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CHAPTER 62. STATE PROGRAMS

(CHAPTER 88. MUNICIPAL TAX RESOURCE EQUALIZATION)

ARTICLE 1. MUNICIPAL TAX RESOURCE EQUALIZATION

Sec. 29.62.010. (Sec. 29.88.010.) STATE EQUALIZATION OF TAX RESOURCES FOR LOCAL GOVERNMENT SERVICES. (a) During each fiscal year the department shall compute an equalization entitlement for local government services provided by a taxing unit.

(b) The equalization entitlement computed for a taxing unit is based on the population, relative ability to generate revenue, and local tax burden of the taxing unit and is determined by the application of the formula

Entitlement = P x R where P = population, and R = millage rate equivalent, determined by dividing the

sum of the locally generated revenue of the taxing unit by one-tenth of one percent (0.1) of the full and true value of assessed property of the taxing unit determined under AS 29.88.020(d); however, the property value used under this subsection may not be less than 15 percent of the statewide average per capita full and true assessed property value.

(c) For purposes of this section, locally generated revenue

(1) includes

(A) the actual revenue derived from the levy and collection of local taxes in the taxing unit for local government services during the preceding fiscal year of the taxing unit;

(B) motor vehicle payments received by the municipality during the preceding fiscal year under AS 28.10.431;

(C) revenue from fees, rentals, leases, penalties, licenses or permits received during the preceding fiscal year by the municipality for a function or service over which it has control, including revenues derived from parks and recreation ser-

vices, mass transit, offstreet parking, and garbage and solid waste disposal services;

(D) special assessments received during the preceding fiscal year; and

(E) payments received by a municipality from a utility which are in place of taxes levied and collected by the municipality;

(2) excludes

(A) revenue derived from the levy and collection of municipal taxes and appropriated for the operating expenses and debt service of utilities;

(B) revenue from interest earned on investments and from the sale and lease of land or equipment; and

(C) all other revenue from whatever service derived.

Sec. 29.62.020. (Sec. 29.88.015.) DETERMINATION OF POPULATION. (a) For purposes of this chapter, the population of a taxing unit shall be determined annually by the latest figures of the United States Bureau of the Census or other population data which, in the judgment of the department, is reliable.

(b) The population of the taxing unit includes the population of any military reservation which is a part of the taxing unit.

Sec. 29.62.030. (Sec. 29.88.020.) DETERMINATION OF MILLAGE RATE EQUIVALENT. (a) The department may require a municipality to return a certification, signed by the municipal treasurer or manager and the mayor, which provides an estimate of the locally generated revenue received by the municipality during the preceding fiscal year.

(b) By October 15 of each year, the department shall make an initial determination of the millage rate equivalent of each taxing unit to be used

for computing and distributing equalization entitlements for the current fiscal year under this chapter. The department shall base the initial determination on the estimates in the certification returned by a municipality under (a) of this section.

(c) As early as possible, but not later than December 15 of each year, the department shall make a final determination of the millage rate equivalent of each taxing unit to use to compute and distribute equalization entitlements under this chapter. The department shall base the determination on audits, financial statements and other financial reports prepared and submitted by a municipality. The department shall adjust the locally generated revenue reported by a municipality to exclude the municipal revenue claimed by the municipality which does not qualify for inclusion in or recognition as locally generated revenue for local government purposes under AS 29.88.010(c)(1). The adjustment shall be made by deducting from total revenue claimed by the municipality the amount of the department's estimate of revenue which is not recognized for local government purposes.

(d) The full and true assessed property value shall be determined by the department in the manner provided for the computation of state aid to education under AS 14.17.140. When the determination of locally generated revenue includes revenue of a utility received under AS 29.88.010(c)(1)(E), the full and true assessed property value shall include the computed assessed value of the utility, determined by dividing the amount of the payment in place of taxes made by the utility by the millage rate which would apply to the utility if the utility were subject to levy and collection of taxes under AS 29.53.

(e) In addition to the computation for municipalities which levy and collect a property tax, the department shall determine an estimated full and true assessed property value under (d) of this section for

(1) each municipality which is a school district and which does not levy and collect a property tax;

(2) each second class city with a population of 750 or more persons; however, a computation is not required under this paragraph more often than once during a period of three successive calendar years; and

(3) all other second class cities, by determining the average per capita full and true assessed property value of all cities having a population of less than 750 persons in which an assessment has been completed by a municipality or for which a determination is not made under (1) or (2) of this subsection.

(f) The department shall annually compute a statewide average per capita full and true assessed property value.

Sec. 29.62.040. (Sec. AS 29.88.025.) REPORTS. A payment of an equalization entitlement may not be made to a municipality under this chapter until the municipality has submitted its certificate of estimated revenue and its finanical report to the department for the fiscal year preceding the year for which the equalization entitlement is sought, together with a budget for the municipality's current fiscal year. The financial report shall include a listing of general revenue collected from taxes levied and assessed by the municipality and any other revenue which, in the opinion of the municipal officials, is eligible for inclusion in computations of the locally generated revenue of the taxing unit.

Sec. 29.62.050. (Sec. 29.88.030.) LIMITATION ON COMPUTATION AND USE OF PAYMENTS. (a) An equalization entitlement generated by the general tax levy of a taxing unit may be used only for authorized expenditures of that taxing unit, but up to 15 percent of the payment of an equalization entitlement generated by areawide revenue of a municipality may be used by the municipality for areawide or nonareawide purposes at the descretion of its assembly or council.

(b) An equalization entitlement determined with reference to revenue other than revenue obtained from the levy and collection of taxes may be used for areawide or nonareawide purposes, at the discretion of the assembly or council.

Sec. 29.62.060. (Sec. 29.88.035.) TAX EQUALIZATION ACCOUNT. The tax equalization account is established. Money to carry out the provisions of this chapter shall be allocated by the department to the account. The amount allocated to the account shall be fully distributed by the department as payments to municipalities to fulfill each municipality's share authorized under AS 29.62.010. (AS 29.88.010.). The amount allocated to the account shall be distributed by the department pro rata among eligible municipalities.

Sec. 29.62.070. (Sec. 29.88.040.) ADMINISTRATION. (a) The department may adopt regulations necessary to implement this chapter. The regulations shall include, among other provisions,

(1) procedures and filing dates for submitting certification and financial reports;

(2) procedures for obtaining information required to compute and determine the municipality's millage rate equivalent; and

(3) procedures by which the department shall notify a municipality in writing of the reasons for a proposed disallowance or adjustment of any factor bearing upon the determination of the municipality's entitlement and by which the municipality will be provided reasonable time in which to respond or to challenge the department's determination.

(b) The department shall make reasonable efforts to advise and assist municipalities in collecting information and completing reports necessary for the determination of entitlements under this chapter.

(c) The department shall, by regulation, classify for inclusion or exclusion as a component of a municipality's millage rate equivalent under AS 29.62.010 (AS 29.88.010) any tax revenue appropriated for a utility not included in the definition set out in AS 29.62.080(4) [(AS 29.88.045(4)].

Sec. 29.62.080. (Sec. 29.88.045.) DEFINITIONS. In this chapter

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

(2) "municipality" means a city, borough or unified municipality incorporated under the laws of the state;

(3) "taxing unit" means a municipality and

(A) in a borough or unified municipality, a service area or the entire area outside cities;

(B) in a city, a differential tax zone;

(4) "utilities" means electricty, water, sewer, gas heat, or telephone services, and refuse and garbage collection services.

Article 2. STATE AID FOR MISCELLANEOUS MUNICIPAL PURPOSES

(CHAPTER 89. STATE AID FOR MISCELLANEOUS MUNICIPAL PURPOSES.)

Sec. 29.62.110. (Sec. 29.89.010.) REVENUE SHARING PAYABLE. In addition to the equalization entitlements paid under AS 29.62 (AS 29.88), during each fiscal year the department shall pay aid

(1) to a municipality or other eligible recipient which has the power to provide the services described in AS 29.62.030 - AS 29.62.070 (AS 29.88.020 - AS 29.88.040) and exercises the power in the manner required by this chapter;

(2) to a Native village government under AS 29.62.150 (AS 29.89.050).

Sec. 29.62.120. (Sec. 29.89.020.) STATE AID TO MUNICIPALITES FOR ROADS. (a) The department shall pay to a municipality which has power to

provide for road maintenance and exercises that power, $2,500 a mile for each mile of road, street or highway maintained by the local government, excluding (1) the official state highway system, (2) roads, streets or highways not dedicated to public use, (3) roads, streets or highways maintained under the local service road program (AS 19.30.111 - 19.30.251), and (4) alleyways, in accordance with regulations adopted by the Department of Transportation and Public Facilities. A payment may not be made under this subsection for maintenance of a road which is not used by automotive equipment.

(b) A frozen waterway and a connection from an inhabited area to a waterway which may be safely used for public transportation by automotive equipment and is so used during a portion of a year is eligible for a payment of $1,500 per mile if the waterway and connection are maintained during the period of use by a municipality or combination of municipalities. The department, after consulation with the Department of Transportation and Public Facilities, shall determine which waterways and connections qualify and, where the waterways or connections lie outside the corporate limits of a municipality, which municipalities shall receive the payments under this subsection, unless the municipalities involved have agreed in writing to a particular distribution.

Sec. 29.62.130. (Sec. 29.89.030.) STATE AID TO MUNICIPALITIES AND OTHER ELIGIBLE RECIPIENTS FOR HEALTH FACILITIES AND HOSPITALS. (a) The department shall pay

(1) to a municipality which has the power to provide hospital facilities and services and which exercises that power, $1,000 per bed for each bed actually used for patient care, limited to the number of beds provided for in the construction design of the hospital, or $75,000 a hospital for those hospitals with 10 or more beds, or $25,000 a hospital for those hospitals with less than 10 beds, as the municipality may elect; money

received under this paragraph may be used only for hospitals and shall be apportioned among qualifying hospitals as the municipality determines;

(2) on the basis set out in (1) of this subsection to a municipality for a nonprofit hospital not operated by a municipality if the municipality first certifies to the department that the nonprofit hospital is in compliance with all standards for hospitals which have been adopted by the municipality; money may not be paid on behalf of a nonprofit hospital without this certification; payments to the municipality shall be transferred to the nonprofit hospital in accordance with the basis by which the payment was generated by the hospital, and shall be applied to the annual cost of operation and maintenance of the hospital or for the provision of health care service at the hospital as the directors of the hospital determine;

(3) to a municipality in which a health facility is operated, $1,000 per bed for each bed actually used for patient care, limited to the number of beds provided for in the construction design of the health facility, or $4,000 per health facility as the municipality determines.

(b) A hospital may not receive payment under both (a)(1) and (a)(2) of this section.

(c) Money received by a municipality under (a)(3) of this section shall be used for expenses of health services or operation and maintenance of health facilities as the municipality determines.

(d) Before money may be distributed under this section, the commissioner of health and social services shall certify to the commissioner of community and regional affairs that any accumulation of assets by nonprofit corporations or other recipients under this section is dedicated irrevocably to a public purpose.

Sec. 29.62.140. (Sec. 29.89.040.) STATE AID TO VOLUNTEER FIRE DEPARTMENTS IN THE UNORGANIZED BOROUGH. (a) The department shall pay to a volunteer fire department registered with the state fire marshal and serving an area not in an organized borough or city a sum for protection purposes equal to $10 per capita for the population served by the department, as determined by the state fire marshal.

(b) A grant shall be made under (a) of this section to facilitate the organization of a volunteer fire department in an area not in an organized borough or city, upon application of the proposed fire protection group to the state fire marshal and upon approval of applications according to standards of organization and service prescribed by regulations adopted by the state fire marshal.

Sec. 29.62.150. (Sec. 29.89.050.) STATE AID TO NATIVE VILLAGE GOVERNMENTS. The state shall pay $25,000 to a Native village government for a village which is not incorporated as a city under this title. In this section, "Native village government" means

(1) a local governing body organized by authority of the Act of Congress of June 18, 1934 (25 U.S.C. sec. 476); or

(2) a traditional village council or, if there is no traditional village council, the paramount chief or other governing body of a Native village which meets the requirements of the Alaska Native Claims Settlement Act (43 U.S.C. sec 1601 - 1628).

Sec. 29.62.160. (Sec. 29.89.060.) POPULATION DETERMINATION. For purposes of this chapter, population shall be determined by the latest figures of the United States Bureau of the Census or other reliable population data, including but not limited to public school enrollment figures, public utility connection, registered voters or certified employment payrolls.

Sec. 29.62.170. (Sec. 29.89.070.) AREA COST-OF-LIVING DIFFERENTIAL. (a) Payments to a municipality or other eligible recipient under AS 29.62.120 - 29.62.130 (AS 29.89.020 - 29.89.030) shall reflect area cost-of-living differentials. Payments shall be based upon the sum of per capita, per mile and per bed or facility grants due each municipality or other recipient multiplied by the appropriate area cost-of-living differential. The area cost-of-living differential for each recipient shall be determined annually by election district under the provisions of AS 39.27.030. Application of the area cost-of-living differential may not result in distribution of an amount less than the amount of the payment determined without reference to application of this section.

(b) The election districts used to establish area cost-of-living differentials under (a) of this section are those designated by the proclamation of reapportionment and redistricting of December 7, 1961, and retained for the house of representatives by proclamation of the governor September 3, 1965.

Sec. 29.62.180. (Sec. 29.89.080.) MISCELLANEOUS SERVICES ACCOUNT. The miscellaneous services 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 municipality's or other recipient's share authorized under this chapter, the amounts which are available shall be distributed pro rata among eligible municipalities and other recipients.

Sec. 29.62.190. (Sec. 29.89.090.) REGULATIONS. The department shall adopt regulations necessary to carry out the purposes of this chapter. The regulations shall include minimum standards required to qualify a municipality or other recipient for payments for each service. The department may require a municipality or other recipient to submit a performance report adequate to demonstrate to the department that a service

for which payment is requested under this chapter was performed by the municipality or other recipient and meets minimum standards of service prescribed by regulation.

Sec. 29.62.200. (Sec. 29.89.100.) DEFINITIONS. In this chapter

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

(2) "health facility"

(A) means a facility which is licensed, when required, by the state under AS 18.20.010-18.20.130 and which is owned or operated or both by a municipality or by a nonprofit corporation or other nonprofit sponsor;

(B) includes a public health center, maternity home, community mental health center, facility for the mentally or physically handicapped, nursing home or convalescent center;

(C) excludes a facility operated or wholly supported by the state or the federal government;

(3) "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.

Article 3. STATE AID FOR HOSPITAL CONSTRUCTION

(CHAPTER 90. STATE AID FOR HOSPITAL CONSTRUCTION)

Sec. 29.62.230. (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.

Sec. 29.62.240. (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 29.62.280 (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.

Sec. 29.62.250. (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 trustees, depositaries, financial advisors, and paying agents for the bonds issued as the issuer considers necessary.

Article 4. ADMINISTRATION OF MUNICIPAL FINANCIAL PROGRAMS

(CHAPTER 95. ADMINISTRATION OF MUNICIPAL FINANCIAL ASSISTANCE PROGRAMS)

Sec. 29.62.280. (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 29.62 (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 29.62.180 (AS 29.89.080) which exceeds the amount required to fully fund distributions authorized by AS 29.62 (AS 29.89) shall be reallocated to the tax equalization account established in AS 29.62.060 (AS 29.88.035) and distributed according to the provisions of AS 29.62 (AS 29.88).

(c) Money in the hospital construction assistance account established in AS 29.62.240 (AS 29.89.020) which exceeds the amount required to fully fund distributions authorized by AS 29.62 (AS 29.90) shall be reallocated to the tax equalization account established in AS 29.62.060 (AS 29.88.035) and distributed according to the provisions of AS 29.62 (AS 29.88).

Sec. 29.62.290. (Sec. 29.95.020.) QUALIFICATION FOR MINIMUM PAYMENT. (a) A municipality qualifying for an entitlement under AS 29.62 (AS 29.88

or AS 29.89) shall receive a minimum payment of $25,000 plus an area cost-of-living differential for each fiscal year if:

(1) the municipality has conducted a regular election under AS 29.30.010 - 29.30.060 (AS 29.28.010 - 29.28.050) during the fiscal year preceding the year for which payment of an entitlement is authorized by AS 29.62 (AS 29.88 or AS 29.89) and has reported the results of the election to the commissioner of the Department of Community and Regional Affairs;

(2) regular council meetings are held in the municipality in accordance with the requirements of AS 29.24.290 (AS 29.23.210) during the fiscal year preceding the year for which payment of an entitlement is authorized by AS 29.62 (AS 29.88 or AS 29.89) and a record of the proceedings is maintained;

(3) a municipal budget has been adopted for the fiscal year during which payment of an entitlement is authorized by AS 29.62 (AS 29.88 or AS 29.89) and an audit or financial statement for the preceding fiscal year has been prepared and furnished to the Department of Community and Regional Affairs in accordance with AS 29.24.700(a) [AS 29.23.560(a)]; and

(4) local ordinances adopted by the governing body of the municipality have been codified in accordance with AS 29.27.060 (AS 29.48.180).

(b) The area cost-of-living differential payable to each municipality under this section shall be determined annually by election district under the provisions of AS 39.27.030. Except as provided in AS 29.62.300 (AS 29.95.030), application or the area cost-of-living differential may not result in a payment which is less than the minimum payment determined under (a) of this section. For purposes of this subsection, the election districts used are those designated by the proclamation of reapportionment and redistricting of December 7, 1961, and retained for the house of representatives by proclamation of the governor September 3, 1965.

(c) The Department of Community and Regional Affairs shall pay to each municipality eligible to receive a minimum payment under this section an amount equal to the difference between the minimum payment determined under (a) and (b) of this section and the sum of the amounts payable for the same fiscal year under AS 29.62 (AS 29.88 and AS 29.89).

(d) A payment under this section may be prorated and reduced under AS 29.62.300 (AS 29.95.030).

(e) Payments under this section shall be made from the money allocated to the tax equalization account established in AS 29.62.060 (AS 29.88.035).

Sec. 29.62.300. (Sec. 29.95.030.) PRORATION OF PAYMENTS. (a) Payments under AS 29.62.290 (AS 29.95.020) and AS 29.62. art.4.,(AS 29.88) shall equal the amount allocated to the tax equalization account AS 29.62.060 (AS 29.88.035), adjusted in accordance with AS 29.62.80 (AS 29.95.010).

(b) Adjustments of payments shall be determined by prorating amounts payable under AS 29.62.290 (AS 29.95.020) and amounts payable under article 1 of this chapter (AS 29.88) by a factor which, when applied, reduces all payments in equal proportion so that payment under AS 29.95.020 and payments under AS 29.88 equal the amount allocated to the tax equalization account established in AS 29.88.035.