-0-				
500 EQUIPMENT		.9				
600 LAND & STRUCTURES		-0-				
700 GRANTS, CLAIMS, ETC.		* 8,690.1				
TOTAL		8,699.3				

\*additional amount required over Governor's budget of

B. FUNDING: (Thousands of dollars)

15,410.6

GENERAL FUND		8,699.3				
FEDERAL FUNDS		-0-				
OTHER		-0-				

C. POSITIONS:

PERMANENT/TEMPORARY	/	0 / 1	/	/	/	/
MAN MONTHS (P./T.)	/	0 / 3	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Based on the following assumptions, the total cost required to fund the grant portion of HCSSB 474 is estimated to be \$24,100,714.

1. All eligible volunteer fire departments and municipalities will properly apply for funds.
2. No funds are budgeted for assumption of power to exercise additional services provided for under the basic grants section (Sec. 43.17.030).
3. No fiscal analysis of secs. 4 through 12, relating Alaska Business License Act since effective date is January 1, 1979 - Fiscal Note for these sections should be provided by the Department of Revenue.
4. Basis for change in administrative costs are the marginal increases in cost over FY '77 budget submission as shown on the following page.

IV. ATTACHMENTS

1. Per capita fiscal analysis (worksheet)
2. Health facility & hospital (worksheet)
3. Fiscal analysis of HCSSB 474 (worksheet)

V. DATE: 5-21-76 PREPARED BY: Palmer McCarter

Palmer McCarter  
Director  
Local Government Assistance

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

The bill provides minimum levels of State support (\$25,000 to smaller municipalities. The transportation category has been separated into three categories (small boat harbor or port, airport, and mass transit). The air/water pollution control category has been separated into two categories (air and water pollution), with military populations eligible. Ambulance services and solid waste disposal are new categories. \*All populations are rounded upwards to the next 100 (except military populations, which are to be the actual number).\*\*

Additional administration with the program is outlined as follows:

Personal Services

Salary		
Upgrade Clerk IV and added part-time clerical	\$3,400	
Benefits @ 23%	<u>800</u>	4,200

Travel

Additional travel required to monitor program (5 cities)	<u>\$1,100</u>	1,100
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Contractual

Mag-card typewriter	<u>\$3,000</u>	3,000
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Equipment

Desk & chair	\$ 450	
Calculator	<u>450</u>	<u>900</u>

Total Administrative		\$9,200
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\*Hospital and health facilities are funded at double the present level with one half of the funding restricted for specific expenditure on the facilities. Construction aid payments under municipal revenue sharing programs for new hospitals or health facility applicants is terminated as of January 1, 1976.

\*\*Under the proposed bill (Sec. 3) no municipality shall receive a smaller amount than it did in FY 1976. Total approved entitlements for FY 76 for municipalities (including fire protection groups in the unorganized borough) is \$14,952,963.

## PER CAPITA FISCAL ANALYSIS OF HCSSB 474

Basic Grants AS 43.17.030	#	Population	FY '77 entitlements under existing law	Per Capita	FY '77 entitlements under new law	Per Capita
Boroughs*	10	349,213	\$10,809,494	\$33	\$14,035,517	\$43
Cities*	41	99,483	4,329,836	43	4,807,672	46
Volunteer Fire Depts.	40	8,061	869,550	9	985,505	9
New Volunteer Fire Depts. (estimate)	10	1,400	12,653	9	12,653	9
Military	3	36,705	358,053	10	411,910	11
Minimum Grants AS 43.17.020						
Cities	95	22,916	1,122,260	49	3,017,596	132
New Cities (estimate)	11	2,200	112,668	51	331,375	151
TOTAL			\$16,817,540		\$22,689,299	
less military			<u>358,053</u>		<u>411,910</u>	
			\$16,459,487		\$22,277,389	
			**Additional Health & Hospital		<u>1,823,325</u>	
					TOTAL \$24,100,714	

\*includes military

\*\*see attachment 2

Basic Grants AS 43.17.030 (Boroughs)	Population	FY '76 entitlement	FY '77 entitlement under existing law	Per Capita	FY '77 entitlement under new law	Per Capita
Bristol Bay	1,147	\$ 13,757	\$ 13,757	\$12	\$ 17,423	\$15
City & Borough of Juneau	19,518	646,147	682,952	35	919,915	47
City & Borough of Sitka	7,398	301,273	316,429	43	354,882	22
Fairbanks North Star military	53,781 6,892	747,145*	1,086,001 29,721	20 4	1,210,047 29,756	39 4
Kenai Peninsula	16,844	343,495	345,479	21	382,055	23
Ketchikan Gateway	11,538	203,152	206,719	18	288,900	25
Kodiak Island	6,915	106,089	107,183	16	118,519	17
Matanuska-Susitna	12,682	121,594	131,997	10	185,402	15
Municipality of Anchorage military	183,348 22,920	7,154,125*	7,446,664 280,770	41 12	10,016,150 326,609	55 14
North Slope	8,634	161,792	161,792	19	185,859	21
<b>TOTAL</b>	<b>\$351,617</b>		<b>\$10,809,494</b>		<b>\$14,035,517</b>	
<b>AVERAGE</b>				<b>30</b>		<b>40</b>

\*includes military

Basic Grants AS 43.17.030	Population	FY '76 entitlement	FY '77 entitlement under existing law	Per Capita	FY '77 entitlement under new law	Per Capita
(cities >1,000 pop.)						
Barrow	2,307	\$ 75,598	\$ 81,768	\$35	\$ 91,485	\$40
Bethel	3,314	230,436	250,152	75	253,897	75
Cordova	3,609	171,179	214,591	59	226,608	63
Dillingham	1,025	49,052	49,411	48	52,583	51
Fairbanks	32,741	937,946*	998,287	30	1,027,640	31
military	6,893		47,562	7	55,545	8
Haines	1,366	67,165	67,165	49	68,429	49
Homer	1,538	64,577	64,577	42	66,777	42
Kenai	5,241	228,477	235,442	45	237,440	45
Ketchikan	7,953	249,631	259,514	33	276,900	35
Kodiak	4,221	146,413	156,450	37	205,180	49
Kotzebue	2,528	114,917	123,964	49	126,708	49
Nome	2,685	175,605	177,745	66	191,977	71
Palmer	1,651	73,080	79,840	48	85,070	52
Petersburg	2,266	143,517	148,093	65	153,976	67
Seward	2,005	82,081	87,844	44	90,856	45
Soldotna	1,821	93,815	94,998	52	97,653	54
Valdez	6,670	319,669	153,249	69	335,510	50
Wrangell	3,152	169,634	169,634	54	177,843	56
<b>TOTAL</b>	<b>92,985</b>		<b>\$3,460,286</b>		<b>\$3,822,077</b>	
<b>AVERAGE</b>				<b>37</b>		<b>41</b>

MUNICIPALITY	FACILITY	NUMBER OF BEDS	BASIS OF ENTITLEMENT	ENTITLEMENT	COST OF SERVICES FACTOR	INCREASED FUNDING FOR HEALTH
Fairbanks North Star Borough	Fairbanks Memorial Hos.	116	116 beds	116,000	1.15 =	\$ 133,400
	Hope Center	36	36 beds	36,000	=	41,400
	Fairbanks City Clinic	--	1 facility	4,000	=	46,000
Municipality of Anchorage	Providence Hospital	150				
	Anchorage Community Hos.	84	234 beds	234,000	1.00 =	150,000
	Booth Memorial	12				34,000
	Hope Chalet	10				
	Sunrise Hope Cottage	14				
	Hope Park	40				
	Bering Program	10				
	Alaska Family House	30	116 beds	116,000	=	116,000
			228 beds	228,000	=	228,000
			9 facilities	36,000	=	36,000
City & Borough of Juneau	Barlett Memorial Hos.	67	67 beds	67,000	1.00 =	67,000
	Alcoholism Rehabilitation	10				
	Gasteneau Manor Halfway House	9	19 beds	19,000	=	19,000
Kenai Peninsula Borough	Homer Hospital	10	Per Hospital	50,000	1.075 =	53,750
	Central Peninsula General Hos.	30	Per Hospital	50,000	=	53,750
	Seward General Hospital	33	Per Hospital	50,000	=	53,750
	Wesleyan Nursing Home	64	64 beds	64,000	=	68,800
	Seldovia Health Facility	--	1 facility	4,000	=	4,300
Ketchikan Gateway Borough	Ketchikan General Hos.	95	95 beds	95,000	1.00 =	95,000
	Ketchikan Health Dept.	--	1 facility	4,000	=	4,000
	Gateway Comm. Mental Health Ctr.	--	1 facility	4,000	=	4,000
	Ketchikan Alcohol Recov. Dept.	19	19 beds	19,000	=	19,000
Kodiak Island Borough	Kodiak Island Hospital	25	Per Hospital	50,000	1.075 =	53,750
	Hope House	12				
	DeTox Center	9	21 beds	21,000	=	22,575
	Kodiak Aleutian Center	--	1 facility	4,000	=	4,300

MUNICIPALITY	FACILITY	NUMBER OF BEDS	BASIS OF ENTITLEMENT	ENTITLEMENT	COST OF SERVICES FACTOR	INCREASED FUNDING FOR HEALTH
Matanuska-Susitna Borough	Valley Hospital	25	Per Hospital	50,000	1.0375 =	\$ 51,875
City & Borough of Sitka	Sitka Community Hospital	<u>24</u>	Per Hospital	50,000	1.0375 =	<u>51,875</u>
		934 beds				\$1,420,125
		14 facilities				

MUNICIPALITY	FACILITY	NUMBER OF BEDS	BASIS OF ENTITLEMENT	ENTITLEMENT	COST OF SERVIDES FACTOR	INCREASED FUNDING FOR HEALTH
Akolmiut	Nunapitchuk Clinic Kasigluk	-- --	2 facilities	8,000	1.30 =	\$ 10,400
Anderson	Anderson Medical Clinic	--	1 facility	4,000	1.3375 =	5,350
Bethel	Prematernal Home Bethel Alcohol Tr. Ctr.	14 16	14 beds 16 beds	14,000 16,000	1.30 = =	18,200 20,800
Cordova	Cordova Community Hos. Public Health Center	22	Per Hospital 1 facility	50,000 4,000	1.15 = =	57,500 4,600
Delta Junction	Delta Medical Surgical Clinic	--	1 facility	4,000	1.15 =	4,600
Eagle	Eagle Medical Center Clinic	--	1 facility	4,000	1.15 =	4,600
Kiana	Kiana Hospital	--	1 facility	4,000	1.3375 =	5,350
King Cove	King Cove Health Center	--	1 facility	4,000	1.2625 =	5,050
Nome	Maynard McDougal Hos.	24	Per Hospital	50,000	1.2625 =	63,125
Pelican	Pelican Health Facility	--	1 facility	4,000	1.075 =	4,300
Petersburg	Petersburg General Hos. Public Health Center	25 --	Per Hospital 1 facility	50,000 4,000	1.0375 = =	51,875 4,150
Port Lions	Port Lions Clinic	--	1 facility	4,000	1.075 =	4,300
Sand Point	Sand Pt. Baptist Med. Mission	--	1 facility	4,000	1.2625 =	5,050
Skagway	Dahl Memorial Health Ctr.	--	1 facility	4,000	1.075 =	4,300
Unalaska	Ulivliuk Fam. & Health Serv.	--	1 facility	4,000	1.3375 =	5,350
Valdez	Valdez Community Hos.	15	Per Hospital	50,000	1.1875 =	59,375

MUNICIPALITY	FACILITY	NUMBER OF BEDS	BASIS OF ENTITLEMENT	ENTITLEMENT	COST OF SERVICES FACTOR	INCREASED FUNDING FOR HEALTH
Whittier	Whittier Health Clinic	--	1 facility	4,000	1.15 =	\$ 4,600
Wrangell	Wrangell General Hos.	13	Per Hospital	50,000	1.0375 =	51,875
	Gateway Comm. Mental Health	--	1 facility	4,000	=	4,150
Yakutat	Yakutat Comm. Health Clinic	--	1 facility	4,000	1.075 =	<u>4,300</u>
		127 beds				\$ 403,200
		<u>934</u>				<u>1,420,125</u>
		1,061 total beds			Total Health	\$ 1,823,325
		16 facilities				
		<u>14</u>				
		30 total facilities				

Fiscal Analysis of HCSSB 474Cost of Basic Grants - AS 43.17.030

FY '77 entitlements under existing law	sub-total	new transportation	new solid waste	new air/water pollution (civilian)	new air/water pollution (military)	new ambulance	rounding up to 100	= total
boroughs	\$10,809,494 (10)*	\$2,124,727 (4)	\$205,787 (5)	\$366,696 (1)	\$53,766 (2)	\$625,784 (7)	\$12,094 (10)	\$14,198,348
cities	4,329,836 (41)	45,376 (1)	135,717 (15)		7,927 (1)	70,147 (12)	78,930 (41)	4,667,933
vol. fire depts.	72,576 (40)							72,576
" " " (new)	12,653 (10-est)							12,653
<b>TOTAL</b>	<b>\$15,224,559</b>	<b>\$2,170,103</b>	<b>\$341,504</b>	<b>\$366,696</b>	<b>\$61,693</b>	<b>\$695,931</b>	<b>\$91,024</b>	<b>\$18,951,510</b>
						Plus Added Health and Hospital		<u>1,823,325</u>
								<b>\$20,774,835</b>

Cost of Minimum Grants - AS 43.17.020

FY '77 entitlements under existing law	sub-total	+	additional cost of minimum grants	= total
cities	\$1,122,260 (95)		\$1,895,336 (95)	\$ 3,017,596
new " "	112,668 (11-est)		218,707 (11-est)	331,375
<b>TOTAL</b>	<b>\$1,234,928</b>		<b>\$2,114,043</b>	<b>\$ 3,348,971</b>

Total FY '77 entitlements under existing law	\$16,459,487
Additional Cost of Basic Grants and Minimum Grants (HCSSB 474)	<u>7,664,319</u>
<b>TOTAL</b>	<b>\$24,123,806</b>
	<u>- 23,092</u>
	<b>\$24,100,714</b>

\*Numbers in parentheses indicate the number of municipalities or volunteer fire departments eligible in the category.