

H B

2 2

Introduced: 2/4/81
Referred: Community & Regional
Affairs and Finance

1 IN THE HOUSE

BY RANDOLPH

2 HOUSE BILL NO. 22

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state aid for municipalities;
7 establishing the Alaska local property tax program;
8 and providing for an effective date."

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

10 * Section 1. AS 29.53.010 is amended to read:

11 Sec. 29.53.010. GENERAL PROPERTY TAX. (a) A home [HOME] rule or
12 [AND] general law borough [BOROUGH] may levy

13 (1) an areawide property tax for areawide functions, and

14 (2) a property tax limited to the area outside cities for
15 functions limited to the area outside cities. A property tax if levied
16 must be assessed, levied and collected on real and personal property as
17 provided in this chapter.

18 (b) In place of levying the property tax, a borough may partici-
19 part in the Alaska local property tax relief program (AS 29.92).

20 * Sec. 2. AS 29 is amended by adding a new chapter to read:

21 CHAPTER 92. ALASKA LOCAL PROPERTY TAX RELIEF PROGRAM.

22 Sec. 29.92.010. ALASKA LOCAL PROPERTY TAX RELIEF PROGRAM. The
23 Alaska local property tax relief program is established to provide
24 state aid to municipalities in place of money raised by levying taxes
25 on property. An entitlement from the Alaska local property tax relief
26 program may be used by a municipality for all purposes for which the
27 municipality is authorized to use money raised from property taxes.

28 Sec. 29.92.020. APPLICATION. (a) Each year a municipality may
29 apply to the department for an entitlement from the Alaska local prop-

*Full of Title 10
and 11
of 1*

erty tax relief program. Assessments of property of the municipality, made in accordance with AS 29.53.060, shall be supplied together with financial statements required by the department for the year for which an application is filed.

(b) A municipality which applies under this section may not impose or collect property taxes during the year for which the entitlement is sought.

Sec. 29.92.030. REVIEW. The department shall review each application for an entitlement from the Alaska local property tax relief program. If the commissioner determines that the property assessments contained in an application do not meet the requirements of AS 29.53.060, he may adjust the assessments and notify the municipality in writing.

Sec. 29.92.040. ENTITLEMENTS. (a) An entitlement from the Alaska local property tax relief program shall equal the total property assessments accepted or adjusted by the commissioner times the millage rate in effect in the municipality on December 1, 1980. If a municipality has more than one millage rate in effect, the assessment to which each rate is applied shall be multiplied by the rate and the entitlement shall be the total of the results of those calculations.

(b) An entitlement shall be reduced by the amount of money received that year by the municipality from

(1) an increase in the rate of levy for a municipal tax over the rate in effect on December 1, 1980;

(2) an increase in municipal license or permit fees over those in effect on December 1, 1980, in excess of the percentage of increase in the consumer price index since December 1, 1980;

(3) an increase in fees over those in effect on December 1, 1980, for a municipal service in excess of the percentage of increase in the consumer price index since December 1, 1980, and not justified

1 by an increase in the cost of providing the service;

2 (4) municipal taxes, fees, licenses, or permits enacted
3 after December 1, 1980.

4 (c) An entitlement may not be reduced because of

5 (1) payments received by a municipality from the state or
6 federal government;

7 (2) an increase in fees or charges for a municipal service
8 justified by an increase in the cost of providing the service;

9 (3) receipt of money from the sale or lease of property by
10 the municipality.

11 Sec. 29.92.050. ALASKA LOCAL PROPERTY TAX RELIEF ACCOUNT. The
12 Alaska local property tax relief account is established. Money to
13 carry out the provisions of this chapter shall be allocated by the
14 department to the account from appropriations for the purpose. If
15 appropriations are not sufficient to pay the entitlements, the amount
16 allocated to the account shall be distributed by the department pro
17 rata among eligible municipalities.

18 Sec. 29.92.060. ADMINISTRATION. (a) The department may adopt
19 regulations necessary to implement this chapter. The regulations shall
20 include

21 (1) procedures and filing dates for submitting applications
22 and financial reports;

23 (2) procedures for obtaining information required to review
24 assessments and financial reports supplied by a municipality.

25 (b) The department shall make reasonable efforts to advise and
26 assist a municipality in collecting information and completing applica-
27 tions necessary for the determination of an entitlement under this
28 chapter.

29 (c) Each year the department shall project the amount needed to

1 fully fund the Alaska local property tax relief program and shall
2 request an appropriation of that amount from the legislature.

3 Sec. 29.92.070. JUDICIAL REVIEW. A decision made by the depart-
4 ment under this chapter may be appealed to the superior court within 60
5 days after the decision is made.

6 Sec. 29.92.080. DEFINITION. In this chapter "department" means
7 the Department of Community and Regional Affairs.

8 * Sec. 3. This Act takes effect July 1, 1981.
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

This section is not the city's power to lease. Therefore, the portion on which requires a finding of public use is not for municipal purposes. See *City of Nome v. State*, 10 Alaska 424, 100 F. Supp. 294 (1951).

has no authority to condemn property. See *City of Nome v. State*, 10 Alaska 424, 100 F. Supp. 294 (1951).

burden of proof is upon the plaintiff in an action to enjoin the condemnation property. See *City of Nome v. State*, 10 Alaska 424, 100 F. Supp. 294 (1951).

owers. (a) A municipality which is declared by the state to participate in and provide for the development in the area of these powers by a borough.

for a housing or urban development program conferred to it by a city.

applicable to the housing or urban development program powers granted by this section.

must be initiated within 90 days of the date of declaration of emergency. These powers may be exercised more than three years after the date of declaration of emergency.

(Powers.)

Enumeration of powers

A liberal construction shall be given to the powers conferred on boroughs and cities.

§ 29.48.320. Extent of powers. Unless otherwise limited by law, boroughs and cities have and may exercise all powers and functions necessarily or fairly implied in or incident to the object or purpose of all powers and functions conferred in this title. (§ 2 ch 118 SLA 1972)

The city may exercise implied authority in police control where the exigencies of municipal life seem to require more rigid regulation than is required in the state at large. *Guidoni v. Wheeler*, 230 F. 93 (9th Cir. 1916).

§ 29.48.330. Enumeration of powers. Specific examples within this title are illustrative of the object and not a limitation on or exclusion from the exercise of the power or function. (§ 2 ch 118 SLA 1972)

Chapter 53. Municipal Assessment and Taxation.

- 1. Municipal Property Tax (§§ 29.53.010—29.53.180)
- 2. Enforcement of Tax Liens (§§ 29.53.200—29.53.390)
- 3. City Property Tax (§§ 29.53.400—29.53.410)
- 4. Borough Sales and Use Taxes (§§ 29.53.415—29.53.420)
- 5. City Sales and Use Taxes (§§ 29.53.440—29.53.460)

Article 1. Municipal Property Tax.

Section	Section
90. General property tax	90. Statement
95. Required exemptions	95. Reevaluation
100. Optional exemptions and exclusions	100. Assessment roll
110. Mining claims	110. Assessment notice
120. Forest or agricultural lands	120. Corrections
130. Mobile homes	130. Appeal
140. Tax limitation	135. Board of equalization
150. No limitation on taxes to pay	140. Hearing
160. Fuel and tree value	150. Supplementary assessment rolls
170. Returns	160. Tax adjustments on property affected by a natural disaster
180. Independent investigation	170. Tax levy and rate
	180. Rates of penalty and interest

§ 29.53.010. General property tax. Home rule and general law municipalities may levy (1) an areawide property tax for areawide purposes, and (2) a property tax limited to the area outside cities and functions limited to the area outside cities. A property tax if levied must be assessed, levied and collected on real and personal property as provided in this chapter. (§ 2 ch 118 SLA 1972)

Assessment of personal property of a town of Fairbanks v. Independent Assessor located outside city. — See *Meat Mkt.*, 4 Alaska 147 (1910).

HB 22
Sect. 1
amends

Title 31
Oil and Gas
Title 32
Partnership
Title 33
Probation, Prisons, and Prisoners
Title 30
Navigation, Harbors and Shipping

Sec. 29.90.010. State aid for hospital construction. If construction of a hospital began after January 1, 1968, and state matching aid for construction approved for payment to the municipality or other hospital sponsor constitutes less than 25 percent of the total project cost, the department shall pay to the municipality or other hospital sponsor each fiscal year \$2,500 a bed for the maximum number of beds provided for in the construction design of the facility or five percent of the total project cost, whichever is greater. State aid provided for in this section shall continue until the municipality or other hospital sponsor has received an amount which, combined with state matching money for construction of the hospital, equals 25 percent of the total project cost. Money received for construction may not be used for any other purpose. (§ 4 ch 155 SLA 1980)

Sec. 29.90.020. Hospital construction assistance account. The hospital construction assistance account is established. Money to carry out the provisions of this chapter shall be allocated by the department to the account in accordance with AS 29.95.010. If amounts in the account are insufficient to pay each recipient's share authorized under this chapter, the amounts which are available shall be distributed pro rata among eligible recipients. (§ 4 ch 155 SLA 1980)

Sec. 29.90.030. Definitions. In this chapter

- (1) "department" means the Department of Community and Regional Affairs;
- (2) "hospital" means a licensed hospital determined by the Department of Health and Social Services to be a general hospital; the term excludes a facility operated or wholly supported by the state or the federal government;
- (3) "total project cost" means
 - (A) costs directly related to the project; and
 - (B) the total of all costs of financing and carrying out the project, including but not limited to,
 - (i) the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property, and the acquisition of machinery and equipment as may be necessary in connection with the project;
 - (ii) an allocable portion of the administrative and operating expenses of the municipality or other hospital sponsor;
 - (iii) the cost of financing the project, including interest on bonds issued to finance the project; and
 - (iv) the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of

Chapter 95. Administration of Municipal Financial Assistance Programs.

- Section
- 10. Allocation and distribution.
 - 20. Qualification for minimum payment
 - 30. Proration of payments

Effective date of chapter. — Section 17, ch. 166, SLA 1980, provides that §§ 1 — 12 of the act take effect on the first day of the fiscal year for which \$33,400,000 or more is appropriated and allowed by the governor for distribution to municipalities and other recipients under the provisions of §§ 1 — 12 of this act or on July 1, 1983, whichever is earlier. A total of \$33,500,000 was appropriated for the programs for the fiscal year beginning July 1, 1980. The appropriations were made in §§ 51 and 52, ch. 120, SLA 1980, and § 6, ch. 166, SLA 1980.

Editor's note. — Section 12, ch. 166, SLA 1980, effective on the same day as this chapter, provides: "(a) Notwithstanding other provisions of secs. 1 — 11 of this act, (1) a municipality may not receive less than \$25,000 plus an area cost-of-living differential during the first fiscal year in which this act is effective; and (2) a municipality which would receive under AS 29.88, added by sec. 2 of this act, less than 125 percent of the amount which it received for the last fiscal year under AS 43.18.010 — 43.18.045, repealed by sec. 11 of this act, is, for each of the first five fiscal years during which secs. 1 — 10 of this act

are effective, entitled to receive an amount equal to 125 percent of the amount which it received for the last fiscal year under the former provisions of AS 43.18.010 — 43.18.045 in accordance with those provisions. (b) For the first five fiscal years during which secs. 1 — 10 of this act are effective, in order to pay the amounts required by (a) of this section, the allocations made by the Department of Community and Regional Affairs to the accounts established in AS 29.88.035, AS 29.89.080, and AS 29.90.020 shall be prorated by an amount which reduces the allocation to each account in equal proportion, and the prorated amounts shall be allocated to these accounts. (c) For the first five fiscal years during which secs. 1 — 10 of this act are effective, payment of an entitlement to a borough under AS 29.88 may be made to a borough only if the borough assembly agrees to allocate to each borough service area in the borough at least the amount of money that the service area received during the last fiscal year under the former provisions of AS 43.18.010 — 43.18.045, in accordance with those provisions."

Sec. 29.95.010. Allocation and distribution. (a) Each year, the Department of Community and Regional Affairs shall allocate money appropriated to the accounts established in AS 29.88, AS 29.89, and AS 29.90 in the amounts determined by the legislature.

(b) Money in the miscellaneous services account established in AS 29.89.080 which exceeds the amount required to fully fund distributions authorized by AS 29.89 shall be reallocated to the tax equalization account established in AS 29.88.035 and distributed according to the provisions of AS 29.88.

ALASKA

STATE LEGISLATURE

To: Ben
Re: HB 22

MEMORANDUM

Outline of HB 22 By Randolph

"An act relating to state aid for municipalities; establishing the Alaska local property tax program; and providing for an effective date."

- 1) Establishes the Alaska Local Property Tax Relief Program "to provide state aid to municipalities in place of money raised by levying taxes on property."
 - a) entitlement form the program may be used by a municipality for all purposes for which the municipality is authorized to use money raised from property taxes.
 - b) municipalities may apply annually for entitlements for the program and the application must include assessments of property of the municipality and financial statements for the municipality.
 - c) a municipality which applies may not impto. or collect property taxes for the year for which the entitlement is sought.
- 2) The Dept. of C&RA must review each application and if the Commissioner determines that the assessments do not meet statutory requirements contained in AS 29.53.060(Full and True Value-relating to assessments of property) he may adjust the assessments and notify the municipalities in writing.
- 3) Entitlements shall equal the total property assessments times the millage rate in effect in the municipality on Dec. 1, 1980.
 - a) if a municipality has more than one rate in effect, the assessment to which each rate is applied is multiplied by the rate and the entitlement is the sum of those calculations.
- 4) Entitlements shall be reduced by the amount of money received by the municipality from:
 - a) an increase in the rate of levy for a municipality over the rate in effect Dec. 1, 1980.
 - b) an increase in municipal license of permit fees over those in effect on Dec. 1, 1981(if over the percentage increase in the C.P.I. since Dec. 1, 1980.)
 - c) an increase in fees over those in effect on Dec. 1, 1980, for a municipal service(in excess of increase in C.P.I. since Dec. 1, 1980 and not justified by an increase in the cost of providing the service)

ALASKA

STATE LEGISLATURE

MEMORANDUM

Page 2

- d) municipal taxes, fees, licenses, or permits enacted after Dec. 1, 1980.
- 5) Entitlements may not be reduced because of payments received from the state or federal governments, increase of fees because of justified cost of services provided, or receipt of money from the sale or lease of municipal property.
- 6) Establishes an account to carry out provisions of the bill- Alaska Local Property Tax Relief Account.
 - a) If appropriations to the fund are not sufficient to pay the entitlements, the amount allocated shall be distributed pro rata.
- 7) Allows the Dept. of C&RA to adopt regulations to implement program.
 - a) Dept. required to make yearly projection of the amount needed to fully fund the program and to request an appropriation of that amount from the legislature.
- 8) A decision made by the Dept. may be appealed to the Superior Court within 60 days after the decision is made.
- 9) Bill amends AS 29.53.010 to allow home rule and general law boroughs to participate in the program in lieu of levying property taxes.
- 10) Provides the Act take effect on July 1, 1981.

THE LEGISLATURE OF THE STATE OF ALASKA
 TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HR 22
 Title Relating to state aid for Municipalities, the local property tax program
 Requested by House W&PA Date February 9, 1981

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected State Assessor
 (Note: If more than one budget component is affected separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		254.9	275.3	297.3	321.1	345.8
200 TRAVEL		50.4	55.4	60.9	57.0	73.7
300 CONTRACTUAL		43.5	48.0	52.8	58.0	63.8
400 COMMODITIES		4.0	4.4	4.8	5.3	5.9
500 EQUIPMENT		11.4	12.5	13.8	15.2	16.7
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		153831.9	169215.1	186136.7	204750.3	225225.3
TOTAL		154196.2	169510.7	186566.3	205216.9	225732.2

FUNDING (Thousands of Dollars)

GENERAL FUND		154196.2	169510.7	186566.3	205216.9	225732.2
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		9	9	9	9	9
PART TIME						
TEMPORARY						

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

See Attached

IV. DATE February 17, 1981 PREPARED BY Terry L. Earley
 AGENCY Community & Regional Affairs
 PHONE 455-4730
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Analysis

This fiscal note assumes full funding for revenues lost. It also assumes all eligible municipalities will take advantage of the program.

Line 700 Grants and claims is based on estimated FY 82 collections. Projects for FY 83, FY 84 etc. assume a 10% per year increase in assessed value.

No amount is currently projected for municipalities that could institute a property tax where there is currently not one. This program could be substantially increased by additional first and second class cities instituting a property tax. Also no amount is projected for the elimination of optional exemptions which would probably result from this bill.

The appraisal staff shown in this fiscal note is intended to comply with proposed section 29.92.040 and will be responsible for insuring compliance with AS 29.53.020

The clerical staff would process, audit and request payment of municipal entitlements.

The following is a breakdown of administration costs for this bill.

Personal Services

1 Appraiser II	Rg 18 @*\$40,401	\$ 40,401
2 Appraiser I	Pg 15 @*\$35,570	\$ 71,140
4 Account Clerk II	Rg 9 @*\$24,272	\$ 97,088
2 Clerk typist III	Pg 8 @*\$23,137	\$ 46,274

*includes fringe benefits

Total personal services \$254,903

Travel

2 trips each - 33 taxing jurisdictions equals		
66 trips @ 700 average per trip		\$ 46,200
6 trips by Supervisory staff @ 700		\$ 4,200
		<u>\$ 50,400</u>

Contractual

Office space		
11ne persons @ 150 sq ft =1350 sq ft		
1350 sq ft @ 1.50 per month = 2025 X 12 =		\$ 24,300

Word processing equipment

2 work stations @ \$300/month		
1 printer @ 300/month		\$ 10,800

Contractual continued
Page 2

Telephone	\$ 2,000
Postage	\$ 1,500
Printing and Advertising	\$ 4,000
Copier	<u>\$ 1,000</u>

Total Contractual \$ 43,000

Commodities \$ 4,000

Equipment

9 desks @ 426.92	\$ 3,842
3 bookcases @ 123.74	\$ 371
4 file drawer file cabinets @ 264.58	\$ 1,058
7 chairs @ 235.54	\$ 1,649
2 chairs @ 155.04	\$ 310
7 calculators @ 178.26	\$ 1,248
3 dictating machines @ 582.93	\$ 1,749
2 transcribing machings @ 582.93	<u>\$ 1,166</u>

Total \$ 11,393