

LEG. FINANCE - BILLS - 1967-1980

HB 191 thru HB 192



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

3/8/90
Date

COMMITTEE REPORT

HOUSE

FURTHER:

February 20, 1979

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 191

"An Act making a special appropriation to the Department of Transportation and Public Facilities for the Nome-Beltz Road; eff. date."

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

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

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

6389
Guthrie

Funding Information	
General Fund	\$1,755,000
Other Funds	-0-
	<u>\$1,755,000</u>

Introduced: 2/13/79
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY FULLER

2 HOUSE BILL NO. 191

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Transportation and Public Facilities for the
8 Nome-Beltz Road; and providing for an effective date."

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

10 * Section 1. The sum of \$1,755,000 is appropriated from the general fund
11 to the Department of Transportation and Public Facilities for the purpose of
12 improving the Nome-Beltz Road.

13 * Sec. 2. The appropriation made by this Act is for a capital project and
14 is subject to the provisions of AS 37.25.020.

15 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
16 070(c).

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ALASKA STATE LEGISLATURE

LEVENTH Legislature FIRST... Session

HOUSEBILL..... NO. 191....

By FULLER.....

"An Act making a special appropriation to the Department of Transportation and Public Facilities for the Nome-Beltz Road; and providing for an effective date."

Nome-Beltz Road

Introduced in the House ...2-13..., 19..79

HISTORY IN THE HOUSE

19 79	Read first time and referred to Committee on State Affairs and Finance Reported back with recommendation that																												
Feb. 13	Read second time and																												
	Read third time and																												
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HISTORY IN THE HOUSE

19	Received from Senate
	Concurred in Senate amendment thus adopting: VOTE
	Failed to concur in Senate amendment; asked Senate to recede VOTE
	Senate receded from amendment VOTE
	Senate failed to recede from amendment VOTE
	CC appointed by House
	CC appointed by Senate
	CC adopted by House VOTE
	CC adopted by Senate VOTE
	To enrolling Reported correctly enrolled Sent to Governor by Governor
	Filed with Lt. Governor
	Chapter No.

Funding Information
General Fund \$1,755,000
Other Funds -0-
\$1,755,000

Introduced: 2/13/79
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY FULLER

2 HOUSE BILL NO. 191

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Transportation and Public Facilities for the
8 Nome-Beltz Road; and providing for an effective date."

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

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THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. H. B. 191
 Title Nome-Bertz Road Improvement
 Requested by Fuller Date 2/13/79

II. FISCAL DETAIL

Agency Affected DOT/PF
 Program Category Affected Design - Construction
 Budget Request Unit(s) Affected Highway Design & Construction

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES				150		
200 TRAVEL						
300 CONTRACTUAL				1600		
400 COMMODITIES				1		
500 EQUIPMENT				4		
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars)

GENERAL FUND				1755		
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Funding appears adequate.

IV. DATE 2/27/79 PREPARED BY Harry Keller

AGENCY DOT/PF

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

PHONE _____

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

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 Original: Legislative Finance PHONE _____
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James O. Smith
Signature of Camera Operator

3/23/90
Date

MEMORANDUM

State of Alaska

TO:

DEPT. _____

DIV. _____

SEC. _____

Legislative Affairs

DATE : April 17, 1980

FROM: Vicki Wilson
House Finance Committee
Cap Tr 519/3795

SUBJECT: Finance CS for HB 192

Please prepare a Finance Committee Substitute for HB 192 with the changes as noted on page 17, lines 9, 21 & 23, of the bill attached. Please return to me as soon as possible. Thanks.

*and page 2, line 20 after "from"
insert "utilities,"*

Introduced: 2/13/79
Referred: Community & Regional
Affairs and Finance

1 IN THE HOUSE

BY GARDINER, ANDERSON AND MILLER

2 HOUSE BILL NO. 192

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for equalization of the tax resources
7 of municipalities, continuing a portion of the program
8 of state aid for municipal purposes, and providing for
9 minimum entitlements; and providing for an effective
10 date."

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

12 * Section 1. PURPOSE. It is the purpose of this Act to

13 (1) improve the revenue raising and distribution system for the
14 benefit of residents of home rule and general law municipalities by providing
15 for more equitable allocation of financial resources among municipalities to
16 improve their fiscal capacities; and

17 (2) assure that no municipality suffers impoverishment of neces-
18 sary public services, relative to other municipalities, because of the chance
19 location of taxable wealth in the state.

20 * Sec. 2. AS 29 is amended by adding a new chapter to read:

21 CHAPTER 88. MUNICIPAL TAX RESOURCE EQUALIZATION.

22 Sec. 29.88.010. STATE EQUALIZATION OF TAX RESOURCES FOR LOCAL
23 GOVERNMENT SERVICES. (a) During each fiscal year the state shall
24 compute an equalization entitlement for local government services pro-
25 vided by a taxing unit.

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

1 Entitlement = P x R

2 where P = population, and

3 R = millage rate equivalent, determined by dividing the
4 sum of the locally generated revenue of the taxing unit by one-tenth
5 of one per cent (0.1) of the full and true value of assessed property
6 of the taxing unit determined under AS 29.88.020(d); however, the pro-
7 perty value used under this subsection may not be less than 15 per cent
8 of the statewide average per capita full and true assessed property
9 value.

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

11 (1) includes,

12 (A) the actual revenue derived from the levy and collec-
13 tion of local taxes in the taxing unit for local government ser-
14 vices during the preceding fiscal year of the taxing unit;

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

17 (C) revenue from fees, rentals, leases, penalties,
18 licenses or permits received during the preceding fiscal year by
19 the municipality for a function or service over which it has con-
20 trol, including revenues derived from ^{utilities,} parks and recreation ser-
21 vices, mass transit, offstreet parking, and garbage and solid waste
22 disposal services; and

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

25 (2) excludes,

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

29 (B) revenue from interest earned on investments and from

1 the sale and lease of land or equipment; and

2 (C) all other revenue from whatever service derived.

3 Sec. 29.88.015. DETERMINATION OF POPULATION. (a) For purposes of
4 this chapter, the population of a taxing unit shall be determined annu-
5 ally by the latest figures of the United States Bureau of the Census or
6 other population data which, in the judgment of the department, is
7 reliable.

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

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

15 (b) Not later than October 15 of each year, the department shall
16 make an initial determination of the millage rate equivalent of each
17 taxing unit which will be used as the basis for computation and distri-
18 bution of equalization entitlements for the fiscal year under this
19 chapter. The department shall make the determinations based upon the
20 certification returned by the municipality under (a) of this section.

21 (c) At the earliest possible date, but not later than December 15
22 of each year, the department shall make a final determination of the
23 millage rate equivalent of each taxing unit which will be used as the
24 basis for computation and distribution of equalization entitlements
25 under this chapter. The department shall make the determinations based
26 upon all audits, financial statements and other financial reports pre-
27 pared and submitted by the municipality. The department shall adjust to
28 the locally generated revenue reported by municipalities to exclude the
29 portion of the municipal revenue-generating effort claimed by the muni-

1 municipality which does not qualify for inclusion in or recognition as
2 locally generated revenue for local government purposes under AS 29.88.-
3 010(c)(1). The adjustment shall be made by deducting an amount equal to
4 the department's estimate of revenue which is not recognized for those
5 purposes.

6 (d) The full and true assessed property value shall be determined
7 by the department in the manner provided for the computation of state
8 aid to education under AS 14.17.140. In addition to the computation for
9 municipalities which levy and collect a property tax, the department
10 shall determine an estimated full and true assessed property value for

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

13 (2) each second class city in which the population of the
14 city equals or exceeds 750 persons; however, a computation may not be
15 required under this paragraph more often than once during a period of
16 three successive calendar years; and

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

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

24 Sec. 29.88.025. REPORTS. No payment may be made to a municipality
25 under AS 29.88 until the municipality has first submitted its certifi-
26 cate of estimated revenue and its financial report to the department for
27 the fiscal year preceding the year for which the equalization entitle-
28 ment is sought, together with a budget for the municipality's current
29 fiscal year. The financial report shall include a listing of general

1 revenue collected from taxes levied and assessed by the municipality and
2 any other revenue which, in the opinion of the municipal officials, is
3 eligible for inclusion in computations of the locally-generated revenue
4 of the taxing unit.

5 Sec. 29.88.030. LIMITATION ON COMPUTATION AND USE OF PAYMENTS.

6 (a) An equalization entitlement generated by the general tax levy of a
7 taxing unit may be expended only for legally authorized expenditures of
8 that taxing unit, but up to 15 per cent of the payment of an equaliza-
9 tion entitlement determined with reference to the areawide locally-
10 generated revenue of a municipality may be expended by the municipality
11 at the discretion of its assembly or council.

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

16 Sec. 29.88.035. TAX EQUALIZATION ACCOUNT. The tax equalization
17 account is established. Funds to carry out the provisions of this
18 chapter shall be allocated by the department to the account. The amount
19 allocated to the account shall be fully distributed by the department as
20 payments to municipalities for the purpose of fulfilling each municipal-
21 ity's share authorized under AS 29.88.010, and the amount allocated to
22 the account shall be distributed by the department pro rata among eli-
23 gible municipalities.

24 Sec. 29.88.040. ADMINISTRATION. (a) The department may adopt
25 regulations necessary to implement the provisions of this chapter. The
26 regulations shall include, among other provisions, (1) procedures and
27 filing dates for submitting financial reports; (2) procedures for ob-
28 taining information required to compute and determine the municipality's
29 millage rate equivalent; and (3) procedures by which the department

1 shall notify a municipality in writing of the reasons for a proposed
2 disallowance or adjustment of any factor bearing upon the determination
3 of the municipality's entitlement and by which the municipality will be
4 provided reasonable time in which to respond or to challenge the depart-
5 ment's determination.

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

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

13 Sec. 29.88.045. DEFINITIONS. In this chapter

14 (1) "department" means the Department of Community and Re-
15 gional Affairs;

16 (2) "municipality" means a city, borough or unified munici-
17 pality incorporated under the laws of the state;

18 (3) "taxing unit" means a municipality and

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

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

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

24 * Sec. 3. AS 29 is amended by adding a new chapter to read:

25 CHAPTER 89. STATE AID FOR MISCELLANEOUS
26 MUNICIPAL PURPOSES.

27 Sec. 29.89.005. REVENUE SHARING PAYABLE. In addition to the en-
28 titlements under AS 29.88, during each fiscal year the state shall pay
29 aid to a municipality or other eligible recipient which has the power to

1 provide the services described in this chapter and exercises the power
2 in the manner required by this chapter.

3 Sec. 29.89.010. STATE AID TO MUNICIPALITIES FOR ROADS. (a) The
4 state shall pay to a municipality which has power to provide for road
5 maintenance and exercises that power, a sum equal to \$2,500 a mile for
6 each mile of road, street or highway maintained by the local government,
7 excluding (1) the official state highway system, (2) roads, streets or
8 highways not dedicated to public use, (3) roads, streets or highways
9 maintained under the local service road program (AS 19.30.111 - 19.30.-
10 251), and (4) alleyways, in accordance with regulations adopted by the
11 Department of Transportation and Public Facilities. No payments may be
12 made for maintenance of roads not used by automotive equipment.

13 (b) Frozen waterways and connections from inhabited areas to
14 waterways which may be safely used for public transportation by auto-
15 motive equipment and are so used during a portion of a year are eligible
16 for payments of \$1,500 per mile if the waterways and connections are
17 maintained during the period of use by a municipality or combination of
18 municipalities. The Department of Community and Regional Affairs, after
19 consultation with the Department of Transportation and Public Facili-
20 ties, shall determine which waterways and connections qualify and, where
21 the waterways or connections lie outside the corporate limits of a
22 municipality, which municipalities shall receive the payments under this
23 subsection unless the municipalities involved have agreed in writing to
24 a particular distribution.

25 Sec. 29.89.015. STATE AID TO MUNICIPALITIES AND OTHER ELIGIBLE
26 RECIPIENTS FOR HEALTH FACILITIES AND HOSPITALS. (a) The state shall
27 pay

28 (1) to a municipality which has the power to provide hospital
29 facilities and services and which exercises that power, \$1,000 per bed

1 for each bed actually used for patient care, limited to the number of
2 beds provided for in the construction design of the hospital, or \$75,000
3 a hospital for those hospitals with 10 or more beds, or \$25,000 a hos-
4 pital for those hospitals with less than 10 beds, as the municipality
5 may elect; funds received under this paragraph may be used only for
6 hospitals and shall be apportioned among qualifying hospitals as the
7 municipality may determine;

8 (2) on the basis set out in (1) of this subsection to a muni-
9 cipality for a nonprofit hospital not operated by a municipality if the
10 municipality first certifies to the department that the nonprofit hos-
11 pital is in compliance with all standards for hospitals which have been
12 adopted by the municipality; no funds may be paid on behalf of a non-
13 profit hospital in the absence of this certification; payments to the
14 municipality shall be transferred to the nonprofit hospital in accord
15 with the basis by which the entitlement was generated by the hospital
16 and shall be applied to the annual cost of operation and maintenance of
17 the hospital or for the provision of health care service at the hospital
18 as the directors of the hospital determine;

19 (3) to a municipality in which a health facility is operated,
20 \$1,000 per bed for each bed actually used for patient care, limited to
21 the number of beds provided for in the construction design of the health
22 facility, or \$4,000 per health facility as the municipality may deter-
23 mine.

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

26 (c) Funds received by a municipality under (a)(3) of this section
27 shall be used for expenses of health services or operation and mainte-
28 nance of health facilities as the municipality may determine.

29 (d) Before funds may be distributed under this section, the com-

1 missioner of health and social services shall certify to the distri-
2 bute agency that any accumulation of assets by nonprofit corporations
3 or other recipients under this section are dedicated irrevocably to a
4 public purpose.

5 Sec. 29.89.020. STATE AID FOR HOSPITAL CONSTRUCTION. (a) If con-
6 struction of a facility began after January 1, 1968, and state matching
7 aid for construction approved for payment to the municipality or other
8 facility sponsor constitutes less than 25 per cent of the total project
9 cost, the state shall pay to the municipality or other facility sponsor
10 each fiscal year a sum equal to \$2,500 a bed for the maximum number of
11 beds provided for in the construction design of the facility or five per
12 cent of the total project cost, whichever is greater. State aid pro-
13 vided for in this section shall continue until the municipality or other
14 facility sponsor has received an amount which, combined with state
15 matching money for construction of the facility, equals 25 per cent of
16 the total project cost. No funds received for construction shall be
17 used for any other purpose.

18 (b) In this section, "total project cost" includes, in addition to
19 costs directly related to the project, the total of all costs of
20 financing and carrying out the project. These include, but are not
21 limited to, the costs of all necessary studies, surveys, plans and
22 specifications, architectural, engineering or other special services,
23 acquisition of real property, site preparation and development, pur-
24 chase, construction, reconstruction and improvement of real property,
25 and the acquisition of machinery and equipment as may be necessary in
26 connection with the project; an allocable portion of the administrative
27 and operating expenses of the municipality or other facility sponsor;
28 the cost of financing the project, including interest on bonds issued to
29 finance the project; and the cost of other items, including any indem-

1 nity and surety bonds and premiums on insurance, legal fees, fees and
2 expenses of trustees, depositaries, financial advisors, and paying
3 agents for the bonds issued as the issuer considers necessary.

4 Sec. 29.89.025. STATE AID TO VOLUNTEER FIRE DEPARTMENTS IN THE UN-
5 ORGANIZED BOROUGH. (a) The state shall pay to a volunteer fire depart-
6 ment registered with the state fire marshal and serving an area not in
7 an organized borough or a city a sum for protection purposes equal to
8 \$7.50 per capita for the population served by the department, as deter-
9 mined by the state fire marshal.

10 (b) Grants shall be made as set out in (a) of this section to
11 facilitate the organization of volunteer fire departments in an area not
12 in an organized borough or a city, upon application of the proposed fire
13 protection group to the state fire marshal and approval of applications
14 according to standards of organization and service prescribed by regula-
15 tions promulgated by the state fire marshal.

16 (c) In this section, "fire protection" includes, but is not limi-
17 ted to, fire protection provided by a volunteer fire department regis-
18 tered with the state fire marshal which has official recognition and
19 financial support from the community or area in which it is located.

20 Sec. 29.89.030. POPULATION DETERMINATION. For purposes of this
21 chapter, population shall be determined by the latest figures of the
22 United States Bureau of the Census or other reliable population data,
23 including but not limited to public school enrollment figures, public
24 utility connection, registered voters or certified employment payrolls.

25 Sec. 29.89.035. AREA COST-OF-LIVING DIFFERENTIAL. (a) State pay-
26 ments to a municipality or other eligible recipient under AS 29.89.010
27 and AS 29.89.015 shall reflect area cost-of-living differentials.
28 Amounts distributed shall be based upon the sum of per capita, per mile
29 and per bed or facility grants due each municipality or other recipient

1 multiplied by the appropriate area cost-of-living differential. The
2 area cost-of-living differential for each recipient shall be determined
3 annually by election district under the provisions of AS 39.27.030;
4 however, the area cost-of-living differential to be applied shall not
5 result in an amount to be distributed less than the base allocation.

6 (b) The election districts used in (a) of this section are those
7 designated by the proclamation of reapportionment and redistricting of
8 December 7, 1961, and retained for the house of representatives by
9 proclamation of the governor September 3, 1965.

10 Sec. 29.89.040. MISCELLANEOUS SERVICES ACCOUNT. The miscellaneous
11 services account is established. Funds to carry out the provisions of
12 this chapter shall be allocated by the department to the account in
13 accordance with AS 29.90.010. If amounts in the account are insuffi-
14 cient for the purpose of each municipality's or other recipient's share
15 authorized under this chapter, the amounts which are available shall be
16 distributed pro rata among eligible municipalities and other recipients.

17 Sec. 29.89.045. REGULATIONS. The Department of Community and
18 Regional Affairs shall adopt regulations necessary to carry out the
19 purposes of this chapter. The regulations shall include minimum stan-
20 dards required to qualify a municipality for grants for each service and
21 provisions for a performance report adequate to demonstrate to the
22 department that each service for which credit was allowed was actually
23 performed by the municipality, at least at the prescribed minimum level.

24 Sec. 29.89.050. DEFINITIONS. In this chapter

25 (1) "health facility" means public health centers, maternity
26 homes and community mental health centers, facilities for the mentally
27 or physically handicapped, nursing homes and convalescent centers which
28 are licensed, when required, by the state under AS 18.20.010 - 18.20.130
29 and are owned or operated or both by a municipality or by a nonprofit

1 corporation or other nonprofit sponsor; the term excludes facilities
2 operated or wholly supported by the state or the federal government;

3 (2) "hospital" means a licensed hospital determined by the
4 Department of Health and Social Services to be a general hospital; the
5 term excludes facilities operated or wholly supported by the state or
6 the federal government.

7 * Sec. 4. AS 29 is amended by adding a new chapter to read:

8 CHAPTER 90. ADMINISTRATION OF MUNICIPAL
9 FINANCIAL ASSISTANCE PROGRAMS.

10 Sec. 29.90.010. ALLOCATION AND DISTRIBUTION. (a) The Department
11 of Community and Regional Affairs shall allocate funds appropriated to
12 the accounts established in AS 29.88 and AS 29.89 in amounts determined
13 by the legislature. Money in the miscellaneous services account estab-
14 lished in AS 29.89.040 which exceeds the amount required to fully fund
15 distributions authorized by AS 29.89 shall be reallocated to the tax
16 equalization account established in AS 29.88.035 and distributed ac-
17 cording to the provisions of AS 29.88.

18 (b) Payments under AS 29.90.020 and AS 29.88 shall equal the
19 amount allocated to the equalization account (AS 29.88.035), adjusted in
20 accordance with this section. Payments under AS 29.90.020 and AS 29.88
21 shall be adjusted by proration in accordance with this subsection.
22 Adjustments shall be determined by prorating amounts payable under AS
23 29.90.020 and amounts payable under AS 29.88 by a factor which, when
24 applied, reduces all payments in equal proportion so that payments under
25 AS 29.90.020 and payments under AS 29.88 total the amount allocated to
26 the account established in AS 29.88.035, adjusted in accordance with
27 this section.

28 Sec. 29.90.020. QUALIFICATION FOR MINIMUM ENTITLEMENT. (a) A
29 municipality qualifying for an entitlement under AS 29.88 or AS 29.89

1 shall receive a minimum payment of \$25,000 plus an area cost-of-living
2 differential for each fiscal year if:

3 (1) the municipality has conducted a regular election under
4 AS 29.28.010 - 29.28.050 during the fiscal year preceding the year for
5 which payment of an entitlement is authorized and has reported the re-
6 sults of the election to the commissioner of the Department of Community
7 and Regional Affairs;

8 (2) regular council meetings are held in the municipality in
9 accordance with the requirements of AS 29.23.210 during the fiscal year
10 preceding the year for which payment of an entitlement is authorized and
11 a record of the proceedings is maintained;

12 (3) a municipal budget has been adopted for the fiscal year
13 during which payment of an entitlement is authorized and an audit or
14 financial statement, as applicable, for the preceding fiscal year has
15 been prepared and furnished to the Department of Community and Regional
16 Affairs in accordance with AS 29.23.560(a); and

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

19 (b) The area cost-of-living differential of each municipality
20 payable under this section shall be determined annually by election
21 district under the provisions of AS 39.27.030. However, except as
22 provided in AS 29.90.010(b), application of the area cost-of-living
23 differential may not result in an amount which is less than the minimum
24 entitlement determined under (a) of this section. For purposes of this
25 subsection, the election districts used are those designated by the
26 proclamation of reapportionment and redistricting of December 7, 1961,
27 and retained for the house of representatives by proclamation of the
28 governor September 3, 1965.

29 (c) The department shall pay to each municipality eligible to

1 receive payment of a minimum entitlement under this section an amount
2 equal to the difference between the minimum entitlement determined under
3 (a) and (b) of this section and the sum of the amounts determined as
4 payable for the same fiscal year under AS 29.88 and AS 29.89, except
5 that a payment may be prorated and reduced under AS 29.90.010(b).

6 (d) If payments are required under this section, the payments
7 shall be made from the funds allocated to the equalization ac-
8 count established in AS 29.88.035.

9 * Sec. 5. AS 29.23.560(a)(3) is amended to read:

10 (3) tax assessment and tax levy figures as requested;

11 * Sec. 6. AS 29.23.560(a) is amended by adding new paragraphs to read:

12 (5) a copy of the current annual budget of the municipality;

13 (6) a summary of the optional property tax exemptions autho-
14 rized in the municipality, together with the municipality's estimate of
15 the revenues lost to it by operation of each of the exemptions.

16 * Sec. 7. AS 29.23.560(b) is amended to read:

17 (b) Compliance with the provisions of this section is a prerequi-
18 site to receipt of municipal tax resource equalization assistance under
19 AS 29.88 and state aid for miscellaneous municipal services under
20 AS 29.89 [STATE-SHARED REVENUES UNDER AS 43.18]. The Department of
21 Community and Regional Affairs [STATE] shall withhold annual allocations
22 under those chapters [THAT CHAPTER] in the event of noncompliance until
23 such time as the report requirements are met [COMPLIED WITH].

24 * Sec. 8. AS 29.73 is amended by adding a new section to read:

25 Sec. 29.73.060. TAXPAYER NOTICE. (a) If a municipality levies
26 and collects real or personal property taxes, the governing body shall
27 provide the following notice:

28 "NOTICE TO TAXPAYER

29 For the current fiscal year the (city) (borough) has been

1 allocated the following amount of state aid for school and
 2 municipal purposes under the applicable financial assistance
 3 Acts:

4	PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE	
5	(AS 14.17)	\$
6	STATE AID FOR RETIREMENT OF SCHOOL CONSTRUC-	
7	TION DEBT (AS 43.18.100)	\$
8	MUNICIPAL TAX RESOURCE EQUALIZATION ASSIS-	
9	TANCE (AS 29.88)	\$
10	STATE AID FOR MISCELLANEOUS MUNICIPAL	
11	SERVICES (AS 29.89)	\$
12	TOTAL AID	\$

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

		MILLAGE EQUIVALENT	
		PREVIOUS YEAR	THIS YEAR
18	PUBLIC SCHOOL FOUNDATION PROGRAM		
19	ASSISTANCE	.... MILLS	.... MILLS
20	STATE AID FOR RETIREMENT OF		
21	SCHOOL CONSTRUCTION DEBT	.... MILLS	.... MILLS
22	MUNICIPAL TAX RESOURCE EQUALI-		
23	ZATION ASSISTANCE	.... MILLS	.... MILLS
24	STATE AID FOR MISCELLANEOUS		
25	MUNICIPAL SERVICES	.... MILLS	.... MILLS
26	TOTAL MILLAGE EQUIVALENT	.... MILLS	.... MILLS"

27 Notice shall be provided

28 (1) by furnishing a copy of the notice with tax statements
 29 mailed for the fiscal year for which aid is received; or

1 (2) by publishing in a newspaper of general circulation
2 within the municipality a copy of the notice once each week for a period
3 of three successive weeks, with publication to occur not later than 45
4 days after the final adoption of the municipality's budget.

5 (b) If the municipality levies and collects only a sales tax, the
6 governing body shall provide a notice substantially in the form set out
7 in (a) of this section. In providing notice under this subsection, the
8 council or assembly shall substitute for the millage equivalency its
9 estimate of the equivalent sales tax rate for each of the categories of
10 financial assistance set out in (a) of this section. Notice shall be
11 provided

12 (1) by publishing in a newspaper of general circulation
13 within the municipality a copy of the notice once each week for a period
14 of three successive weeks, with publication to occur not later than 45
15 days after the final adoption of the municipality's budget; or

16 (2) if there is no newspaper of general circulation in the
17 municipality, by posting a copy of the notice for at least 20 days in at
18 least two public places within the municipality, with posting to occur
19 not later than 45 days after the final adoption of the municipality's
20 budget.

21 (c) Compliance with the provisions of this section is a prerequi-
22 site to receipt of municipal tax resource equalization assistance under
23 AS 29.88 and state aid for miscellaneous municipal services under AS
24 29.89. The Department of Community and Regional Affairs shall withhold
25 annual allocations under those chapters until municipal officials demon-
26 strate that the requirements of this section have been met.

27 * Sec. 9. AS 29.13.100 is amended by adding new paragraphs to read:

28 (39) AS 29.73.060 (taxpayer notice)

29 (40) AS 29.88 (municipal tax resource equalization assistance)

1 (41) AS 29.89 (state aid for miscellaneous municipal services)
2 * Sec. 10. AS 43.18.010 - 43.18.045 are repealed.
3 * Sec. 11. (a) Notwithstanding other provisions of this Act,
4 (1) no municipality may receive less than \$25,000 plus an area
5 cost-of-living differential during the first fiscal year in which this Act is
6 effective; and
7 (2) a municipality which would receive less money under the provi-
8 sions of this Act than it received for the last fiscal year under the provi-
9 sions of AS 43.18 repealed by this Act shall, for the first ^{five} ~~three~~ fiscal
10 years during which this Act is effective, be entitled to receive an amount
11 equal to that received for the last fiscal year under the former provisions
12 of AS 43.18, in accordance with those provisions.
13 (b) For the first three fiscal years during which this Act is effec-
14 tive, if the amount appropriated to pay entitlements under this Act is in-
15 sufficient for the purpose of paying the full entitlement due each munici-
16 pality or other recipient, entitlements determined under AS 29.88, AS 29.89
17 and AS 29.90, together with the additional sums required by (a) of this
18 section, shall be equally prorated and the prorated amounts distributed to
19 municipalities and other recipients.
20 * Sec. 12. This Act takes effect on the first day of the fiscal year for
21 which not less than ^{\$31,000,000} ~~\$27,000,000~~ is appropriated and allowed by the governor
22 for distribution to municipalities and other recipients under the provisions
23 of this Act, or on July 1, ¹⁹⁸³ ~~1982~~, whichever is earlier.
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28
29

HOUSE RESEARCH AGENCY
Pouch Y - State Capitol
Juneau, Alaska 99811
465-3991

MEMORANDUM

February 25, 1980

TO: Representative Terry Gardiner

FROM: Jack Kreinheder, Issues Analyst *JK*

RE: HB 192 - Computer Runs Excluding Hospital and Health Entitlements
Research Request No. 64

As you requested, I have produced five alternative entitlement breakdowns for HB 192, all of which exclude the revenue sharing entitlements for hospital and health facility operation, hospital construction, and health power grants. A chart summarizing the results is attached, as are the more detailed computer printouts on which the chart is based. The total current entitlement under present statutes for these categories, including the cost of living allowance and the partial funding proration factor, is \$8,259,162. I have subtracted this value from the original HB 192 total entitlement of \$27,000,000 to arrive at a base or midpoint value for comparative purposes of \$18,740,838.

Four other runs were made on the low side and the high side of this midpoint value using \$2 million increments, as you requested. These entitlement values were \$14,740,838, \$16,740,838, \$20,740,838, and \$22,740,838, respectively.

I'm sorry for the delay in providing these runs, but the updating process required considerably more time than I expected. The model is now updated and complete.

Please let me know if you have any questions or would like additional runs. As you know, the Agency has a very full workload at the present time, but we will do what we can to provide any further research or computer work on HB 192 as quickly as possible.

JK/dp

HB 192

PERCENTAGE BREAKDOWN OF POPULATION AND ENTITLEMENTS

Prepared by
House Research Age
February 24, 198

EXCLUDING HOSPITAL AND HEALTH FUNDING

LOCAL GOV'T	PRESENT LAW ENTITLEMENT (TOTAL=\$12,000,226)	HB 192 ENTITLEMENT (TOTAL=\$14,740,838)	HB 192 ENTITLEMENT (TOTAL=\$16,740,838)	HB 192 ENTITLEMENT (TOTAL=\$18,740,838)	HB 192 ENTITLEMENT (TOTAL=\$20,740,838)	HB 192 ENTITLEMENT (TOTAL=\$22,740,838)
<u>Boroughs</u>						
Anchorage Total	\$5,352,264(44.68%)	\$4,541,292(30.80%)	\$5,454,155(32.57%)	\$6,373,214(34.00%)	\$7,285,973(35.12%)	\$8,190,667(36.01%)
Bristol Bay Total	48,670(0.40%)	66,916(0.45%)	80,625(0.48%)	94,431(0.50%)	108,146(0.52%)	121,742(0.53%)
Fairbanks Total	937,714(7.82%)	929,722(6.30%)	\$1,116,904(6.67%)	1,305,361(6.96%)	1,492,531(7.19%)	1,678,050(7.37%)
Haines Borough Total	2,200(0.01%)	20,985(0.14%)	21,930(0.13%)	22,642(0.12%)	23,163(0.11%)	24,546(0.10%)
Juneau Borough Total	514,509(4.29%)	799,218(5.42%)	970,121(5.79%)	1,142,333(6.09%)	1,313,525(6.33%)	1,483,311(6.52%)
Kenai Peninsula Total	81,940(0.68%)	178,869(1.21%)	224,525(1.34%)	270,631(1.44%)	316,574(1.52%)	362,211(1.59%)
Ketchikan Total	74,806(0.62%)	139,961(0.94%)	175,685(1.04%)	211,762(1.12%)	247,711(1.19%)	283,420(1.24%)
Kodiak Island Total	52,591(0.43%)	99,070(0.67%)	114,616(0.68%)	130,204(0.69%)	145,617(0.70%)	160,848(0.70%)
Mat-Su Borough Total	408,149(3.40%)	628,529(4.26%)	679,064(4.05%)	728,850(3.88%)	777,096(3.74%)	824,136(3.62%)
North Slope Borough Total	203,508(1.69%)	199,436(1.35%)	201,162(1.20%)	202,348(1.07%)	209,713(1.01%)	229,352(1.00%)
Sitka Borough Total	234,649(1.95%)	229,953(1.55%)	231,943(1.38%)	233,310(1.24%)	233,969(1.12%)	254,978(1.12%)
<u>First Class Cities</u>						
Barrow	34,122(0.28%)	33,439(0.22%)	36,641(0.21%)	44,165(0.23%)	51,663(0.24%)	59,110(0.25%)
Cordova	91,271(0.76%)	96,388(0.65%)	115,224(0.68%)	134,181(0.71%)	152,999(0.73%)	171,645(0.75%)
Craig	19,856(0.16%)	28,605(0.19%)	33,188(0.19%)	37,785(0.20%)	42,332(0.20%)	46,827(0.20%)
Dillingham	62,407(0.52%)	61,158(0.41%)	61,688(0.36%)	67,950(0.36%)	75,917(0.36%)	83,790(0.36%)
Fairbanks	709,841(5.92%)	896,598(6.08%)	1,065,140(6.36%)	1,234,658(6.58%)	1,402,829(6.76%)	1,569,393(6.90%)
Galena	33,914(0.28%)	33,235(0.22%)	33,523(0.20%)	33,720(0.17%)	33,815(0.16%)	33,844(0.14%)
Haines	49,634(0.41%)	56,169(0.38%)	63,725(0.38%)	71,280(0.38%)	78,723(0.37%)	86,062(0.37%)
Homer	69,574(0.58%)	68,181(0.46%)	68,772(0.41%)	69,876(0.37%)	76,996(0.37%)	84,014(0.36%)
Hoonah	32,671(0.27%)	32,017(0.21%)	32,294(0.19%)	32,485(0.17%)	35,735(0.17%)	39,350(0.17%)
Hydaburg	9,732(0.08%)	21,099(0.14%)	21,767(0.13%)	22,265(0.11%)	22,618(0.10%)	22,870(0.10%)
Kake	18,967(0.15%)	22,148(0.15%)	22,807(0.13%)	23,297(0.12%)	24,219(0.11%)	26,350(0.11%)
Kenai	166,757(1.39%)	236,166(1.60%)	267,398(1.59%)	298,607(1.59%)	329,345(1.58%)	359,645(1.58%)
Ketchikan	208,143(1.73%)	264,202(1.79%)	321,610(1.92%)	379,469(2.02%)	437,000(2.10%)	494,067(2.17%)
King Cove	21,913(0.18%)	24,645(0.16%)	25,755(0.15%)	26,591(0.14%)	27,203(0.13%)	27,655(0.12%)
Klawock	10,560(0.08%)	20,362(0.13%)	21,129(0.12%)	21,703(0.11%)	22,118(0.10%)	22,419(0.09%)
Kodiak	164,263(1.37%)	160,976(1.09%)	162,369(0.96%)	164,318(0.87%)	185,664(0.89%)	206,791(0.90%)

Percentage Breakdown of Population and Entitlements
Excluding Hospital and Health Funding

LOCAL GOV'T	PRESENT LAW ENTITLEMENT (TOTAL=\$12,000,226)	HB 192 ENTITLEMENT (TOTAL=\$14,740,838)	HB 192 ENTITLEMENT (TOTAL=\$16,740,838)	HB 192 ENTITLEMENT (TOTAL=\$18,740,838)	HB 192 ENTITLEMENT (TOTAL=\$20,740,838)	HB 192 ENTITLEMENT (TOTAL=\$22,740,838)
<u>First Class Cities (con't)</u>						
1. Nenana	\$ 28,578(0.23%)	\$ 50,759(0.34%)	\$ 54,856(0.32%)	\$ 58,893(0.31%)	\$ 62,806(0.30%)	\$ 66,622(0.29%)
2. Nome	111,941(0.93%)	130,675(0.88%)	154,780(0.92%)	179,016(0.95%)	203,053(0.97%)	226,855(0.99%)
3. North Pole	29,197(0.24%)	40,212(0.27%)	43,028(0.25%)	45,787(0.24%)	48,444(0.23%)	51,024(0.22%)
4. Palmer	65,141(0.54%)	92,430(0.62%)	103,889(0.62%)	115,322(0.61%)	126,564(0.61%)	137,634(0.60%)
5. Pelican	4,816(0.04%)	21,574(0.14%)	22,440(0.13%)	23,091(0.12%)	23,563(0.11%)	23,908(0.10%)
6. Petersburg	94,268(0.78%)	108,439(0.73%)	130,365(0.77%)	152,440(0.81%)	174,367(0.84%)	196,101(0.86%)
7. Sand Point	27,161(0.22%)	35,614(0.24%)	38,602(0.23%)	41,551(0.22%)	44,414(0.21%)	47,208(0.20%)
8. Saint Mary's	32,119(0.26%)	44,315(0.30%)	45,608(0.27%)	46,800(0.24%)	47,864(0.23%)	48,840(0.21%)
9. Seldovia	20,441(0.17%)	27,081(0.18%)	29,786(0.17%)	32,469(0.17%)	35,090(0.16%)	37,660(0.16%)
10. Seward	64,622(0.53%)	79,759(0.54%)	88,203(0.52%)	96,595(0.51%)	104,810(0.50%)	112,874(0.49%)
11. Skagway	33,840(0.28%)	39,462(0.26%)	43,364(0.25%)	47,236(0.25%)	51,017(0.24%)	54,723(0.24%)
12. Soldotna	91,572(0.76%)	130,761(0.88%)	147,330(0.88%)	163,871(0.87%)	180,145(0.86%)	196,176(0.86%)
13. Unalaska	72,551(0.60%)	156,428(1.06%)	167,052(0.99%)	177,448(0.94%)	187,443(0.90%)	197,137(0.86%)
14. Valdez	137,150(1.14%)	134,405(0.91%)	135,569(0.80%)	136,368(0.72%)	136,753(0.65%)	136,868(0.60%)
15. Wrangell	95,108(0.79%)	158,245(1.07%)	194,225(1.16%)	230,508(1.22%)	266,609(1.28%)	302,433(1.32%)
16. Yakutat	11,691(0.09%)	22,756(0.15%)	23,464(0.14%)	23,992(0.12%)	24,366(0.11%)	24,631(0.10%)
<u>Second Class Cities</u>						
1. Akhiok	6,071(0.05%)	23,126(0.15%)	23,784(0.14%)	24,274(0.12%)	24,616(0.11%)	24,857(0.10%)
2. Akiachak	19,322(0.16%)	30,166(0.20%)	30,668(0.18%)	31,031(0.16%)	31,263(0.15%)	31,404(0.13%)
3. Akiak	3,588(0.02%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
4. Akolmiut	57,837(0.48%)	85,516(0.58%)	86,256(0.51%)	86,764(0.46%)	87,009(0.41%)	87,083(0.38%)
5. Alakanuk	23,029(0.19%)	29,519(0.20%)	30,107(0.17%)	30,538(0.16%)	30,823(0.14%)	31,009(0.13%)
6. Aleknagik	5,278(0.04%)	24,645(0.16%)	25,755(0.15%)	26,591(0.14%)	27,203(0.13%)	27,655(0.12%)
7. Allakaket	6,786(0.05%)	27,907(0.18%)	28,842(0.17%)	29,541(0.15%)	30,040(0.14%)	30,397(0.13%)
8. Ambler	13,654(0.11%)	29,585(0.20%)	30,295(0.18%)	30,820(0.16%)	31,179(0.15%)	31,423(0.13%)

Percentage Breakdown of Population and Entitlements
Including Hospital and Health Funding

LOCAL GOV'T	PRESENT LAW ENTITLEMENT (TOTAL=\$12,000,226)	HB 192 ENTITLEMENT (TOTAL=\$14,740,838)	HB 192 ENTITLEMENT (TOTAL=\$16,740,838)	HB 192 ENTITLEMENT (TOTAL=\$18,740,838)	HB 192 ENTITLEMENT (TOTAL=\$20,740,838)	HB 192 ENTITLEMENT (TOTAL=\$22,740,838)
<u>Second Class Cities (con't)</u>						
Anaktuvuk Pass	\$ -0-	\$ 26,109(0.17%)	\$ 27,285(0.16%)	\$ 28,171(0.15%)	\$ 28,819(0.13%)	\$ 29,298(0.12%)
Anderson	13,734(0.11%)	29,439(0.19%)	30,168(0.18%)	30,708(0.16%)	31,080(0.14%)	31,333(0.13%)
Angoon	20,195(0.16%)	22,928(0.15%)	23,482(0.14%)	23,891(0.12%)	24,172(0.11%)	24,362(0.10%)
Aniak	25,938(0.21%)	37,355(0.25%)	37,679(0.22%)	37,901(0.20%)	38,008(0.18%)	38,040(0.16%)
Anvik	-0-	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.12%)
Atmautluak	17,981(0.15%)	31,202(0.21%)	31,564(0.18%)	31,821(0.16%)	31,966(0.15%)	32,037(0.14%)
Bethel	183,321(1.53%)	189,402(1.28%)	207,109(1.23%)	224,642(1.19%)	241,734(1.16%)	258,465(1.13%)
Brevig Mission	2,801(0.02%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
Buckland	2,905(0.02%)	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.12%)
Chefornak	3,925(0.03%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
Chevak	12,852(0.10%)	25,701(0.17%)	26,801(0.16%)	27,628(0.14%)	28,231(0.13%)	28,675(0.12%)
Chuathbaluk	10,321(0.08%)	29,172(0.19%)	29,938(0.17%)	30,505(0.16%)	30,899(0.14%)	31,170(0.13%)
Clark's Point	-0-	24,645(0.16%)	25,755(0.15%)	26,591(0.14%)	27,203(0.13%)	27,655(0.12%)
Delta Junction	22,320(0.18%)	27,367(0.18%)	27,719(0.16%)	27,970(0.14%)	28,118(0.13%)	28,197(0.12%)
Diomede	890(00.00%)	24,645(0.16%)	25,755(0.15%)	26,591(0.14%)	27,203(0.13%)	27,655(0.12%)
Eagle	3,674(0.03%)	23,800(0.16%)	24,630(0.14%)	25,251(0.13%)	25,696(0.12%)	26,017(0.11%)
Eek	7,350(0.06%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
Ekwok	-0-	24,645(0.16%)	25,755(0.15%)	25,591(0.14%)	27,203(0.13%)	27,655(0.12%)
Elim	4,580(0.03%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
Emmonak	16,449(0.13%)	27,584(0.18%)	28,431(0.16%)	29,063(0.15%)	29,510(0.14%)	29,826(0.13%)
Fort Yukon	40,167(0.33%)	50,397(0.34%)	50,833(0.30%)	51,133(0.27%)	51,277(0.24%)	51,321(0.22%)
Fortuna Ledge	13,260(0.11%)	28,451(0.19%)	29,182(0.17%)	29,724(0.15%)	30,098(0.14%)	30,356(0.13%)
Gambell	18,779(0.15%)	29,908(0.20%)	30,443(0.18%)	30,834(0.16%)	31,087(0.14%)	31,246(0.13%)
Golovin	2,825(0.02%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)

e No. 4

Percentage Breakdown of Population and Entitlements
Including Hospital and Health Funding

LOCAL GOV'T	PRESENT LAW ENTITLEMENT (TOTAL=\$12,000,226)	HB 192 ENTITLEMENT (TOTAL=\$14,740,838)	HB 192 ENTITLEMENT (TOTAL=\$16,740,838)	HB 192 ENTITLEMENT (TOTAL=\$18,740,838)	HB 192 ENTITLEMENT (TOTAL=\$20,740,838)	HB 192 ENTITLEMENT (TOTAL=\$22,740,838)
Second Class Cities (con't)						
Goodnews Bay	\$ -0-	\$ 25,377(0.17%)	\$ 26,520(0.15%)	\$ 27,381(0.14%)	\$ 28,011(0.13%)	\$ 28,477(0.12%)
Grayling	7,465(0.06%)	28,240(0.19%)	29,130(0.17%)	29,795(0.15%)	30,266(0.14%)	30,601(0.13%)
Holy Cross	10,435(0.08%)	28,773(0.19%)	29,592(0.17%)	30,201(0.16%)	30,628(0.14%)	30,926(0.13%)
Hooper Bay	10,133(0.08%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
Houston	34,179(0.28%)	64,944(0.44%)	65,506(0.39%)	65,892(0.35%)	66,078(0.31%)	66,134(0.29%)
Hughes	1,231(0.01%)	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.12%)
Huslia	29,890(0.24%)	58,229(0.39%)	58,733(0.35%)	59,079(0.31%)	59,246(0.28%)	59,296(0.26%)
Kachemak	-0-	20,985(0.14%)	21,930(0.13%)	22,642(0.12%)	23,163(0.11%)	23,548(0.10%)
Kaktovik	2,413(0.02%)	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.12%)
Kaltag	6,763(0.05%)	27,441(0.18%)	28,439(0.16%)	29,186(0.15%)	29,723(0.14%)	30,112(0.13%)
Kasaan	432(0.00%)	19,521(0.13%)	20,400(0.12%)	21,062(0.11%)	21,547(0.10%)	21,905(0.09%)
Kiana	13,720(0.11%)	28,120(0.19%)	29,027(0.17%)	29,704(0.15%)	30,184(0.14%)	30,527(0.13%)
Kivalina	6,503(0.05%)	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.12%)
Kobuk	7,535(0.06%)	28,773(0.19%)	29,592(0.17%)	30,201(0.16%)	30,628(0.14%)	30,926(0.13%)
Kotlik	5,066(0.04%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
Kotzebue	111,653(0.93%)	109,419(0.74%)	110,366(0.65%)	117,885(0.62%)	128,118(0.61%)	138,168(0.60%)
Koyuk	5,126(0.04%)	25,759(0.17%)	26,851(0.16%)	27,672(0.14%)	28,270(0.13%)	28,710(0.12%)
Koyukuk	935(0.00%)	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.12%)
Kupreanof	474(0.00%)	20,253(0.13%)	21,165(0.12%)	21,852(0.11%)	22,355(0.10%)	22,727(0.09%)
Kwethluk	10,630(0.08%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
Larsen Bay	1,343(0.01%)	20,985(0.14%)	21,930(0.13%)	22,642(0.12%)	23,163(0.11%)	23,548(0.10%)
Lower Kalskag	46,218(0.38%)	87,163(0.59%)	87,918(0.52%)	88,436(0.47%)	88,685(0.42%)	88,760(0.39%)
Manokotak	5,101(0.04%)	24,645(0.16%)	25,755(0.15%)	26,591(0.14%)	27,203(0.13%)	27,655(0.12%)
McGrath	21,926(0.18%)	31,296(0.21%)	31,777(0.18%)	32,125(0.17%)	32,341(0.15%)	32,469(0.14%)

Percentage Breakdown of Population and Entitlements
Including Hospital and Health Funding

LOCAL GOV'T	PRESENT LAW ENTITLEMENT (TOTAL=12,000,226)	HB 192 ENTITLEMENT (TOTAL=\$14,740,838)	HB 192 ENTITLEMENT (TOTAL=\$16,740,838)	HB 192 ENTITLEMENT (TOTAL=\$18,740,838)	HB 192 ENTITLEMENT (TOTAL=\$20,740,838)	HB 192 ENTITLEMENT (TOTAL=\$22,740,838)
<u>Second Class Cities (con't)</u>						
.Mekoryuk	\$ 4,165(0.03%)	\$ 25,377(0.17%)	\$ 26,520(0.15%)	\$ 27,381(0.14%)	\$ 28,011(0.13%)	\$ 28,477(0.12%)
.Mountain Village	35,024(0.29%)	45,544(0.30%)	45,939(0.27%)	46,209(0.24%)	46,340(0.22%)	46,379(0.20%)
.Napakiak	11,129(0.09%)	26,982(0.18%)	27,910(0.16%)	28,604(0.15%)	29,101(0.14%)	29,458(0.12%)
.Napaskiak	5,042(0.04%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
.Newhalen	-0-	24,645(0.16%)	25,755(0.15%)	26,591(0.14%)	27,203(0.13%)	27,655(0.12%)
.New Stuyahok.	5,355(0.04%)	24,645(0.16%)	25,755(0.15%)	26,591(0.14%)	27,203(0.13%)	27,655(0.12%)
.Newtok	3,687(0.03%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
.Nightmute	3,048(0.02%)	26,024(0.17%)	27,081(0.16%)	27,874(0.14%)	28,451(0.13%)	28,872(0.12%)
.Nikolai	-0-	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.12%)
.Nondalton	-0-	24,645(0.16%)	25,755(0.15%)	26,591(0.14%)	27,203(0.13%)	27,655(0.12%)
.Nooryk	17,332(0.14%)	27,574(0.18%)	28,554(0.17%)	29,287(0.15%)	29,814(0.14%)	30,194(0.13%)
.Nulato	10,355(0.08%)	28,839(0.19%)	29,649(0.17%)	30,252(0.16%)	30,673(0.14%)	30,967(0.13%)
.Nuiqsut	-0-	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.12%)
.Old Harbor	14,176(0.11%)	23,366(0.15%)	23,993(0.14%)	24,457(0.13%)	24,780(0.11%)	25,004(0.10%)
.Ouzinkie	2,922(0.02%)	21,360(0.14%)	22,255(0.13%)	22,927(0.12%)	23,417(0.11%)	23,777(0.10%)
.Pilot Station	10,727(0.08%)	26,672(0.18%)	27,641(0.16%)	28,368(0.15%)	28,890(0.13%)	29,268(0.12%)
.Platinum	20,298(0.16%)	41,085(0.27%)	41,441(0.24%)	41,685(0.22%)	41,803(0.20%)	41,838(0.18%)
.Point Hope	-0-	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.12%)
.Port Alexander	985(0.00%)	20,253(0.13%)	21,165(0.12%)	21,852(0.11%)	22,355(0.10%)	22,727(0.09%)
.Port Heiden	38,515(0.32%)	82,275(0.55%)	82,988(0.49%)	83,477(0.44%)	83,712(0.40%)	83,783(0.36%)
.Port Lions	8,863(0.07%)	22,291(0.15%)	23,061(0.13%)	23,637(0.12%)	24,050(0.11%)	24,346(0.10%)
.Quinhagak	10,369(0.08%)	26,186(0.17%)	27,221(0.16%)	27,998(0.14%)	28,560(0.13%)	28,971(0.12%)
.Ruby	2,764(0.02%)	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.12%)
.Russian Mission	-0-	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
.Saint Michael	6,751(0.05%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
.Saint Paul	67,644(0.56%)	115,990(0.78%)	116,994(0.69%)	117,684(0.62%)	118,016(0.56%)	118,115(0.51%)
.Savoonga	9,792(0.08%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)

a No. 6
 Percentage Breakdown of Population and Entitlements
 Including Hospital and Health Funding

AL GOV'T	PRESENT LAW ENTITLEMENT (TOTAL=\$12,000,226)	HB 192 ENTITLEMENT (TOTAL=\$14,740,838)	HB 192 ENTITLEMENT (TOTAL=\$16,740,838)	HB 192 ENTITLEMENT (TOTAL=\$18,740,838)	HB 192 ENTITLEMENT (TOTAL=\$20,740,838)	HB 192 ENTITLEMENT (TOTAL=\$22,740,838)
<u>Second Class Cities (con't)</u>						
.Saxman	\$ 6,234(0.05%)	\$ 20,965(0.14%)	\$ 21,650(0.12%)	\$ 22,163(0.11%)	\$ 22,527(0.10%)	\$ 22,788(0.10%)
.Scammon Bay	7,840(0.06%)	26,186(0.17%)	27,221(0.16%)	27,998(0.14%)	28,560(0.13%)	28,971(0.12%)
.Selawik	9,901(0.08%)	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.12%)
.Shageluk	-0-	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.12%)
.Shaktoolik	24,323(0.20%)	45,544(0.30%)	45,939(0.27%)	46,209(0.24%)	46,340(0.22%)	46,379(0.20%)
.Sheldon Point	-0-	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
.Shishmaref	11,833(0.09%)	26,659(0.18%)	27,630(0.16%)	28,358(0.15%)	28,881(0.13%)	29,260(0.12%)
.Shungnak	3,782(0.03%)	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.12%)
.Stebbins	7,398(0.06%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
.Tanana	25,194(0.21%)	36,208(0.24%)	36,522(0.21%)	36,737(0.19%)	36,841(0.17%)	36,872(0.16%)
.Teller	8,229(0.06%)	27,118(0.18%)	28,028(0.16%)	28,708(0.15%)	29,193(0.14%)	29,541(0.12%)
.Tenakee Springs	4,414(0.03%)	20,769(0.14%)	21,612(0.12%)	22,246(0.11%)	22,706(0.10%)	23,042(0.10%)
.Togiak	15,665(0.13%)	27,788(0.18%)	28,477(0.17%)	28,986(0.15%)	29,337(0.14%)	29,576(0.13%)
.Toksook Bay	8,701(0.07%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
.Tuluksak	26,405(0.22%)	43,952(0.29%)	44,332(0.26%)	44,594(0.23%)	44,720(0.21%)	44,757(0.19%)
.Tununak	7,159(0.05%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
.Unalakleet	29,882(0.24%)	31,344(0.21%)	31,688(0.18%)	31,929(0.17%)	32,063(0.15%)	32,124(0.14%)
.Upper Kalskag	3,974(0.03%)	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.12%)
.Wainwright	-0-	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.12%)
.Wales	-0-	24,645(0.16%)	25,755(0.15%)	26,591(0.14%)	27,203(0.13%)	27,655(0.12%)
.Wasilla	51,614(0.43%)	112,145(0.76%)	113,116(0.67%)	113,783(0.60%)	114,104(0.55%)	114,200(0.50%)
.White Mountain	-0-	24,645(0.16%)	25,755(0.15%)	26,591(0.14%)	27,203(0.13%)	27,655(0.12%)
.Whittier	21,567(0.18%)	29,583(0.20%)	29,839(0.17%)	30,015(0.16%)	30,100(0.14%)	30,125(0.13%)
.Deering	3,276(0.02%)	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.12%)
.Ext Fire Areas	-0-	19,521(0.13%)	20,400(0.12%)	21,062(0.11%)	21,547(0.10%)	21,905(0.09%)

14 Feb 78

Municipality of Anchorage

MEMORANDUM

DATE: March 4, 1980

TO: Larry D. Crawford, Municipal Manager

THRU: Lu Person, Director of Management and Budget *LP*

FROM: Gene Dusek, Budget Officer *GD*

SUBJECT: Analysis of HB192 Computer Printout of 2-24-80

The State House Research Agency has rerun the HB192 computer report on February 24, 1980, utilizing 1978 revenue data provided by municipalities in January of this year. The previous printout was run in February 1979, and was based on 1977 revenue data.

The following is an analysis of the 2-24-80 HB192 computer printout.

REVENUES INCLUDED/EXCLUDED

The following revenues were not included in the 1979 printout but were included in this year's printout per our request:

	<u>1978 Amount</u>
Fund 0211 - Parking	\$ 932,961
Fund 0560 - City Refuse Collection	2,778,979
	<u>\$3,711,940</u>

The following revenues which we believe should be included as locally generated revenues still are not being included:

	<u>1978 Amount</u>
Fund 0570 - Port of Anchorage	\$ 2,610,668
Fund 0580 - Airport	351,403
Municipal Utilities Service Assessment	2,480,665
Utility Net Profit Contribution	1,794,130
Interest on Short Term Investments	4,519,080
	<u>\$11,755,946</u>

Section 29.88.010 (c) (1) (C) of HB192 includes the following as locally generated revenue: "revenue from fees, rentals, leases, penalties, licenses, or permits received during the preceeding fiscal year by the municipality for a function or service over which it has control, including revenues derived from parks and recreation services, mass transit, off-street parking, and garbage and solid waste disposal services" (underlining added).

The revenues for funds 0570, Port of Anchorage, and 0580, Airport, while not expressly included in the above section, fit well into the definition. The State's apparent contention that these revenues should be excluded from locally generated revenues since they are not part of a "taxing jurisdiction within your municipality" is not acceptable. There is nothing in HB192 that requires this; and a municipality should not be penalized for operating a function or service without the need for local taxes.

Municipal Utilities Service Assessment

The state is trying to exclude this item on the basis of Section 29.99.010 (c) (2) (A) of HB192, which excludes from locally generated revenues, "revenue derived from the levy and collection of municipal taxes and appropriated for the operating expenses and debt service of utilities". However, first of all, MUSA are revenues from the utilities, not to them as stipulated in the above section. If the utilities were private rather than municipal, they would have to pay property tax. If the municipal utilities did not pay MUSA, property taxes on other real and personal property would have to be increased by a like amount. It should also be noted that the Alaska Public Utilities Commission recognizes MUSA as an allowable expenditure of the utilities in lieu of property tax.

Utility Net Profit Contribution

Again, the State is apparently trying to exclude this revenue from locally generated revenues on the basis of Section 29.88.010 of HB192. Again, however, we are in fact talking about revenues from the utilities, not to them. And again, if it were not for this revenue, property taxes would have to be increased by a like amount.

Interest on Short Term Investments

Although these revenues are expressly not included as locally generated revenues by Section 29.88.010 (c) (2) (B) of HB192, I feel that they should be included. A municipality should not be penalized for efficient management of its cash. If it were not for such interest revenues, property taxes would have to correspondingly increase.

HOSPITAL AND HEALTH ENTITLEMENTS

The 2-24-80 computer printout has excluded the revenue sharing entitlements for hospital and health facility operations, hospital construction, and health power grants. These are to be funded separately from state-shared revenues under assumptions made in the model.

We had excluded hospital construction "pass-thru" revenues from our previous analyses. However, we had included the following other medical revenues which are now excluded from the computer printout calculations:

	<u>1980 Entitlement*</u>
Hospital Facilities	\$ 425,000
Health Facilities	359,000
Health Services	370,560
	<u>\$1,154,560</u>

*amounts actually funded at 75.1723%

Of the above three revenues, only the \$425,000 for Hospital Facilities are "pass-thru" monies. The Hospital Facilities revenue together with the Hospital Construction revenues should be excluded from the state shared revenue and funded separately because of their "pass-thru" nature. However, we question the need to also fund separately Health Facilities and Health Services revenues since they are not of a "pass-thru" nature. Nevertheless, the exclusion of the medical related state-shared-revenues affects Anchorage's percentage of the state total. The following shows Anchorage's actual percentages under three different scenarios for the years indicated.

<u>Fiscal Year</u>	<u>All State - Shared Revenues</u>	<u>State Shared Revenues Excluding Hospital Construction</u>	<u>State-Shared Revenues Excluding Hospital Construction & Other Health Revenues</u>
1978	45.69%	43.45%	43.80%
1979	47.02%	43.23%	44.43%
1980	52.47%	42.38%	43.92%

ENTITLEMENTS UNDER HB192

The State has estimated the hospital construction and other health state-shared revenues for 1981 to be \$8,259,162. Subtracting this from a total HB192 entitlement of \$27,000,000 leaves a balance of \$18,740,838 for 1981 state shared revenues. Using the computer model, the State estimates that Anchorage's share would be 34.00%.

The State has gone a step further in this year's computer analysis by showing four other funding levels for the non-medical portion HB192, using \$2 million increments. The effect on Anchorage's percentage is as follows:

<u>Funding Level</u>	<u>Anchorage's Percentage</u>
\$14,740,838	30.80%
\$16,740,838	32.57%
\$18,740,838*	34.00%
\$20,740,838	35.12%
\$22,740,838	36.01%

*Recommended funding level

The above analysis is interesting. Due to such things as minimum

revenues to a municipality and fixed rates for certain state-shared revenues which are not a part of equilization entitlement, Anchorage's percentage of the state total varies with the amount of the state total. This was true even last year, but without the benefit of the State's computer program, we could not determine the impact of changing the total amount and therefore had to assume in all of our analyses that Anchorage's percentage would remain the same at various funding levels.

CONCLUSION

The State's exclusion of revenues which we feel should be included as locally generated revenues has reduced Anchorage's percentage of the state total (excluding hospital construction and other health state-shared revenues) to only 34.00% in 1981. This compares to 43.92% in 1980, 44.43% in 1979, and 43.80% in 1978. According to the State's own calculations included in the HB192 computer analysis, Anchorage would receive 44.68% of the state total in 1981 under the present statutes.

With Anchorage's 1981 share of the state total reduced from 44.68% under present statutes to only 34.00% under HB192, I believe that we would find it very difficult to justify to the Anchorage taxpayers our support of HB192 under the State's current interpretation as to what revenues should be included as locally generated revenues.

GD:ljs

cc: ✓ Mitch Gravo - Special Assistant for Intergovernmental Relationships
Don Duhr - Senior Bond Analyst

HOUSE RESEARCH AGENCY
Pouch Y - State Capitol
Juneau, Alaska 99811
465-3991

MEMORANDUM

February 25, 1980

TO: Representative Terry Gardiner

FROM: Jack Kreinheder, Issues Analyst *JK*

RE: HB 192 - Computer Runs Excluding Hospital and Health Entitlements
Research Request No. 64

As you requested, I have produced five alternative entitlement breakdowns for HB 192, all of which exclude the revenue sharing entitlements for hospital and health facility operation, hospital construction, and health power grants. A chart summarizing the results is attached, as are the more detailed computer printouts on which the chart is based. The total current entitlement under present statutes for these categories, including the cost of living allowance and the partial funding proration factor, is \$8,259,162. I have subtracted this value from the original HB 192 total entitlement of \$27,000,000 to arrive at a base or midpoint value for comparative purposes of \$18,740,838.

Four other runs were made on the low side and the high side of this midpoint value using \$2 million increments, as you requested. These entitlement values were \$14,740,838, \$16,740,838, \$20,740,838, and \$22,740,838, respectively.

I'm sorry for the delay in providing these runs, but the updating process required considerably more time than I expected. The model is now updated and complete.

Please let me know if you have any questions or would like additional runs. As you know, the Agency has a very full workload at the present time, but we will do what we can to provide any further research or computer work on HB 192 as quickly as possible.

JK/dp

HOUSE JOURNAL

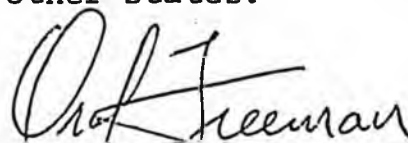
HOUSE FINANCE COMMITTEE

LETTER OF INTENT

CSHB 192

It is the intent of the Legislature that the Alaska Department of Community and Regional Affairs provide, by the tenth day of the Twelfth Legislature, First Session, the Legislature with draft legislation for the funding of mass transportation through the revenue sharing formula. The Department shall also prepare a report on the current status of transit operations in the State.

In preparing draft legislation, the Department shall take into account regional differences, private and public operation of transit systems, and various options for state support. It is suggested that the Department examine the approaches to this question taken by other states.



Rep. Oral Freeman, Vice-Chrmn.
House Finance Committee

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 192 (Finance)
 Title Equalization of the Tax Resources of Municipalities
 Requested by House Finance Date 4/22/80

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs
 Program Category Affected Community Development
 BRU, Program, or Subprogram(s) Affected Local Government Assistance - Grants
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES ..						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		4,435.0				
TOTAL		4,435.0				

FUNDING (Thousands of Dollars)

GENERAL FUND	4,435.0				
FEDERAL FUNDS					
OTHER (Specify Fund Source)					

POSITIONS

FULL TIME					
PART TIME					
TEMPORARY					

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Sec. 12 of CSHB 192 (Finance) provides for the bill becoming effective when \$31.0 million is appropriated for a fiscal year.

The Governor's and House's version of the general appropriations act, HB 556, already contains \$26,565,000 for revenue sharing.

IV. DATE 4/22/80 PREPARED BY Milt Barker
 AGENCY Legislative Finance Div.
 PHONE 465-3795
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS HB 192
 Title Equalization of the tax resources of municipalities (municipal revenue sharing)
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs
 Program Category Affected Community Development
 Budget Request Unit(s) Affected Local Government Assistance - Grants

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

No fiscal impact to the Department. The agency personnel currently responsible for administering the municipal services revenue sharing program (AS 43.18.010-045), which is repealed by this bill, would assume responsibility for the shared revenue program proposed by HB 192. It is believed that the work involved for both programs is equivalent.

IV. DATE 4-3-80 PREPARED BY Mary Foster
 AGENCY Community & Regional Affairs
 PHONE 465-4734

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

HOUSE RESEARCH AGENCY
Pouch Y - State Capitol
Juneau, Alaska 99811
465-3991

MEMORANDUM

March 26, 1980

TO: Representative Terry Gardiner

FROM: Jack Kreinheder, Issues Analyst *JK*

RE: Explanation of HB 192 Equalization Formula
Research Request No. 64

You have requested that I prepare for the Finance Committee some practical examples of how the equalization formula in Chapter 88 of HB 192 is applied. This memorandum presents three hypothetical and three real applications of the equalization formula. Also included in the last section is a revised estimate of the taxation incentive under HB 192.

The HB 192 equalization formula is defined as $P \times R$, where P = population and R = millage rate equivalent, or local tax effort. This local effort factor is calculated by dividing the total locally generated revenues allowed under the bill by one-tenth of one percent of the total property value of the taxing unit. To take a theoretical case, if a municipality has local revenues of \$1 million and a total property valuation of \$100 million, the local effort factor would be 10 [$\$1 \text{ million} / (\$100 \text{ million} \times .001)$]. A municipality with the same tax base but \$2 million in local revenues would have a local effort factor of 20 [$\$2 \text{ million} / (\$1 \text{ million} \times .001)$], and its Chapter 88 entitlement per resident would therefore be twice that of the former community.

A third example would be a municipality with the same local revenues as the first example (\$1 million), but with a tax base only half as large (\$50 million). This municipality would also have a local effort factor of 20 [$\$1 \text{ million} / (\$50 \text{ million} \times .001)$], and would therefore receive twice the Chapter 88 entitlement per resident of the first example, and the same entitlement as the second example. Although the municipality in the second example raises twice the local revenues of the municipality in the third case, the second municipality's tax base is also twice as large; thus, the tax burden and local effort factor of the two municipalities is identical and they would receive the same entitlement per resident under Chapter 88. Of course, if the populations of the two municipalities differed, the actual Chapter 88 entitlement for each of the two local governments would vary in direct proportion to their populations. Table 1 summarizes the three examples presented above.

Representative Terry Gardiner

March 26, 1980

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To further illustrate the relationship of the three variables used in the equalization formula--population, local revenues, and local assessed property valuation--consider the communities of Kenai, Ketchikan, and Homer. Table II shows how the equalization entitlement is calculated for each of the communities. As the table indicates, the local revenues generated by Kenai are only about 72 percent as large as those raised by Ketchikan, but Kenai's property valuation is also about 72 percent that of Ketchikan's; therefore, the local effort factors are nearly identical (19.95 vs. 19.50). These cities are placing similar tax burdens on their residents and their equalization entitlements per resident would thus be comparable. Ketchikan has nearly twice as many residents as Kenai, and its total Chapter 88 entitlement would be correspondingly greater than Kenai's.

Homer has a tax base of about \$86 million, or about 64 percent of Kenai's. If the local revenues raised by Homer were also 64 percent of the local revenues collected by Kenai, the local effort factors and Chapter 88 entitlements per resident of the two cities would be identical. However, Homer's actual locally-generated revenues are only about 30 percent as large as Kenai's. Homer's local effort factor would therefore be less than half that of Kenai's (9.17 vs. 19.95). In other words, the tax burden on the residents of Kenai, relative to the tax base of the community, is more than twice the tax burden carried by Homer residents. Kenai's equalization entitlement under HB 192 would therefore be about 2.2 times more per resident than Homer's. It should be noted that although Homer's Chapter 88 entitlement per resident would be less than either Ketchikan's or Kenai's, Homer would still receive more revenue sharing funds than it currently receives at any HB 192 total entitlement of \$27 million or greater (including health entitlements).

One additional consideration should be mentioned. There is a fourth factor used in determining equalization entitlements under HB 192 however, it is applied equally to all communities. This is a proration factor which calculates the share of the total entitlement which is distributed under the equalization entitlement provision (Chapter 88). The proration factor varies according to the total entitlement; at a total entitlement of \$27 million (including health entitlements), the factor is about 2.4. The actual equalization entitlement for each local government at a total entitlement of \$27 million would therefore be 2.4 times the amount determined by application of the equalization formula.

HB 192 Taxation Incentive

The incentive for municipalities to raise tax rates in order to receive additional revenue sharing funds under HB 192 is much smaller than I indicated to you at the Finance Committee meeting of 3/24. I had thought that the local taxes/revenue sharing entitlement ratio was about 3 to 1; i.e., three additional dollars in local taxes would increase the revenue

Representative Terry Gardiner

March 26, 1980

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sharing entitlement by one dollar. However, test runs of the computer model indicate that this 3:1 ration applies only to very small communities or service areas, and that the ratio is much higher for larger municipalities. Anchorage appears to have the highest ratio at about 23 to 1, meaning that to obtain one additional revenue sharing dollar under HB 192, Anchorage would have to raise an additional \$23 in local taxes. The average ratio for all the municipalities appears to be about 14 to 1. Therefore, the incentive for municipalities to raise taxes under HB 192 is much lower than previously indicated.

JK/dp

TABLE I
 THREE EXAMPLES OF THE HB 192
 EQUALIZATION FORMULA

	<u>LOCALLY-GENERATED REVENUES</u>		<u>PROPERTY VALUATION</u>		<u>LOCAL EFFORT FACTOR (millage rate equivalent)</u>
MUNICIPALITY 1	\$1 million	+	[\$100 million (x .001)]	=	10
MUNICIPALITY 2	\$2 million	+	[\$100 million (x .001)]	=	20
MUNICIPALITY 3	\$1 million	+	[\$ 50 million (x .001)]	=	20

Prepared by:

House Research Agency
 March 25, 1980

TABLE II
 THE HB 192 EQUALIZATION FORMULA
 AS
 APPLIED TO THREE ALASKAN CITIES
 (Thousands of Dollars)

	<u>LOCALLY-GENERATED REVENUES</u>		<u>PROPERTY VALUATION</u>		<u>LOCAL EFFORT FACTOR</u>		<u>POPULATION</u>		<u>EQUALIZATION ENTITLEMENT (CHAPTER 88)</u>
KETCHIKAN	\$3,715	÷	[\$190,000 (x .001)]	=	19.50	(x)	8,542	(x 2.4)* =	\$401
KENAI	2,667	÷	[\$134,000 (x .001)]	=	19.95	(x)	4,421	(x 2.4) =	\$212
HOMER	789	÷	[\$ 86,000 (x .001)]	=	9.17	(x)	2,227	(x 2.4) =	\$ 49

* 2.4 is the equalization entitlement proration factor at a total entitlement of \$27 million. The factor will vary in accordance with the total entitlement level, as explained in the attached memo.

Prepared by:

House Research Agency
 March 25, 1980

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 192

Title Equalization of the Tax Resources of Municipalities

Requested by House Community & Regional Affairs

Date 2/28/79

II. FISCAL DETAIL

Agency Affected Community and Regional Affairs

Program Category Affected Community Development

Budget Request Unit(s) Affected Local Government Assistance - Grants

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	0	27,000.0	27,000.0	27,000.0	27,000.0	
TOTAL	0	27,000.0	27,000.0	27,000.0	27,000.0	

FUNDING (Thousands of Dollars)

GENERAL FUND	0	27,000.0	27,000.0	27,000.0	27,000.0	
FEDERAL FUNDS	0	0	0	0	0	
OTHER (Specify)	0	0	0	0	0	

POSITIONS

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

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

House Bill No. 192 would repeal AS 43.18.010 - 43.18.045 which provides for State Aid to Local Governments. The Governor's FY 80 request for maintenance of this grant program is \$18,688,000.

House Bill No. 192, which calls for reform of the State Revenue Sharing Program and a minimum appropriation of \$27,000,000, would cost \$3,312,000 above the Governor's request to fund in FY 80.

The agency request for FY 80 to fund the existing Revenue Sharing Program at 100% was \$21,857,200. As the implications of the new definition of "total project cost" for construction aid [AS 43.18.010(1)] are still unclear, even this figure may be insufficient for full funding.

IV. DATE 2-22-79

PREPARED BY Mary Foster

AGENCY CRA - LGAD

PHONE 4733

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

ALASKA MUNICIPAL LEAGUE FINANCE FACT SHEET

Revenue Sharing

FY '80	Entitlement	\$27,031,915
FY '80	Appropriation	<u>\$20,236,000</u>
	Shortfall	\$ 6,795,915
FY '80	Entitlement With Inflation Factor Applied	\$38,891,494
FY '81	Proposed Executive Budget	\$26,565,000

Municipal Assistance - General & Petroleum Corporate Income Tax

FY '79	Last Year Under 60% of Gross Business License Tax	\$13,400,000
FY '80	10% of FY '79 Corporate Income Tax Revenues	\$25,700,000
FY '80	Appropriation	<u>\$11,400,000</u>
	Shortfall	\$14,300,000
FY '81	10% of FY '80 Corporate Income Tax Revenues	\$41,700,000
FY '81	Proposed Executive Budget	<u>\$11,400,000</u>
	Shortfall	\$30,300,000

School Construction Debt Payments

FY '79	Entitlement	\$27,868,182
FY '79	Appropriation	<u>\$22,273,300</u>
	Shortfall	\$ 5,594,882
FY '80	Entitlement	\$30,812,110
FY '80	Appropriation	<u>\$24,081,000</u>
	Shortfall	\$ 6,731,110
FY '81	Estimated Entitlement	\$30,410,000
FY '81	Proposed Budget	<u>\$25,210,000</u>
	Shortfall	\$ 5,200,000

STATE REVENUE SHARING - INFLATED RATES
Based on Anchorage CPI 1971 to 1979

<u>MUNICIPAL SERVICE</u>	<u>PRESENT RATE OF ENTITLEMENT</u>	<u>FISCAL YEAR RATE WAS ESTABLISHED</u>	<u>% INCREASED BASED ON ANCHORAGE CPI INDEX</u>	<u>RATE ADJUSTED FOR 1979 INFLATION</u>
Police Protection	\$ 12.00 per capita	1975	40%	\$16.80
Military	6.00 per capita	1975	40%	8.40
Fire Protection	7.50 per capita	1976	30%	9.75
Air/Water	2.00 per capita	1971	89%	3.78
Land Use Planning	2.00 per capita	1971	89%	3.78
Parks & Recreation	5.00 per capita	1971	89%	9.45
Military	1.25 per capita	1974	60%	2.20
Transportation Facilities	5.00 per capita	1971	89%	9.45
Military	2.50 per capita			4.00
Road Maintenance				
Public Roads	1,500.00 per mile	1971	89%	2,835.00
Ice Roads	900.00 per mile	1976	30%	1,170.00
Health Facilities	1,000.00 per bed or 4,000.00 per facility	1971	89%	1,890.00 7,560.00
Health Services	2.00 per capita	1977	23%	2.46
Hospitals	75,000.00 per hosp. or 25,000.00 per hosp. or 1,000.00 per bed	1977	23%	92,250.00 30,750.00 1,230.00
State Construction Aid	2,500.00 per bed or 5% of total project cost	1972	84%	4,600.00

FY 80 totals \$ 27,031,915

\$ 38,891,494

<u>Municipality</u>	<u>Per Capita Cost for:</u>						<u>Mill levy:</u>	
	<u>police</u>	<u>fire</u>	<u>pollution</u>	<u>planning</u>	<u>P & R</u>	<u>Trnsp.</u>	<u>1970</u>	<u>1979</u>
Mun. of Anchorage	\$ 120	75	-	-	40	75	21.98	14.44
Cordova	-	-	-	-	-	-	14	17
Dillingham	84.48	11	10.63	3.20	12.71	50.56	15.5	10
Fairbanks	97	109	64	-	-	-	10	8.5
Haines Borough		836.69					4.5	2
Kenai	124	124	82	-	16	26	7	12.5
KPB	-	-	-	-	-	-	5	2.5
Ktn. Gateway Bo.	-	39.32	-	21.96	86.39	-	4	4.5
Mat-Su Bo.	-	-	-	-	-	-	14	7.4
Palmer	176	43	44	-	-	16.50	4.5	5
Petersburg	145.41	18.45	85.46	14.48	4.69	33.53	no answer	
Skagway	115.16	29.16	-	-	9.33	-	20	8.3
Unalaska	550	112	-	-	8	4	19	14
Wrangell	74.75	16.45	33.32	1.45	5.71	27.87	no answer	
Yakutat		36.20					last 4 yrs. -	13.7

Out of 13 municipalities who responded to the questionnaire in regard to the mil levy, only four had not lowered their mil levy, most of them lowered it considerably.

WRITTEN TESTIMONY

Kuskokwim Native Association is a subregional non-profit association located along the middle Kuskokwim River in Northwestern Alaska. It is my job as the Local Government Director to provide training and technical assistance to our four second class cities and seven unincorporated villages, including the budgeting and management of state and federal revenue sharing funds.

First of all, I would like to support the \$25,000 minimum payment to qualifying municipalities which will allow small cities to provide a higher level of service. However, I am concerned that once again this bill does not adequately address the needs of unincorporated villages in our state. The only revenue sharing provision made for unincorporated villages is the aid to registered volunteer fire Departments figured at \$7.50 per capita.

If we consider the state revenue sharing program as a means for the state to share it's wealth with local governments to assist in local government function, then we are doing a tremendous disservice to those small unincorporated villages who are struggling to provide some of the same services as small cities in the unorganized borough. At a time when the Legislature is considering establishing regional units within the unorganized borough, I believe that we need to first strengthen the village local government capabilities.

I am proposing that the state make additional state revenue sharing funds available to unincorporated village governments who are attempting to provide local government services. This payment could be made on actual services provided, such as the maintenance of a village clinic, or on a per capita basis. In most cases there is a functioning village council recognized by the federal government for it's revenue sharing payments that could also manage the state revenue sharing entitlement.

I would appreciate you consideration of this proposal and regret that I cannot be there in person to answer any questions you may have. Thank you for the opportunity of submitting this written testimony.

Cheryl Jaberak
Director
Self Determination & Local Government
Box 106
Aniak, Alaska 99557 (907) 675-4384

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 2, 1979

SUBJECT: Sectional Analysis of the Municipal League's
Revenue Sharing Reform Proposal
(Work Order No. 6162)

TO: Representative Terry Gardiner

FROM: John B. Chenoweth
Legislative Counsel

John Williams
Policy Analyst

In response to your request of the Legislative Council on July 21, 1978, we have participated with a special committee of the Alaska Municipal League in drafting a revenue sharing reform bill, which is now complete. The Board of Directors of the League approved the draft at its meeting in Juneau on January 19, 1979 (copy enclosed).

Following is a sectional analysis of the committee's product.

*Section 1. PURPOSE.

Three purposes are stated: (1) equity of allocation of state resources with municipalities; (2) basic support to municipalities for public services irrespective of physical location of taxable wealth; and (3) improvement of the administrative capacity of less populous municipalities.

*Section 2. CHAPTER 88.

This chapter contains the major revision of the revenue sharing program. In the most general terms, it provides for the computation and distribution of an "equalization entitlement" for local government services in accordance with a formula and schedules set out in the sections incorporated in the chapter.

Sec. 29.88.010 specifies the method that is utilized to distribute revenues under the chapter. Three factors are

Representative Terry Gardiner

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applicable: population, revenue generation, and property value base.¹ The formula multiplies the population of the taxing unit¹ by the mill rate equivalent of allowed revenues² generated by the municipality. The sum of allowed revenues is divided by one-thousandth of the full and true taxable property value within the taxing jurisdiction. The resultant quotient is referred to as the "local effort" for the municipality: it is equal to the full and true mill rate equivalent of all allowed revenues generated by each municipality.

Sec. 29.88.015 specifies the means whereby population numbers shall be determined. Generally, Bureau of the Census data will be utilized; however, other reliable data in the judgment of the Department of Community and Regional Affairs may be used. The provision for population count is not unlike the provision of the current state aid program. Unlike the current program, however, no separate treatment is given the counting of persons who are residents of military reservations.

Sec. 29.88.020 describes the means whereby mill rate equivalent determinations will be made. Initially, a certified statement submitted by each municipality, on a form provided by the department, will specify the revenues generated in each municipality. This shall be accomplished by all municipalities by

1/ A "taxing unit" is defined, for purposes of this program as "a city, borough, unified municipality, or service area or differential tax zone."

2/ Allowed revenues include tax revenues plus other revenues which will diminish the necessity of incremental tax revenues, including inspection fees, permits, fines, penalties, use fees, and income from mass transit, offstreet parking, and recreation programs. Revenues not allowed for inclusion are tax revenues used to subsidize utilities commonly run by private businesses (as defined in sec. 45 of this chapter), interest on investments, income from the sale or lease of land or equipment, and revenues from any other source.

October 15. By December 15, the department is to make a final determination for each municipality, after reviewing all financial audits and statements submitted by the municipalities. Any adjustments made to the figures initially submitted by a municipality shall be reported to the municipality along with the revised figures.

Full and true property values shall be determined in the manner provided in AS 14.17.140 (state aid to education). In municipalities which are not school districts and thus not covered by the provisions of AS 14.17, the state assessor shall, at least once each three years, estimate the property value for all cities with populations of 750 or more. For cities which are not school districts, and which have populations less than 750, estimated property values will be determined by averaging the per capita property values of all cities having populations less than 750 and for which assessments are completed.

Sec. 29.88.025 specifies the necessary documentation that would be supplied to the department by each municipality in support of its application. The fiscal information is to be for the fiscal year which precedes the fiscal for which the entitlement is sought.

Sec. 29.88.030: As with present law, the bill provides for entitlements to be returned to the taxing unit for which the entitlement was earned. There are two exceptions: 15 percent of an area-wide entitlement may be used for non area-wide purposes, and, the local government may decide the taxing jurisdiction that is to receive the entitlement generated by non-tax revenues (fees, permits, etc).

Sec. 29.88.035 establishes the tax equalization account from which entitlements earned under this chapter will be paid. The total appropriation to the account is to be distributed by prorating entitlements.

Sec. 29.88.040 gives the department authority to adopt, amend and repeal regulations necessary to implement the chapter. The regulations would contain provisions for obtaining information, set filing dates, providing notification to municipalities with respect to changes made by the department with regard to any entitlement, and a reasonable time for a municipality to respond to decisions of the department. In response

Representative Terry Gardiner

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February 2, 1979

to some specific complaints by several of the Municipal League representatives who worked on the draft, language has been inserted by which the department is directed to supply application assistance to municipalities. Additionally, the department is empowered to extend the definition of utilities (section 045 of this chapter) to cover additional enterprise activities for which no working classification has been provided by statute.

Sec. 29.88.045 defines terms used in the chapter, including 'taxing unit' and 'utilities'.

*Section 3. CHAPTER 89.

Chapter 89 is, in substance, a restatement of present law regarding entitlements earned for road maintenance, health facilities and hospitals, construction aid, and volunteer fire departments in the unorganized borough. The following changes have been made from present law: (1) public road maintenance entitlements are based on \$2500/mile (present law is \$1500/mile); (2) ice road maintenance is based on \$1500/mile (present law is \$900/mile); (3) construction aid for hospitals is not multiplied by the cost of living factor, as is the case in present law; and (4) municipalities which exercise a health power will not receive a \$2 per capita distribution.

Generally, this portion of present law which is saved in the Municipal League's draft bill provides for health related entitlements according to the following: (1) for hospitals with 10 or more beds -- the greater of \$1,000 per bed or \$75,000 per facility, (2) for hospitals with fewer than 10 beds -- the greater of \$1,000 per bed or \$25,000 per facility; (3) for health facilities -- \$1,000 per bed or \$4,000 per facility; (4) the entire entitlement received for health purposes must be used for health purposes; (5) for hospitals which were begun after January 1, 1968, the greater of \$2,500 per bed or 5 percent of the construction cost annually until the total payment equals 25 percent of the total construction cost; and (6) for volunteer fire departments in the unorganized borough, \$7.50 per capita. Entitlements earned under this section (except for hospital construction) are multiplied by an area cost of living differential, determined under AS 39.27.030.

Section 29.89.040 establishes a miscellaneous services account, from which payments are made under this chapter.

*Section 4. CHAPTER 90.

Sec. 29.90.010 precludes an interpretation of the general administrative provisions of the state aid program to create of a debt to the state.

Sec. 29.90.020 directs the department to allocate funds from the two accounts established (AS 29.88.035 and AS 29.89.040) and further provides that any excess funds existing in the miscellaneous services account (Chapter 89) shall then be added to the tax equalization account (Chapter 88).

Subsection (b) describes the means for determining proration of funds allocated under the equalization formula of Chapter 88 and under the minimum entitlement provisions of AS 29.90.030. After the Chapter 88 and Chapter 89 entitlements have been determined, the amount necessary to guarantee the minimum entitlement provided for in Sec. 29.90.030 is calculated and all Chapter 88 municipal entitlements are proportionally reduced so that the sum of payments under Chapter 88 and under AS 29.90.030 equal the amount available in the tax equalization account.

Sec. 29.90.030 provides for payment of minimum entitlements. All municipalities are guaranteed a minimum of \$25,000 (plus the cost of living allowance for their area) if (1) a regular election has been held; (2) regular council meetings have been conducted; (3) the municipality has adopted a budget; (4) local ordinances have been codified; and (5) some degree of municipal administration is provided for through a manager, clerk, or other part-time or full-time officer.

*Sections 5 - 9.

These sections make correlative changes in AS 29 required by the state aid program changes, and are generally self-explanatory.

*Section 10.

The section repeals the statutory basis of the present program of state aid to local governments.

Representative Terry Gardiner
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*Section 11: "Hold Harmless"

Section 11 specifies that, for three years after this act becomes effective, no municipality will receive less than its actual entitlement earned in the last year that the present law is applied.

*Section 12

The section specifies that the act becomes effective when \$27,000,000 is appropriated to the program, or July 1, 1982, whichever is earlier.

JBC:JW:jdn

Enclosure

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. SCS CSHB 192 (Finance) am S
Title An Act relating to programs of state aid to municipalities
Requested by Finance Committee Date 6/1/80

II. FISCAL DETAIL
Agency Affected Community & Regional Affairs
Program Category Affected Development
BRU, Program, or Subprogram(s) Affected Municipal Revenue Sharing
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		8435.0				
TOTAL		8435.0				

FUNDING (Thousands of Dollars)

GENERAL FUND	8435.0				
FEDERAL FUNDS					
OTHER (Specify Fund Source)					

POSITIONS

FULL TIME					
PART TIME					
TEMPORARY					

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Sec. 18 of SCS for CSHB 192 (Finance) provides for the bill becoming effective when \$35.0 million is appropriated for a fiscal year.

The Governor's, House's, and Senate's version of the general appropriation act, HB 556, already contains \$26,565,000 for revenue sharing.

Allocations. The total \$35,000,000 is allocated as follows:

Tax Equalization Account, AS 29.88	16,513.8
Miscellaneous Services Account, AS 29.89	10,240.2
Hospital Construction Assistance Account, AS 29.90	6,746.0
Minimum Entitlement Adjustment Account, AS 29.95	1,500.0

IV. DATE 6/1/80 PREPARED BY Milt Barker MB
AGENCY Legislative Finance Division
PHONE 465-3795
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

SCS CSHB 192 (Finance)
MUNICIPAL REVENUE SHARING

Miscellaneous Services Account - AS 29.89

Roads	\$ 4,291,700
Ice Roads	370,000
Hospital Services	1,662,000
Health Facility Services	1,347,000
Unorganized Borough Volunteer Fire Departments	69,500
Native Village Governments	<u>2,500,000</u>
Total	\$10,240,200

4/17/80
Rogers

Letter of Intent - HB 192

It is the intent of the Legislature that the Alaska Department of Community and Regional Affairs provide, by the tenth day of the 12th Legislature, First Session, the Legislature with draft legislation for the funding of Mass Transportation through the Revenue Sharing Formula. The Department shall also prepare a report on the current status of transit operations in the state.

In preparing draft legislation the Dept. shall take into account regional differences, private and public operation of transit systems and various options for state support.

It is suggested that the Dept examine the approaches to this ~~problem~~ question taken by other states.

Original sponsors: Gardiner, Anderson
and Miller

Offered: 3/12/79
Referred: Finance

1 IN THE HOUSE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 192

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for equalization of the tax resources
7 of municipalities, continuing a portion of the program
8 of state aid for municipal purposes, and providing for
9 minimum entitlements; and providing for an effective
10 date."

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

12 * Section 1. PURPOSE. It is the purpose of this Act to

13 (1) improve the revenue raising and distribution system for the
14 benefit of residents of home rule and general law municipalities by providing
15 for more equitable allocation of financial resources among municipalities to
16 improve their fiscal capacities; and

17 (2) assure that no municipality suffers impoverishment of neces-
18 sary public services, relative to other municipalities, because of the chance
19 location of taxable wealth in the state.

20 * Sec. 2. AS 29 is amended by adding a new chapter to read:

21 CHAPTER 88. MUNICIPAL TAX RESOURCE EQUALIZATION.

22 Sec. 29.88.010. STATE EQUALIZATION OF TAX RESOURCES FOR LOCAL
23 GOVERNMENT SERVICES. (a) During each fiscal year the state shall
24 compute an equalization entitlement for local government services pro-
25 vided by a taxing unit.

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

1 Entitlement = P x R

2 where P = population, and

3 R = millage rate equivalent, determined by dividing the
4 sum of the locally generated revenue of the taxing unit by one-tenth
5 of one per cent (0.1) of the full and true value of assessed property
6 of the taxing unit determined under AS 29.88.020(d); however, the pro-
7 perty value used under this subsection may not be less than 15 per cent
8 of the statewide average per capita full and true assessed property
9 value.

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

11 (1) includes,

12 (A) the actual revenue derived from the levy and collec-
13 tion of local taxes in the taxing unit for local government ser-
14 vices during the preceding fiscal year of the taxing unit;

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

17 (C) revenue from fees, rentals, leases, penalties,
18 licenses or permits received during the preceding fiscal year by
19 the municipality for a function or service over which it has con-
20 trol, including revenues derived from parks and recreation ser-
21 vices, mass transit, offstreet parking, and garbage and solid waste
22 disposal services; and

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

25 (2) excludes,

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

29 (B) revenue from interest earned on investments and from

1 the sale and lease of land or equipment; and

2 (C) all other revenue from whatever service derived.

3 Sec. 29.88.015. DETERMINATION OF POPULATION. (a) For purposes of
4 this chapter, the population of a taxing unit shall be determined annu-
5 ally by the latest figures of the United States Bureau of the Census or
6 other population data which, in the judgment of the department, is
7 reliable.

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

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

15 (b) Not later than October 15 of each year, the department shall
16 make an initial determination of the millage rate equivalent of each
17 taxing unit which will be used as the basis for computation and distri-
18 bution of equalization entitlements for the fiscal year under this
19 chapter. The department shall make the determinations based upon the
20 certification returned by the municipality under (a) of this section.

21 (c) At the earliest possible date, but not later than December 15
22 of each year, the department shall make a final determination of the
23 millage rate equivalent of each taxing unit which will be used as the
24 basis for computation and distribution of equalization entitlements
25 under this chapter. The department shall make the determinations based
26 upon all audits, financial statements and other financial reports pre-
27 pared and submitted by the municipality. The department shall adjust to
28 the locally generated revenue reported by municipalities to exclude the
29 portion of the municipal revenue-generating effort claimed by the muni-

1 cipation which does not qualify for inclusion in or recognition as
2 locally generated revenue for local government purposes under AS 29.88.-
3 010(c)(1). The adjustment shall be made by deducting an amount equal to
4 the department's estimate of revenue which is not recognized for those
5 purposes.

6 (d) The full and true assessed property value shall be determined
7 by the department in the manner provided for the computation of state
8 aid to education under AS 14.17.140. In addition to the computation for
9 municipalities which levy and collect a property tax, the department
10 shall determine an estimated full and true assessed property value for

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

13 (2) each second class city in which the population of the
14 city equals or exceeds 750 persons; however, a computation may not be
15 required under this paragraph more often than once during a period of
16 three successive calendar years; and

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

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

24 Sec. 29.88.025. REPORTS. No payment may be made to a municipality
25 under AS 29.88 until the municipality has first submitted its certifi-
26 cate of estimated revenue and its financial report to the department for
27 the fiscal year preceding the year for which the equalization entitle-
28 ment is sought, together with a budget for the municipality's current
29 fiscal year. The financial report shall include a listing of general

1 shall notify a municipality in writing of the reasons for a proposed
2 disallowance or adjustment of any factor bearing upon the determination
3 of the municipality's entitlement and by which the municipality will be
4 provided reasonable time in which to respond or to challenge the depart-
5 ment's determination.

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

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

13 Sec. 29.88.045. DEFINITIONS. In this chapter

14 (1) "department" means the Department of Community and Re-
15 gional Affairs;

16 (2) "municipality" means a city, borough or unified munici-
17 pality incorporated under the laws of the state;

18 (3) "taxing unit" means a municipality and

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

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

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

24 * Sec. 3. AS 29 is amended by adding a new chapter to read:

25 CHAPTER 89. STATE AID FOR MISCELLANEOUS

26 MUNICIPAL PURPOSES.

27 Sec. 29.89.005. REVENUE SHARING PAYABLE. In addition to the en-
28 titlements under AS 29.88, during each fiscal year the state shall pay
29 aid to a municipality or other eligible recipient which has the power to

1 revenue collected from taxes levied and assessed by the municipality and
2 any other revenue which, in the opinion of the municipal officials, is
3 eligible for inclusion in computations of the locally-generated revenue
4 of the taxing unit.

5 Sec. 29.88.030. LIMITATION ON COMPUTATION AND USE OF PAYMENTS.

6 (a) An equalization entitlement generated by the general tax levy of a
7 taxing unit may be expended only for legally authorized expenditures of
8 that taxing unit, but up to 15 per cent of the payment of an equaliza-
9 tion entitlement determined with reference to the areawide locally-
10 generated revenue of a municipality may be expended by the municipality
11 at the discretion of its assembly or council.

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

16 Sec. 29.88.035. TAX EQUALIZATION ACCOUNT. The tax equalization
17 account is established. Funds to carry out the provisions of this
18 chapter shall be allocated by the department to the account. The amount
19 allocated to the account shall be fully distributed by the department as
20 payments to municipalities for the purpose of fulfilling each municipal-
21 ity's share authorized under AS 29.88.010, and the amount allocated to
22 the account shall be distributed by the department pro rata among eli-
23 gible municipalities.

24 Sec. 29.88.040. ADMINISTRATION. (a) The department may adopt
25 regulations necessary to implement the provisions of this chapter. The
26 regulations shall include, among other provisions, (1) procedures and
27 filing dates for submitting financial reports; (2) procedures for ob-
28 taining information required to compute and determine the municipality's
29 millage rate equivalent; and (3) procedures by which the department

1 provide the services described in this chapter and exercises the power
2 in the manner required by this chapter.

3 Sec. 29.89.010. STATE AID TO MUNICIPALITILS FOR ROADS. (a) The
4 state shall pay to a municipality which has power to provide for road
5 maintenance and exercises that power, a sum equal to \$2,500 a mile for
6 each mile of road, street or highway maintained by the local government,
7 excluding (1) the official state highway system, (2) roads, streets or
8 highways not dedicated to public use, (3) roads, streets or highways
9 maintained under the local service road program (AS 19.30.111 - 19.30.-
10 251), and (4) alleyways, in accordance with regulations adopted by the
11 Department of Transportation and Public Facilities. No payments may be
12 made for maintenance of roads not used by automotive equipment.

13 (b) Frozen waterways and connections from inhabited areas to
14 waterways which may be safely used for public transportation by auto-
15 motive equipment and are so used during a portion of a year are eligible
16 for payments of \$1,500 per mile if the waterways and connections are
17 maintained during the period of use by a municipality or combination of
18 municipalities. The Department of Community and Regional Affairs, after
19 consultation with the Department of Transportation and Public Facili-
20 ties, shall determine which waterways and connections qualify and, where
21 the waterways or connections lie outside the corporate limits of a
22 municipality, which municipalities shall receive the payments under this
23 subsection unless the municipalities involved have agreed in writing to
24 a particular distribution.

25 Sec. 29.89.015. STATE AID TO MUNICIPALITIES AND OTHER ELIGIBLE
26 RECIPIENTS FOR HEALTH FACILITIES AND HOSPITALS. (a) The state shall
27 pay

28 (1) to a municipality which has the power to provide hospital
29 facilities and services and which exercises that power, \$1,000 per bed

1 for each bed actually used for patient care, limited to the number of
2 beds provided for in the construction design of the hospital, or \$75,000
3 a hospital for those hospitals with 10 or more beds, or \$25,000 a hos-
4 pital for those hospitals with less than 10 beds, as the municipality
5 may elect; funds received under this paragraph may be used only for
6 hospitals and shall be apportioned among qualifying hospitals as the
7 municipality may determine;

8 (2) on the basis set out in (1) of this subsection to a muni-
9 cipality for a nonprofit hospital not operated by a municipality if the
10 municipality first certifies to the department that the nonprofit hos-
11 pital is in compliance with all standards for hospitals which have been
12 adopted by the municipality; no funds may be paid on behalf of a non-
13 profit hospital in the absence of this certification; payments to the
14 municipality shall be transferred to the nonprofit hospital in accord
15 with the basis by which the entitlement was generated by the hospital
16 and shall be applied to the annual cost of operation and maintenance of
17 the hospital or for the provision of health care service at the hospital
18 as the directors of the hospital determine;

19 (3) to a municipality in which a health facility is operated,
20 \$1,000 per bed for each bed actually used for patient care, limited to
21 the number of beds provided for in the construction design of the health
22 facility, or \$4,000 per health facility as the municipality may deter-
23 mine.

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

26 (c) Funds received by a municipality under (a)(3) of this section
27 shall be used for expenses of health services or operation and mainte-
28 nance of health facilities as the municipality may determine.

29 (d) Before funds may be distributed under this section, the com-

1 missioner of health and social services shall certify to the distri-
2 bute agency that any accumulation of assets by nonprofit corporations
3 or other recipients under this section are dedicated irrevocably to a
4 public purpose.

5 Sec. 29.89.020. STATE AID FOR HOSPITAL CONSTRUCTION. (a) If con-
6 struction of a facility began after January 1, 1968, and state matching
7 aid for construction approved for payment to the municipality or other
8 facility sponsor constitutes less than 25 per cent of the total project
9 cost, the state shall pay to the municipality or other facility sponsor
10 each fiscal year a sum equal to \$2,500 a bed for the maximum number of
11 beds provided for in the construction design of the facility or five per
12 cent of the total project cost, whichever is greater. State aid pro-
13 vided for in this section shall continue until the municipality or other
14 facility sponsor has received an amount which, combined with state
15 matching money for construction of the facility, equals 25 per cent of
16 the total project cost. No funds received for construction shall be
17 used for any other purpose.

18 (b) In this section, "total project cost" includes, in addition to
19 costs directly related to the project, the total of all costs of
20 financing and carrying out the project. These include, but are not
21 limited to, the costs of all necessary studies, surveys, plans and
22 specifications, architectural, engineering or other special services,
23 acquisition of real property, site preparation and development, pur-
24 chase, construction, reconstruction and improvement of real property,
25 and the acquisition of machinery and equipment as may be necessary in
26 connection with the project; an allocable portion of the administrative
27 and operating expenses of the municipality or other facility sponsor;
28 the cost of financing the project, including interest on bonds issued to
29 finance the project; and the cost of other items, including any indem-

1 nity and surety bonds and premiums on insurance, legal fees, fees and
2 expenses of trustees, depositaries, financial advisors, and paying
3 agents for the bonds issued as the issuer considers necessary.

4 Sec. 29.89.025. STATE AID TO VOLUNTEER FIRE DEPARTMENTS IN THE UN-
5 ORGANIZED BOROUGH. (a) The state shall pay to a volunteer fire depart-
6 ment registered with the state fire marshal and serving an area not in
7 an organized borough or a city a sum for protection purposes equal to
8 \$7.50 per capita for the population served by the department, as deter-
9 mined by the state fire marshal.

10 (b) Grants shall be made as set out in (a) of this section to
11 facilitate the organization of volunteer fire departments in an area not
12 in an organized borough or a city, upon application of the proposed fire
13 protection group to the state fire marshal and approval of applications
14 according to standards of organization and service prescribed by regula-
15 tions promulgated by the state fire marshal.

16 (c) In this section, "fire protection" includes, but is not limi-
17 ted to, fire protection provided by a volunteer fire department regis-
18 tered with the state fire marshal which has official recognition and
19 financial support from the community or area in which it is located.

20 Sec. 29.89.030. POPULATION DETERMINATION. For purposes of this
21 chapter, population shall be determined by the latest figures of the
22 United States Bureau of the Census or other reliable population data,
23 including but not limited to public school enrollment figures, public
24 utility connection, registered voters or certified employment payrolls.

25 Sec. 29.89.035. AREA COST-OF-LIVING DIFFERENTIAL. (a) State pay-
26 ments to a municipality or other eligible recipient under AS 29.89.010
27 and AS 29.89.015 shall reflect area cost-of-living differentials.
28 Amounts distributed shall be based upon the sum of per capita, per mile
29 and per bed or facility grants due each municipality or other recipient

1 multiplied by the appropriate area cost-of-living differential. The
2 area cost-of-living differential for each recipient shall be determined
3 annually by election district under the provisions of AS 39.27.030;
4 however, the area cost-of-living differential to be applied shall not
5 result in an amount to be distributed less than the base allocation.

6 (b) The election districts used in (a) of this section are those
7 designated by the proclamation of reapportionment and redistricting of
8 December 7, 1961, and retained for the house of representatives by
9 proclamation of the governor September 3, 1965.

10 Sec. 29.89.040. MISCELLANEOUS SERVICES ACCOUNT. The miscellaneous
11 services account is established. Funds to carry out the provisions of
12 this chapter shall be allocated by the department to the account in
13 accordance with AS 29.90.010. If amounts in the account are insuffi-
14 cient for the purpose of each municipality's or other recipient's share
15 authorized under this chapter, the amounts which are available shall be
16 distributed pro rata among eligible municipalities and other recipients.

17 Sec. 29.89.045. REGULATIONS. The Department of Community and
18 Regional Affairs shall adopt regulations necessary to carry out the
19 purposes of this chapter. The regulations shall include minimum stan-
20 dards required to qualify a municipality for grants for each service and
21 provisions for a performance report adequate to demonstrate to the
22 department that each service for which credit was allowed was actually
23 performed by the municipality, at least at the prescribed minimum level.

24 Sec. 29.89.050. DEFINITIONS. In this chapter

25 (1) "health facility" means public health centers, maternity
26 homes and community mental health centers, facilities for the mentally
27 or physically handicapped, nursing homes and convalescent centers which
28 are licensed, when required, by the state under AS 18.20.010 - 18.20.130
29 and are owned or operated or both by a municipality or by a nonprofit

1 corporation or other nonprofit sponsor; the term excludes facilities
2 operated or wholly supported by the state or the federal government;

3 (2) "hospital" means a licensed hospital determined by the
4 Department of Health and Social Services to be a general hospital; the
5 term excludes facilities operated or wholly supported by the state or
6 the federal government.

7 * Sec. 4. AS 29 is amended by adding a new chapter to read:

8 CHAPTER 90. ADMINISTRATION OF MUNICIPAL
9 FINANCIAL ASSISTANCE PROGRAMS.

10 Sec. 29.90.010. ALLOCATION AND DISTRIBUTION. (a) The Department
11 of Community and Regional Affairs shall allocate funds appropriated to
12 the accounts established in AS 29.88 and AS 29.89 in amounts determined
13 by the legislature. Money in the miscellaneous services account estab-
14 lished in AS 29.89.040 which exceeds the amount required to fully fund
15 distributions authorized by AS 29.89 shall be reallocated to the tax
16 equalization account established in AS 29.88.035 and distributed ac-
17 cording to the provisions of AS 29.88.

18 (b) Payments under AS 29.90.020 and AS 29.88 shall equal the
19 amount allocated to the equalization account (AS 29.88.035), adjusted in
20 accordance with this section. Payments under AS 29.90.020 and AS 29.88
21 shall be adjusted by proration in accordance with this subsection.
22 Adjustments shall be determined by prorating amounts payable under AS
23 29.90.020 and amounts payable under AS 29.88 by a factor which, when
24 applied, reduces all payments in equal proportion so that payments under
25 AS 29.90.020 and payments under AS 29.88 total the amount allocated to
26 the account established in AS 29.88.035, adjusted in accordance with
27 this section.

28 Sec. 29.90.020. QUALIFICATION FOR MINIMUM ENTITLEMENT. (a) A
29 municipality qualifying for an entitlement under AS 29.88 or AS 29.89

1 shall receive a minimum payment of \$25,000 plus an area cost-of-living
2 differential for each fiscal year if:

3 (1) the municipality has conducted a regular election under
4 AS 29.28.010 - 29.28.050 during the fiscal year preceding the year for
5 which payment of an entitlement is authorized and has reported the re-
6 sults of the election to the commissioner of the Department of Community
7 and Regional Affairs;

8 (2) regular council meetings are held in the municipality in
9 accordance with the requirements of AS 29.23.210 during the fiscal year
10 preceding the year for which payment of an entitlement is authorized and
11 a record of the proceedings is maintained;

12 (3) a municipal budget has been adopted for the fiscal year
13 during which payment of an entitlement is authorized and an audit or
14 financial statement, as applicable, for the preceding fiscal year has
15 been prepared and furnished to the Department of Community and Regional
16 Affairs in accordance with AS 29.23.560(a); and

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

19 (b) The area cost-of-living differential of each municipality
20 payable under this section shall be determined annually by election
21 district under the provisions of AS 39.27.030. However, except as
22 provided in AS 29.90.010(b), application of the area cost-of-living
23 differential may not result in an amount which is less than the minimum
24 entitlement determined under (a) of this section. For purposes of this
25 subsection, the election districts used are those designated by the
26 proclamation of reapportionment and redistricting of December 7, 1961,
27 and retained for the house of representatives by proclamation of the
28 governor September 3, 1965.

29 (c) The department shall pay to each municipality eligible to

1 receive payment of a minimum entitlement under this section an amount
2 equal to the difference between the minimum entitlement determined under
3 (a) and (b) of this section and the sum of the amounts determined as
4 payable for the same fiscal year under AS 29.88 and AS 29.89, except
5 that a payment may be prorated and reduced under AS 29.90.010(b).

6 (d) If payments are required under this section, the payments
7 shall be made from the funds allocated to the equalization ac-
8 ccount established in AS 29.88.035.

9 * Sec. 5. AS 29.23.560(a)(3) is amended to read:

10 (3) tax assessment and tax levy figures as requested;

11 * Sec. 6. AS 29.23.560(a) is amended by adding new paragraphs to read:

12 (5) a copy of the current annual budget of the municipality;

13 (6) a summary of the optional property tax exemptions autho-
14 rized in the municipality, together with the municipality's estimate of
15 the revenues lost to it by operation of each of the exemptions.

16 * Sec. 7. AS 29.23.560(b) is amended to read:

17 (b) Compliance with the provisions of this section is a prerequi-
18 site to receipt of municipal tax resource equalization assistance under
19 AS 29.88 and state aid for miscellaneous municipal services under
20 AS 29.89 [STATE-SHARED REVENUES UNDER AS 43.18]. The Department of
21 Community and Regional Affairs [STATE] shall withhold annual allocations
22 under those chapters [THAT CHAPTER] in the event of noncompliance until
23 such time as the report requirements are met [COMPLIED WITH].

24 * Sec. 8. AS 29.73 is amended by adding a new section to read:

25 Sec. 29.73.060. TAXPAYER NOTICE. (a) If a municipality levies
26 and collects real or personal property taxes, the governing body shall
27 provide the following notice:

28 "NOTICE TO TAXPAYER

29 For the current fiscal year the (city) (borough) has been

1 allocated the following amount of state aid for school and
2 municipal purposes under the applicable financial assistance

3 Acts:

4	PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE	
5	(AS 14.17)	\$
6	STATE AID FOR RETIREMENT OF SCHOOL CONSTRUC-	
7	TION DEBT (AS 43.18.100)	\$
8	MUNICIPAL TAX RESOURCE EQUALIZATION ASSIS-	
9	TANCE (AS 29.88)	\$
10	STATE AID FOR MISCELLANEOUS MUNICIPAL	
11	SERVICES (AS 29.89)	\$
12	TOTAL AID	\$

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

16	MILLAGE EQUIVALENT		
17		PREVIOUS YEAR	THIS YEAR
18	PUBLIC SCHOOL FOUNDATION PROGRAM		
19	ASSISTANCE	.... MILLS	.... MILLS
20	STATE AID FOR RETIREMENT OF		
21	SCHOOL CONSTRUCTION DEBT	.... MILLS	.... MILLS
22	MUNICIPAL TAX RESOURCE EQUALI-		
23	ZATION ASSISTANCE	.... MILLS	.... MILLS
24	STATE AID FOR MISCELLANEOUS		
25	MUNICIPAL SERVICES	.... MILLS	.... MILLS
26	TOTAL MILLAGE EQUIVALENT	.... MILLS	.... MILLS"

27 Notice shall be provided

28 (1) by furnishing a copy of the notice with tax statements
29 mailed for the fiscal year for which aid is received; or

1 (2) by publishing in a newspaper of general circulation
2 within the municipality a copy of the notice once each week for a period
3 of three successive weeks, with publication to occur not later than 45
4 days after the final adoption of the municipality's budget.

5 (b) If the municipality levies and collects only a sales tax, the
6 governing body shall provide a notice substantially in the form set out
7 in (a) of this section. In providing notice under this subsection, the
8 council or assembly shall substitute for the millage equivalency its
9 estimate of the equivalent sales tax rate for each of the categories of
10 financial assistance set out in (a) of this section. Notice shall be
11 provided

12 (1) by publishing in a newspaper of general circulation
13 within the municipality a copy of the notice once each week for a period
14 of three successive weeks, with publication to occur not later than 45
15 days after the final adoption of the municipality's budget; or

16 (2) if there is no newspaper of general circulation in the
17 municipality, by posting a copy of the notice for at least 20 days in at
18 least two public places within the municipality, with posting to occur
19 not later than 45 days after the final adoption of the municipality's
20 budget.

21 (c) Compliance with the provisions of this section is a prerequi-
22 site to receipt of municipal tax resource equalization assistance under
23 AS 29.88 and state aid for miscellaneous municipal services under AS
24 29.89. The Department of Community and Regional Affairs shall withhold
25 annual allocations under those chapters until municipal officials demon-
26 strate that the requirements of this section have been met.

27 * Sec. 9. AS 29.13.100 is amended by adding new paragraphs to read:

28 (39) AS 29.73.060 (taxpayer notice)

29 (40) AS 29.88 (municipal tax resource equalization assistance)

1 (41) AS 29.89 (state aid for miscellaneous municipal services)

2 * Sec. 10. AS 43.18.010 - 43.18.045 are repealed.

3 * Sec. 11. (a) Notwithstanding other provisions of this Act,

4 (1) no municipality may receive less than \$25,000 plus an area
5 cost-of-living differential during the first fiscal year in which this Act is
6 effective;

7 (2) a municipality which would receive less money under the provi-
8 sions of this Act than it received for the last fiscal year under the provi-
9 sions of AS 43.18 repealed by this Act shall, for the first three fiscal
10 years during which this Act is effective, be entitled to receive an amount
11 equal to that received for the last fiscal year under the former provisions
12 of AS 43.18, in accordance with those provisions; and

13 (3) a municipality may not receive an amount of money which is
14 less in proportion to the total amount appropriated for distribution under
15 this Act than the percentage of its population to the total population of the
16 state determined by the Department of Community and Regional Affairs under
17 AS 29.88.015 and AS 29.89.030.

18 (b) For the first three fiscal years during which this Act is effec-
19 tive, if the amount appropriated to pay entitlements under this Act is in-
20 sufficient for the purpose of paying the full entitlement due each munici-
21 pality or other recipient, entitlements determined under AS 29.88, AS 29.89
22 and AS 29.90, together with the additional sums required by (a) of this
23 section, shall be equally prorated and the prorated amounts distributed to
24 municipalities and other recipients.

25 * Sec. 12. This Act takes effect on the first day of the fiscal year for
26 which not less than \$27,000,000 is appropriated and allowed by the governor
27 for distribution to municipalities and other recipients under the provisions
28 of this Act, or on July 1, 1982, whichever is earlier.

29

Original sponsors: Gardiner, Anderson
and Miller

Offered: 3/12/79
Referred: Finance

1 IN THE HOUSE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 192

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for equalization of the tax resources
7 of municipalities, continuing a portion of the program
8 of state aid for municipal purposes, and providing for
9 minimum entitlements; and providing for an effective
10 date."

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

12 * Section 1. PURPOSE. It is the purpose of this Act to

13 (1) improve the revenue raising and distribution system for the
14 benefit of residents of home rule and general law municipalities by providing
15 for more equitable allocation of financial resources among municipalities to
16 improve their fiscal capacities; and

17 (2) assure that no municipality suffers impoverishment of neces-
18 sary public services, relative to other municipalities, because of the chance
19 location of taxable wealth in the state.

20 * Sec. 2. AS 29 is amended by adding a new chapter to read:

21 CHAPTER 88. MUNICIPAL TAX RESOURCE EQUALIZATION.

22 Sec. 29.88.010. STATE EQUALIZATION OF TAX RESOURCES FOR LOCAL
23 GOVERNMENT SERVICES. (a) During each fiscal year the state shall
24 compute an equalization entitlement for local government services pro-
25 vided by a taxing unit.

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

1 Entitlement = P x R

2 where P = population, and

3 R = millage rate equivalent, determined by dividing the
4 sum of the locally generated revenue of the taxing unit by one-tenth
5 of one per cent (0.1) of the full and true value of assessed property
6 of the taxing unit determined under AS 29.88.020(d); however, the pro-
7 perty value used under this subsection may not be less than 15 per cent
8 of the statewide average per capita full and true assessed property
9 value.

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

11 (1) includes,

12 (A) the actual revenue derived from the levy and collec-
13 tion of local taxes in the taxing unit for local government ser-
14 vices during the preceding fiscal year of the taxing unit;

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

17 (C) revenue from fees, rentals, leases, penalties,
18 licenses or permits received during the preceding fiscal year by
19 the municipality for a function or service over which it has con-
20 trol, including revenues derived from parks and recreation ser-
21 vices, mass transit, offstreet parking, and garbage and solid waste
22 disposal services; and

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

25 (2) excludes,

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

29 (B) revenue from interest earned on investments and from

1 the sale and lease of land or equipment; and

2 (C) all other revenue from whatever service derived.

3 Sec. 29.88.015. DETERMINATION OF POPULATION. (a) For purposes of
4 this chapter, the population of a taxing unit shall be determined annu-
5 ally by the latest figures of the United States Bureau of the Census or
6 other population data which, in the judgment of the department, is
7 reliable.

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

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

15 (b) Not later than October 15 of each year, the department shall
16 make an initial determination of the millage rate equivalent of each
17 taxing unit which will be used as the basis for computation and distri-
18 bution of equalization entitlements for the fiscal year under this
19 chapter. The department shall make the determinations based upon the
20 certification returned by the municipality under (a) of this section.

21 (c) At the earliest possible date, but not later than December 15
22 of each year, the department shall make a final determination of the
23 millage rate equivalent of each taxing unit which will be used as the
24 basis for computation and distribution of equalization entitlements
25 under this chapter. The department shall make the determinations based
26 upon all audits, financial statements and other financial reports pre-
27 pared and submitted by the municipality. The department shall adjust to
28 the locally generated revenue reported by municipalities to exclude the
29 portion of the municipal revenue-generating effort claimed by the muni-

1 municipality which does not qualify for inclusion in or recognition as
2 locally generated revenue for local government purposes under AS 29.88.-
3 010(c)(1). The adjustment shall be made by deducting an amount equal to
4 the department's estimate of revenue which is not recognized for those
5 purposes.

6 (d) The full and true assessed property value shall be determined
7 by the department in the manner provided for the computation of state
8 aid to education under AS 14.17.140. In addition to the computation for
9 municipalities which levy and collect a property tax, the department
10 shall determine an estimated full and true assessed property value for

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

13 (2) each second class city in which the population of the
14 city equals or exceeds 750 persons; however, a computation may not be
15 required under this paragraph more often than once during a period of
16 three successive calendar years; and

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

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

24 Sec. 29.88.025. REPORTS. No payment may be made to a municipality
25 under AS 29.88 until the municipality has first submitted its certifi-
26 cate of estimated revenue and its financial report to the department for
27 the fiscal year preceding the year for which the equalization entitle-
28 ment is sought, together with a budget for the municipality's current
29 fiscal year. The financial report shall include a listing of general

1 revenue collected from taxes levied and assessed by the municipality and
2 any other revenue which, in the opinion of the municipal officials, is
3 eligible for inclusion in computations of the locally-generated revenue
4 of the taxing unit.

5 Sec. 29.88.030. LIMITATION ON COMPUTATION AND USE OF PAYMENTS.

6 (a) An equalization entitlement generated by the general tax levy of a
7 taxing unit may be expended only for legally authorized expenditures of
8 that taxing unit, but up to 15 per cent of the payment of an equaliza-
9 tion entitlement determined with reference to the areawide locally-
10 generated revenue of a municipality may be expended by the municipality
11 at the discretion of its assembly or council.

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

16 Sec. 29.88.035. TAX EQUALIZATION ACCOUNT. The tax equalization
17 account is established. Funds to carry out the provisions of this
18 chapter shall be allocated by the department to the account. The amount
19 allocated to the account shall be fully distributed by the department as
20 payments to municipalities for the purpose of fulfilling each municipal-
21 ity's share authorized under AS 29.88.010, and the amount allocated to
22 the account shall be distributed by the department pro rata among eli-
23 gible municipalities.

24 Sec. 29.88.040. ADMINISTRATION. (a) The department may adopt
25 regulations necessary to implement the provisions of this chapter. The
26 regulations shall include, among other provisions, (1) procedures and
27 filing dates for submitting financial reports; (2) procedures for ob-
28 taining information required to compute and determine the municipality's
29 millage rate equivalent; and (3) procedures by which the department