

LEG. FINANCE - BILLS 1979 - 1980 1061

HB 192 cont. thru CSHB 192 1061

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 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           missioner of health and social services shall certify to the distri-  
2           bating 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 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:

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

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 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           buting 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:

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

(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 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 \$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, 1982, whichever is earlier.

24  
25  
26  
27  
28  
29

SB 550 am SENATE BILL NO. 550 amended, by the Health, Education and Social Services Committee, entitled:

"An Act relating to professional licensing and to the practice of pharmacy; and providing for an effective date."

was read the first time and referred to the Commerce Committee.

#### REPORTS OF STANDING COMMITTEES

HB 192 The Finance Committee has had HOUSE BILL NO. 192 (providing for equalization of the tax resources of municipalities, continuing a portion of the program of state aid for municipal purposes, and providing for minimum entitlements; effective date) under consideration and a majority of the committee recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 192 (Finance) (same title), reports it back with individual recommendations, and attaches a letter of intent. Freeman (Vice Chairman), Smith, Guy and Schaeffer recommend do pass. McKinnon, Rogers and Haugen have no recommendation.

HB 192 was referred to the Rules Committee for placement on the calendar.

The letter of intent on HB 192 follows:

#### HOUSE FINANCE COMMITTEE

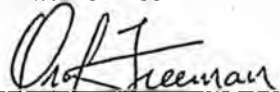
##### LETTER OF INTENT

##### 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.

HB  
192

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 Finance Committee has had HOUSE BILL NO. 610 (making a special appropriation to the Department of Administration, Older Alaskans Commission, for programs of benefit to older Alaskans; effective date) under consideration and a majority of the committee reports it back with individual recommendations. Freeman (Vice Chairman), Meekins, Duncan, Guy and McKinnon recommend do pass. Montgomery, Smith and Haugen have no recommendation. HB 610

HB 610 was referred to the Rules Committee for placement on the calendar.

The Finance Committee has had HOUSE BILL NO. 611 (authorizing state aid for service programs for the benefit of older Alaskans; effective date) under consideration and a majority of the committee reports it back with individual recommendations. Freeman (Vice Chairman), Meekins, Duncan, Guy and McKinnon recommend do pass. Montgomery, Smith and Haugen have no recommendation. HB 611

HB 611 was referred to the Rules Committee for placement on the calendar.

The Finance Committee has had HOUSE BILL NO. 615 (relating to an exemption from municipal property taxation; effective date) under consideration and a majority of the committee reports it back with individual recommendations. Freeman (Vice Chairman), Meekins, Duncan, Guy and McKinnon recommend do pass. Montgomery, Smith and Haugen have no recommendation. HB 615

HB 615 was referred to the Rules Committee for placement on the calendar.

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	
<b>TOTAL</b>	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 \$8,312,000 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 \$21,857,300. 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)

HB 192

# COMMITTEE REPORT

## HOUSE

FURTHER:

March 12, 1979

Date: 4-17-80

Mr. Speaker:

The Committee on FINANCE has had HB 192

"An Act providing for equalization of the tax resources of municipalities, continuing a portion of the program of state aid for municipal purposes, and providing for minimum entitlements; 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 HB 192 (Finance)  same title  
 new title
- and recommends part. is back with individual members
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

**MEMBERS SIGNING  
DO PASS**

Freeman

Smith

[Signature]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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**MEMBERS HAVING  
OTHER RECOMMENDATIONS:**

McCormack - No Rec

Rosen - No Rec

[Signature]

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Freeman  
CHAIRMAN

HOUSE JOURNAL

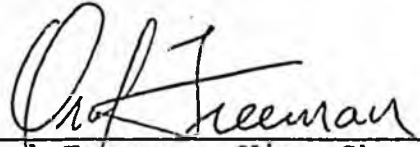
HOUSE FINANCE COMMITTEE

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

Original sponsors: Gardiner, Anderson  
and Miller

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 192 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND 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 i their scal capacities; and

17 (2) assure that no municipality suffers impoverishment of neces-  
18 sa nes, relative to other municipalities, because of the chance  
19 lo. ealth in the state.

20 \* Sec. 2. ended by adding a new chapter to read:

21 CH. . 58. 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 percent (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 percent  
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 recrea-  
21 tion services, mass transit, offstreet parking, and garbage and  
22 solid waste 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       cipality 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 percent 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; money 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; money may not 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 ance with the basis by which the entitlement was generated by the hospi-  
16 tal and shall be applied to the annual cost of operation and maintenance  
17 of the hospital or for the provision of health care service at the  
18 hospital 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) Money 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 money 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 percent 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  
12      percent 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 percent of  
16      the total project cost. Money received for construction may not be used  
17      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) A grant shall be made as set out in (a) of this section to  
11 facilitate the organization of a volunteer fire department 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 adopted 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 may 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. Money 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"

26 (A) means a facility which is licensed, when required,  
27 by the state under AS 18.20.010 - 18.20.130 and which is owned or  
28 operated or both by a municipality or by a nonprofit corporation or  
29 other nonprofit sponsor;

1 (B) includes a public health center, maternity home,  
2 community mental health center, facility for the mentally or physi-  
3 cally handicapped, nursing home or convalescent center;

4 (C) excludes a facility operated or wholly supported by  
5 the state or the federal government;

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

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

11 CHAPTER 90. ADMINISTRATION OF MUNICIPAL  
12 FINANCIAL ASSISTANCE PROGRAMS.

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

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

1 this section.

2 Sec. 29.90.020. QUALIFICATION FOR MINIMUM ENTITLEMENT. (a) A  
3 municipality qualifying for an entitlement under AS 29.88 or AS 29.89  
4 shall receive a minimum payment of \$25,000 plus an area cost-of-living  
5 differential for each fiscal year if:

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

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

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

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

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

1 and retained for the house of representatives by proclamation of the  
2 governor September 3, 1965.

3 (c) The Department of Community and Regional Affairs shall pay to  
4 each municipality eligible to receive payment of a minimum entitlement  
5 under this section an amount equal to the difference between the minimum  
6 entitlement determined under (a) and (b) of this section and the sum of  
7 the amounts determined as payable for the same fiscal year under AS 29.-  
8 88 and AS 29.89, except that a payment may be prorated and reduced  
9 under AS 29.90.010(b).

10 (d) If payments are required under this section, the payments  
11 shall be made from the money allocated to the equalization account  
12 established in AS 29.88.035.

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

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

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

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

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

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

21 (b) 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 29.-  
24 89 [STATE-SHARED REVENUES UNDER AS 43.18]. The Department of Community  
25 and Regional Affairs [STATE] shall withhold annual allocations under  
26 those chapters [THAT CHAPTER] in the event of noncompliance until such  
27 time as the report requirements are met [COMPLIED WITH].

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

29 Sec. 29.73.060. TAXPAYER NOTICE. (a) If a municipality levies

1 and collects real or personal property taxes, the governing body shall  
2 provide the following notice:

3 "NOTICE TO TAXPAYER

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

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

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

	MILLAGE EQUIVALENT	
	PREVIOUS YEAR	THIS YEAR
22 PUBLIC SCHOOL FOUNDATION PROGRAM		
23 ASSISTANCE	.... MILLS	.... MILLS
24 STATE AID FOR RETIREMENT OF		
25 SCHOOL CONSTRUCTION DEBT	.... MILLS	.... MILLS
26 MUNICIPAL TAX RESOURCE EQUALI-		
27 ZATION ASSISTANCE	.... MILLS	.... MILLS
28 STATE AID FOR MISCELLANEOUS		
29 MUNICIPAL SERVICES	.... MILLS	.... MILLS

1 TOTAL MILLAGE EQUIVALENT . . . . MILLS . . . . MILLS"

2 Notice shall be provided

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

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

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

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

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

25 (c) Compliance with the provisions of this section is a prerequi-  
26 site to receipt of municipal tax resource equalization assistance under  
27 AS 29.88 and state aid for miscellaneous municipal services under AS 29.  
28 89. The Department of Community and Regional Affairs shall withhold  
29 annual allocations under those chapters until municipal officials demon-

1       strate that the requirements of this section have been met.

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

3               (40) AS 29.73.060 (taxpayer notice)

4               (41) AS 29.88 (municipal tax resource equalization assistance)

5               (42) AS 29.89 (state aid for miscellaneous municipal services)

6       \* Sec. 10. AS 43.18.010 - 43.18.045 are repealed.

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

8               (1) a municipality may not receive less than \$25,000 plus an area  
9 cost-of-living differential during the first fiscal year in which this Act is  
10 effective; and

11              (2) a municipality which would receive less money under the provi-  
12 sions of this Act than it received for the last fiscal year under the provi-  
13 sions of AS 43.18 repealed by this Act shall, for the first five fiscal years  
14 during which this Act is effective, be entitled to receive an amount equal to  
15 that received for the last fiscal year under the former provisions of AS 43.-  
16 18, in accordance with those provisions.

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

24       \* Sec. 12. This Act takes effect on the first day of the fiscal year for  
25 which not less than \$31,000,000 is appropriated and allowed by the governor  
26 for distribution to municipalities and other recipients under the provisions  
27 of this Act, or on July 1, 1983, whichever is earlier.

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.						
<b>TOTAL</b>	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)

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.  
 Original: Legislative Finance PHONE 465-3795  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)



# 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 A. Smith  
Signature of Camera Operator

3/20/90  
Date

Original sponsors: Gardiner, Anderson  
and Miller

Offered: 5/27/80  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 192 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to programs of state aid to municipali-  
7 ties and other recipients: providing for equalization  
8 of the tax resources of municipalities, continuing a  
9 portion of the program of state aid for municipal  
10 purposes, providing for minimum payments, and directing  
11 state agencies to examine and recommend changes in  
12 programs of state assistance; amending the program of  
13 fisheries tax refunds to municipalities; and providing  
14 for an effective date."

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

16 \* Section 1. PURPOSE. It is the purpose of sec. 2 of this Act to

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

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

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

25 CHAPTER 88. MUNICIPAL TAX RESOURCE EQUALIZATION.

26 Sec. 29.88.010. STATE EQUALIZATION OF TAX RESOURCES FOR LOCAL  
27 GOVERNMENT SERVICES. (a) During each fiscal year the department shall  
28 compute an equalization entitlement for local government services pro-  
29 vided by a taxing unit.

1 (b) The equalization entitlement computed for a taxing unit is  
2 based on the population, relative ability to generate revenue, and local  
3 tax burden of the taxing unit and is determined by the application of  
4 the formula

5 Entitlement = P x R

6 where P = population, and

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

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

15 (1) includes

16 (A) the actual revenue derived from the levy and collection  
17 of local taxes in the taxing unit for local government ser-  
18 vices during the preceding fiscal year of the taxing unit;

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

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

27 (D) special assessments received during the preceding  
28 fiscal year; and

29 (E) payments received by a municipality from a utility

1 which are in place of taxes levied and collected by the municipali-  
2 ty;

3 (2) excludes

4 (A) revenue derived from the levy and collection of  
5 municipal taxes and appropriated for the operating expenses and  
6 debt service of utilities;

7 (B) revenue from interest earned on investments and from  
8 the sale and lease of land or equipment; and

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

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

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

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

22 (b) By October 15 of each year, the department shall make an  
23 initial determination of the millage rate equivalent of each taxing unit  
24 to be used for computing and distributing equalization entitlements for  
25 the current fiscal year under this chapter. The department shall base  
26 the initial determination on the estimates in the certification returned  
27 by a municipality under (a) of this section.

28 (c) As early as possible, but not later than December 15 of each  
29 year, the department shall make a final determination of the millage

1 rate equivalent of each taxing unit to use to compute and distribute  
2 equalization entitlements under this chapter. The department shall base  
3 the determination on audits, financial statements and other financial  
4 reports prepared and submitted by a municipality. The department shall  
5 adjust the locally generated revenue reported by a municipality to  
6 exclude the municipal revenue claimed by the municipality which does not  
7 qualify for inclusion in or recognition as locally generated revenue for  
8 local government purposes under AS 29.88.010(c)(1). The adjustment  
9 shall be made by deducting from total revenue claimed by the municipali-  
10 ty the amount of the department's estimate of revenue which is not  
11 recognized for local government purposes.

12 (d) The full and true assessed property value shall be determined  
13 by the department in the manner provided for the computation of state  
14 aid to education under AS 14.17.140. When the determination of locally  
15 generated revenue includes revenue of a utility received under AS 29.-  
16 88.010(c)(1)(E), the full and true assessed property value shall include  
17 the computed assessed value of the utility, determined by dividing the  
18 amount of the payment in place of taxes made by the utility by the  
19 millage rate which would apply to the utility if the utility were sub-  
20 ject to levy and collection of taxes under AS 29.53.

21 (e) In addition to the computation for municipalities which levy  
22 and collect a property tax, the department shall determine an estimated  
23 full and true assessed property value under (d) of this section for

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

26 (2) each second class city with a population of 750 or more  
27 persons; however, a computation is not required under this paragraph  
28 more often than once during a period of three successive calendar years;  
29 and

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

6 (f) The department shall annually compute a statewide average per  
7 capita full and true assessed property value.

8 Sec. 29.88.025. REPORTS. A payment of an equalization entitlement  
9 may not be made to a municipality under AS 29.88 until the municipality  
10 has submitted its certificate of estimated revenue and its financial  
11 report to the department for the fiscal year preceding the year for  
12 which the equalization entitlement is sought, together with a budget for  
13 the municipality's current fiscal year. The financial report shall  
14 include a listing of general revenue collected from taxes levied and  
15 assessed by the municipality and any other revenue which, in the opinion  
16 of the municipal officials, is eligible for inclusion in computations of  
17 the locally-generated revenue of the taxing unit.

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

19 (a) An equalization entitlement generated by the general tax levy of a  
20 taxing unit may be used only for authorized expenditures of that taxing  
21 unit, but up to 15 percent of the payment of an equalization entitlement  
22 generated by areawide revenue of a municipality may be used by the  
23 municipality for areawide or nonareawide purposes at the discretion of  
24 its assembly or council.

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

29 Sec. 29.88.035. TAX EQUALIZATION ACCOUNT. The tax equalization

1 account is established. Money to carry out the provisions of this  
2 chapter shall be allocated by the department to the account. The amount  
3 allocated to the account shall be fully distributed by the department as  
4 payments to municipalities to fulfill each municipality's share author-  
5 ized under AS 29.88.010. The amount allocated to the account shall be  
6 distributed by the department pro rata among eligible municipalities.

7 Sec. 29.88.040. ADMINISTRATION. (a) The department may adopt  
8 regulations necessary to implement this chapter. The regulations shall  
9 include, among other provisions,

10 (1) procedures and filing dates for submitting certification  
11 and financial reports;

12 (2) procedures for obtaining information required to compute  
13 and determine the municipality's millage rate equivalent; and

14 (3) procedures by which the department shall notify a munici-  
15 pality in writing of the reasons for a proposed disallowance or adjust-  
16 ment of any factor bearing upon the determination of the municipality's  
17 entitlement and by which the municipality will be provided reasonable  
18 time in which to respond or to challenge the department's determination.

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

22 (c) The department shall, by regulation, classify for inclusion or  
23 exclusion as a component of a municipality's millage rate equivalent  
24 under AS 29.88.010 any tax revenue appropriated for a utility not in-  
25 cluded in the definition set out in AS 29.88.045(4).

26 Sec. 29.88.045. DEFINITIONS. In this chapter

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

29 (2) "municipality" means a city, borough or unified munici-

1 pality incorporated under the laws of the state;

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

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

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

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

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

9 CHAPTER 89. STATE AID FOR MISCELLANEOUS

10 MUNICIPAL PURPOSES.

11 Sec. 29.89.010. REVENUE SHARING PAYABLE. In addition to the  
12 equalization entitlements paid under AS 29.88, during each fiscal year  
13 the department shall pay aid

14 (1) to a municipality or other eligible recipient which has  
15 the power to provide the services described in AS 29.88.020 - 29.88.040  
16 and exercises the power in the manner required by this chapter;

17 (2) to a Native village government under AS 29.89.050.

18 Sec. 29.89.020. STATE AID TO MUNICIPALITIES FOR ROADS. (a) The  
19 department shall pay to a municipality which has power to provide for  
20 road maintenance and exercises that power, \$2,500 a mile for each mile  
21 of road, street or highway maintained by the local government, excluding  
22 (1) the official state highway system, (2) roads, streets or highways  
23 not dedicated to public use, (3) roads, streets or highways maintained  
24 under the local service road program (AS 19.30.111 .. 19.30.251), and (4)  
25 alleyways, in accordance with regulations adopted by the Department of  
26 Transportation and Public Facilities. A payment may not be made under  
27 this subsection for maintenance of a road which is not used by automo-  
28 tive equipment.

29 (b) A frozen waterway and a connection from an inhabited area to a

1 waterway which may be safely used for public transportation by auto-  
2 motive equipment and is so used during a portion of a year is eligible  
3 for a payment of \$1,500 per mile if the waterway and connection are  
4 maintained during the period of use by a municipality or combination of  
5 municipalities. The department, after consultation with the Department  
6 of Transportation and Public Facilities, shall determine which waterways  
7 and connections qualify and, where the waterways or connections lie  
8 outside the corporate limits of a municipality, which municipalities  
9 shall receive the payments under this subsection, unless the municipali-  
10 ties involved have agreed in writing to a particular distribution.

11 Sec. 29.89.030. STATE AID TO MUNICIPALITIES AND OTHER ELIGIBLE  
12 RECIPIENTS FOR HEALTH FACILITIES AND HOSPITALS. (a) The department  
13 shall pay

14 (1) to a municipality which has the power to provide hospital  
15 facilities and services and which exercises that power, \$1,000 per bed  
16 for each bed actually used for patient care, limited to the number of  
17 beds provided for in the construction design of the hospital, or \$75,000  
18 a hospital for those hospitals with 10 or more beds, or \$25,000 a hos-  
19 pital for those hospitals with less than 10 beds, as the municipality  
20 may elect; money received under this paragraph may be used only for  
21 hospitals and shall be apportioned among qualifying hospitals as the  
22 municipality determines;

23 (2) on the basis set out in (1) of this subsection to a muni-  
24 cipality for a nonprofit hospital not operated by a municipality if the  
25 municipality first certifies to the department that the nonprofit hos-  
26 pital is in compliance with all standards for hospitals which have been  
27 adopted by the municipality; money may not be paid on behalf of a non-  
28 profit hospital without this certification; payments to the municipality  
29 shall be transferred to the nonprofit hospital in accordance with the

1 basis by which the payment was generated by the hospital, and shall be  
2 applied to the annual cost of operation and maintenance of the hospital  
3 or for the provision of health care service at the hospital as the  
4 directors of the hospital determine;

5 (3) to a municipality in which a health facility is operated,  
6 \$1,000 per bed for each bed actually used for patient care, limited to  
7 the number of beds provided for in the construction design of the health  
8 facility, or \$4,000 per health facility as the municipality determines.

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

11 (c) Money received by a municipality under (a)(3) of this section  
12 shall be used for expenses of health services or operation and mainte-  
13 nance of health facilities as the municipality determines.

14 (d) Before money may be distributed under this section, the com-  
15 missioner of health and social services shall certify to the commissioner  
16 of community and regional affairs that any accumulation of assets by  
17 nonprofit corporations or other recipients under this section is dedi-  
18 cated irrevocably to a public purpose.

19 Sec. 29.89.040. STATE AID TO VOLUNTEER FIRE DEPARTMENTS IN THE  
20 UNORGANIZED BOROUGH. (a) The department shall pay to a volunteer fire  
21 department registered with the state fire marshal and serving an area  
22 not in an organized borough or city a sum for protection purposes equal  
23 to \$7.50 per capita for the population served by the department, as  
24 determined by the state fire marshal.

25 (b) A grant shall be made under (a) of this section to facilitate  
26 the organization of a volunteer fire department in an area not in an  
27 organized borough or city, upon application of the proposed fire protec-  
28 tion group to the state fire marshal and upon approval of applications  
29 according to standards of organization and service prescribed by regula-

1 proclamation of reapportionment and redistricting of December 7, 1961,  
2 and retained for the house of representatives by proclamation of the  
3 governor September 3, 1965.

4 Sec. 29.89.080. MISCELLANEOUS SERVICES ACCOUNT. The miscellaneous  
5 services account is established. Money to carry out the provisions of  
6 this chapter shall be allocated by the department to the account in  
7 accordance with AS 29.95.010. If amounts in the account are insuffi-  
8 cient to pay each municipality's or other recipient's share authorized  
9 under this chapter, the amounts which are available shall be distributed  
10 pro rata among eligible municipalities and other recipients.

11 Sec. 29.89.090. REGULATIONS. The department shall adopt regula-  
12 tions necessary to carry out the purposes of this chapter. The regula-  
13 tions shall include minimum standards required to qualify a municipality  
14 or other recipient for payments for each service. The department may  
15 require a municipality or other recipient to submit a performance report  
16 adequate to demonstrate to the department that a service for which  
17 payment is requested under this chapter was performed by the munici-  
18 pality or other recipient and meets minimum standards of service pre-  
19 scribed by regulation.

20 Sec. 29.89.100. DEFINITIONS. In this chapter

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

23 (2) "health facility"

24 (A) means a facility which is licensed, when required,  
25 by the state under AS 18.20.010 - 18.20.130 and which is owned or  
26 operated or both by a municipality or by a nonprofit corporation or  
27 other nonprofit sponsor;

28 (B) includes a public health center, maternity home,  
29 community mental health center, facility for the mentally or physi-

1 cally handicapped, nursing home or convalescent center;

2 (C) excludes a facility operated or wholly supported by  
3 the state or the federal government;

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

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

9 CHAPTER 90. STATE AID FOR HOSPITAL CONSTRUCTION.

10 Sec. 29.90.010. STATE AID FOR HOSPITAL CONSTRUCTION. If construc-  
11 tion of a hospital began after January 1, 1968, and state matching aid  
12 for construction approved for payment to the municipality or other hospi-  
13 tal sponsor constitutes less than 25 percent of the total project cost,  
14 the department shall pay to the municipality or other hospital sponsor  
15 each fiscal year \$2,500 a bed for the maximum number of beds provided for  
16 in the construction design of the facility or five percent of the total  
17 project cost, whichever is greater. State aid provided for in this sec-  
18 tion shall continue until the municipality or other hospital sponsor has  
19 received an amount which, combined with state matching money for con-  
20 struction of the hospital, equals 25 percent of the total project cost.  
21 Money received for construction may not be used for any other purpose.

22 Sec. 29.90.020. HOSPITAL CONSTRUCTION ASSISTANCE ACCOUNT. The  
23 hospital construction assistance account is established. Money to carry  
24 out the provisions of this chapter shall be allocated by the department  
25 to the account in accordance with AS 29.95.010. If amounts in the  
26 account are insufficient to pay each recipient's share authorized under  
27 this chapter, the amounts which are available shall be distributed pro  
28 rata among eligible recipients.

29 Sec. 29.90.030. DEFINITIONS. In this chapter

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

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 a facility operated or wholly supported by the state or  
6 the federal government;

7 (3) "total project cost" means

8 (A) costs directly related to the project; and

9 (B) the total of all costs of financing and carrying out  
10 the project; including, but not limited to,

11 (i) the costs of all necessary studies, surveys,  
12 plans and specifications, architectural, engineering or other  
13 special services, acquisition of real property, site prepara-  
14 tion and development, purchase, construction, reconstruction  
15 and improvement of real property, and the acquisition of  
16 machinery and equipment as may be necessary in connection with  
17 the project;

18 (ii) an allocable portion of the administrative and  
19 operating expenses of the municipality or other hospital  
20 sponsor;

21 (iii) the cost of financing the project, including  
22 interest on bonds issued to finance the project; and

23 (iv) the cost of other items, including any indem-  
24 nity and surety bonds and premiums on insurance, legal fees,  
25 fees and expenses of trustees, depositaries, financial advi-  
26 sors, and paying agents for the bonds issued as the issuer  
27 considers necessary.

28 \* Sec. 5. AS 29 is amended by adding a new chapter to read:

29 CHAPTER 95. ADMINISTRATION OF MUNICIPAL

1 FINANCIAL ASSISTANCE PROGRAMS.

2 Sec. 29.95.010. ALLOCATION AND DISTRIBUTION. (a) Each year, the  
3 Department of Community and Regional Affairs shall allocate money appro-  
4 priated to the accounts established in AS 29.88, AS 29.89, and AS 29.90  
5 in the amounts determined by the legislature.

6 (b) Money in the miscellaneous services account established in  
7 AS 29.89.080 which exceeds the amount required to fully fund distribu-  
8 tions authorized by AS 29.89 shall be reallocated to the tax equaliza-  
9 tion account established in AS 29.88.035 and distributed according to  
10 the provisions of AS 29.88.

11 (c) Money in the hospital construction assistance account estab-  
12 lished in AS 29.90.020 which exceeds the amount required to fully fund  
13 distributions authorized by AS 29.90 shall be reallocated to the tax  
14 equalization account established in AS 29.88.035 and distributed accord-  
15 ing to the provisions of AS 29.88.

16 Sec. 29.95.020. QUALIFICATION FOR MINIMUM PAYMENT. (a) A  
17 municipality qualifying for an entitlement under AS 29.88 or AS 29.89  
18 shall receive a minimum payment of \$25,000 plus an area cost-of-living  
19 differential for each fiscal year if:

20 (1) the municipality has conducted a regular election under  
21 AS 29.28.010 - 29.28.050 during the fiscal year preceding the year for  
22 which payment of an entitlement is authorized by AS 29.88 or AS 29.89  
23 and has reported the results of the election to the commissioner of the  
24 Department of Community and Regional Affairs;

25 (2) regular council meetings are held in the municipality in  
26 accordance with the requirements of AS 29.23.210 during the fiscal year  
27 preceding the year for which payment of an entitlement is authorized by  
28 AS 29.88 or AS 29.89 and a record of the proceedings is maintained;

29 (3) a municipal budget has been adopted for the fiscal year

1 during which payment of an entitlement is authorized by AS 29.88 or  
2 AS 29.89 and an audit or financial statement for the preceding fiscal  
3 year has been prepared and furnished to the Department of Community and  
4 Regional Affairs in accordance with AS 29.23.560(a); and

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

7 (b) The area cost-of-living differential payable to each munici-  
8 pality under this section shall be determined annually by election  
9 district under the provisions of AS 39.27.030. Except as provided in  
10 AS 29.95.030, application of the area cost-of-living differential may  
11 not result in a payment which is less than the minimum payment deter-  
12 mined under (a) of this section. For purposes of this subsection, the  
13 election districts used are those designated by the proclamation of  
14 reapportionment and redistricting of December 7, 1961, and retained for  
15 the house of representatives by proclamation of the governor September 3,  
16 1965.

17 (c) The Department of Community and Regional Affairs shall pay to  
18 each municipality eligible to receive a minimum payment under this  
19 section an amount equal to the difference between the minimum payment  
20 determined under (a) and (b) of this section and the sum of the amounts  
21 payable for the same fiscal year under AS 29.88 and AS 29.89.

22 (d) A payment under this section may be prorated and reduced under  
23 AS 29.95.030.

24 (e) Payments under this section shall be made from the money  
25 allocated to the equalization account established in AS 29.88.035.

26 Sec. 29.95.030. PRORATION OF PAYMENTS. (a) Payments under  
27 AS 29.95.020 and AS 29.88 shall equal the amount allocated to the  
28 equalization account (AS 29.88.035), adjusted in accordance with AS 29.-  
29 90.010.

1 (b) Adjustments of payments shall be determined by prorating  
2 amounts payable under AS 29.95.020 and amounts payable under AS 29.88 by  
3 a factor which, when applied, reduces all payments in equal proportion  
4 so that payments under AS 29.95.020 and payments under AS 29.88 equal  
5 the amount allocated to the account established in AS 29.88.035.

6 \* Sec. 6. AS 29.23.560(a)(3) is amended to read:

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

8 \* Sec. 7. AS 29.23.560(a) is amended by adding new paragraphs to read:

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

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

13 \* Sec. 8. AS 29.23.560(b) is amended to read:

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

21 \* Sec. 9. AS 29.73 is amended by adding a new section to read:

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

25 "NOTICE TO TAXPAYER

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

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PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE	
(AS 14.17)	\$
STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT (AS 43.18.100)	\$
MUNICIPAL TAX RESOURCE EQUALIZATION ASSISTANCE (AS 29.88)	\$
STATE AID FOR MISCELLANEOUS MUNICIPAL SERVICES (AS 29.89)	\$
TOTAL AID	\$

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

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

Notice shall be provided

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

(2) by publishing in a newspaper of general circulation within the municipality a copy of the notice once each week for a period of three successive weeks, with publication to occur not later than 45

1 days after the final adoption of the municipality's budget.

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

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

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

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

24 \* Sec. 10. AS 29.13.100 is amended by adding new paragraphs to read:

25 (40) AS 29.73.060 (taxpayer notice)

26 (41) AS 29.88 (municipal tax resource equalization assistance)

27 (42) AS 29.89 (state aid for miscellaneous municipal services)

28 \* Sec. 11. AS 43.18.010 - 43.18.045 are repealed.

29 \* Sec. 12. (a) Notwithstanding other provisions of secs. 1 - 11 of this

1 Act,

2 (1) a municipality may not receive less than \$25,000 plus an area  
3 cost-of-living differential during the first fiscal year in which this Act is  
4 effective; and

5 (2) a municipality which would receive less money under the provi-  
6 sions of this Act than it received for the last fiscal year under the provi-  
7 sions of AS 43.18.010 - 43.18.045, repealed by sec. 11 of this Act, shall,  
8 for the first five fiscal years during which this Act is effective, be en-  
9 titled to receive an amount equal to that received for the last fiscal year  
10 under the former provisions of AS 43.18.010 - 43.18.045, in accordance with  
11 those provisions.

12 (b) For the first five fiscal years during which this Act is effective,  
13 if the amount appropriated to pay entitlements under this Act is insufficient  
14 for the purpose of paying the full entitlement due each municipality or other  
15 recipient, entitlements determined under AS 29.88, AS 29.89, AS 29.90, and  
16 AS 29.95, together with the additional sums required by (a) of this section,  
17 shall be equally prorated and the prorated amounts distributed to municipali-  
18 ties and other recipients.

19 \* Sec. 13. Section 14, ch. 79, SLA 1979 is amended to read:

20 Sec. 14. TRANSITION. (a) The taxes paid for the 1978 [1979]  
21 calendar year under AS 43.75 shall be shared with municipalities in  
22 accordance with AS 43.75.130 and 43.75.135, as those sections read  
23 before their respective amendment and repeal by this Act. The taxes  
24 paid for the 1979 [1980] calendar year and for each succeeding calendar  
25 year shall be shared with municipalities in accordance with AS 43.75.-  
26 130, as amended by sec. 11 of this Act.

27 \* Sec. 14. (a) The Department of Health and Social Services and the  
28 Department of Community and Regional Affairs shall jointly examine programs  
29 of state assistance to persons for the construction and operation of hospi-

1 tals and health facilities and shall report their recommendations on the  
2 extent to which the state should assist municipalities, nonprofit corpora-  
3 tions, and others in the construction and operation of hospitals and health  
4 facilities.

5 (b) By February 1, 1981, the commissioner of health and social services  
6 shall submit to the legislature a report, accompanied by draft legislation,  
7 examining programs of state aid for hospital and health facility construction  
8 and operation, including both public and private facilities, and recommending  
9 a comprehensive health and hospital financial assistance program. The report  
10 and accompanying legislation shall be based on health care and health facili-  
11 ty need, expressed as a function of number of beds, occupancy rate of faci-  
12 lities, kinds of care and levels of service provided or not provided, or any  
13 other factors which the commissioner of health and social services reasonably  
14 believes should be the basis by which state assistance for hospitals and  
15 health facilities and their programs should be provided.

16 (c) The report and accompanying legislation presented under (b) of this  
17 section shall

18 (1) include, if necessary, reference to certificates of need  
19 legislation and any other current program of the federal or state government  
20 which applies in determining whether hospitals and health care facilities  
21 shall be constructed;

22 (2) recommend a permanent program of state assistance to munici-  
23 palities for hospital care and health care services, whether provided by  
24 public or private facilities, which improves the level of care for the people  
25 of the state.

26 \* Sec. 15. (a) The Department of Community and Regional Affairs and the  
27 Department of Transportation and Public Facilities shall jointly examine  
28 programs of state assistance for the construction and operation of mass  
29 transit facilities and services and shall report their recommendations on the

1 extent to which the state should assist municipalities in the construction  
2 and operation of mass transit facilities and services.

3 (b) By February 1, 1981, the commissioner of community and regional  
4 affairs shall submit to the legislature a report, accompanied by draft legis-  
5 lation, examining programs of state aid for mass transit facilities and ser-  
6 vices, and recommending a comprehensive financial assistance program. The  
7 recommendation shall consider regional transit differences, public and pri-  
8 vate operation of transit systems, and methods of financial support provided  
9 in other states.

10 \* Sec. 16. Section 13 of this Act is retroactive to July 1, 1979.

11 \* Sec. 17. Sections 1 - 12 of this Act take effect on the first day of  
12 the fiscal year for which \$33,500,000 or more is appropriated and allowed by  
13 the governor for distribution to municipalities and other recipients under  
14 the provisions of secs. 1 - 12 of this Act, or on July 1, 1983, whichever is  
15 earlier.

16 \* Sec. 18. Sections 14 and 15 of this Act take effect July 1, 1980.

17 \* Sec. 19. Sections 13 and 16 - 19 of this Act take effect immediately in  
18 accordance with AS 01.10.070(c).

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Original sponsors: Gardiner, Anderson  
and Miller

Offered: 4/21/80  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 192 (Finance) am  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 ELEVENTH LEGISLATURE - SECOND 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 percent (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 percent  
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 recrea-  
21 tion services, mass transit, offstreet parking, and garbage and  
22 solid waste 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           cipationity 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