

H B

439

#	Date In	Doc. Type	Date	Subject	DESCRIPTION	From	Copied	Init.
①	2/10	Bill	2/8					
②	2/11	Bill Rev.	2/11	Bill Rev		DEH		
③	2/15	PP	2/5	DCRA				
④	2/15	FN	2/15	DCRA				
⑤	2/16	Memo	2/16	10 Sp. From AM L supp 439				
⑥	2/26/8	C Rpt	2/26	Con Rpt.	2 DP	1 DU P		
A	2/16	Min	2/16					
		Min	2/25					

= Distributed, all files

(Ltr) = Master, Backup, Next Com. Files

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House C+RA	2-16-88	3:00p.m.
" "	2-26-88	3:00p.m.

2/8 D R F 2/10 P 2/8 N

BILL PREPARATION/ACTION*

Bill # HB 439 Date Referred: 2/8/88 Out:

Title: Increase Municipal & Community Entitlements

Sponsor: Adams / Hoffmann / Sp. Referrals: CR A F/N

CONTACTS:*****

Name _____

DCRA Plasman 2/15 2/16 PP FN 2/8

Adams - Elmer will 2/15 2/22 [2/26]

FEB 24 1988

Mayor Sanderson
Hillsburg

May come on Fri, 26th
of Feb to testify in support
of HB 439.

REMARKS: _____

MEETINGS:*****

Date _____ Action _____

* 2/15/88 1st pub. hearing - hold

2/26/88 passed out 2 DP, 1 DNP + comment

*See other side for additional information.

HOUSE COMMITTEE REPORT

(5)

(6) HB 439

Date referred: 2/8/88

FURTHER REFERRALS: Finance

DATE: FEB 26 1988

The Community and Regional Affairs Committee has considered HB 439

"An Act relating to entitlements for municipalities and unincorporated communities; and providing for an effective date."

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Cato Better Cato

Springer Heinrich Springer

SIGNING OTHER RECOMMENDATIONS.

Collins Virginia Calhoun - Do NOT PASS unless there IS AN INCREASE IN THE Level of Funding for the Program.

Springer Heinrich Springer
Chairman's signature

File Contents

HB 439 - Increase Municipal and Community Entitlements

<u>No.</u>	<u>Description</u>
1.	Bill - HB 439
2.	Bill Review - HCRA Staff, Harrison
3.	Position Paper - DCRA
4.	Zero Fiscal Note with Attachment - DCRA
5.	Position Paper - AML



Official Business

COMMITTEE:

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: Tuesday, Feb. 16, 1988

SIGN-IN

Subject of meeting:

~~HB 357 Grants for Local Service Roads & Trails~~

*HB 439 Increase Munic. & Community Entitlements

*~~HB 419 Community Economic Disaster Loan Fund~~

NAME (PLS PRINT)	YOUR TITLE & ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Bill Rofzen	Project Assistant (Revenue Sharing) DCRA			NO
Elmer Lindstrom	Aide - Rep. Adams			If Chairman Springer would like
Carolyn Berg	Citizen Concern			Yes
Jim Plesman			DCRA	



Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

To: Representative Henry Springer, Chairman
HCRA

From: HCRA Staff - David Harrison *DCH*

Date: February 15, 1988

Subject: BILL REVIEW
HB 439 - "An Act relating to entitlements for municipalities and unincorporated communities; and providing for an effective date." [Adams, Hoffman, Springer]

* Section 1. AS. 29.60.140(a) The department shall pay to each unincorporated community an entitlement of \$50,000 [\$25,000] each fiscal year to be used for a public purpose.

COMMENT: The only change in present statute in (a) of this section is the amount of entitlement to unincorporated communities.

There are about 74 unincorporated communities receiving aid to unincorporated communities under the revenue sharing program. The various factors affecting entitlement determines the exact prorated amount of funding each unincorporated community receives. If the entitlement is increased to \$50,000, each unincorporated community will receive a greater increase than in FY '88. Please refer to the memo by Mr. Jim Plasman, Deputy Director of DCRA, dated February 4, 1988.

* Section 2. AS 29.60.290(a)
A municipality qualifying for an entitlement under AS 29.60.010 - 29.60.080 or 29.60.100 - 29.60.180 shall receive a minimum of payment of \$50,000 [\$25,000] plus an area cost-of-living differential for each fiscal year if....

COMMENT: The amendment as proposed raises the minimum municipal entitlement from \$25,000 to \$50,000. Various sections of the municipal statutes are listed indicating municipal status and classifications. Again, please refer to Mr. Jim Plasman's memo of February 4, 1988, (attached) related to this amendment.

Total entitlements to municipalities are formulated from miscellaneous entitlement, tax equalization entitlement as well as minimum entitlement add on. Entitlements are based upon a number of factors. Tax equalization accounts are prorated to municipalities according to factors that determine actual minimum entitlements received. Statutes mentioned in this bill are attached for your information and quick review.

Attachments

MEMORANDUM

State of Alaska

Community and Regional Affairs

TO: Marla Berg
Legislative Aide to
Representative Al Adams

DATE: February 4, 1988

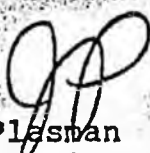
FILE NO:

TELEPHONE NO: 465-4750

THRU:

SUBJECT: Fiscal Impact of SRS
Amendments

FROM:


Jim Plesman
Deputy Director
Municipal and Regional
Assistance Division

You have asked what the fiscal impacts of changing the unincorporated entitlement and minimum municipal entitlement from \$25,000 to \$50,000. While this would not have a fiscal impact on the department's operations, it would affect the allocation of funds under the revenue sharing formula.

The impact on the Miscellaneous Services Account of such a change would be a decline in the proration factor for the Miscellaneous Services Account of about 3.8 percent. Assuming FY 88 variables, this would reduce the Miscellaneous Services proration factor from about 55.59 percent to 51.76 percent. For unincorporated communities, their actual payment would rise from a projected FY 88 payment of \$13,917 (based upon a \$25,000 entitlement level) to \$25,916 (based upon the proposed \$50,000 level). Other payments from this account for roads, health facilities, hospitals, and volunteer fire departments outside of municipalities would be reduced by about 3.8 percent. Assuming FY 88 variables, in order to "hold harmless" other recipients from this account, ~~\$528,510~~ would have to be added to the account.

about \$1,028,000

The impact on the Tax Equalization Account would be two-fold. While there would be the direct impact of raising the municipal minimum entitlement, there would also be an indirect impact from raising the unincorporated community entitlement. With the reduction in the amount municipalities receive for roads and health facilities, some municipalities would need incrementally more for the minimum entitlement add-on paid out of the tax equalization account. The impact would be to reduce payments from the Tax Equalization Account by about 10 percent. Assuming FY 88 variables, in order to "hold harmless" other recipients under this account, the decrease would amount

Marla Berg
February 4, 1988
Page Two

to 9.69 percent and an additional \$2,562,809 would need to be added to this account.

If you have any further questions, please give me a call.

cc: Bert Greist
Deputy Commissioner

bcc: Bob Evans
Office of the Governor
Director of Legislative
Relations

Bill Rolfzen
Project Assistant

STATE OF ALASKA

③ HB 439

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

MUNICIPAL & REGIONAL ASSISTANCE DIVISION

949 E. 36th AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 561-8586

P.O. BOX 348
BETHEL, ALASKA 99559-0348
PHONE: (907) 543-3475

P.O. BOX 10041
DILLINGHAM, ALASKA 99576-1041
PHONE: (907) 842-5135

1514 CUSHMAN STREET, ROOM 210
FAIRBANKS, ALASKA 99701-6288
PHONE: (907) 452-7126

P.O. BOX BH
JUNEAU, ALASKA 99811-2110
PHONE: (907) 465-4750

710 MILL BAY RD.
KODIAK, ALASKA 99615-6340
PHONE: (907) 486-5736

P.O. BOX 350
KOTZEBUE, ALASKA 99752-0350
PHONE: (907) 442-3696

P.O. BOX 41
NOME, ALASKA 99762-0041
PHONE: (907) 443-5457

February 15, 1988

POSITION PAPER

RE: House Bill 439

SPONSORS: Representatives Adams, Hoffman, and Springer

EFFECTS OF BILL:

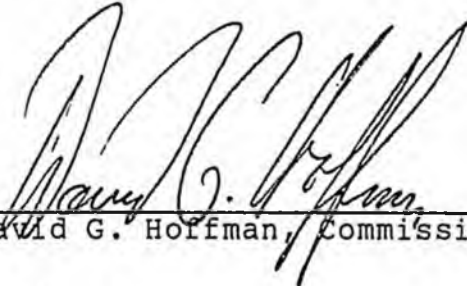
This bill would increase the State Revenue Sharing entitlement for unincorporated communities from \$25,000 to \$50,000 and the minimum municipal entitlement from \$25,000 to \$50,000. In FY 88, 74 unincorporated communities will receive State Aid to Unincorporated Communities under the State Revenue Sharing Program. Unincorporated community entitlements are paid out of the Miscellaneous Services account, along with entitlements to municipalities for roads, health facilities and hospitals, and entitlements to volunteer fire departments in the unorganized borough. The revenue sharing entitlements from this account will be prorated at about 55 percent in FY 88, so that unincorporated communities will receive about \$13,880 rather than \$25,000. Assuming FY 88 funding variables, raising the unincorporated community entitlement to \$50,000 would increase the actual payment to unincorporated communities to about \$25,000 through a reallocation of funds within the Miscellaneous Services account. Other payments from this account would be reduced by about 6.9 percent.

In FY 88, we project that about 83 municipalities will receive funds under the minimum municipal entitlement provision. The amount of money used to fund the existing minimum municipal entitlement (\$25,000 plus a geographic differential) will be about \$1.6 million, which comes from the tax equalization account of the state revenue sharing program. Assuming FY 88 funding variables, this bill will include an additional 25 communities under the minimum municipal entitlement provision. Actual payments will vary, based upon differing COLA's and the impact of the prorationing of the tax equalization account. The proration factor for other payments from the tax equalization account would fall from about 94.6 percent to about 86.1 percent.

COMMENTS:

The department supports the concept of this bill, which is designed to give a greater measure of financial support to those smallest municipalities and communities in the state. Recent events have shown that these small municipalities are suffering tremendous hardship. Those municipalities which will be affected by this provision will be those with relatively small local revenue raising capacities because of the lack of a local tax base. Consequently, the bill would focus assistance on those areas with the greatest need and the least resources to respond to the need. A continuing problem for these municipalities is to attract and retain qualified municipal personnel because of their inability to pay adequate, stable wages. Raising the minimum entitlement will enhance the ability to do this, leading to greater continuity of services at the local level, and a better ability to maintain proper fiscal controls over local finances.

Without additional funds, the reallocation of funds will result in a decrease in entitlements to other revenue sharing recipients. In light of the state's revenue situation at this point, the administration is unable to support a request for additional funds to the program necessary to "hold harmless" other recipients.



David G. Hoffman, Commissioner

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 439
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: DCRA
Title: "An act relating to entitlement for municipalities and uninc...." BRU: Municipal Revenue Sharing
Sponsor: Adams, Hoffman, Springer Components: State Revenue Sharing
Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

(see attached)

Prepared by: Jim Blaser Phone: 465-4750
Division: Municipal & Regional Assistance Date: 2/15/88
Approved by Commissioner: [Signature] Date: 2-15-88
Agency: Community & Regional Affairs

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)

FISCAL NOTE ATTACHMENT
HB 439

While this bill would not have a fiscal impact on the department's operations, it would affect the allocation of funds under the revenue sharing formula.

The impact on the Miscellaneous Services Account of such a change would be a decline in the proration factor for the Miscellaneous Services Account of about 3.8 percent. Assuming FY 88 variables, this would reduce the Miscellaneous Services proration factor from about 55.59 percent to 51.76 percent. For unincorporated communities, their actual payment would rise from a projected FY 88 payment of \$13,917 (based upon a \$25,000 entitlement level) to \$25,916 (based upon the proposed \$50,000 level). Other payments from this account for roads, health facilities, hospitals, and volunteer fire departments outside of municipalities would be reduced by about 6.9 percent. Assuming FY 88 variables, in order to "hold harmless" other recipients from this account, \$1,028,043 would have to be added to the account.

The impact on the Tax Equalization Account would be two-fold. While there would be the direct impact of raising the municipal minimum entitlement, there would also be an indirect impact from raising the unincorporated community entitlement. With the reduction in the amount municipalities receive for roads and health facilities, some municipalities would need incrementally more for the minimum entitlement add-on paid out of the tax equalization account. The impact would be to reduce payments to other recipients from the Tax Equalization Account by about 10 percent. Assuming FY 88 variables, the decrease would amount to 9.69 percent and, in order to "hold harmless" other recipients under this account, an additional \$2,562,809 would need to be added to this account.

Alaska MUNICIPAL League


⑤ HB 439

TELEPHONE
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

MEMORANDUM

TO: Representative Henry Springer, Chair
Members of the House Community and Regional Affairs Committee

FROM: Scott A. Burgess, Executive Director 
Alaska Municipal League

DATE: February 16, 1988

SUBJECT: HB 439 - Increasing Minimum Entitlements

On behalf of its 135 member municipalities, the Alaska Municipal League supports the concept of HB 439 and increasing the minimum entitlements under the State Revenue Sharing Program. However, without increasing the level of funding for the program, the League cannot support the actual legislation.

AML Policy Statement states in PART I.B.1:

"b. In those cases in which legislation is approved increasing the state revenue sharing entitlement for specific recipients or for a specific purpose, the League advocates that the total funding for state revenue sharing be increased accordingly in order to preclude the dilution of funding to other recipients.

c. The League supports an increase in the state revenue sharing minimum entitlement."

By increasing the minimum entitlement from \$25,000 to \$50,000 without increasing the total appropriation for State Revenue Sharing will further dilute or reduce funding amounts to existing communities. Funding levels have already declined over 30% in the last two years. In fact, the low levels of total funding of the Revenue Sharing Program, has resulted in the specific programs under "State Aid for Miscellaneous Purposes, e.g., roads, ice roads, and health facilities, being prorated i.e. under funded. The Department of Community and Regional Affairs estimates that the total State Revenue Sharing amount would have to be increased approximately \$3.8 million to hold communities harmless given current funding levels.

Again, the AML supports the concept in HB 439 of increasing the minimum entitlements and would support the proposed legislation only if the level of Revenue Sharing funding is increased and municipalities are held harmless.