

COMMITTEE REPORT

5/20/75

SENATE

Mr. President:

Date _____

The Committee on FINANCE has had SB 271
taxation of public utilities
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 _____ AND THAT
CS FOR _____ DO PASS
- "and" recommends it BE REFERRED TO THE _____
COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:

Chairman

COMMITTEE REPORT

SENATE

3/14/75

Mr. President:

Date 5-20-75

The Committee on COMMERCE has had SB 271 relating to the taxation of public utilities 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 271 ^{SAME TITLE} AND THAT CS FOR SB 271 DO PASS

"and" recommends it BE REFERRED TO THE Finance COMMITTEE

- () reports it back WITHOUT RECOMMENDATION
- () "other"

Members signing the Majority report:

J. Keefe _____

Donald Wilkins _____

Calvin _____

Members NOT concurring in the Majority report:

3 _____ no recommendation

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

J. Keefe _____ Chairman

Original sponsor: Rodey, Willis
and Colletta

Offered: 5/20/75
Referred: Finance

1 IN THE SENATE

BY THE COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 271

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to payments in lieu of taxes by
7 municipally owned utilities; and providing for an
8 effective date."

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

10 * Section 1. AS 29.48.040 is amended by adding new subsections to read:

11 (b) A municipality operating municipal utilities may not make
12 contributions to its general fund or other municipal nonutility funds
13 until it has first made payments in lieu of taxes to all municipalities
14 served by its municipal utilities in amounts set out in this section.
15 Payments in lieu of taxes by municipally owned utilities are considered
16 an operating cost of the utility.

17 (c) Where a city or cities are located within a borough, payments
18 in lieu of taxes based on property tax levies shall be distributed to
19 the city or cities and borough as follows:

20 (1) payments in lieu of taxes upon real and personal property
21 located within a city shall be distributed to the city and the borough
22 in the same proportion that the city's and borough's tax effort bears
23 to the total taxes collected by the city and the borough within the city;

24 (2) payments in lieu of taxes upon real and personal
25 property located outside cities shall be made to the borough;

26 (3) if a borough levies only real property taxes and no
27 personal property taxes, the payments in lieu of taxes shall be on the
28 basis of real property only.

29 (d) Payments received by the borough from municipal utilities

COMMITTEE COPY

1 under (c) of this section shall be distributed by the borough among
2 borough areawide, nonareawide and service area functions as follows:

3 (1) payments based upon utility real and personal property
4 located within a city shall be used by the borough only for borough
5 areawide functions and for any service areas which include the whole
6 of the city, according to the respective mill levies for each;

7 (2) payments in lieu of taxes upon real and personal property
8 outside the city shall be used for areawide, nonareawide and service
9 area functions according to the respective mill levies for each; the
10 borough assembly may, by ordinance, collect payments in taxes for all
11 service areas, except for service areas which include cities, in one
12 lump sum and distribute the money among the service areas in its dis-
13 cretion.

14 (e) The municipality owning the utility making payments in lieu
15 of taxes may, at its option, make payments in lieu of taxes in the
16 amount of three and one-half per cent of the gross revenue received by
17 the utility during the previous year. If payments in lieu of taxes
18 are made within a borough containing a city or cities, the payments
19 shall be made as follows:

20 (1) payments in lieu of taxes upon gross revenue received
21 within a city shall be distributed to the city and the borough in the
22 same proportion that the city's and borough's revenue for real and
23 personal property taxes bears to the total taxes collected as real and
24 personal property taxes by the city and the borough within the city;

25 (2) payments in lieu of taxes upon revenue received outside
26 cities shall be distributed to the borough.

27 (f) Proceeds received by the borough based on utility gross revenue
28 shall be distributed by the borough among borough areawide, nonareawide
29 and service area functions as follows:

1 (1) proceeds received by the borough based upon utility
2 gross revenue received within a city shall be used by the borough only
3 for borough areawide functions and for service areas which include the
4 whole of the city; if there is a service area within a particular city,
5 the proceeds for the functions of that service area shall be distributed
6 in that proportion which real and personal property taxes collected for
7 that service area within the city bear to the total of real and personal
8 property taxes collected within the city for borough areawide and service
9 area functions; the remaining proceeds shall be used for areawide func-
10 tions only;

11 (2) proceeds based upon utility gross revenue outside the
12 city shall be used for areawide purposes in the same proportion that the
13 borough's real and personal property taxes outside cities for areawide
14 purposes bears to total real and personal property taxes collected by
15 the borough for the entire area outside cities;

16 (3) gross revenue taxes received by the borough on the basis
17 of utility gross revenue received outside cities shall be used by the
18 borough for nonareawide and service area functions in the same propor-
19 tion that the borough real and personal property taxes raised for those
20 functions bear to total borough real and personal property taxes col-
21 lected outside cities;

22 (4) if a borough levies only real property taxes and no
23 personal property taxes, the distribution of money by the borough shall
24 be based on real property tax revenues only.

25 (g) Where a city is not located within a borough, the payments in
26 lieu of taxes shall be paid to the city according to the assessed value
27 of real and personal property taxes of the municipally owned utility,
28 or if a real property tax only is levied, upon the basis of the assessed
29 value of the real property owned by the utility in the city. The

1 municipality owning the utility may, at its option, pay an amount equal
2 to three and one-half per cent of the gross earnings of the utility in
3 the municipality.

4 * Sec. 2. This Act takes effect January 1, 1976.
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Introduced: 3/14/75
Referred: Commerce and
Finance

BY RODEY, WILLIS AND COLLETTA

1 IN THE SENATE

2 SENATE BILL NO. 271

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the taxation of public utilities;
7 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 73. PUBLIC UTILITY GROSS REVENUE TAX.

11 Sec. 43.73.010. TAX IMPOSED. (a) There is a tax imposed on all
12 public utilities within the state regulated by the Alaska Public
13 Utilities Commission, except solid waste and garbage disposal utilities.
14 The tax is three and one-half per cent of the gross revenue received by
15 the utility during the preceding year.

16 (b) For the purpose of computing gross revenue, a utility shall
17 include only that revenue which has been derived from electric energy,
18 water, telephone or other services which it distributes to its customers.
19 It shall not include revenue derived from the sale or transmission of
20 electric energy and power or products to, or on behalf of, another
21 distributor. Gross revenue of a telephone utility includes all revenue
22 earned from local and toll services.

23 Sec. 43.73.020. COLLECTION AND PAYMENT. The tax imposed by this
24 chapter shall be paid to the Department of Revenue before March 1 of
25 each year on the gross revenue earned the preceding year. The returns
26 shall be made on forms provided by, and in the manner prescribed by,
27 the department.

28 Sec. 43.73.030. DEPOSIT IN THE GENERAL FUND. The tax collected
29 under this chapter shall be deposited in the general fund. The

1 legislature is authorized to appropriate as a revenue-sharing payment
2 to each municipality an amount equal to the amount of tax paid on the
3 gross revenue earned within the municipality, less the amount expended
4 by the state in its collection.

5 Sec. 43.73.040. REVENUE-SHARING PAYMENT IN BOROUGHES CONTAINING
6 CITIES. (a) If a utility serves a borough and a city within that
7 borough, the revenue-sharing payment authorized by sec. 30 of this
8 chapter shall be paid to the respective municipalities in the following
9 amounts:

10 (1) the revenue-sharing payment for tax collected on revenue
11 earned within a city shall be distributed to the city and the borough
12 in the same proportion that the city's and borough's tax effort bears
13 to the total taxes collected by the city and the borough within the city
14 and

15 (2) the revenue-sharing payment for tax collected on gross
16 revenue earned outside cities shall be distributed to the borough.

17 (b) Proceeds received by a borough containing one or more cities
18 shall be used as follows:

19 (1) proceeds based upon utility gross revenue earned within
20 a city shall be used by the borough only for borough areawide functions,
21 and if there are any service areas which include the whole of the city,
22 for the functions of that service area in that proportion which taxes
23 collected for that service area within the city bear to the total of
24 taxes collected within the city for borough, areawide and service area
25 functions;

26 (2) proceeds based upon utility gross revenue outside the
27 city shall be used for areawide purposes in the same proportion that the
28 borough's tax effort outside cities for areawide purposes bears to total
29 taxes collected by the borough for the entire area outside cities.

1 (c) Gross revenue taxes received by the borough on the basis of
2 utility gross revenue received outside cities shall be used by the
3 borough for nonareawide and service area functions in the same propor-
4 tion that the borough's taxes raised for those functions bear to total
5 borough taxes collected outside cities.

6 Sec. 43.73.050. MUNICIPAL UTILITIES. A municipality operating
7 municipal utilities may not make contributions to its general fund or
8 other municipal nonutility funds until it has first made payments in
9 lieu of taxes to all municipalities served by its municipal utilities
10 in an amount equal to the payments which would have been paid by the
11 state to the municipalities under this chapter if the municipal utili-
12 ties were privately owned. Payments in lieu of taxes shall be applied
13 by the municipalities to city, areawide, nonareawide and service area
14 functions in the same manner as state refunds of utility gross revenue
15 taxes of a privately owned, regulated public utility would be distri-
16 buted under this chapter. Payments in lieu of taxes by municipally
17 owned utilities shall be considered an operating cost of the utility.

18 Sec. 43.73.060. IN LIEU OF AD VALOREM AND EXCISE TAXES. (a) The
19 tax imposed by this chapter shall be in lieu of state and local ad
20 valorem and excise taxes in municipalities electing to participate in
21 revenue-sharing payments under sec. 70 of this chapter.

22 (b) The inventory and fixtures of a business operated by a regu-
23 lated public utility not required for the furnishing of utility ser-
24 vices, including but not limited to appliance stores or departments, is
25 not exempt from ad valorem taxes. The inventory and accounts of these
26 businesses shall be separately maintained, and taxes shall be paid upon
27 them as provided by law.

28 Sec. 43.73.070. MUNICIPAL OPTION. (a) A municipality may, rather
29 than obtaining revenue-sharing payments under this chapter, continue to

1 levy real and personal property, excise taxes and other municipal taxes
2 authorized by law for utilities. If a municipality elects to continue
3 to levy taxes on regulated public utilities, the gross revenue tax
4 imposed by this chapter does not apply to gross revenue earned by such
5 a utility within that municipality.

6 (b) Election by a municipality to forego receipt of state payments
7 based on utility revenue within that municipality shall be communicated
8 in writing to the commissioner of revenue by July 1 of the year preced-
9 ing the year in which the payment would otherwise be made.

10 * Sec. 2. AS 10.25.540 - 10.25.580 are repealed.

11 * Sec. 3. This Act takes effect January 1, 1976.

ALASKA STATE LEGISLATURE

NINTH... Legislature FIRST.. Session

SENATE BILL..... NO. ...271..

By ROPEY... WILLIS AND GOLLETTA..

"An Act relating to the taxation of public utilities; and providing for an effective date."

public utilities taxation

Introduced in the Senate 3/14....., 1975.

HISTORY IN THE SENATE

1975

3 24

Read first time and referred to Committee on

Commerce and Finance

Reported back with recommendation that

Com. replace w/CS + 3 do pass to Finance

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by President
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by Speaker
Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

Reported correctly enrolled

Sent to Governor

..... By Governor

Filed with Lt. Governor

Chapter No.

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
 Second Session - Ninth Legislature

I. REQUEST

Bill No. Senate Bill 271
 Title: An act relating to the taxation of public utilities
 Requested by: James D. Fennel Date: 12-5-75
 Return Date Requested: 1-1-76
 Agency: Revenue Program: Audit

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Audit Division

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES	15,090	15,090	15,090	15,090	15,090	15,090
200 TRAVEL						
300 CONTRACTUAL	20,000					
400 COMMODITIES	200	200	200	200	200	200
500 EQUIPMENT	800					
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	36,090	15,290	15,290	15,290	15,290	15,290

B. FUNDING: (Thousands of dollars)

GENERAL FUND	36,090	15,290	15,290	15,290	15,290	15,290
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	1 /	1 /	1 /	1 /	1 /	1 /
MAN MONTHS (P./T.)	12 /	12 /	12 /	12 /	12 /	12 /

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

See attached memorandums

Gross revenue figures for 1974 should be available approximately March 1, if an additional update is desired.

IV. ATTACHMENTS

V. DATE: 12-30-75

PREPARED BY:

Gary L. Jenkins

Gary L. Jenkins
 Director
 Audit Division

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

MEMORANDUM

State of Alaska

TO: Frederick P. Boetsch
Deputy Commissioner, Taxation
Department of Revenue

DATE: April 24, 1975

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: Senate Bill 271

I have again reviewed this bill and in an attempt to determine what revenues may be raised by it for sharing to the various communities. The utilities under the control of Alaska Public Utilities Commission, which would be included in this bill, are the cable television; electric; gas, steam and heating; telephone and radio telephone and water utilities. The total gross revenue of these utilities in 1973 was \$138,988,967. At a tax of 3.5 percent of gross revenue this would generate a total tax of \$4,864,615.

As I explained in my earlier memo, this bill would require each individual municipal government to elect whether this tax would be collected and then shared with them or they would continue to collect ad valorem and excise taxes on these utilities.

GLJ/bjm

cc: R. D. Stevenson

MEMORANDUM

State of Alaska

TO: Frederick P. Boetsch
Deputy Commissioner, Taxation
Department of Revenue

DATE: April 16, 1975

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: Senate Bill 271

This bill provides for a gross revenue tax on public utilities which would be collected by the State in lieu of local ad valorem taxation of utilities real and personal property. This bill further provides that all of the taxes collected will be refunded to the municipalities in which the utility is located minus the cost of the State's collection of the tax.

It is very difficult to determine what the staffing needs would be should this bill be enacted, since each municipality has the option of electing to have the State collect the tax in place of them imposing the property tax.

I would anticipate that at the minimum this would require one Tax Examiner II position in Audit Division, as well as, \$20,000 to do the necessary programming for a revenue sharing program.

GLJ/bjm

Attachment

cc: R. D. Stevenson

STATE OF ALASKA

DEPARTMENT OF REVENUE

JAY S. HAMMOND, GOVERNOR

POUCH S A - JUNEAU 99811

May 20, 1975

The Honorable Bill Ray
Chairman
Senate Finance Committee
Alaska State legislature
State Capitol
Juneau, AK 99811

Dear Senator Ray:

re Senate Bill No. 271

Senate Bill No. 271, an Act relating to the taxation of public utilities was introduced in the Senate on March 14, 1975 and was referred to the Senate Commerce and Finance Committees.

For the consideration of the Senate Finance Committee, I am enclosing a copy of a memorandum from Gary L. Jenkins, Director, Audit Division of the Department of Revenue together with a copy of fiscal note, concerning the proposed legislation.

If you or any members of the Senate Finance Committee have any questions on the material submitted, please telephone the writer and I will contact Mr. Jenkins for further material or testimony.

Very truly yours,



R. D. Stevenson
Special Assistant

RDS:sp
Enclosure

cc Gary L. Jenkins, Director
Audit Division
Department of Revenue

MEMORANDUM

State of Alaska

TO: Frederick P. Boetsch
Deputy Commissioner, Taxation
Department of Revenue

DATE: April 24, 1975

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: Senate Bill 271

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As I explained in my earlier memo, this bill would require each individual municipal government to elect whether this tax would be collected and then shared with them or they would continue to collect ad valorem and excise taxes on these utilities.

GLJ/bjm

cc: R. D. Stevenson

FISCAL NOTE
First Session - Ninth Legislature

I. REQUEST

Bill No. Senate Bill 171
 Title: "An Act relating to the taxation of public utilities."
 Requested by: _____ Date: _____
 Return Date Requested: _____
 Agency: Revenue Program: Audit

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Audit Division

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES	14,844	14,844	14,844	14,844	14,844	14,844
200 TRAVEL						
300 CONTRACTUAL	20,000					
400 COMMODITIES	200	200	200	200	200	200
500 EQUIPMENT	800	800	800	800	800	800
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	35,844	15,044	15,044	15,044	15,044	15,044

B. FUNDING: (Thousands of dollars)

GENERAL FUND	35,844	15,044	15,044	15,044	15,044	15,044
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	1 /	1 /	1 /	1 /	1 /	1 /
MAN MONTHS (P./T.)	12 /	12 /	12 /	12 /	12 /	12 /

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

See attached memorandum.

IV. ATTACHMENTS

V. DATE: April 16, 1975 PREPARED BY: _____

Gary L. Jenkins
Director, Audit Division

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

MEMORANDUM

State of Alaska

TO: Frederick P. Boetsch
Deputy Commissioner, Taxation
Department of Revenue

DATE: April 16, 1975

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: Senate Bill 271

This bill provides for a gross revenue tax on public utilities which would be collected by the State in lieu of local ad valorem taxation of utilities real and personal property. This bill further provides that all of the taxes collected will be refunded to the municipalities in which the utility is located minus the cost of the State's collection of the tax.

It is very difficult to determine what the staffing needs would be should this bill be enacted, since each municipality has the option of electing to have the State collect the tax in place of them imposing the property tax.

I would anticipate that at the minimum this would require one Tax Examiner II position in Audit Division, as well as, \$20,000 to do the necessary programming for a revenue sharing program.

GLJ/bjm

Attachment

cc: R. D. Stevenson

Original sponsor: Rodey, Willis
and Colletta

Offered: 5/20/75
Referred: Finance

1 IN THE SENATE

BY THE COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 271

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to payments in lieu of taxes by
7 municipally owned utilities; and providing for an
8 effective date."

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

10 * Section 1. AS 29.48.040 is amended by adding new subsections to read:

11 (b) A municipality operating municipal utilities may not make
12 contributions to its general fund or other municipal nonutility funds
13 until it has first made payments in lieu of taxes to all municipalities
14 served by its municipal utilities in amounts set out in this section.
15 Payments in lieu of taxes by municipally owned utilities are considered
16 an operating cost of the utility.

17 (c) Where a city or cities are located within a borough, payments
18 in lieu of taxes based on property tax levies shall be distributed to
19 the city or cities and borough as follows:

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21 located within a city shall be distributed to the city and the borough
22 in the same proportion that the city's and borough's tax effort bears
23 to the total taxes collected by the city and the borough within the city;

24 (2) payments in lieu of taxes upon real and personal
25 property located outside cities shall be made to the borough;

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27 personal property taxes, the payments in lieu of taxes shall be on the
28 basis of real property only.

29 (d) Payments received by the borough from municipal utilities

1 under (c) of this section shall be distributed by the borough among
2 borough areawide, nonareawide and service area functions as follows:

3 (1) payments based upon utility real and personal property
4 located within a city shall be used by the borough only for borough
5 areawide functions and for any service areas which include the whole
6 of the city, according to the respective mill levies for each;

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8 outside the city shall be used for areawide, nonareawide and service
9 area functions according to the respective mill levies for each; the
10 borough assembly may, by ordinance, collect payments in taxes for all
11 service areas, except for service areas which include cities, in one
12 lump sum and distribute the money among the service areas in its dis-
13 cretion.

14 (e) The municipality owning the utility making payments in lieu
15 of taxes may, at its option, make payments in lieu of taxes in the
16 amount of three and one-half per cent of the gross revenue received by
17 the utility during the previous year. If payments in lieu of taxes
18 are made within a borough containing a city or cities, the payments
19 shall be made as follows:

20 (1) payments in lieu of taxes upon gross revenue received
21 within a city shall be distributed to the city and the borough in the
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23 personal property taxes bears to the total taxes collected as real and
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6 in that proportion which real and personal property taxes collected for
7 that service area within the city bear to the total of real and personal
8 property taxes collected within the city for borough areawide and service
9 area functions; the remaining proceeds shall be used for areawide func-
10 tions only;

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12 city shall be used for areawide purposes in the same proportion that the
13 borough's real and personal property taxes outside cities for areawide
14 purposes bears to total real and personal property taxes collected by
15 the borough for the entire area outside cities;

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19 tion that the borough real and personal property taxes raised for those
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21 lected outside cities;

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25 (g) Where a city is not located within a borough, the payments in
26 lieu of taxes shall be paid to the city according to the assessed value
27 of real and personal property taxes of the municipally owned utility,
28 or if a real property tax only is levied, upon the basis of the assessed
29 value of the real property owned by the utility in the city. The

1 municipality owning the utility may, at its option, pay an amount equal
2 to three and one-half per cent of the gross earnings of the utility in
3 the municipality.

4 # Sec. 2. This Act takes effect January 1, 1976.

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Original sponsor: Rodey, Willis
and Colletta

Offered: 5/20/75
Referred: Finance

1 IN THE SENATE

BY THE COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 271

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4 NINTH LEGISLATURE - FIRST SESSION

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20 (1) payments in lieu of taxes upon real and personal property
21 located within a city shall be distributed to the city and the borough
22 in the same proportion that the city's and borough's tax effort bears
23 to the total taxes collected by the city and the borough within the city;

24 (2) payments in lieu of taxes upon real and personal
25 property located outside cities shall be made to the borough;

26 (3) if a borough levies only real property taxes and no
27 personal property taxes, the payments in lieu of taxes shall be on the
28 basis of real property only.

29 (d) Payments received by the borough from municipal utilities

1 under (c) of this section shall be distributed by the borough among
2 borough areawide, nonareawide and service area functions as follows:

3 (1) payments based upon utility real and personal property
4 located within a city shall be used by the borough only for borough
5 areawide functions and for any service areas which include the whole
6 of the city, according to the respective mill levies for each;

7 (2) payments in lieu of taxes upon real and personal property
8 outside the city shall be used for areawide, nonareawide and service
9 area functions according to the respective mill levies for each; the
10 borough assembly may, by ordinance, collect payments in taxes for all
11 service areas, except for service areas which include cities, in one
12 lump sum and distribute the money among the service areas in its dis-
13 cretion.

14 (e) The municipality owning the utility making payments in lieu
15 of taxes may, at its option, make payments in lieu of taxes in the
16 amount of three and one-half per cent of the gross revenue received by
17 the utility during the previous year. If payments in lieu of taxes
18 are made within a borough containing a city or cities, the payments
19 shall be made as follows:

20 (1) payments in lieu of taxes upon gross revenue received
21 within a city shall be distributed to the city and the borough in the
22 same proportion that the city's and borough's revenue for real and
23 personal property taxes bears to the total taxes collected as real and
24 personal property taxes by the city and the borough within the city;

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26 cities shall be distributed to the borough.

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28 shall be distributed by the borough among borough areawide, nonareawide
29 and service area functions as follows:

1 (1) proceeds received by the borough based upon utility
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4 whole of the city; if there is a service area within a particular city,
5 the proceeds for the functions of that service area shall be distributed
6 in that proportion which real and personal property taxes collected for
7 that service area within the city bear to the total of real and personal
8 property taxes collected within the city for borough areawide and service
9 area functions; the remaining proceeds shall be used for areawide func-
10 tions only;

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12 city shall be used for areawide purposes in the same proportion that the
13 borough's real and personal property taxes outside cities for areawide
14 purposes bears to total real and personal property taxes collected by
15 the borough for the entire area outside cities;

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17 of utility gross revenue received outside cities shall be used by the
18 borough for nonareawide and service area functions in the same propor-
19 tion that the borough real and personal property taxes raised for those
20 functions bear to total borough real and personal property taxes col-
21 lected outside cities;

22 (4) if a borough levies only real property taxes and no
23 personal property taxes, the distribution of money by the borough shall
24 be based on real property tax revenues only.

25 (g) Where a city is not located within a borough, the payments in
26 lieu of taxes shall be paid to the city according to the assessed value
27 of real and personal property taxes of the municipally owned utility,
28 or if a real property tax only is levied, upon the basis of the assessed
29 value of the real property owned by the utility in the city. The

1 municipality owning the utility may, at its option, pay an amount equal
2 to three and one-half per cent of the gross earnings of the utility in
3 the municipality.

4 * Sec. 2. This Act takes effect January 1, 1976.
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Original sponsor: Rodey, Willis
and Colletta

Offered: 5/20/75
Referred: Finance

1 IN THE SENATE

BY THE COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 271

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to payments in lieu of taxes by
7 municipally owned utilities; and providing for an
8 effective date."

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

10 * Section 1. AS 29.48.040 is amended by adding new subsections to read:

11 (b) A municipality operating municipal utilities may not make
12 contributions to its general fund or other municipal nonutility funds
13 until it has first made payments in lieu of taxes to all municipalities
14 served by its municipal utilities in amounts set out in this section.
15 Payments in lieu of taxes by municipally owned utilities are considered
16 an operating cost of the utility.

17 (c) Where a city or cities are located within a borough, payments
18 in lieu of taxes based on property tax levies shall be distributed to
19 the city or cities and borough as follows:

20 (1) payments in lieu of taxes upon real and personal property
21 located within a city shall be distributed to the city and the borough
22 in the same proportion that the city's and borough's tax effort bears
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Original sponsor: Rodey, Willis
and Colletta

Offered: 5/20/75
Referred: Finance

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3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

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8 property taxes collected within the city for borough areawide and service
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10 tions only;

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4 * Sec. 2. This Act takes effect January 1, 1976.
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Introduced: 3/14/75
Referred: Commerce and
Finance

1 IN THE SENATE

BY RODEY, WILLIS AND COLLETTA

2 SENATE BILL NO. 271

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the taxation of public utilities;
7 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 73. PUBLIC UTILITY GROSS REVENUE TAX.

11 Sec. 43.73.010. TAX IMPOSED. (a) There is a tax imposed on all
12 public utilities within the state regulated by the Alaska Public
13 Utilities Commission, except solid waste and garbage disposal utilities.
14 The tax is three and one-half per cent of the gross revenue received by
15 the utility during the preceding year.

16 (b) For the purpose of computing gross revenue, a utility shall
17 include only that revenue which has been derived from electric energy,
18 water, telephone or other services which it distributes to its customers.
19 It shall not include revenue derived from the sale or transmission of
20 electric energy and power or products to, or on behalf of, another
21 distributor. Gross revenue of a telephone utility includes all revenue
22 earned from local and toll services.

23 Sec. 43.73.020. COLLECTION AND PAYMENT. The tax imposed by this
24 chapter shall be paid to the Department of Revenue before March 1 of
25 each year on the gross revenue earned the preceding year. The returns
26 shall be made on forms provided by, and in the manner prescribed by,
27 the department.

28 Sec. 43.73.030. DEPOSIT IN THE GENERAL FUND. The tax collected
29 under this chapter shall be deposited in the general fund. The

1 legislature is authorized to appropriate as a revenue-sharing payment
2 to each municipality an amount equal to the amount of tax paid on the
3 gross revenue earned within the municipality, less the amount expended
4 by the state in its collection.

5 Sec. 43.73.040. REVENUE-SHARING PAYMENT IN BOROUGHES CONTAINING
6 CITIES. (a) If a utility serves a borough and a city within that
7 borough, the revenue-sharing payment authorized by sec. 30 of this
8 chapter shall be paid to the respective municipalities in the following
9 amounts:

10 (1) the revenue-sharing payment for tax collected on revenue
11 earned within a city shall be distributed to the city and the borough
12 in the same proportion that the city's and borough's tax effort bears
13 to the total taxes collected by the city and the borough within the city;
14 and

15 (2) the revenue-sharing payment for tax collected on gross
16 revenue earned outside cities shall be distributed to the borough.

17 (b) Proceeds received by a borough containing one or more cities
18 shall be used as follows:

19 (1) proceeds based upon utility gross revenue earned within
20 a city shall be used by the borough only for borough areawide functions,
21 and if there are any service areas which include the whole of the city,
22 for the functions of that service area in that proportion which taxes
23 collected for that service area within the city bear to the total of
24 taxes collected within the city for borough, areawide and service area
25 functions;

26 (2) proceeds based upon utility gross revenue outside the
27 city shall be used for areawide purposes in the same proportion that the
28 borough's tax effort outside cities for areawide purposes bears to total
29 taxes collected by the borough for the entire area outside cities.

1 (c) Gross revenue taxes received by the borough on the basis of
2 utility gross revenue received outside cities shall be used by the
3 borough for nonareawide and service area functions in the same propor-
4 tion that the borough's taxes raised for those functions bear to total
5 borough taxes collected outside cities.

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7 municipal utilities may not make contributions to its general fund or
8 other municipal nonutility funds until it has first made payments in
9 lieu of taxes to all municipalities served by its municipal utilities
10 in an amount equal to the payments which would have been paid by the
11 state to the municipalities under this chapter if the municipal utili-
12 ties were privately owned. Payments in lieu of taxes shall be applied
13 by the municipalities to city, areawide, nonareawide and service area
14 functions in the same manner as state refunds of utility gross revenue
15 taxes of a privately owned, regulated public utility would be distri-
16 buted under this chapter. Payments in lieu of taxes by municipally
17 owned utilities shall be considered an operating cost of the utility.

18 Sec. 43.73.060. IN LIEU OF AD VALOREM AND EXCISE TAXES. (a) The
19 tax imposed by this chapter shall be in lieu of state and local ad
20 valorem and excise taxes in municipalities electing to participate in
21 revenue-sharing payments under sec. 70 of this chapter.

22 (b) The inventory and fixtures of a business operated by a regu-
23 lated public utility not required for the furnishing of utility ser-
24 vices, including but not limited to appliance stores or departments, is
25 not exempt from ad valorem taxes. The inventory and accounts of these
26 businesses shall be separately maintained, and taxes shall be paid upon
27 them as provided by law.

28 Sec. 43.73.070. MUNICIPAL OPTION. (a) A municipality may, rather
29 than obtaining revenue-sharing payments under this chapter, continue to

1 levy real and personal property, excise taxes and other municipal taxes
2 authorized by law for utilities. If a municipality elects to continue
3 to levy taxes on regulated public utilities, the gross revenue tax
4 imposed by this chapter does not apply to gross revenue earned by such
5 a utility within that municipality.

6 (b) Election by a municipality to forego receipt of state payments
7 based on utility revenue within that municipality shall be communicated
8 in writing to the commissioner of revenue by July 1 of the year preced-
9 ing the year in which the payment would otherwise be made.

10 * Sec. 2. AS 10.25.540 - 10.25.580 are repealed.

11 * Sec. 3. This Act takes effect January 1, 1976.

Introduced: 3/14/75
Referred: Commerce and
Finance

1 IN THE SENATE

BY RODEY, WILLIS AND COLLETTA

2 SENATE BILL NO. 271

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

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15 the utility during the preceding year.

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17 include only that revenue which has been derived from electric energy,
18 water, telephone or other services which it distributes to its customers.
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20 electric energy and power or products to, or on behalf of, another
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22 earned from local and toll services.

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24 chapter shall be paid to the Department of Revenue before March 1 of
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27 the department.

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29 under this chapter shall be deposited in the general fund. The

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21 and if there are any service areas which include the whole of the city,
22 for the functions of that service area in that proportion which taxes
23 collected for that service area within the city bear to the total of
24 taxes collected within the city for borough, areawide and service area
25 functions;

26 (2) proceeds based upon utility gross revenue outside the
27 city shall be used for areawide purposes in the same proportion that the
28 borough's tax effort outside cities for areawide purposes bears to total
29 taxes collected by the borough for the entire area outside cities.

1 (c) Gross revenue taxes received by the borough on the basis of
 2 utility gross revenue received outside cities shall be used by the
 3 borough for nonareawide and service area functions in the same propor-
 4 tion that the borough's taxes raised for those functions bear to total
 5 borough taxes collected outside cities.

6 Sec. 43.73.050. MUNICIPAL UTILITIES. A municipality operating
 7 municipal utilities may not make contributions to its general fund or
 8 other municipal nonutility funds until it has first made payments in
 9 lieu of taxes to all municipalities served by its municipal utilities
 10 in an amount equal to the payments which would have been paid by the
 11 state to the municipalities under this chapter if the municipal utili-
 12 ties were privately owned. Payments in lieu of taxes shall be applied
 13 by the municipalities to city, areawide, nonareawide and service area
 14 functions in the same manner as state refunds of utility gross revenue
 15 taxes of a privately owned, regulated public utility would be distri-
 16 buted under this chapter. Payments in lieu of taxes by municipally
 17 owned utilities shall be considered an operating cost of the utility.

18 Sec. 43.73.060. IN LIEU OF AD VALOREM AND EXCISE TAXES. (a) The
 19 tax imposed by this chapter shall be in lieu of state and local ad
 20 valorem and excise taxes in municipalities electing to participate in
 21 revenue-sharing payments under sec. 70 of this chapter.

22 (b) The inventory and fixtures of a business operated by a regu-
 23 lated public utility not required for the furnishing of utility ser-
 24 vices, including but not limited to appliance stores or departments, is
 25 not exempt from ad valorem taxes. The inventory and accounts of these
 26 businesses shall be separately maintained, and taxes shall be paid upon
 27 them as provided by law.

28 Sec. 43.73.070. MUNICIPAL OPTION. (a) A municipality may, rather
 29 than obtaining revenue-sharing payments under this chapter, continue to

Introduced: 3/14/75
Referred: Commerce and
Finance

1 IN THE SENATE

BY RODEY, WILLIS AND COLLETTA

2 SENATE BILL NO. 271

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the taxation of public utilities;
7 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 73. PUBLIC UTILITY GROSS REVENUE TAX.

11 Sec. 43.73.010. TAX IMPOSED. (a) There is a tax imposed on all
12 public utilities within the state regulated by the Alaska Public
13 Utilities Commission, except solid waste and garbage disposal utilities.
14 The tax is three and one-half per cent of the gross revenue received by
15 the utility during the preceding year.

16 (b) For the purpose of computing gross revenue, a utility shall
17 include only that revenue which has been derived from electric energy,
18 water, telephone or other services which it distributes to its customers.
19 It shall not include revenue derived from the sale or transmission of
20 electric energy and power or products to, or on behalf of, another
21 distributor. Gross revenue of a telephone utility includes all revenue
22 earned from local and toll services.

23 Sec. 43.73.020. COLLECTION AND PAYMENT. The tax imposed by this
24 chapter shall be paid to the Department of Revenue before March 1 of
25 each year on the gross revenue earned the preceding year. The returns
26 shall be made on forms provided by, and in the manner prescribed by,
27 the department.

28 Sec. 43.73.030. DEPOSIT IN THE GENERAL FUND. The tax collected
29 under this chapter shall be deposited in the general fund. The

1 legislature is authorized to appropriate as a revenue-sharing payment
2 to each municipality an amount equal to the amount of tax paid on the
3 gross revenue earned within the municipality, less the amount expended
4 by the state in its collection.

5 Sec. 43.73.040. REVENUE-SHARING PAYMENT IN BOROUGHs CONTAINING
6 CITIES. (a) If a utility serves a borough and a city within that
7 borough, the revenue-sharing payment authorized by sec. 30 of this
8 chapter shall be paid to the respective municipalities in the following
9 amounts:

10 (1) the revenue-sharing payment for tax collected on revenue
11 earned within a city shall be distributed to the city and the borough
12 in the same proportion that the city's and borough's tax effort bears
13 to the total taxes collected by the city and the borough within the city
14 and

15 (2) the revenue-sharing payment for tax collected on gross
16 revenue earned outside cities shall be distributed to the borough.

17 (b) Proceeds received by a borough containing one or more cities
18 shall be used as follows.

19 (1) proceeds based upon utility gross revenue earned within
20 a city shall be used by the borough only for borough areawide functions,
21 and if there are any service areas which include the whole of the city,
22 for the functions of that service area in that proportion which taxes
23 collected for that service area within the city bear to the total of
24 taxes collected within the city for borough, areawide and service area
25 functions;

26 (2) proceeds based upon utility gross revenue outside the
27 city shall be used for areawide purposes in the same proportion that the
28 borough's tax effort outside cities for areawide purposes bears to total
29 taxes collected by the borough for the entire area outside cities.

1 (c) Gross revenue taxes received by the borough on the basis of
2 utility gross revenue received outside cities shall be used by the
3 borough for nonareawide and service area functions in the same propor-
4 tion that the borough's taxes raised for those functions bear to total
5 borough taxes collected outside cities.

6 Sec. 43.73.050. MUNICIPAL UTILITIES. A municipality operating
7 municipal utilities may not make contributions to its general fund or
8 other municipal nonutility funds until it has first made payments in
9 lieu of taxes to all municipalities served by its municipal utilities
10 in an amount equal to the payments which would have been paid by the
11 state to the municipalities under this chapter if the municipal utili-
12 ties were privately owned. Payments in lieu of taxes shall be applied
13 by the municipalities to city, areawide, nonareawide and service area
14 functions in the same manner as state refunds of utility gross revenue
15 taxes of a privately owned, regulated public utility would be distri-
16 buted under this chapter. Payments in lieu of taxes by municipally
17 owned utilities shall be considered an operating cost of the utility.

18 Sec. 43.73.060. IN LIEU OF AD VALOREM AND EXCISE TAXES. (a) The
19 tax imposed by this chapter shall be in lieu of state and local ad
20 valorem and excise taxes in municipalities electing to participate in
21 revenue-sharing payments under sec. 70 of this chapter.

22 (b) The inventory and fixtures of a business operated by a regu-
23 lated public utility not required for the furnishing of utility ser-
24 vices, including but not limited to appliance stores or departments, is
25 not exempt from ad valorem taxes. The inventory and accounts of these
26 businesses shall be separately maintained, and taxes shall be paid upon
27 them as provided by law.

28 Sec. 43.73.070. MUNICIPAL OPTION. (a) A municipality may, rather
29 than obtaining revenue-sharing payments under this chapter, continue to

1 levy real and personal property, excise taxes and other municipal taxes
2 authorized by law for utilities. If a municipality elects to continue
3 to levy taxes on regulated public utilities, the gross revenue tax
4 imposed by this chapter does not apply to gross revenue earned by such
5 a utility within that municipality.

6 (b) Election by a municipality to forego receipt of state payments
7 based on utility revenue within that municipality shall be communicated
8 in writing to the commissioner of revenue by July 1 of the year preced-
9 ing the year in which the payment would otherwise be made.

10 * Sec. 2. AS 10.25.540 - 10.25.580 are repealed.

11 * Sec. 3. This Act takes effect January 1, 1976.