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# HOUSE COMMITTEE REPORT

(11)

Date referred: 1/29/88

FURTHER REFERRALS:

DATE: 4-27-88

The Finance Committee has considered HB 335

"An Act amending notice requirements relating to the municipal assistance program; and providing for an effective date."

**RECOMMENDS:**

- replace with CS HB 335 (C&RA)  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 1/29/88
- zero with analysis

**SIGNING DO PASS:**

*Al Adams*  
*Pat Fauchot*  
*Ron Larson*  
*Mark Baylin*  
*Steve Brown*  
*John Frank*  
*Ray Wallis*  
*Jay Brown*  
*Al Adams*  
*Mike Dan*

**SIGNING OTHER RECOMMENDATIONS:**

*Al Adams*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

*Al Adams*

Chairman's signature

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB 335 (C&RA)  
PUBLISH DATE: HOUSE 1/29/88

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: "An act amending notice requirements  
..municipal assistance..effective date"  
Sponsor: Representative Taylor  
Requestor: \_\_\_\_\_

Agency Affected: Community & Regional Affairs  
BRU: Municipal Assistance  
Components: \_\_\_\_\_

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)

Prepared by: Jim Plasman, Deputy Director  
Division: Municipal & Regional Assistance Phone: 465-4750  
Date: \_\_\_\_\_

Approved by Commissioner: Ronald Henderson for David Hoffman  
Agency: Community & Regional Affairs Date: \_\_\_\_\_

Distribution (by preparer):

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

Original sponsor: Taylor

1 IN THE HOUSE BY THE COMMUNITY AND REGIONAL  
AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 335 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act amending notice requirements relating to the  
7 municipal assistance program; and providing for an  
8 effective date."

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

10 \* Section 1. AS 29.60.370(b) is amended to read:

11 (b) The intent of (a) of this section is that a municipality  
12 that levies property taxes reduce those levies in reasonable propor-  
13 tion to the amount of increased state aid received by the municipal-  
14 ity. [THE GOVERNING BODY OF EACH MUNICIPALITY SHALL FURNISH A NOTICE  
15 WITH EACH TAX STATEMENT DESCRIBING ITS USE OF THIS STATE AID.]

16 \* Sec. 2. AS 29.60.370 is amended by adding a new subsection to read:

17 (c) The governing body of each municipality that levies and  
18 collects property taxes shall furnish a notice describing use of the  
19 state aid provided under (a) of this section. Notice shall be pro-  
20 vided

21 (1) by furnishing a copy of the notice with each tax state-  
22 ment mailed for the fiscal year for which aid is received; or

23 (2) by publishing in a newspaper of general circulation in  
24 the municipality a copy of the notice once each week for three succes-  
25 sive weeks, with the first publication to occur not later than 45 days  
26 after the final adoption of the municipality's budget.

27 \* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

# STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

TTB 335  
STEVE COWPER, GOVERNOR

- P.O. BOX B  
JUNEAU, ALASKA 99811-2100  
PHONE: (907) 465-4700
- 849 E. 36TH AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508-4302  
PHONE: (907) 563-1073

January 21, 1988

POSITION PAPER

JAN 22 1987

RE: House Bill 335

SPONSOR: Representative Taylor

## Program Effects of Bill

Under existing law, municipalities which levy a property tax must furnish a notice of the use of increased state aid received under the Municipal Assistance Program by including a statement of how the aid was used with each tax statement. This bill would allow such notice to be given alternatively by publication in a newspaper of general circulation in the municipality. This amendment would not have a fiscal effect on the program.

## Comments

The Department supports the bill, with one minor proposed change to make it consistent with the coverage of the existing requirement, as described below. The required notice was not a significant issue in the past because the requirement is not made a condition of receipt of municipal assistance entitlements. However, with the adoption of the state single audit regulations, failure to comply with the municipal assistance notice requirement gave rise to an audit finding of non-compliance for a municipality if it failed to meet the requirement.

The requirement in its present form has caused problems because it does not give the option of publication in a local newspaper, which is allowed for the revenue sharing taxpayer notice. Strict compliance with the municipal assistance requirement of furnishing the notice with the tax statements has created hardship for municipalities in the following ways:

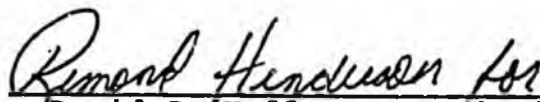
- inability to determine the amounts to be reported in time to include it with the tax statement;

House Bill 335  
January 21, 1988  
Page Two

- confusion over what the tax notice should include;
- confusion between the municipal assistance and revenue sharing requirements;
- hardship from interruption of automated tax statement procedures to include municipal assistance notice by hand; and
- difficulty in reporting by a city within a borough, where the city levies a separate tax, but the tax administration (including distribution of tax statements) and collection is by the borough.

The proposed bill, which would allow giving notice through publication in a local newspaper, in the manner of the revenue sharing taxpayer notice requirements at AS 29.45.020(b), would alleviate these problems and still serve the objective of the law of giving notice to residents of the direct benefits of the state assistance that they have received.

It should be noted that the department has interpreted this requirement to apply only to those municipalities which levy a property tax, as those are the only ones which distribute a tax statement. The department suggests that the language in the bill clarify this point by adding language which would make this requirement applicable to municipalities that levy a property tax. To extend the requirement to all municipalities would greatly expand the coverage of the requirement with potential hardship to smaller municipalities which do not have ready access to a newspaper of general circulation.

  
\_\_\_\_\_  
David G. Hoffman, Commissioner

(4) 115 333



ADOPTED AUGUST 1972

# CITY of WRANGELL, ALASKA

INCORPORATED JUNE 15, 1903

BOX 531, 99929 (907) 874-2381

July 29, 1987

David G. Hoffman, Commissioner  
Dept. of Community & Regional Affairs  
P. O. Box B  
Juneau, Alaska 99811-2100

RE: Municipal Assistance Program

Dear Mr. Hoffman:

We are in receipt of your letter dated July 20, 1987, transmitting final payment for the FY 87 Municipal Assistance Program.

The City of Wrangell has not furnished a notice with tax statements describing the use of increased state aid. Wrangell is a home rule municipality located outside any organized Borough and AS 29.60.030<sup>310</sup>(b) is not applicalbe per AS 29.10.200. The City will, as an act of good faith, publish a notice to taxpayers regarding use of the funds.

At the time the State began the Revenue Sharing Program, a similar notice was required to be mailed with tax statements. This requirement was later amended by the Legislature to allow the notice to be mailed with tax statements or to be published. Because so many taxing jurisdictions prepare tax statements by computer that are sealed in mailers, we would like to suggest an amendment that would allow the option for the notice to be published by all taxing jurisdictions. Such an amendment would greatly reduce the time and cost of the present requirement.

Sincerely,

Joyce Rasler  
City Manager

cc: Senator Lloyd Jones  
Rep. Robin Taylor  
Rep. John Sund  
Petersburg City Manager  
Cordoya City Manager  
City Attorney Stahl

(5) HB 335



ADOPTED AUGUST 1972

# CITY of WRANGELL, ALASKA

INCORPORATED JUNE 15, 1903

BOX 531, 99929

(907) 874-2381

January 21, 1988

Representative Robin Taylor  
House of Representatives  
P.O. Box V  
Juneau, AK 99811

Re: House Bill No. 335  
Municipal Assistance Program Notice

Dear Representative Taylor:

The City of Wrangell supports House Bill No. 335, which would amend the notice requirements on the Municipal Assistance Program.

We believe the requirement that notice of the use of the funds be mailed with tax statements is time consuming and costly to taxing jurisdictions. Our tax statements are prepared by computer and come from the computer sealed in the mailing envelope. In addition, even renters are affected by tax levies and State funding and should receive notice. This can easily be done by publishing notice. This amendment would allow the local governing body the option of mailing or publishing the notice as is now allowed for State Revenue Sharing (Sec. AS 29.45.020).

We urge approval of this amendment.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Joyce Rasler".

Joyce Rasler  
City Manager

JR:fv

cc: Representative John Sund


Alaska  
MUNICIPAL  
League

⑦ HB 335

TELEPHONE  
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301  
JUNEAU, ALASKA 99801

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

FROM: Scott A. Burgess, Executive Director 

DATE: January 27, 1988

SUBJECT: HB 335 - Taxpayer Notice

On behalf of its 135 member municipalities, the Alaska Municipal League supports HB 335 allowing the options of individual notice or newspaper notice to taxpayers regarding municipal assistance program payments. This legislation will provide consistency within the Statute (Title 29) and substantial savings of time and money for the municipalities and the taxpayers while meeting the intent of adequate notice.

Amending AS 29.60.370 as proposed by HB 335 will bring it into conformance with AS 29.45.020. Taxpayer Notice (a). Publication in a "newspaper of general circulation" may be much more efficient than individual notices for some municipalities who choose that option and, therefore, less expensive. An added benefit of the newspaper notice is informing non-taxpayers the cost of government and the amount of state assistance.

I do not know if the inconsistency between the two sections is intentional or a result of the fact that municipal assistance use to be addressed in Title 43 under the Department of Revenue before it was brought under the Department of Community and Regional Affairs and Title 29 under the "Title 29 Rewrite" legislation in 1985. The subject section does deal with "Increased Assistance" but that does not seem to be critical to not allowing the option, and, unfortunately, municipal assistance has not increased in several years! Adequate notice, consistency and some cost savings would be achieved with the passage of HB 335.

Again, the Alaska Municipal League supports HB 335 and the taxpayer notice options it would allow or clarify.

HB 335

TES  
d Class Borough  
SLA 1985.)  
Outside Borough  
SLA 1985.)

MUNICIPAL GOVERNMENT § 29.45.020

references. — 71 Am. Jur. 64 C.J.S., Municipal Corporations,  
and Local Taxation, § 201 et § 1978 et seq.; 84 C.J.S., Taxation, § 57 et  
seq.  
71 Am. Jur. 2d, State and Local Tax-  
ation, § 772

§ 29.45.020. Taxpayer notice. (a) If a municipality levies and  
collects property taxes, the governing body shall provide the following  
notice:

"NOTICE TO TAXPAYER"

For the current fiscal year the (city)(borough) has been allocated the  
amount of state aid for school and municipal purposes  
under the applicable financial assistance Acts:

|   |    |
|---|----|
| PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE (AS 14.17)                    | \$ |
| STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT (AS 14.11.100)       | \$ |
| MUNICIPAL TAX RESOURCE EQUALIZATION ASSISTANCE (AS 29.60.010 — 29.60.080) | \$ |
| STATE AID FOR MISCELLANEOUS MUNICIPAL SERVICES (AS 29.60.100 — 29.60.180) | \$ |
| TOTAL AID   | \$ |

The millage equivalent of this state aid, based on the dollar value of  
a mill in the municipality during the current assessment year and  
for the preceding assessment year, is:

|  | MILLAGE EQUIVALENT |            |
|--|--------------------|------------|
|  | PREVIOUS YEAR      | THIS YEAR  |
| PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE          | ....MILLS          | ....MILLS  |
| STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT | ....MILLS          | ....MILLS  |
| MUNICIPAL TAX RESOURCE EQUALIZATION ASSISTANCE       | ....MILLS          | ....MILLS  |
| STATE AID FOR MISCELLANEOUS MUNICIPAL SERVICES       | ....MILLS          | ....MILLS  |
| TOTAL MILLAGE EQUIVALENT                             | ....MILLS          | ....MILLS" |

shall be provided  
(1) by furnishing a copy of the notice with tax statements mailed for  
the fiscal year for which aid is received; or  
(2) by publishing in a newspaper of general circulation in the mu-  
nicipality a copy of the notice once each week for a period of three  
consecutive weeks, with publication to occur not later than 45 days  
after the final adoption of the municipality's budget.

al Taxation.  
5.250)  
.47.500)  
29.45.670)  
.45.710)  
roperty Tax.  
on  
Independent investigation  
Violations  
Reevaluation  
Assessment roll  
Assessment notice  
Corrections  
Appeal  
Board of equalization  
Hearing  
Supplementary assessment  
Tax adjustments on property  
ed by a natural disaster  
Tax levy and rate  
Rates of penalty and interest

inified municipality may  
awide functions;  
unctions limited to the  
for functions limited  
levy a property tax sub  
s city may levy a prop  
on personal property, th  
as provided in this

Title 31  
Oil and Gas

Title 32  
Partnership

Partnership, Finance,  
and Insurance

Title 30  
Navigation, Harbors  
and Shipping

(b) Compliance with the provisions of this section is a prerequisite to receipt of municipal tax resource equalization assistance under AS 29.60.010 — 29.60.080 and state aid for miscellaneous municipal services under AS 29.60.100 — 29.60.180. The department shall withhold annual allocations under those sections until municipal officials demonstrate that the requirements of this section have been met. (AS 29.45.030, 74 SLA 1985)

**Sec. 29.45.030. Required exemptions.** (a) The following property is exempt from general taxation:

- (1) municipal, state, or federally owned property, except that a private leasehold, contract, or other interest in the property is taxable to the extent of the interest;
- (2) household furniture and personal effects of members of a household;
- (3) property used exclusively for nonprofit religious, charitable, cemetery, hospital, or educational purposes;
- (4) property of a nonbusiness organization composed entirely of persons with 90 days or more of active service in the armed forces of the United States whose conditions of service and separation were not dishonorable, or the property of an auxiliary of that organization;
- (5) money on deposit;
- (6) the real property of certain residents of the state to the extent and subject to the conditions provided in (e) of this section;
- (7) real property or an interest in real property that is exempt from taxation under 43 U.S.C. 1620(d), as amended.

(b) In (a) of this section, "property used exclusively for religious purposes" includes the following property owned by a religious organization:

- (1) the residence of a bishop, pastor, priest, rabbi, minister, or member of a religious order of a recognized religious organization;
- (2) a structure, its furniture, and its fixtures used solely for religious worship, charitable purposes, religious administrative offices, religious education, or a nonprofit hospital;
- (3) lots required by local ordinance for parking near a structure defined in (2) of this subsection.

(c) Property described in (a)(3) or (4) of this section from which income is derived is exempt only if that income is solely from the property by nonprofit religious, charitable, hospital, or educational groups. If used by nonprofit educational groups, the property is exempt only if used exclusively for classroom space.

(d) Laws exempting certain property from execution under the Alaska Rules of Civil Procedure (AS 09) do not exempt the property from taxes levied and collected by municipalities.

(a) The real property owned and used as a permanent place of abode by (1) a person who is a disabled veteran; (2) a disabled veteran's widow or widower of a person who is a disabled veteran; or (3) a person who is a widow or widower of a person who is a disabled veteran under (1) or (2) of this subsection. If the assessed value of the property exceeds \$50,000 of the assessed value of the property, in a case of hardship, provided that the assessed value in excess of \$50,000 of assessed value in accordance with the provisions of this subsection. Only one exemption may be claimed, if two or more persons are eligible for an exemption on the same property, the parties shall decide which party shall receive the benefit of the exemption. The assessor shall conduct a hearing to the parties, the hearing shall be held primarily for the purpose of determining the assessor's jurisdiction under this subsection.

An exemption may not be granted unless a written application for the exemption is filed with the assessor for use by local assessment purposes no later than January 15 of the assessment year, or not later than March 31, if the application is sought. The governing body may waive during the assessment year the application for exemption. The assessor may accept the application as if it were filed for each assessment year. If an application is filed with the assessor, the assessor shall comply with the provisions of this subsection on or before January 15, or a date provided by the governing body, of the assessment year. The assessor shall and the application for exemption shall state that the claimant has already received the property exempted shall be required to provide proof in the form and amount of an exemption. The assessor shall require a disabled veteran to provide evidence of the veteran's status. The assessor shall require proof under this subsection. The state shall reimburse the municipality for property tax revenues lost as a result of the exemption. However, reimbursement shall be limited to it only to the extent that the amount would have been paid by the municipality.

1 IN THE HOUSE

BY TAYLOR

2

HOUSE BILL NO. 335

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act amending notice requirements relating to the  
municipal assistance program; and providing for an  
effective date."

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

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\* Section 1. AS 29.60.370(b) is amended to read:

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after the final adoption of the municipality's budget.

26

\* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).