

H

B

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3

COMMITTEE REPORT HOUSE

FURTHER: FINANCE

2/2/83

Date: 2/6/83

Mr. Speaker:

The Committee on C & RA has had HB 153

An Act making a supplemental appropriation to the Department of Revenue for financial assistance to municipalities; and providing for an effective date.

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
- and recommends _____ new title
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

**MEMBERS SIGNING
DO PASS**

[Signature]

J. R. W. PRINE

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

CHAIRMAN

Funding Information
General Fund \$25,100,000
Other Funds -0-
\$25,100,000

13-0636
Cook
1-25-83

1 IN THE HOUSE

BY LACHER

2 HOUSE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making ^{supplemental} an appropriation to the Department of
7 Revenue for financial assistance to municipalities;
8 and providing for an effective date."

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

10 * Section 1. The sum of \$25,100,000 is appropriated from the general
11 fund to the Department of Revenue for the municipal assistance fund
12 (AS 43.20.016(a)) for distribution to municipalities for the fiscal year
13 ending June 30, 1984.83

14 * Sec. 2. The unexpended and unobligated portion of the appropriation
15 made by this Act lapses into the general fund June 30, 1984.

16 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
17 10.070(c).

18 *This should be changed - to reflect that*
19 *money is a supplemental approp'n to get*
20 *municipalities through current FY.*

21 *Tam suggested possibly extending lapse*
22 *date so that municipalities have enough*
23 *time to spend money (or so that state*
24 *has time to distribute money)*

25 *Requested Final to T.C.*
26 *27 Jan*
27
28
29



Official Business

Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

MUNICIPAL ASSISTANCE FUND

The intent of municipal assistance funds is to permit municipalities to reduce local property tax. The primary source of the fund is the severance tax on oil production.

In 1981, the source of these revenues was the special oil and gas corporate income tax which was repealed and the severance tax increased to maintain the same level of revenues. There was no change made to the municipal assistance fund which, because of the method of computation under the new law, was funded at a considerably lower level than if the law had not been changed.

Following the session, legislative leaders stated that they did not intend to adversely impact local governments and would make corrections.

In the 1982 session, the Legislature amended the law, increasing from 10% to 30% of severance tax received to be distributed to municipalities, but the legislature failed to adjust the FY 83 appropriation to reflect that intent.

FY 83 - \$96.4 million if Legislature had not changed the oil and gas corporate tax.

FY 83 - \$71.3 million appropriated

\$25.1 million shortfall

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 12/29/83

REQUEST

Bill/Resolution No.: HB 153 CS
 Title: Supp Approp/Rev/Fin
 Asst./Munic. Rec ID 335
 Sponsor: C&RA Committee
 Requestor: Jay Hogan
 Date of Request: 12/16/83

FISCAL DETAIL

Agency Affected: Community & Regional Affairs
 Program Category Affected: Development
 BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
900 MISCELLANEOUS						
TOTAL OPERATING	No fiscal impact DCRA					
CAPITAL	No fiscal impact DCRA					
REVENUE	No fiscal impact DCRA					

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Mar Winegar
 Division: Municipal & Regional Assistance

Phone: 465-4750
 Date: 12/29/83

Approved by Commissioner: [Signature]
 Agency: Community and Regional Affairs

Date: 12/29/83

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 12/29/83

Bill/Resolution No.: HB 153 CS (C&RA)
Title: Supp Approp/Rev/Fin Asst./Munic.
Rec ID 335

ANALYSIS:

Assumptions:

The AS 43.20.016(a) program is administered by the Department of Revenue. As a result, Community and Regional Affairs would not be fiscally impacted though the legislation could be helpful to municipalities.

Positions:

Other Expenditures:

Funding:

Section Cost Analysis:

Computations:

Economic Impact:

Impact on Local Government:

Attachments

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

POSITION PAPER

RE: HB 153

SPONSOR: House Community & Regional Affairs Committee

PROGRAM EFFECTS

This Legislation would provide an appropriation of \$25,100,000 to the Department of Revenue for distribution under the Municipal Assistance Program.

COMMENTS

The Municipal Assistance Program guidelines call for a maximum of 30% of Corporate Income Tax revenues to be allocated to municipal assistance. This appropriation would bring the level of funding for FY 1983 up to this 30% maximum. The funding for this bill does not appear to have been included in the Governor's budget and the sponsor has not indicated where reductions would be made.

M. M. [Signature] 2/10/83

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 153 Date on Bill: 2/2/83
 Title: Supplemental Appropriation for financial assistance to municipalities
 Sponsor: House Community & Regional Affairs Committee
 Requestor: House Community & Regional Affairs Committee

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating								
Total			0	0	0	0-		

b. Revenues:

Revenue			0	0	0	0		
---------	--	--	---	---	---	---	--	--

2. Source of funds to offset fiscal impact of bill:

The funding for this bill does not appear to have been included in the Governor's budget and the sponsor has not indicated where reduction would be made.

3. Assumptions:

This is a supplemental to an existing program.

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It does not represent the policy of the Sheffield Administration or the final estimate of fiscal impact.

Prepared By: Terry Earley Phone: 465-4730
 Division: Local Government Assistance Date: 2/9/83
 Approved by Commissioner: [Signature] Date: 2/9/83
 Department: Community & Regional Affairs

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor

2/8/83

Suggested by: City Council

CITY OF KENAI

RESOLUTION NO. 83-35

A RESOLUTION OF THE COUNCIL OF THE CITY OF KENAI, ALASKA REQUESTING THE THIRTEENTH LEGISLATURE OF THE STATE OF ALASKA TO SUPPORT SB 17 AND/OR HB 136 BOTH OF WHICH REPRESENT SUPPLEMENTAL MUNICIPAL ASSISTANCE FUNDING FOR MUNICIPALITIES THROUGHOUT THE STATE OF ALASKA.

WHEREAS, the supplemental appropriation of \$25 million for FY 83 municipal assistance revenues is designed to fully fund the entitlement at the amount had not the method of taxation of the petroleum industry been changed during the 1981 State Legislative Session, and

WHEREAS, it was the intent of the Twelfth Legislature to provide this funding for the purpose of permitting local governments to reduce taxes in the local community, and

WHEREAS, the City of Kenai, Alaska used all of its municipal assistance funding for the purpose for which the Twelfth Legislature intended municipal assistance to be used by reducing the mill levy to 2.1 mills for the property taxpayers within the City of Kenai, and

WHEREAS, the City anticipated full funding of municipal assistance at the same rate previously provided by the old corporate income tax, and

WHEREAS, to maintain this low mill levy and to meet the anticipated expectations of the local taxpayers, the supplementary municipal assistance funding becomes extremely important to the City of Kenai, Alaska, and

WHEREAS, the Twelfth Legislature of the State of Alaska is basically and primarily responsible for the actions of the Kenai City Council in reducing its mill levy and therefore entitled to a major portion of the credit for the low mill levy in the City of Kenai.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, that said Council go on record urging the Thirteenth Legislature of the State of Alaska to fund the supplemental municipal assistance bill which will permit the City of Kenai to carry out the Legislature's original intent to permit that money to be used in the General Fund Budget for the sole purpose of reducing the mill levy for local taxpayers and to

FEB 14 1983

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 153 Date on Bill: 2/2/83
Title: "An Act making a supplemental appropriation to the Dept. of Rev. for financial assistance
Sponsor to municipalities; and providing for an effective date."
Requestor: House Comm. & Reg. Affairs Committee/ Sponsor - same

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86
Capital	\$25,100.0			
Operating				
Total	\$25,100.0			

b. Revenues:

Revenue				
---------	--	--	--	--

2. Source of funds to offset fiscal impact of bill:

N/A

3. Assumptions:

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It does not represent the policy of the Sheffield Administration or the final estimate of fiscal impact.

Prepared By: Mary Bellfield - Spec. Asst. Phone: 465-2300
Division: Commissioner's Office Date: 2/14/83
Approved by Commissioner: [Signature] Date: 2/14/83
Department: Revenue

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor

2/8/83

FEB 14 1983

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 153 Date on Bill: 2/2/83
Title: "An Act making a supplemental appropriation to the Dept. of Rev. for financial assistance
Sponsor to municipalities; and providing for an effective date."
Requestor: House Comm. & Reg. Affairs Committee/ Sponsor - same

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital			\$25,100.0					
Operating								
Total			\$25,100.0					

b. Revenues:

Revenue								
---------	--	--	--	--	--	--	--	--

2. Source of funds to offset fiscal impact of bill:

N/A

3. Assumptions:

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It does not represent the policy of the Sheffield Administration or the final estimate of fiscal impact.

Prepared By: Mary Reifeld - Spec. Asst. Phone: 465-2200
Division: Commissioner's Office Date: 2/14/83
Approved by Commissioner: [Signature] Date: 2/14/83
Department: Revenue

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor

2/8/83

THE FOLLOWING DOCUMENT(S) MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.



Matanuska-Susitna Borough

BOX B, PALMER ALASKA 99645 PHONE 745-4801

DEPARTMENT OF FINANCE

February 14, 1981

Telegram to: Barbara Lischer
Attention: Bob Barris

Subject: HB153

HB153, if passed and distributed on same formula as used in the past, would result in about \$1 being allocated to the Matanuska-Susitna Borough. This \$1.25 million equals 1.1 mills in statewide taxes. Municipal assistance funding is available to Matanuska-Susitna Borough June 1. This timing is so late in the fiscal year that it actually is used as revenue for the succeeding fiscal year. The 1.1 mills realized from passage of this bill would be used to partially offset the increases in education costs which are the result of additional student enrollments of about 800 in the last year.

Please call us if you require further information on this matter.

Vern Roberts
Finance Director

Rep. Palmer

132



Matanuska-Susitna Borough

BOX 2, PALMER, ALASKA 99645 - PHONE 748-4601

DEPARTMENT OF FINANCE

February 14, 1983

Telegram to: Barbara Loeber

Attention: Bob Harris

Subject: HB132

HB132, if passed, would provide approximately \$334,000 in road maintenance monies which were underfunded in current fiscal year revenue sharing. These funds if received, would allow for continuation of snow plowing, sanding and spring grading in all road service areas in the Matanuska-Susitna Borough. Currently Greater Willow Road Service Area and Alton Road Service Area (Sutton) have expended their funds and will be required to borrow money for the balance of this fiscal year. Additionally, Highway, Fairview, Lazy Mountain and Knik Road Service Areas are projected to have insufficient funds to complete the fiscal year.

Please call me if you require further information.

Vera Roberts
Finance Director

THE PRECEDING DOCUMENT(S) MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

FOLLOWING IS THE TEXT OF A LETTER SENT BY TELECOPY:

FEBRUARY 14, 1983

REPRESENTATIVE BARBARA LACHER
REPRESENTATIVE RONALD LARSON
SENATOR JALMAR KERTTULA

DEAR REPRESENTATIVES LACHER, LARSON AND SENATOR KERTTULA,

THE CURRENT SHORTFALL IN REVENUE SHARING AND MUNICIPAL ASSISTANCE TO THE CITY OF PALMER IS APPROXIMATELY \$452,959.00 OR 6.37 MILL RATE EQUIVALENT.

WE URGE YOUR SUPPORT HB 130, HB 152, SB 17, HB 136, HB 155.

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT ME,
YOURS TRULY,

DAVID L. SOULAK, CITY MANAGER, CITY OF PALMER

MEMORANDUM

TO: House C & R A Committee

FROM: Staff

SUBJECT: HB 152 & HB 153

DATE: February 14, 1983

Telephone call received February 14, 1983 from Dorothy Jones, Matanuska-Susitna Borough Assembly member. Mrs. Jones supports passage of HB 152 and HB 153 because the property tax mill levy will have to be increased at least one mill if the funds are not received.

The Mat-Su Borough is attempting to get voter approval of a school bond issue which will increase property taxes, and any additional taxes required because of the shortfall in revenue sharing will be strongly opposed.



THE CITY AND BOROUGH OF JUNEAU

CAPITAL OF ALASKA

155 SOUTH SEWARD ST. JUNEAU, ALASKA 99801

LAW DEPARTMENT - 586-3300

February 14, 1983

House Community and Regional
Affairs Committee
Pouch V
Juneau, Alaska 99811

File: Legislature - 1983 - HB 153

Ladies and Gentlemen:

The City and Borough of Juneau urges your favorable action on HB 153, the supplemental appropriation for municipal assistance.

The city and borough depends heavily upon revenue sharing, municipal assistance, and other state assistance to keep its mill levies low. The city and borough areawide levy for the current year is 6.04 mills. For Juneau, the reduction in the municipal assistance fund which occurred last year translates into a 1.3 mill increase this next year or a significant reduction in public services. We urge you to pass out HB 153 with a do pass recommendation so that we may avoid this potential 21% increase in our areawide levy.

Sincerely,

Gerald L. Sharp
City-Borough Attorney

GLS:jr

cc: Mayor and Assembly
Ginny Chitwood, Executive Director
Alaska Municipal League

Alaska State Legislature

Barbara Lacher, Chairman
Mae Tischer, Vice-Chairman
Randy Phillips
Milo Fritz
Don Clocksin
Jack McBride
Mike Szymanski



Room 104
State Capitol
Juneau, Alaska 99811

Pouch V
Juneau, Alaska 99811

House of Representatives

Committee on Community & Regional Affairs

MUNICIPAL ASSISTANCE FUND

The intent of municipal assistance funds is to permit municipalities to reduce local property tax. The primary source of the fund is the severance tax on oil production.

In 1981, the source of these revenues was the special oil and gas corporate income tax which was repealed and the severance tax increased to maintain the same level of revenues. There was no change made to the municipal assistance fund which, because of the method of computation under the new law, was funded at a considerably lower level than if the law had not been changed.

Following the session, legislative leaders stated that they did not intend to adversely impact local governments and would make corrections.

In the 1982 session, the Legislature amended the law, increasing from 10% to 30% of severance tax received to be distributed to municipalities, but the legislature failed to adjust the FY 83 appropriation to reflect that intent.

FY 83 - \$96.4 million if Legislature had not changed the oil and gas corporate tax.

FY 83 - \$71.3 million appropriated

\$25.1 million shortfall

**Municipality
of
Anchorage**



POUCH 6-650
ANCHORAGE, ALASKA 99502-0650
(907) 264-4431

TONY KNOWLES
MAYOR

OFFICE OF THE MAYOR

To: House Community and Regional
Affairs Committee

From: Patrick M. Anderson, Office of
Legislative Affairs, Municipality
of Anchorage

Re: HB 152 & HB 153

Date: February 14, 1983

The Municipality of Anchorage fully supports House Bills 152 and 153.

HB 153 would appropriate an additional \$25.1 Million to the Municipal Assistance program. The appropriation would have the effect of funding the program to the level of \$96.4 million total for FY 1983. The significance of this level of funding can be found in a short history of the municipal assistance fund. SB 524, passed during the final days of the 1981 legislative session, changed the method of taxation of the petroleum industry from corporate taxation to severance taxation. The effect was to reduce the level of corporate taxation. Since Alaska Statute 43.20.126 provided that the State may share an amount equal to or greater than 10% of the prior fiscal year's corporate income tax receipts, the net effect of SB 524 was to reduce the amount of the fund to be shared. The legislature did not increase the amount shared above the 10% mandated minimum, consequently, the reduction in the corporate income tax receipts reduced the amount of expected Municipal Assistance by \$25.1 million.

HB 153 would give the Municipality an additional estimated \$11.5 million for FY 1983. This additional funding would allow the Municipality to reduce the amount of FY 1983 property tax requirements to approximately \$40 million and reduce the the overall mill rate in Anchorage by approximately one mil, or \$100 per \$100,000 of assessed valuation.

HB 143 would provide approximately \$510,000 in State Revenue Sharing to the Municipality for road maintenance, health facilities and hospitals.

We would be happy to provide answers to specific questions.

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

POSITION PAPER

RE: HB 153

SPONSOR: House Community & Regional Affairs Committee

PROGRAM EFFECTS

This Legislation would provide an appropriation of \$25,100,000 to the Department of Revenue for distribution under the Municipal Assistance Program.

COMMENTS

The Municipal Assistance Program guidelines call for a maximum of 30% of Corporate Income Tax revenues to be allocated to municipal assistance. This appropriation would bring the level of funding for FY 1983 up to this 30% maximum. The funding for this bill does not appear to have been included in the Governor's budget and the sponsor has not indicated where reductions would be made.

M. Lewis 2/12/83

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 153 Date on Bill: 2/2/83
 Title: Supplemental Appropriation for financial assistance to municipalities
 Sponsor: House Community & Regional Affairs Committee
 Requestor: House Community & Regional Affairs Committee

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating								
Total			0	0	0	0		

b. Revenues:

Revenue								
			0	0	0	0		

2. Source of funds to offset fiscal impact of bill:

The funding for this bill does not appear to have been included in the Governor's budget and the sponsor has not indicated where reduction would be made.

3. Assumptions:

This is a supplemental to an existing program.

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It does not represent the policy of the Sheffield Administration or the final estimate of fiscal impact.

Prepared By: Terry Earley Phone: 465-4730
 Division: Local Government Assistance Date: 2/9/83
 Approved by Commissioner: [Signature] Date: 2/9/83
 Department: Community & Regional Affairs

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor

2/8/83

Introduce with HB 152

Check status of SB Companion Bill. NOV 16

Fee from DCA Requested Feb 3

- Get impact on municipalities if not enacted.
Anchorage, Ketchikan, Kenai Borough, MATSU Borough
(see if Ginny Chismond will gather it up)
on terms of mill levy's, [&]or services.
- Witnesses - same as for HB 152
 - Brief them to get data to present in
terms of impact if not enacted.
- Review minute and back up of SB - CPA hearing.
- position papers - Opt, Muni League - Requested 8 Feb



Official Business

Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

MUNICIPAL ASSISTANCE FUND

The intent of municipal assistance funds is to permit municipalities to reduce local property tax. The primary source of the fund is the severance tax on oil production.

In 1981, the source of these revenues was the special oil and gas corporate income tax which was repealed and the severance tax increased to maintain the same level of revenues. There was no change made to the municipal assistance fund which, because of the method of computation under the new law, was funded at a considerably lower level than if the law had not been changed.

Following the session, legislative leaders stated that they did not intend to adversely impact local governments and would make corrections.

In the 1982 session, the Legislature amended the law, increasing from 10% to 30% of severance tax received to be distributed to municipalities, but the legislature failed to adjust the FY 83 appropriation to reflect that intent.

FY 83 - \$96.4 million if Legislature had not changed the oil and gas corporate tax.

FY 83 - \$71.3 million appropriated

\$25.1 million shortfall

SENATE AMENDMENT

BY Sen. Community & Regional Affairs
Committee

To: _____ SENATE BILL No. ZK 17

To: _____ HOUSE BILL No. _____

PAGE: 1 LINE: 13

DELETE: (1984)

ADD: 1983

file for

Introduced by: Mayor
Date: Feb. 1, 1983
Vote: Unanimous
Action: Adopted

KENAI PENINSULA BOROUGH

RESOLUTION 83-32

FEB 7 1983

A RESOLUTION SUPPORTING FULL FUNDING OF FISCAL YEAR 1983 MUNICIPAL ASSISTANCE REVENUES AND STATE REVENUE SHARING.

WHEREAS, the continuation of adequate levels of state financial aid is essential for Alaskan local governments to continue to provide important, needed services to their citizens while holding down local taxes; and

WHEREAS, Municipal Assistance revenues are a sharing of corporate income tax revenues by the state with local governments; and

WHEREAS, Alaskan local governments were assured that they would suffer no financial harm when during the 1981 legislative session SB 524 was approved which changed the method of taxation of the petroleum industry by transferring much of the corporate income taxes previously paid by that industry to severance taxes; and

WHEREAS, the FY 1983 Municipal Assistance appropriation of \$71.3 million represents a \$25.1 million shortfall from the \$96.4 million minimum funding level which would have existed had not SB 524 been approved.

WHEREAS, the Section 89 State Revenue Sharing entitlement provides state aid to local governments for categorical services such as road maintenance and health facilities and hospitals; and

WHEREAS, the FY 1983 Section 89 State Revenue Sharing entitlement for roads, health facilities-hospitals, and volunteer fire departments was funded at only approximately 80% of the amount authorized by state statutes;

NOW THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

Section 1. That the Kenai Peninsula Borough Assembly supports and endorses the supplemental appropriation of \$25.1 million FY 1983 Municipal Assistance revenues to fully fund the entitlement at the amount which would have existed had not the method of taxation of petroleum industry been changed.

Section 2. That the Kenai Peninsula Borough Assembly supports and endorses the supplemental appropriation of \$3.5 million of FY 1983 Section 89 State Revenue Sharing for roads, health facilities-hospitals, and volunteer fire departments to fully fund the entitlement at the level authorized by state statutes.

Section 3. That the State Legislature appropriate and the Governor approve the aforementioned supplemental appropriation by April 15, 1983, so that local governments can use the additional funding in setting their 1983 mill levies.

Section 4. That copies this resolution be delivered to Governor William J. Sheffield, and to all members of the Thirteenth Alaska Legislature.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH ON THIS 1st DAY OF February, 1983.

Donald L. McCloud
Donald L. McCloud, Assembly President

ATTEST:

Frances Beymer
Borough Clerk

Alaska
MUNICIPAL
League



TELEPHONES
(907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

January 27, 1983

To: Senate CRA Committee

From: Ginny Chitwood, AML Executive Director *Ginny*

Re: SB 17 - Municipal Assistance Supplemental

Apologies for the confusion over numbers at Tuesday's committee meeting. Mr. Donohue from the Department of Revenue, was reading from a table of estimates prepared by the Department in January of 1982, a copy of which is printed on the back of this memo. At that time, the Department estimated that corporate income tax receipts would have been \$1.08 billion if the oil and gas tax had not been changed (SB 524), making the 10% sharing to municipalities in 1983 \$108 million. Two months later, the Department lowered their revenue projections, decreasing the estimate under the current law from \$744 million to \$713 million and the estimate of the amount that would have been generated under the old law from \$1.08 billion to \$964 million.

223

Revenue Sharing Impact
(Millions of Current Dollars)

FY	Corporation Taxes (Previous Statutes)		TOTAL Corp. Taxes (TCT)	10% TCT	Corporation Taxes (Current Statutes)		TOTAL Corp. Taxes (TCT)	10% TCT	30% TCT	FY
	43.20 Non Petroleum	43.21 Petroleum			43.20 amended Non Petroleum	43.20 amended Petroleum				
82	\$35	\$1047	\$1082	\$108	\$31	\$713	\$744	\$74	\$223	82
83	42	1101	1143	114	31	304	335	34	101	83
84	49	1233	1282	128	37	360	397	40	119	84
85	56	1436	1492	149	42	373	415	42	125	85

The comparisons, for illustrative purposes only, reveal what would have been shared if previous statutes had been in effect versus what will in fact be shared, assuming this proposal is implemented in conjunction with current statutes. The aforementioned general fund numbers represent total amounts of revenue to be shared under this proposal.

MUNICIPAL SUPPLEMENTAL - \$28.6 MILLION

"The Alaska Municipal League supports the supplemental appropriation of \$28.6 million: \$25.1 million FY 83 Municipal Assistance Revenues to fully fund the entitlement at the amount had not the method of taxation of the petroleum industry been changed during the 1981 State legislative Session and \$3.5 million FY 83 Chapter 89 State Revenue Sharing for roads, health facilities and hospitals, volunteer fire departments in the unorganized borough, and unincorporated communities to fully fund the entitlement at the level authorized by state statutes. The League further encourages the Legislature to appropriate and the Governor to approve the supplemental appropriation by April 15, 1983 so that local governments can use the additional funding in setting mill levies."

Municipal Assistance Fund - \$25.1 Million

FY 82	\$87.4 million appropriated
FY 83	\$71.3 million appropriated
FY 83	\$96.4 million if the legislature had not changed the Oil and Gas Corporate Income Tax

When the Legislature repealed the Gross Business License Tax, a portion of which was automatically distributed to municipalities, it created the Municipal Assistance Fund as a revenue replacement for local governments. The law provided that an amount "equal to or greater than 10%" of the proceeds of the previous year's corporate income tax, both special oil and gas and also general, could be appropriated to the fund. When the Legislature repealed the special oil and gas corporate income tax and increased the severance tax in the closing days of the 1981 session, it did not make any changes to the Municipal Assistance Fund. Following the session, however, legislative leaders publicly stated that they did not intend to adversely impact local government funding and would make corrections during the next session. In the 1982 session, the Legislature amended the law, increasing the level from 10% to 30%, which is estimated to provide almost as much as the previous system, but the Legislature did not adjust the FY 83 appropriation to reflect that intent.

Revenue Sharing, Chapter 89 - \$3.5 Million

Although most of the revenue sharing funds are distributed by the general formula established in AS 29.88, there are also entitlements established in AS 29.89 - State Aid for Miscellaneous Purposes, including roads, hospitals and health facilities, volunteer fire departments in the unorganized borough, unincorporated communities, and area cost of living differentials. The allocation for this chapter was not increased to cover the large increases in eligible roads, with the result being a projected \$3.5 million shortfall and an 80% proration of funding in these categories.

Municipal Assistance Fund H8 153
 Every unofficial estimation prepared by Ginny Chitwood - 2/7/83

\$87.4 total 371.3 total 725.1 total 896.4 total

population figures are unofficial; city pop. figures checked out of borough figures	FY 82 municipal assistance payment	estimated FY 83 (59.94795%)	estimated additional FY 83 - 1500/1% (56.30704%)	estimated total FY 83 original or supplement
1 Anchorage (204,216)	40531910	32663991	11498803	44162734
2 Bristol Bay Bor. (1,271)	424888	205994	71566	277560
3 Fairbanks Bor. (32,040)	5524841	5124732	1804078	6928810
4 Haines Bor. (1,768)	144218	123840	43244	166084
5 Juneau CBS (22,023)	4525958	3522534	1240050	4762584
6 Kenai Bor. (18,323)	3116804	2930726	1031714	3962440
7 Ketchikan G. Bor. 4351	800474	693934	244992	940926
8 Kodiak I. Bor. 5,679	551837	908344	319768	1228112
9 Mat-Su Bor 20,273	2915779	3242695	1141513	4384138
10 North Slope Bor. 2,832	1320031	452973	159462	1612435
11 Sitka CBS 8,221	1693575	1314932	462900	1777832
12 Barrow 2,882	437674	460970	162277	623247
13 Cordova 2,241	433276	358443	126184	484627
14 Craig 604	115347	96609	34009	130618
15 Dillingham 1,841	356240	294464	103661	398125
16 Fairbanks 25,747	6085709	4118180	1449738	5267918
17 Galena 844	165563	134996	47523	182519
18 Haines 1,079	220453	172584	60755	233339
19 Homer 2,897	571983	463369	163122	626491
20 Hoonah 863	164441	138035	48593	186628
21 Hydaburg 412	72050	65899	23199	89098
22 Kake 631	117331	100927	35530	136457
23 Kenai 5,231	1044073	886688	294542	1131230
24 Ketchikan 7,777	1627606	1243915	437900	1681515
25 King Cove 523	102925	83653	29449	113102
26 Klawock 433	78188	69257	24381	93638
27 Kodiak 5,873	1084266	939374	330691	1270065
28 Nenana 540	129183	86372	30406	116778
29 Nome 3,430	651868	548621	193133	741754
30 North Pole 934	214195	149391	52591	201982
31 Palmer 2,524	502305	403709	142119	545828
32 Pelican 185	36796	29590	10417	40007
33 Petersburg 3,040	634966	486242	171173	657415
34 Sand Point 797	141782	127479	44877	172356
35 Saint Mary's 442	85738	70697	24888	95585
36 Seldovia 729	104962	116602	41048	157650
37 Seward 1,828	428482	292385	102929	395314
38 Skagway 790	182956	126359	44483	170842
39 Soldotna 3,008	584787	481123	169372	690496
40 Tanana 485	93479	77575	27309	104854
41 Unalaska 1,922	390542	307420	108222	415649
42 Valdez 3,694	1014311	590848	207998	798846
43 Wrangell 2,376	500895	380036	133786	513822
44 Yakutat 462	97418	73896	26014	99910

			FY 82	est. method original FY 83	est. method supplemental	est. method total FY 83 (col. 3+4)
1	Akiak	603	20732	16475	5800	22275
2	Akiachak	451	86159	72137	25394	97531
3	Akiak	229	38954	36628	12894	49522
4	Akolmut	353	137256	56462	19876	76338
5	Akutun	188	37479	30070	10586	40656
6	Alakanuk	546	110496	87332	30744	118076
7	Aleknagik	232	30412	37108	13063	50171
8	Allakaket	169	31269	27031	9516	36547
9	Ambler	202	39649	32309	11374	43683
10	Anaktuvuk Pass	250	46409	39987	14077	54064
11	Anderson	521	99876	83333	29336	112669
12	Angoon	562	90643	89891	31645	121536
13	Aniak	351	69846	56142	19764	75906
14	Anvik	115	21778	18394	6475	24869
15	Atmautluak	236	44610	37748	13288	51036
16	Atkasuk	107		17114	6025	23139
17	Bethel	3,681	765307	588768	207266	796034
18	Brevig Mission	134	29533	21433	7545	28978
19	Buckland	27	41979	34709	12219	46928
20	Chefornak	244	45876	39027	13739	52766
21	Chevak	513	96989	82053	28886	110939
22	Chualaruk	124	20821	19834	6982	26816
23	Clark's Point	80	15399	12796	4505	17301
24	Cold Bay	250		39987	14077	54064
25	Deering	158	31008	25272	8896	34168
26	Delta Junction	1,041	215490	166986	58785	225771
27	Diomedes	134	29449	21433	7545	28978
28	Eagle	142	37483	32713	7996	30709
29	Eek	235	44815	37388	13232	50820
30	Ekwok	78	15053	12476	4392	16868
31	Elim	205	45226	32789	11543	44332
32	Emmonak	581	115011	92930	32714	125644
33	Fort Yukon	624	124741	99808	35136	134944
34	Fortuna ledge	260	48404	41586	14640	56226
35	Gambell	432	96011	69098	24325	93423
	Golovin	112	19166	17914	6306	24220
	Goodnews Bay	173	32971	27671	9741	37412
	Grayling	211	40206	33749	11881	45630
	Holy Cross	243	46794	38867	13683	52550
	Hooper Bay	657	125416	104126	36656	140782
	Houston	819	116527	130997	46115	177112
	Hughes	74	14071	11836	4167	16003
	Huslia	241	45971	38347	13570	52117
	Kachemak	287	84233	5905	16160	62065

cities

second class

			FY 82	est. needed orig. need FY 83	est. needed supplemental	est. needed total FY 83 (col 3+4)
1		Kaktovik	214	40690	34229	76279
2		Kaktag	245	47092	39187	52489
3		Kasaan	70	12641	11196	15137
4		Kiana	363	71501	58061	78500
5		Kivalina	253	49223	40467	54713
6		Kobuk	64	12647	10237	13841
7		Kotlik	347	67892	55502	75040
8		Kotzebue	2,464	47,7285	39,4112	53,2853
9		Koyuk	183	40254	29270	39574
10		Koyukuk	99	19164	15835	21409
11		Kupreanof	54	9655	8637	11678
12		Kwethluk	467	90281	74696	100991
13		Larsen Bay	180	32906	28791	38996
14		Lower Kalskag	260	48286	41586	56256
15	W	Manokotak	299	57461	47824	64660
16	T	McGrath	497	70935	79494	107479
17	U	Mekeoryuk	178	34004	28471	38494
18		Mountain Village	601	116000	96129	129969
19	Y	Napaklak	286	57309	45745	61849
20	Y	Napaskiak	251	47699	40147	54250
21		Newhalen	140	26811	22393	30276
22	Y	New Stuyahok	337	64811	53902	72577
23		Newtok	175	34579	27991	37545
24	Y	Nightmute	141	26620	22553	30492
25		Nikolai	110	17355	17594	23788
26		Nondalton	176	34121	28151	38061
27		Noorvik	517	101500	82693	111804
28		Nulato	353	67248	50462	76338
29		Nunigut	287	53428	45905	62065
30		Old Harbor	355	66164	56782	76771
31		Ouzinkie	233	33828	37268	50357
32		Pilot Station	337	63920	53902	72577
33		Platinum	57	11353	9117	12326
34		Point Hope	544	108084	87012	117643
35		Port Alexander	98	18027	13675	21193
36		Port Heiden	94	18169	15035	20328
37		Port Lions	291	41908	46345	62930
38		Quinhagak	427	81282	68298	92341
39		Ruby	214	38215	34229	46279
40		Risian Mission	175	33148	27991	37845
41		Saint Michael	295	54943	47185	63796
42		Saint Paul	595	116955	95169	129672
43		Savoonga	477	106772	76295	103153
44		Saxman	303	55510	48464	65595

City	1950	1960	1970	1980	1990	2000
Scammon Bay	49615	49147	49615	49147	49615	49147
Sela wik	601	74351	96129	33840	139969	54380
Shage Luk	136	25193	21753	7658	39411	34385
Shak Toolik	159	34984	35432	8953	34385	34385
Sheldon Point	105	20409	17114	6025	32139	32139
Shishmaref	425	84712	67978	23930	91908	91908
Shungnak	214	42220	34229	12050	46279	46279
Shebins	321	70660	51343	18075	69418	69418
Teller	206	45294	32949	11599	44548	44548
Tenakee Springs	141	27403	22553	7939	30499	30499
Togale	545	103785	57172	30657	117859	117859
Toksook Bay	357	66123	37101	20102	77303	77303
Taliksetak	243	40257	38867	13483	52550	52550
Tununak	302	59505	45304	17605	65309	65309
Umanakleet	607	136510	96609	34009	130618	130618
Upper Kalskas	133	26499	21273	7489	58762	58762
Umanwrigit	436	81183	67137	24550	94387	94387
Uales	129	28178	20633	7264	27397	27397
Wasilla	2336	434428	381636	134349	515985	515985
White Mountain	127	26630	19354	6813	26667	26667
Whittier	224	43209	35828	12613	45441	45441

Second class cities

Total municipal population 445710 - 96.9% of total state wide

Total state wide population 460000

1982

estimated

supplemental

estimated total (1982)

Alaska State Legislature



Speaker of the House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99801
(907) 465-3720

Official Business

REP. HAYES STATEMENT ON MUNICIPAL ASSISTANCE

Alaska faces a period of declining revenue. The enormous budgets of several years past may never be with us again. On a state level we are working to meet that challenge by prioritizing and eliminating unproductive programs. While the Legislature has finally realized the severity of declining revenues, many local governments appear unwilling to share in that decline and follow the lead of the state in slowing the growth of government. This unwillingness appears in their insistence that the Legislature provide a \$25 million supplemental appropriation for municipal assistance in addition to the \$127 million funded last year.

Anchorage is a prime example of where the local government officials have yet to realize the reality of reduced revenue. The Municipal administration's budget proposal was \$194 million for FY 83. After several assembly members failed in their attempts to cut \$14 million from that budget, the final budget passed was near \$193 million, a 17.3% increase over the previous year.

Municipal assistance and revenue sharing have grown at tremendous rates in past years. The state appropriated \$38.3 million to these programs in FY 80, \$90 million in FY 81, \$143 million in the revenue boom year of FY 82 and \$127 million last year. Projections for this fiscal year show about \$131 million for these programs will be available. While revenues have dropped over 50% in two years, funding for municipal assistance has only dropped about 9% which I consider to be proof of a major commitment by the Legislature to provide funding to keep property taxes low.

Property owners are constantly faced with a double jeopardy situation which causes tax increases. First, property values normally increase, so even if the mill rate remains constant, taxes will rise slightly each year. Between 1982 and 1983 property value of an average residence increased between 10-15%. New buildings added \$500 million in city value. Total city value in 1976 was \$3 billion. It is now about \$10.6 billion. This value determines the tax base. Theoretically, if the budget remained constant and the tax base increased, the mill rate would fall and local government taxes would probably decrease. However, inflation alone usually dictates some budget increase. An increase in assessed valuation, though, should more than offset inflation costs with a minimal increase in property taxes needed to fund a legitimate amount of program expansion.

But the Municipality's need for funds to both meet its budget while attempting to keep the mill rate stable exceeded the funds generated by increased property value. Property owners now are subject to being taxed by both the normal and natural property value increase and the demands of an inflated budget.

It is realistic to expect some increase in the cost of local government. However, the Municipality's budget increase this past year was unrealistic if an assumption was made that the state was rich enough to add \$25 million more this year to the municipal assistance funds approved last year. The result would be the largest contribution ever made to local government assistance in history. In budget preparation, the Anchorage assembly was told to adopt a philosophy in passing the budget with an assumption that taxes would pay for everything. The assumption in philosophy is fine, but in practice it can't work when the state has a history of giving local governments millions of dollars to lower property taxes. The only way to truly gauge if a program is worth being funded by taxes is for taxpayers to actually be faced with a tax increase as they may be this year. The public really has never had to make that choice in recent years. The result has become a budget based on what government thinks the people want or need instead of a budget based on actual need as prioritized by the public and paid for by the local public through property taxes.

One assembly member recently accused the assembly of wandering without goals. I would agree as it relates to the budget. If a tax increase was to be avoided, a limit should have been set on the budget based on increases in property value and the known amount of municipal assistance available. Instead the municipal administration budgeted in the dark and then convinced a majority of the assembly to buy that philosophy. In no way do I wish to tell any local government what programs they should cut. I support better roads, increased police protection and adequate public services. But I suggest there are budget items of a lower priority that could have been eliminated to help offset the costs of the desired increases. Instead every category in the budget increased. It will become increasingly important to set goals as the Project 80's facilities which I (any) many Anchorage residents supported come on line and add the need for millions of dollars more for the operating budget.

In summary, it is unrealistic to ask the state to fund a supplemental appropriation for municipal assistance that would be 6% above the amount given when the state had twice the revenues it now expects. The state has done more than should be expected to maintain high appropriations to keep property taxes down. The cities have done little and the responsibility to keep taxes low can only rest on their shoulders by decreasing the budgets accordingly. If local officials are unwilling to lower budgets then they should present the public with a tax increase. I believe the resulting public opinion would be to everyone's benefit in determining what the public truly wants government to provide.

#

CONSOLIDATION OF MUNICIPAL ASSISTANCE AND REVENUE SHARING

"The Alaska Municipal League endorses the consolidation of the current municipal assistance and state revenue sharing programs together with the funding of the consolidated program at a level of at least 8% of the prior year's state operating budget so that municipalities can continue to provide important, needed services while holding down taxes."

Consolidation of the principal municipal aid programs is recommended for two reasons: (1) to simplify the administration of revenue distribution to local governments, both for the state and for the municipalities, and (2) to provide a predictable source of funding for basic services delivered at the local level.

The Municipal Assistance Fund, the successor to the Gross Business License Tax sharing program, is administered by the Department of Revenue. The funds are distributed primarily on a per capita basis. Municipalities must submit an application to the Department and must pass a resolution agreeing to accept the money.

The Revenue Sharing program is administered by the Department of Community and Regional Affairs, which distributes the funds primarily through a formula, with some additional special purpose entitlements. In order to receive funding, municipalities must fill out multi-page application forms and submit financial statements or audits.

Through an interdepartmental agreement this year, the two departments devised a joint application for both programs, simplifying to a certain extent the administrative process.

The proposed consolidation eliminates the municipal assistance fund, establishes the total amount municipalities received in FY 83 for revenue sharing and municipal assistance as a base for distribution, raises the minimum entitlement from \$25,000 to \$100,000, and distributes any additional funding using the current revenue sharing formula.

It is suggested that the level of funding for the consolidated program be 8% of the prior year's state operating budget. Using this approach, municipal aid would keep pace with state spending and local governments would have a better idea of how much to expect when adopting their budgets. Under the current system, municipalities must adopt their budgets before the Legislature has appropriated any funding.

The FY 83 state operating budget was about \$1.8 billion, 8% of which is \$144 million. The combined revenue sharing and municipal assistance funding for FY 83 was \$127 million, down \$16 million from the FY 82 level of \$143 million. If you apply the inflation and population increase factors provided in the spending limit, the \$143 million level would have increased to \$156 million in FY 83 and \$170 million in FY 84.

Municipal Assistance Fund
 Every unofficial estimate prepared by Quincy Whitwood - 2/4/83

\$87.4 total \$71.3 total \$25.1 total \$96.4 total

Municipal District	population figures are unofficial; city pop. figures checked out of borough figures	FY 82 municipal assistance payment	estimated	estimated	estimated
			FY 83 (159.74795 pc)	additional FY 83 w/50% (56.30704 pc)	total FY 83 original + supplement
1 Anchorage (204,216)	40,531,910	32,663,931	11,498,803	44,162,734	
2 Bristol Bay Bor. (1,271)	4,533,553 2,468,887	2,059,14	71,566	2,748,600	
3 Fairbanks Bor. (32,040)	5,524,841	5,124,732	1,804,078	6,928,810	
4 Haines Bor. (768)	1,442,18	1,228,40	43,244	1,660,84	
5 Juneau GB (22,023)	4,525,958	3,522,534	1,240,050	4,762,584	
6 Kenai Bor. (18,323)	3,116,804	2,930,726	1,031,714	3,962,440	
7 Ketchikan G. Bor. 4,351	800,474	695,934	244,992	940,926	
8 Kodiak I Bor. 5,679	551,837	908,344	319,768	1,228,112	
9 Mat-Su Bor 20,273	2,915,779	3,242,695	1,141,513	4,384,138	
10 North Slope Bor. 2,832	1,320,031	452,973	159,462	612,435	
11 Sitka Bor. 8,221	1,693,575	1,349,32	462,900	1,777,832	
12 Barrow 2,882	487,674	460,970	162,277	623,247	
13 Cordova 2,241	483,276	358,443	126,184	484,627	
14 Craig 604	115,347	96,609	34,009	130,618	
15 Dillingham 1,841	356,240	294,464	103,661	398,125	
16 Fairbanks 25,747	6,085,709	4,118,180	1,449,738	5,567,918	
17 Galena 844	1,655,63	1,349,96	47,523	1,825,19	
18 Haines 1,079	2,204,53	1,725,84	60,755	2,333,39	
19 Homer 2,897	571,983	463,369	163,122	626,491	
20 Hoonah 863	1,644,41	1,380,35	48,593	1,866,28	
21 Hydaburg 412	720,50	658,99	23,199	890,98	
22 Kake 631	1,173,31	1,009,27	35,530	1,364,57	
23 Kenai 5,231	1,044,073	836,688	244,542	1,131,230	
24 Ketchikan 7,777	1,627,606	1,243,915	437,900	1,681,815	
25 King Cove 523	1,029,25	836,53	29,449	1,131,02	
26 Klawock 433	781,88	692,57	24,381	936,38	
27 Kodiak 5,873	1,084,266	939,374	330,691	1,270,065	
28 Nenana 540	1,291,83	863,72	30,406	1,167,78	
29 Nome 3,430	651,868	548,621	193,133	741,754	
30 North Pole 934	2,141,95	1,493,91	52,591	2,019,82	
31 Palmer 2,524	5,023,05	4,037,09	1,421,119	5,458,28	
32 Pelican 185	367,96	295,90	10,417	400,07	
33 Petersburg 3,040	634,966	486,242	171,173	657,415	
34 Sand Point 797	1,417,82	1,274,79	44,877	1,723,56	
35 Saint Mary's 442	857,38	706,97	24,888	955,85	
36 Seldovia 729	1,049,62	1,166,02	41,048	1,576,50	
37 Seward 1,828	428,482	292,355	102,929	395,314	
38 Skagway 790	1,829,56	1,263,59	44,483	1,708,42	
39 Soldotna 3,008	584,787	481,123	169,372	650,495	
40 Tanana 485	934,19	775,75	27,309	1,048,84	
41 Unalaska 1,922	390,542	307,420	108,222	415,642	
42 Valdez 3,694	1,014,311	590,848	207,998	798,846	
43 Wrangell 2,376	500,895	380,036	133,786	513,822	
44 Yakutat 462	974,18	738,96	26,014	999,10	

			FY 82	est. made original FY 83	est. made supplement	estimated total FY 83 (col. 3+4)	
1		Akhiok	103	20732	16475	5800	229275
2		Akiachak	457	86159	72137	25394	97531
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15		Atmautluak	236	44610	37748	13288	51036
16		Atkasut.	107		17114	6025	23139
17	cities	Bethel	3,631	765307	588768	207266	796034
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	Golovin	112	19166	17914	6306	24220	
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	Grayling	211	40206	33749	11881	45630	
	Holy Cross	243	46794	38867	13683	52550	
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	Houston	819	116527	130997	46115	171122	
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	Huslia	241	45971	38547	13570	52117	
	Kachemak	287	84233	45905	16160	62065	

			11 FY 82	12 estimated original FY 83	13 estimated supplemental	14 estimated total FY 83 (col 3+4)	
1		Kaktovik	214	40690	34229	12050	46279
2		Kaltag	245	47092	39187	13795	52982
3		Kasaan	70	12641	11196	3941	15137
4		Kiana	363	71501	58061	20439	78500
5		Kivalina	253	49223	40467	14246	54713
6		Kobuk	64	12647	10237	3604	13841
7		Kotlik	347	67892	55502	19538	75040
8		Kotzebue	2,464	47,7285	39,4112	13,8741	53,2853
9		Koyuk	183	40254	29270	10304	39574
10		Koyukuk	99	19164	15835	5574	21409
11		Kupreanof	54	9655	8637	3041	11678
12		Kwethluk	467	90281	74616	26245	100991
13		Larsen Bay	180	32906	28791	10135	38926
14		Lower Kalskag	260	48286	41586	14640	56296
15	second class	Manokotak	299	57461	47824	16836	64660
16		Me Grath	497	70935	79494	27985	107479
17		Me Koryuk	178	34914	28471	10023	38494
18		Mountain Village	601	116596	96129	33840	129969
19		Napaklak	286	57309	45745	16104	61849
20		Napaskiak	251	47699	40147	14133	54280
21		Newhalen	140	26811	22393	7883	30276
22		New Stuyahok	337	64811	53902	18975	72877
23		Newtok	175	34579	27991	9854	37845
24		Nightmute	141	26620	22553	7939	30492
25	Nikolai	110	17355	17594	6194	23788	
26	Nondalton	176	34121	28151	9910	38061	
27	Noorvik	517	101500	82693	29111	111804	
28	Nulato	353	67248	56462	19876	76338	
29	Nuqsut	287	53428	45905	16160	62065	
30	Old Harbor	355	66164	56782	19989	76771	
31	Ouzinkie	233	33828	37268	13119	50387	
32	Pilot Station	337	63920	53902	18975	72877	
33	Platinum	57	11353	9117	3209	12326	
34	Point Hope	544	108084	87012	30631	117643	
35	Port Alexander	98	18027	13675	5518	21193	
36	Port Heiden	94	18169	15035	5293	20328	
37	Port Lions	291	41908	46545	16388	62930	
38	Quinhagak	427	81282	68298	24043	92341	
39	Ruby	214	38205	34229	12050	46279	
40	Russian Mission	175	33148	27991	9854	37845	
41	Saint Michael	295	54943	47185	16611	63796	
42	Saint Paul	595	116955	95169	33503	128672	
43	Savoonga	477	106772	76295	26858	103153	
44	Saxman	303	55510	48464	17061	65535	

			(1) FY 82	(2) estimated FY 83	(3) estimated supplemental	(4) estimated total FY 83 (3+4)	
1		Scammon Bay	251	49615	40147	14133	54280
2		Selawik	601	74351	96129	33840	129969
3		Shageluk	136	25193	21753	7658	29411
4		Shaktolik	159	34984	25432	8953	34385
5		Sheldon Point	107	20409	17114	6025	23139
6	second class cities	Shishmaref	425	84712	67978	23930	91908
7		Shungnak	214	42220	34229	12050	46279
8		Stebbins	321	70660	51343	18075	69418
9		Teller	206	45294	32949	11599	44548
10		Tenakee Springs	141	27403	22553	7939	30492
11		Togiak	545	103785	87172	30687	117859
12		Toksook Bay	357	66123	57101	20102	77203
13		Tuluksak	243	46257	38867	13683	52550
14		Tununak	302	59505	48304	17005	65309
15		Unalakleet	604	136510	96609	34009	130618
16	Upper Kalskag	133	26499	21273	7489	28762	
17	Wainwright	436	81183	61737	24550	86287	
18	Wales	129	28178	20633	7264	27897	
19	Wasilla	2,386	434428	381636	134349	515985	
20	White Mountain	121	26630	19354	6813	26167	
21	Whittier	224	43209	35828	12613	48441	
22							
23							
24							
25							
26							
27							
28							
29							
30							
31		total municipal population		445770	- 96.9%	of total	
32		total state-wide population		460000		state-wide	
33							
34							



TELEPHONES
(907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

March 3, 1982

Albert Adams, Chair
House Finance Committee
Pouch V
Juneau, Alaska 99811

Dear Representative Adams:

The Alaska Municipal League urges you to reconsider your actions in slashing \$13 million from the FY 82 level of the municipal assistance fund, one of the line items in the shared taxes section of the Department of Revenue FY 83 budget.

Several years ago, the Legislature repealed the gross business license tax, 60% of which was automatically rebated to the municipality in which it was collected. The purpose was to make business taxes more equitable, not penalize local government. For that reason, the Legislature established a municipal assistance fund, containing an amount "equal to or greater" than 10% of the corporate income tax received, but subject to legislative appropriation.

The Legislature intended that the municipalities use, for local tax relief, any funds over and above that which would have been generated by the gross business license tax rebate. As is indicated by the enclosed questionnaire results, that is exactly what happened in most of the major municipalities throughout the state as a result of the increased level of funding appropriated last year by the Legislature. If FY 82 levels are not maintained or increased to recognize the 9% inflation and the 4.7% population increases, then municipalities will have only two choices - cut back on services or raise the local taxes back up again.

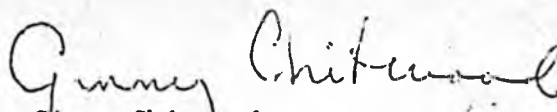
The reason the 10% corporate income taxes is lower this year than last is because at the end of the 1981 session, the Legislature shifted oil and gas taxation from corporate income to severance (SB 524). As was the case with the gross business license repeal, it is my understanding that the intent was to make oil and gas taxation more equitable, not penalize municipalities. Unfortunately, if the Legislature sticks to the "10%" instead of the "equal or greater" the results will be that municipalities and the local tax payers will be adversely impacted. Had there been no change in the corporate income tax law, 10% of the receipts would be \$108 million, instead of the \$74 million currently in the House Finance version of the FY 83 budget.

Municipal Assistance - page 2

AML urges you to at least maintain the current level of funding and preferably increase to \$99 million, an upward adjustment recognizing inflation and population increases. The latter amount is still \$9 million less than what would have been shared without SB 524.

Thank you for your consideration of this request. If you have any questions please do not hesitate to contact me.

Sincerely,



Ginny Chitwood
Executive Director

enc:

cc: The Honorable Jay S. Hammond, Governor
The Honorable Terry Miller, Lieutenant Governor
Commissioner Lee McAnerney, Community & Regional Affairs
Jerry Reinwand, Executive Assistant, Office of the Governor
Sue Greene, Special Assistant, Office of the Governor
Jessie Dodson, Special Assistant, Office of the Governor
AML Board of Directors
AML Legislative Committee