

COMMITTEE REPORT

SENATE

FURTHER:

4/23/86

Date _____

Mr. President

The Committee on FINANCE considered SB 479

providing for pro rata reductions of certain state payments to local governments; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman

Chairman recommendation

COMMITTEE REPORT
SENATE

FINANCE

FURTHER:

4/17/86

Date 4/22/86

Mr. President

The Committee on JUDICIARY considered SB 479

providing for pro rata reductions of certain state payments to local governments; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

[Signature]

[Signature]

[Signature]

Chairman

[Signature]

Chairman recommendation

Introduced: 4/17/86
Referred: Judiciary and Finance

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 SENATE BILL NO. 479

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for pro rata reductions of certain
7 state payments to local governments; and providing
8 for an effective date."

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

10 * Section 1. AS 04.11.610(a) is amended to read:

11 (a) Subject to appropriations for the purpose, annual [ANNUAL]
12 license fees, excluding annual wholesale license fees, collected
13 within a municipality shall be refunded semi-annually to the munici-
14 pality. If appropriations for the purpose are insufficient to fully
15 fund refunds under this subsection the amount available shall be
16 distributed pro rata among eligible municipalities.

17 * Sec. 2. AS 10.25.570 is amended to read:

18 Sec. 10.25.570. REFUND TO LOCAL GOVERNMENTS. Subject to appro-
19 priations for the purpose, the [THE] proceeds of the telephone cooper-
20 ative gross revenue tax and the electric cooperative tax, less the
21 amount expended by the state in their collection, shall be refunded to
22 an organized borough or a city of any class incorporated under state
23 law, in the proportion that the revenue was earned within the city or
24 the borough area outside the city. However, taxes collected on gross
25 revenue earned by a telephone cooperative or on the sale of electric-
26 ity by an electric cooperative outside a city or organized borough
27 shall be retained by the state and deposited into the [ITS] general
28 fund. If appropriations for the purpose are insufficient to fully
29 fund refunds under this section the amount available shall be
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1 distributed pro rata among eligible municipalities.

2 * Sec. 3. AS 29.45.060(e) is amended to read:

3 (e) Subject to legislative appropriations for the purpose, the
4 state shall reimburse a borough or city, as appropriate, for the
5 property tax revenues lost to it by the operation of this section. If
6 appropriations are not sufficient to fully fund reimbursements under
7 this subsection, the amount available shall be distributed pro rata
8 among eligible municipalities.

9 * Sec. 4. AS 43.35.050 is amended to read:

10 Sec. 43.35.050. DISTRIBUTION OF TAX. Subject to appropriations
11 for the purpose, one-half [ONE-HALF] of the proceeds of the gross
12 revenue from the tax provided by this chapter, excluding distributors'
13 fees, penalties, and the amount determined to have been spent by the
14 state in its collection, shall be refunded to organized boroughs and
15 ities of the first, second, and third classes by action of the
16 legislature in the proportion that the revenue was earned within them,
17 and the balance shall be retained by the state and deposited in the
18 general fund. If appropriations for the purpose are insufficient to
19 fully fund refunds under this section the amount available shall be
20 distributed pro rata among eligible municipalities.

21 * Sec. 5. AS 43.35.130 is amended to read:

22 Sec. 43.35.130. REFUND TO LOCAL GOVERNMENTS. Subject to appro-
23 priations for the purpose, the [THE] department shall refund 75
24 percent of the tax collected from sales of punchboards in an organized
25 borough or city of the first, second, or third class to the local
26 government. The balance shall be deposited in the general fund. If
27 appropriations for the purpose are insufficient to fully fund refunds
28 under this section, the amount available shall be distributed pro rata
29 among eligible municipalities.

1 * Sec. 6. AS 43.40.010(e) is amended to read:

2 (e) Subject to appropriations for the purpose, 60 [SIXTY] per-
3 cent of the proceeds of the revenue from the taxes on aviation fuel,
4 excluding the amount determined to have been spent by the state in its
5 collection, shall be refunded to a municipality owning and operating
6 or leasing and operating an airport in the proportion that the revenue
7 was collected at the municipal airport. All other proceeds of the
8 taxes on aviation fuel shall be paid into a special aviation fuel tax
9 account in the state general fund. The legislature may appropriate
10 funds from this account for aviation facilities. If appropriations
11 for the purpose are insufficient to fully fund refunds under this
12 subsection the amount available shall be distributed pro rata among
13 eligible municipalities.

14 * Sec. 7. AS 43.75.130 is amended to read:

15 Sec. 43.75.130. REFUND TO LOCAL GOVERNMENTS. Subject to appro-
16 riation, for the purpose, the [THE] commissioner of revenue shall pay

17 (1) to each unified municipality and to each city located
18 in the unorganized borough, 50 percent of the amount of tax revenue
19 collected in the municipality from taxes levied by this chapter
20 [AS 43.75];

21 (2) to each city located within a borough, 25 percent of
22 the amount of tax revenue collected in the city from taxes levied by
23 this chapter; and

24 (3) to each borough

25 (A) 50 percent of the amount of tax revenue collected
26 in the area of the borough outside cities from taxes levied by
27 this chapter; and

28 (B) 25 percent of the amount of tax revenue collected
29 in cities located within the borough from taxes levied by this

chapter.

* Sec. 8. AS 43.75.130 is amended by adding a new subsection to read:

(b) If appropriations are not sufficient to fully fund refunds under (a) of this section, the amount available shall be distributed pro rata among eligible municipalities.

* Sec. 9. This Act takes effect July 1, 1986.

ALASKA STATE LEGISLATURE

14th Legislature 2nd Session

SENATE BILL NO. 479

By THE FINANCE COMMITTEE

"An Act providing for pro rata reductions of certain state payments to local governments; and providing for an effective date."

Introduced in the Senate ... 4/17, 19.86

HISTORY IN THE SENATE

19	86	Read first time and referred to Committee on										
4	17	② Finance ① Judiciary										
4	23	Reported back with <i>Judiciary</i> recommendation that <i>2 do pass, 1 no rec, zero fiscal, to fin.</i> <i>F.I.V.</i>										
		Read second time and										
		Read third time and										
		<table border="0"> <tr><td>PASS</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Absent</td><td>Absent</td></tr> <tr><td>Excused</td><td>Excused</td></tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date											
Yeas	Yeas											
Nays	Nays											
Absent	Absent											
Excused	Excused											
		Reconsideration										
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PASS	Effective Date											
Yeas	Yeas											
Nays	Nays											
Absent	Absent											
Excused	Excused											
		Reported correctly engrossed										
		Signed by President										
		Sent to House										
SECRETARY OF THE SENATE												

HISTORY IN THE HOUSE

19		Read first time and referred to Committee on										
		Reported back with recommendation that										
		Read second time and										
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Excused	Excused											
		Reported correctly engrossed										
		Signed by Speaker										
		Returned to Senate										
CHIEF CLERK OF THE HOUSE												

HISTORY IN THE SENATE

19		Received from House
		To enrolling
		Reported correctly enrolled
		Sent to Governor
	 by Governor
		Filed with Lt. Governor
		Chapter No.

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No: SB 479
Title: Providing for pro rata reductions of certain state payments to local governments
Sponsor: Senate Finance
Requestor: Judiciary and Finance
Date of Request: 4/17/86

FISCAL DETAIL

Agency Affected: Revenue
BRU: Administrative Services

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
OPERATING						
PERSONAL SERVICES	-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-	-0-	-0-	-0-	-0-	-0-
LANDS & STRUCTURES	-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page if necessary

Prepared By: Erwin B. Jones, Director
Division: Administrative Services

Phone: 465-2313
Date: 4/22/86

Approved by Commissioner: Shirley H. Stindale
Agency: Revenue

Date: 4/22/86

Distribution (by Agency preparing fiscal note):

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

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date 5/2/86

REQUEST

Bill/Resolution No: CSSB 479
 Title: State Payments to Local Governments
 Sponsor: Senate Finance
 Requestor: _____
 Date of Request: 5/1/86

FISCAL DETAIL

Agency Affected: Department of Revenue
 BRU: _____
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
<u>OPERATING</u>						
100 PERSONAL SERVICES	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
200 TRAVEL	- 0 -	2.0	- 0 -	- 0 -	- 0 -	- 0 -
300 CONTRACTUAL	- 0 -	4.0	- 0 -	- 0 -	- 0 -	- 0 -
400 SUPPLIES	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
500 EQUIPMENT	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
600 LANDS & STRUCTURES	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
700 GRANTS, CLAIMS	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
800 MISCELLANEOUS	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
<u>TOTAL OPERATING</u>	- 0 -	6.0	- 0 -	- 0 -	- 0 -	- 0 -
<u>CAPITAL</u>	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
<u>REVENUE</u>	- 0 -	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
FEDERAL FUNDS	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
OTHER	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
<u>TOTAL</u>	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -

POSITIONS:

FULL-TIME	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
PART-TIME	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
TEMPORARY	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -

ANALYSIS: Please see attached.

Prepared By: Martin J. Richard
 Division: Audit Division

Phone: 465-2320
 Date: 5/2/86

Approved by Commissioner: Mary P. Sturdale
 Agency: Revenue

Date: 5/2/86

Distribution (by Agency preparing fiscal note):

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

Prepared by:

Department of Revenue
Division of Audit
May 2, 1986

CSSB 479
Fiscal Note Analysis

Sections 1 - 8

Amending language has been added to provide that if revenues earmarked for sharing to municipalities by statutory formula are not fully appropriated, the available appropriation is to be distributed pro rata among the eligible municipalities. Revenue sharing programs affected by this proposal include:

- a) alcohol beverage license fee (04.11.610)
- b) electric and telephone cooperative tax (AS 10.25.570)
- c) coin-operated device permit fees (AS 43.35.050)
- d) punchboard revenues (AS 43.35.130)
- e) aviation fuel tax (AS 43.40.010)
- f) fisheries business tax (AS 43.75.130)

Section 8

This section amends the method for determining local city and borough's share of fisheries business tax. Currently, the tax is shared to municipal governments based upon the amount of fish tax collected within each government's boundary. If fish are processed outside any local government boundary, the entire fish tax related to that processing is kept in the State's general fund.

This section provides that the tax collected from fisheries businesses operating as floating processors which would otherwise go to the State's general fund will be allocated to the municipalities located within the fisheries management area in which the fish are processed.

Department of Revenue Costs to Administer This Bill

Travel 2.0, Contractual 3.0

We believe it will be necessary to sponsor fisheries seminars in Juneau, Anchorage, Ketchikan, Kodiak, Sitka and Seattle to retrain those businesses currently filing Fisheries Business Returns. Until 1984, annual seminars were held in Seattle, Anchorage and Juneau to update fish processors on all changes in law or regulation affecting them. Seminar participants included Revenue, Department of Labor, Department of Commerce and Economic Development, Department of Fish and Game and Department of Public Safety. The primary by product of these meetings was enhanced compliance with state law. In the FY 86 and FY 87 budgets, costs to conduct these seminars were eliminated as a cost saving measure.

The bill imposes a major reporting change on all floating processors. In addition to reporting processing activity when they enter a specific borough or city boundary, a processor must report to the Department each and every management area in which they process and the total amount of tax allocated to each. For those vessels which "chase" the fishing fleet, it is conceivable that they will acquire fish in one management area and process it in another (if not several others). Recordkeeping and accuracy could be very difficult to maintain, and interpretations of filing requirements could vary thus necessitating the training sessions.

We believe it is essential that the Department provide training to the processors should this bill pass, to familiarize them with the new reporting format and to stress the importance of their accurate recordkeeping on the fair and equitable sharing of revenues among municipalities.

Contractual 1.0

An additional amount is requested to redesign the fisheries tax returns and allocation schedules as well as specific instructions to the forms for implementing this legislation.

Introduced: 4/17/86
Referred: Judiciary and Finance

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

SENATE BILL NO. 479

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act providing for pro rata reductions of certain
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23 law, in the proportion that the revenue was earned within the city or
24 the borough area outside the city. However, taxes collected on gross
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15 cities of the first, second, and third classes by action of the
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7 was collected at the municipal airport. All other proceeds of the
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9 account in the state general fund. The legislature may appropriate
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17 (1) to each unified municipality and to each city located
18 in the unorganized borough, 50 percent of the amount of tax revenue
19 collected in the municipality from taxes levied by this chapter
20 [AS 43.75];

21 (2) to each city located within a borough, 25 percent of
22 the amount of tax revenue collected in the city from taxes levied by
23 this chapter; and

24 (3) to each borough

25 (A) 50 percent of the amount of tax revenue collected
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1 chapter.

2 * Sec. 8. AS 43.75.130 is amended by adding a new subsection to read:

3 (b) If appropriations are not sufficient to fully fund refunds
4 under (a) of this section, the amount available shall be distributed
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6 * Sec. 9. This Act takes effect July 1, 1986.