

353

HCRA

HB 843

(A. SMITH)

HB

843



ALASKA HOUSE OF REPRESENTATIVES

Community and Regional Affairs Committee

C+RA
HB843

LISA RUDD, Chair

14 June 1978

Pouch V, State Capitol
Juneau, Alaska 99811
(907) 465-8870

Mr. Jim Rolle, Executive Director
Alaska Municipal League
204 N. Franklin Street
Juneau, Alaska 99801

Dear Jim,

Attached is a copy of a proposed committee substitute for SSHB 843, which I believe addresses most of the concerns expressed by the various municipalities at our workshop May 8th. I have included changes in the following areas.

1. The tax levy for school support is included in the local effort computation.
2. The formula is simplified somewhat by computing taxing rate from the total tax revenues of the municipality.
3. Special taxes such as the Anchorage hotel/motel tax and the Bristol Bay Borough fish tax are included in the local effort formula.
4. Some conditions are placed on the distribution of the minimum grant entitlements to small communities. The purpose of these conditions is to encourage those cities to function at least on a basic level as local governments.

This CS will not be considered by the CRA Committee this session, but I do feel we have laid groundwork this year which will hasten action next year if the bill is reintroduced. I am sending you a copy of this draft in the event the Municipal League wishes to work on the bill during the interim. I certainly appreciate your cooperation during our committee hearings on this bill, and if I can provide any further information from our files, please do not hesitate to call my office.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Lisa Rudd".

Lisa Rudd

LR/vb



ALASKA HOUSE OF REPRESENTATIVES

Community and Regional Affairs Committee

CRA
HB843

LISA RUDD, Chair

14 June 1978

Pouch V, State Capitol
Juneau, Alaska 99811
(907) 465-3870

Commissioner Lee McAnerney
Department of Community and Regional Affairs
Pouch B, Room 213, Community Bldg.
Juneau, Alaska 99811

Dear Commissioner McAnerney,

Attached is a copy of a proposed committee substitute for SSHB 843, equalization of the tax resources of municipalities. The CS will not be considered by the CRA Committee this session, but I do feel we have laid groundwork this year which will hasten action next year if the bill is reintroduced.

The committee substitute addresses most of the concerns expressed by the various municipalities at our workshop on May 8th. I have included changes in the following areas:

1. The tax levy for school support is included in the local effort computation.
2. The formula is simplified somewhat by computing taxing rate from the total tax revenues of the municipality.
3. Special taxes such as the Anchorage hotel/motel tax and the Bristol Bay Borough fish tax are included in the local effort formula.
4. Some conditions are placed on the distribution of the minimum grant entitlements to small communities. The purpose of these conditions is to encourage those cities to function at least on a basic level as local governments.

I am sending you a copy of this draft in the event the Department wishes to work on the bill during the interim. I certainly appreciate the assistance provided by your staff during the committee's work on this bill. If we can provide any further information from our files, please let me know.

Yours sincerely,

Handwritten signature of Lisa Rudd in cursive script.
Lisa Rudd

LR/vb



ALASKA HOUSE OF REPRESENTATIVES

Community and Regional Affairs Committee

15 June 1978

LISA RUDD, Chair

Pouch V, State Capitol
Juneau, Alaska 99811
(907) 465-3870

Hon. Terry Gardiner
Pouch V
Juneau, Alaska 99811

Dear Terry,

Attached is a copy of a proposed committee substitute for SSHB 843, equalization of the tax resources of municipalities. This CS will not be considered by the CRA Committee this session, but I do feel we have laid the groundwork this year which will hasten action next year if you should decide to reintroduce the bill.

The committee substitute addresses most of the concerns expressed by the various municipalities at our workshop May 8th. I believe the changes proposed in the CS are necessary for acceptance of the bill by most municipalities. I have included changes in the following areas:

1. The tax levy for school support is included in the local effort computation.
2. The formula is simplified somewhat by computing taxing rate from the total tax revenues of the municipality.
3. Special taxes such as the Anchorage hotel/motel tax are included in the local effort formula.
4. Some conditions are placed on the distribution of the minimum grant entitlements to small communities. The purpose of these conditions is to encourage those cities to function at least on a basic level as local governments.

I certainly appreciate all your help and cooperation during our committee hearings on this bill, and I hope these changes meet with your approval.

Yours sincerely,


Lisa Rudd

LR/vb



ALASKA HOUSE OF REPRESENTATIVES

Community and Regional Affairs Committee

LISA RUDD, Chair

16 June 1978

Pouch V, State Capitol
Juneau, Alaska 99811
(907) 465-8870

Mr. Phil Smith, Executive Director
Rural Alaska Community Action Program, Inc.
P.O. Box 3-3908
Anchorage, Alaska 99501

Dear Phil,

I appreciate your sending me a copy of Rural CAP Resolution #78-15, urging passage of SSHB 843, particularly the \$25,000 minimum grant section.

I have serious reservations about the philosophical basis of the revenue sharing program proposed in HB 843. However, I have worked on the bill and come up with a committee substitute that ^{is} more acceptable to the municipalities than the original bill. If someone should reintroduce the bill next year, I hope they will use my proposed CS.

I have always supported the concept of a minimum grant to municipalities to assist with basic administrative services. As you may recall, the \$25,000 minimum grant is also included in HB 70 which we passed out of committee last year. But the fact that HB 70 is still in House Finance Committee seems to indicate there is no determination on the part of the Legislature to do anything about revenue sharing this session.

Yours sincerely,

A handwritten signature in cursive script that reads "Lisa Rudd".

Lisa Rudd

LR/vb

Rural Alaska Community Action Program, Inc.

May 26, 1978

Representative Lisa Rudd, Chairman
House Community and Regional Affairs Committee
Pouch V
Juneau, Alaska 99811

Dear Lisa:

For your information, I am including RurAL CAP Resolution #78-15, relating to the necessity of passage of HB.843. It is my understanding that members of your committee are not inclined to take affirmative action on this bill during the present legislative session. Therefore, I draw your attention to the second "Resolved" in which we urge a basic appropriation of \$25,000 to every second-class city and/or (IRA or traditional council in Alaska) for the purposes of establishing basic village and municipal management capabilities.

I recognize that the fiscal impact of this recommendation is somewhat significant; however, the loss of funds and governmental quality that results from a lack of adequate management funding in the villages is difficult to measure. I would certainly appreciate your consideration of this concern and would be happy to speak with you about it at greater length should you so desire.

Sincerely,



Phil Smith
Executive Director

PJS/shl

cc: Steve Cowper, Chairman, House Finance Committee
John Sackett, Chairman, Senate Finance Committee

Rural Alaska Community Action Program, Inc.

RESOLUTION #78-15

ENTITLED: IN SUPPORT OF AFFIRMATIVE ACTION ON HB.843

WHEREAS, revenues for the State's Revenue Sharing Program provide the bulk of most revenues available to Alaska's small municipalities; and

WHEREAS, in spite of this, most small communities lack the resources to hire and retain professional municipal management personnel, thereby risking the loss of potential funding for needed municipal functions; and

WHEREAS, HB.843 would rectify inequities in the present Revenue Sharing Program and provide funding for the management of municipal governments in rural Alaska; and

WHEREAS, the delegates to the Citizens' Participation Conference endorsed HB.843 and assigned its passage a High Priority, requesting only that the "base grant" for municipalities be increased to \$50,000 and that roads "not ordinarily used for motor vehicles" be included as an amendment to AS 29.89.010(a); and

WHEREAS, the fiscal implications of HB.843 appear to be eroding legislative support for its passage;

now, therefore, be it

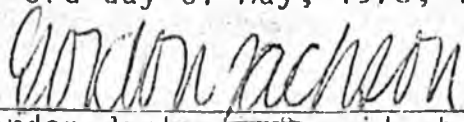
RESOLVED, that the Rural Alaska Community Action Program does hereby re-endorse HB.843 and urges its swift passage by the Legislature; however,

be it further

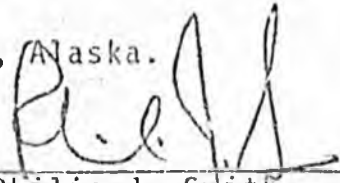
RESOLVED, that, in the event HB.843 cannot pass as presently written, or with the inclusion of the amendatory suggestions of the CPC, a program of direct support of \$25,000 to every second class city and/or IRA or traditional council in Alaska be provided to encourage quality management of village municipal affairs.

Dated this 3rd day of May, 1978, in Anchorage, Alaska.

Signed:


Gordon Jackson, President
Rural CAP Board of Directors

Signed:


Philip J. Smith
Executive Director



ALASKA HOUSE OF REPRESENTATIVES

Community and Regional Affairs Committee

LISA RUDD, Chair

Pouch V, State Capitol
Juneau, Alaska 99811
(907) 465-3870

2 June 1978

Hon. John A. Carlson
Fairbanks North Star Borough
P.O. Box 1267
Fairbanks, Alaska 99701

Dear Mayor Carlson,

I sincerely appreciate your participation in the revenue sharing workshop here May 8th. I felt the roundtable discussion was very valuable, and some of the ideas discussed will be incorporated into a committee substitute bill.

The idea which seemed to generate the most positive discussion was that of including in the formula the portion of the local tax levy which is dedicated to school support. I have enclosed for your purusal a copy of a computer print-out showing the effect of including school support. This is one of your suggestions which will be included in a committee substitute of the bill.

I do not expect action on HB 843 this year. A bill of this magnitude and financial impact cannot get proper treatment during the remainder of this session. However, the concept and the committee substitute can be reintroduced next session, and I plan to have it in workable form in that event.

It has been a pleasure for me to work with the municipalities on this and other community and regional affairs issues throughout the last two years. The participation and information that has been provided by local officials on much of the legislation before the committee supports my belief in strong and capable local government. Best wishes for continued success.

Yours sincerely,

Lisa Rudd

LR/vb

Enc: Print-out/HB 843



ALASKA HOUSE OF REPRESENTATIVES

Community and Regional Affairs Committee

These persons will
sent HB 843 letter
+ print out on
2 June 78. UBO

DATE: 5/8/78

BILLS TO BE CONSIDERED: _____

TIME: 9:00 a.m.

55 HB 843
Revenue Sharing
Worshipers

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WISH TO TESTIFY?
Carl Hill	Box 576 Kenai	283-4001	Kenai Pen Boro Assoc	
John A. Carlson	541 - 5 th St - Yelm	452-4761	Yelm North Star Branch	
Don Smith	402 West 3 rd St Eliot, Alaska	276-4321	Union of Truck Drivers	
James D. Nordale	Box 1267	452-4761	FAA North Star Team	
Les Shump	155 So. Commercial St	556-3300	C & B of American	
Yancy Crawford	CITY HALL ANCH	264-4420	ANCH.	
Walter W. D. Lewis	CITY HALL ANCH	44-4433	ANCH	
Harry Milligan	P.O. Box 1246 Kodiak	486-5256	Kodiak Fishing Board	
Don Gilman	Box 850, Soldotna	262-4441	Kenai Pen Boro	
Bruce Anderson	Revel B. Jensen	469-4701	C & R/A	
Roy Barton	Box 850 Soldotna	262-4441	Kenai Pen Boro	
Hendon L. Ryan <small>MANAGER</small>	Box 191 Dillingham 99574	842-5211	City of Dillingham	✓
Donna Lovett <small>MANAGER</small>	Box 1210 Cordova 99901	424-3239	City of Cordova	✓
Tom Van Alstine <small>ASST. MANAGER</small>	P.O. Box 2300	225-3111	CITY OF KETCHIKAN	✓
John Williams	LNA	465-4914		
Don Tober	Budget & Mgmt	465-2210		
MASK LEWIS <small>ASST. MGR</small>	Box 407 Uldred 99686	835-823	City of Uldred	2
Chuck Adams <small>MANAGER</small>	Box 329 Petersburg 99535	772-4511	City of Petersburg	3
Marion Miller			ANCH	20
David Moffat <small>MANAGER</small>	Box 1306, Petersburg 99535	772-4511	City of Petersburg	4
Neil Henderson	-LEONARD ARMS-			
John McHenry	1220 Glacier	6-2015	West of Adak	no

Municipality of
Anchorage 5/28

HB 843: 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 AN EFFECTIVE DATE.

Under HB 843, Sections 43.18.010-43.18.050 of the present statutes are repealed. These sections provide the authority for current state-shared revenues. In lieu of this, new Chapters 88 and 89 have been added to Section 29 of the statutes. Chapter 88 deals with a new source of revenue called an "Equalization Entitlement". Chapter 89 provides for the continuation of a portion of the state-shared revenues formerly authorized in Section 43.

A review of HB 843 reveals it to be ambiguous in certain cases as well as presenting a redistribution of income approach to state revenue sharing. On the basis of the information made available to us, it appears to be detrimental to the Municipality of Anchorage. The Municipality of Anchorage has severe reservations concerning HB 843.

HB 843 presents a redistribution of income approach to the concept of state-shared revenues. The title of the new item of revenue "Equalization Entitlement" provides an insight in itself. The stated purpose of the bill is "to assure that no municipality suffers impoverishment of necessary public services, relative to other municipalities, because of the chance location of taxable wealth in the state." (Sec. 29.88.005). One of the criticisms of the present law is that it does not include "ability to pay" considerations. A community with a larger than the state average per capita property valuation receives revenues at the same rate as communities which are relatively poor. It is further stated that the same criticisms can be raised with respect to per capita income differentials from which taxes are paid. The net effect of the formula is to favor economically disadvantaged communities.

I. A municipality will be better off if it is high or low in the various components of the equalization entitlement formula as follows:

Population	High
General Govt. Property	
Tax Mill Rate	High
Sales Tax % Rate	High
Local Per Capita Income*	Low
Local Per Capita Property	
Value*	Low

* Compared to state averages

2. Anchorage has both a higher than average per capita income and per capita property value. This is confirmed by the Printout which shows Anchorage to have unfavorable income and property value factors in the computation formula compared with most other jurisdictions within the state.

3. HB 843 would greatly reduce the degree of local autonomy. Communities would be faced with a new restriction as to use of the state revenues. Under current state statutes, state-shared revenues may be expended for any public purpose for which the local government has power to expend public funds, except for a few limitations regarding health facilities revenues. Sec. 29.88.030 of HB 843 contains additional requirements regarding the use of funds for specific service areas and tax zones. Although the new provisions are fairly consistent with the way Anchorage has been allocating past state-shared revenues, we would no longer have the flexibility to do otherwise if the circumstances so warrant.

4. Another possible problem with the proposed formula contained in HB 843 is that it would tie a municipality's position in the revenue sharing pool to statewide variables such as statewide assessed value that are largely beyond its control. For example, a major resource development project that might alter variables such as statewide per capita income and assessed value could affect the revenue sharing entitlements of local governments without regard to changes in need for those municipalities. Under HB 843, it is difficult for a municipality to project what its revenue sharing entitlement might be two or three years in the future.

5. In a rapidly growing area such as Anchorage, the local per capita income and property value would likely increase at a greater rate than the state average thereby creating an adverse effect in the equalization formula.

6. After first having become reasonably satisfied with the validity of the revenue sharing data elements, the "new" version printouts and formula modification were analyzed to determine the effect on Anchorage. Two of Anchorage's concerns with the original version of HB 843 appear to have been rectified.

The sales tax portion of the proposed revenue sharing formula has been changed to eliminate the disproportionate weight given to a sales tax in the original formula. The effect of the change is to cause the proposed revenue sharing allocation system to be neutral with respect to each municipality's taxing philosophy. However, Section 29.88.045, subpart 2 (b)V, of the bill appears to exclude hotel-motel tax.

Revenues from Anchorage's 5% hotel and motel tax have been recognized as a sales tax in the new printouts. It is interesting to note that Anchorage's hotel and motel tax receipts are almost equal to all of Juneau's sales tax receipts and are almost half of the city of Fairbanks'

sales tax receipts. However, the effect of this has been reduced by the above change in the sales tax portion of the proposed revenue sharing formula.

The following matrix provides a comparison of the effect on Anchorage of HB 843:

	<u>1977 Actual (a)</u>	<u>Original HB 843</u>	<u>Substitute HB 843</u>
Amount Shown on State Printout	\$8.4 million	\$9.2 million (b)	\$9.6 million (c)
Amount if Funded at 1977 Level	\$8.4 million	\$6.8 million	\$6.6 million
Anchorage's % of State Total	46%	37%	36%

(a) \$18.3 million total state payout

(b) \$25.0 million total state payout

(c) \$27.0 million total state payout

The second line of the above matrix shows Anchorage's funding if the total state funding were not increased. Under HB 843, Anchorage's share of state-shared revenues will diminish from 46% of the state total to only 36%. For comparative purposes, it should be noted that a 46% share of a \$27.0 million state payout would equal \$12.4 million.

We find it difficult to support the philosophical approach behind HB 843. There is no simple correlation between tax base, personal income and what state revenue sharing should be. Tax base is only indicative of the size of the physical plant (building, dwellings, etc.) within a given community. Tax base does not necessarily relate to service needs or demands. Urban densities, congested traffic, large numbers of unemployed and crime rates are more closely connected to the need for service. Service demands criteria are important factors to consider before making any judgments on tax base and its relationship to state revenue sharing.

The assumption behind HB 843 as the bill is presently drafted appears to be that some municipalities are not receiving a fair share of revenue sharing funds, and, conversely, that other local governments are receiving a disproportionate amount of available dollars to which they are not equitably entitled. Although the first portion of this assumption may be correct, Anchorage objects to the implication that the Municipality is receiving more under the present revenue sharing program than it should equitably receive. Our calculations indicate that, at present, Anchorage receives approximately 46% of state revenue sharing funds. With approximately 50% of the state's population, the present program is, if anything, slightly inequitable on a per capita basis for Anchorage taxpayers. Under the proposal advanced in HB 843, the percentage of revenue sharing funds for Anchorage would decline to only 36%. Although there may be merit in providing increased assistance to municipalities with a relatively small tax base resource, it seems difficult to justify taking funds from Anchorage that will, in essence, need to be replaced by Anchorage taxpayers. It is well known that the

existing revenue sharing program has been under funded in recent years. If a need is felt to provide increased assistance to some municipalities, a strong statement from the Legislature calling for 100% funding of the present program would be an appropriate beginning. If funding at a higher level can be provided by the state (i.e., the \$27.0 million level proposed in the substitute HB 843), then the state revenue sharing rates contained in the existing law should be increased to partially compensate for the increase in the consumer price index since they were originally established. This would help local governments in maintaining a status quo in the services they are able to render through state shared revenues rather than lose ground due to inflation.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 843/Senate Bill No. 502
 Title An Act providing for equalization of the tax resources of municipalities "
 Requested by House Community & Regional Affairs/Senate Date 2/28/79
Community & Regional Affairs

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs
 Program Category Affected Development
 Budget Request Unit(s) Affected Municipal Revenue Sharing

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.			0	0	0	0
TOTAL			0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND			0	0	0	0
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Assumptions

1. The Department would not estimate the local per capita assessed valuations for second class cities in the unorganized borough not currently collecting a property tax.
2. In fiscal year 1978 approximately \$18,340,000 will be distributed under the existing program. Section nine of the bill would require for only the next 3 years a minimum annual appropriation of at least \$18,340,000. It should be noted, that the FY'79 budget request for grants under the existing program is over \$20,400,000.

IV. DATE 3/13/78 PREPARED BY Bruce Aronson *Bruce Aronson*

AGENCY Community & Regional Affairs

Original: Legislative Finance PHONE 465-4707

cc: Budget and Management

Prime Sponsor (First Legislator Named)

HB 843 Revenue Sharing

Comparison of gains under local effort ceiling:

LE 25

Anchorage
Kodiak Boro
Sitka
Second Class Cities

LE 30

BB Boro
Fkks Boro Fkks City
Haines Boro
Juneau
Kenai
Ketchikan
Mat-Su
North Slope
Valdez
First Class Cities
Wrangell
Yakutat

1. Boroughs gain overall because of school levy.
2. Cities lose overall because boroughs gain.
3. Most boroughs gain under LE of 30 because their local effort is higher. Generally it is the cities within the boroughs which gain because their LE is higher.

With LE of 30.

Anchorage Area-wide gains \$2.4 million
Fkks Boro AW gains \$200,000
Juneau AW gains \$300,000
Ketchikan AW gains \$100,000
Kodiak AW gains \$70,000
Matanuska-Susitna AW \$200,000
North Slope AW gains \$2,000
Sitka gains \$24,000
1st Class cities lose.

WORKSHOP ON SSHB 843
MUNICIPAL REVENUE SHARING

Governor's Conference Room
Monday, May 8, 1978
9:00 a.m. to 3:00 p.m.

Representative Lisa Rudd, Chair of the House Community and Regional Affairs Committee presiding.

Representative Rudd opened the meeting stating the purpose of this work session was to provide an opportunity for an in-depth look at this revenue sharing proposal and to discuss any problem areas which may be identified.

The morning session was devoted to review of the proposed legislation. The bill's sponsor, Representative Terry Gardiner, summarized the provisions of the bill and addressed the concepts of local effort and equalization. John Williams, Legislative Research, reviewed the elements of the formula. Representative Rudd outlined four concerns which she had with the proposed program and asked the municipal representatives to address those concerns during the workshop discussions:

1. The complexity of the proposed formula;
2. The validity of the local effort concept as a basis for revenue sharing program;
3. The question of whether equalization is a legitimate concern of the state;
4. The question of whether it is a legitimate state concern to assure the provision of certain services on the local level.

During the afternoon session municipal representatives gave their comments on the concepts and specifics of the proposed legislation. The following is a summary of the major points of the discussions:

1. The formula is too complicated and includes too many variables. Mr. Sharp, of Juneau suggested a simplification of the formula. The same product (millage equivalent) can result from taking the sum of the total municipal revenues, subtracting any revenues specifically excluded, and dividing that remainder by what 1 mil would bring from 100% of full and true value.

The main objection still remains, however; that each municipality's entitlement is dependent upon several statewide variables over which it has no control. It was suggested that entitlements could be computed with two year old data rather than current data, thereby making it easier for a municipality to figure its expected entitlement. The drawback to this approach is that entitlements will not reflect the most recent changes which, if an industrial development project is involved, can be major.

2. Locally generated school tax support should be included. Most communities tax themselves for additional school support over and above what is received from the school foundation program and the school construction program. Petersburg, for example, devotes its entire 5% sales tax to school support. Anchorage claims 42% or about 6 mils goes to education. This was felt to be a legitimate indicator of local effort. At least one municipality, however, suggested that education should be left out of the program of state aid for municipal operations since such motherhood issues have a tendency to take over.

3. The formula seems to be a compulsion to keep taxes high rather than an incentive to reduce taxes. It is a built in uncertainty for assemblies and councils about future revenues and their effect on revenue sharing entitlements. John Williams pointed out that there are two mitigating factors: 1) The local effort factor ceiling of 25. No municipality will get revenue sharing credit for taxation above this figure; and 2) The willingness of local taxpayers to pay taxes. This last is considered the major determining factor. Any reduction in tax rate translates into more of a loss in direct revenues than in revenue sharing dollars. Bruce Aronsen, of the Department of Community and Regional Affairs, stated the ratio was about 12 to 1 (\$12 local revenues to \$1 revenue sharing).

Ketchikan pointed out that the present revenue sharing program bears no relation to taxation. The money just comes, so to speak. With HB 843, municipalities really have to consider the effects of their taxing policies.

It was also discussed that the present revenue sharing program has at best helped maintain the tax level while allowing increases of municipal services. More likely, it has just slowed the tax increase.

4. Anchorage maintains there is no direct correlation between tax base and service needs. In a growing community there are more service needs, crime, transportation, etc. Anchorage, for example, is a crossroads and service center for much of Alaska, therefore it services more than just its population. A sales tax does address this to a degree, and Anchorage would request that their hotel-motel sales tax be counted in the local effort formula. SSHB 843 specifically excludes taxes which do not generally burden the entire citizenry. Another example of such special tax is the raw fish tax of the Bristol Bay Borough.

5. Single purpose service districts. Fairbanks questioned the appropriateness of treating service districts as separate political units, as this may have a tendency to encourage a separatist attitude on the part of the service districts. Boroughs would rather consider service areas as an integral part of the whole. SSHB 843 specifies that funds allocated on a service area basis or by differential tax zones must be spent in those areas. Mr. Nordale also pointed out that they have several single purpose service districts, providing only road maintenance. These districts can receive double payment under Chapter 89 (RHM) and under Chapter 88 (formula).. This can lead to a situation where a service area can be receiving as much as twice as much money as they actually need.

If this is actually a problem, a solution may be to allow for petition to the DC&RA to use the funds elsewhere. The municipalities may prefer to delete the provision in HB 843 which requires the use of revenue sharing funds in the service areas.

6. Include per capita debt as a measure of local effort. Theoretically, municipal debt is considered in this formula since it is reflected in the tax rate. If local effort for education is included, all possibilities for local debt will be included since much of a municipality's bonded debt is for school construction. Dillingham pointed out that a city must first have a tax base before it can incur bonded debt. Several Alaskan municipalities are precluded from bonding by virtue of having no tax base.

7. Is it a legitimate state interest to see that a certain level of local services is maintained? Mr. Nordale pointed out that it does seem to be state policy to emphasize such services as police and fire protection since those categories receive the greatest intitlement in the revenue sharing program and have historically received the most attention

and amendment. Mr. Sharp pointed out that if it is a legitimate state responsibility to assure certain local services, then it is also incumbent upon the state to see that those services are actually being provided at some quality level. The present revenue sharing program does not address this aspect. The municipalities generally agreed that revenue sharing is not usually a major determinant in what services are to be provided, although the Fairbanks Borough maintains that the availability of revenue sharing dollars does help sell certain programs at the local level such as their air pollution control program.

8. Is equalization a legitimate concern of the state : Mr. Lovett of Cordova said he sees the bill as an attempt to equalize the quality of life in Alaskan communities. A municipality of a certain size must provide the full spectrum of basic services for its residents regardless of the cost. For example, Cordova devotes more than 20% of its budget to police protection. A population of a few hundred more could use the same size police department but would also have a larger tax base to fund it. A community the size of Cordova must forgo many of the amenities because it must concentrate all its resources on providing the basics. He was pleased to see that the Legislature had recognized this need and was addressing it through the revenue sharing program.

Mr. Sharp of Juneau noted that court cases in California, New Jersey and Texas have established the concept of equalization in the area of education by recognizing a person's right to equal protection in the quality of education. The courts have found that it is not appropriate to finance education strictly on the basis of local property tax revenues because of the disparities in property tax base. He said he expected the equalization concept to be extended into the area of local government services in the near future and was pleased to see the Alaska Legislature taking the lead in recognizing this idea.

Mayor Sullivan from Anchorage suggested that if the state felt it appropriate to give more assistance to the poorer communities, it could be done through maintaining the existing revenue sharing program, but with an additional appropriation and distribution to help so-called "disadvantaged" communities.

The main concern of the Municipality of Anchorage was that their percent of the total program would be reduced under HB 843. Under present law, Anchorage is entitled to 45.66%; SSHB 843 would only provide them with 35.77%.

45.66%; SSHB 843 would only provide them with 35.77%. Anchorage felt that other municipalities were being upgraded at the expense of Anchorage.

Representative Gardiner pointed out that the result will be the same whether HB 843 is used or the present program plus an additional distribution program as Mayor Sullivan suggested. It should not be viewed in terms of taking away from anyone. In actual fact, Anchorage will gain between \$1 and \$2 million dollars under the proposed program.



ALASKA HOUSE OF REPRESENTATIVES

Community and Regional Affairs Committee

These persons will
rent #B843 letter
+ print out on
2 June 78. UBA

DATE: 5/8/78

BILLS TO BE CONSIDERED: _____

TIME: 9:00 a.m.

SSHB 843
Revenue Sharing
Worshipers

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WISH TO TESTIFY?
Carl Hille	Box 576 Kenai	283-400	Kenai Pen Boro Assn	
John G. Carlson	541-5th Ave - Jkt	452-4761	City North Star Branch	
Don Smith	402 West 3rd	276-4325	Marine & Navigation	
James D. Nordale	7304 1267	452-4761	Alaska North Star Boro	
Lee Sharp	155 So. Seward St	586-3500	C & B of Anchorage	
Tony Crawford	CITY HALL ANCH	264-4420	ANCH.	
W. F. (M.D.) Lewis	CITY HALL ANCH	44-4433	ANCH.	
Harry Milligan	P.O. Box 1246 Kodiak	486-5736	KODIAK ISLAND BOROUGH	
Don Gilman	Box 850, Soldotna	262-4441	Kenai Pen Boro	
Bruce Aronson	PO Box B Juneau	469-4271	C & R A	
Roy Baston	Box 850 Soldotna	262-4441	Kenai Pen Boro	
Horton W. Ryan	Box 191 Dillingham	842-5211	City of Dillingham	✓
Perry Lovett, Manager	Box 1310 Cordova	424-3239	City of Cordova	✓
Asst. Manager	PO Box 7300	225-3111	CITY OF KETCHIKAN	✓
John Williams	LAA	465-4918		
Steve Tenbrink	Budget & Mgmt	465-2210		
MARK LEWIS, Asst. Manager	Box 507 Homer	835-0515	City of Homer	2 ✓
Chuck Andrews, Mayor	Box 329 Petersburg	172-4511	City of Petersburg	? 3
William Miller				no
David Moffat, Manager	Box 1306, Petersburg	172-4511	City of Petersburg	4
Jack Chiodetti	- Legislative Affairs -			
Shirley Bony	1220 Glacier	6-2017	West of Anchorage	no

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

FOUCHY - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465 3800

April 17, 1978

MEMORANDUM

SUBJECT: SSHB 843, Revenue Sharing
TO: The Honorable Terry Gardiner
FROM: John Williams
Research Analyst

You have asked that we estimate the amounts of tax reduction that could occur in municipalities across the state should SSHB 843 become law with the \$27 million appropriation as specified in Section 11 of the bill. We have attached a series of notes to accompany the printout of our analysis.

There are three aspects of the analysis which need clarification. They are (1) the assumptions relating to changes in population, property value, services supplied by municipalities, etc; (2) the response of communities to receiving more money from local government assistance; and (3) the manner in which we were forced to treat 1978 actual revenue sharing entitlements. These three considerations are discussed below.

General Assumptions

For purposes of the analysis, we have utilized the basic data previously developed to estimate payments under SSHB 343 in 1978 and have maintained that basic data base through 1979. The effect is that no population increases are considered from 1978 to 1979, services are maintained at their 1978 levels, and property values and income remain constant. The only consideration that changes in our model is the amount and distribution mechanism of revenue sharing entitlements. In 1978, present law is used to calculate revenue sharing entitlements. In 1979, it is assumed that the funding level and allocation mechanism of SSHB 843 is in effect. The only consideration that the model does not utilize is the "hold harmless provision", as provided for in Section 10 of the bill. The significant effect of this omission is to show a net loss of revenue sharing entitlements in 1979 for the Fairbanks North Star Borough, Kenai Peninsula Borough, North Slope Borough, Sitka Borough, Wasilla, Valdez, Akolmiut, Delta Junction, Huslia, Port Heiden, and Unalakleet, which would not actually be required, since Section 10 of the bill prevents any municipality from receiving less during the next three years than their 1978 entitlement.

Local Government Responses

Municipalities that receive additional money from the state revenue sharing program would respond in a variety of ways. Many would increase the quality of government services or add additional services. Some may reduce taxes. For the purposes of our analysis, we have assumed that all boroughs and first class cities (except Sain' Mary's, which has no taxes) apply the incremental increase in revenue sharing entitlements to tax reduction so as to maintain a level of operating capital in 1979 that is equal to (or slightly in excess of) their 1978 operating capital. Hence, all boroughs and first class cities except the five mentioned above will reduce taxes to some degree. The Fairbanks North Star Borough, Kenai Peninsula Borough, North Slope Borough, Sitka Borough, and Valdez increase their taxing rate to maintain a constant level of operating capital. All second class cities (except Wasilla) are assumed to absorb the additional revenues and to increase their level of governmental services. Five second class cities (Wasilla, Akolmiut, Delta Junction, Huslia, Port Heiden, and Unalakleet) will receive a lesser entitlement in 1979 than 1978 because we have not considered the hold harmless provision of SSHB 843.

1978 Entitlements

Presently, we are unable to distribute 1978 entitlements over the sub-units of boroughs and cities with multiple tax zones. We can only lump-sum each entitlement. The lump-sum amounts are entered on the first line of each borough and city with multiple listings. This treatment of the 1978 entitlements causes the need for clarification of particular aspects of the printout. Since the program is adjusting 1979 tax rates in such a way so as to hold the revenues available to each municipality equal for 1978 and 1979, anomalous results appear on the printout. Namely, since the intent is to maintain a constant dollar amount from one year to the next, the program necessarily reduces area-wide taxes at a lesser rate than would actually be allowed, since the 1978 operating budget contains the entire borough revenue sharing entitlement, and the 1979 entitlement is distributed across the service areas. In the case of Anchorage, the tax reduction area-wide is actually a tax increase, since the area-wide entitlement in 1979 is about \$2.5 million less than the total entitlement of \$8.4 million in 1978. The total Anchorage entitlement in 1979 is about \$1.6 million greater than in 1978, which demonstrates that Anchorage could have a net tax reduction for all service areas. The .54 mil increase shown for Anchorage area-wide should be compared to the tax decrease in each service area to generally understand the amount of tax reduction that could be realized by each service area.

Please let us know if we may be of further assistance.

JW:dh
Attachments

NOTES TO "MUNICIPAL TAX PROJECTION TO 1979 WITH PAYOUT AT \$27 MILLION"

The purpose of the printout is to demonstrate the degree of tax reduction that could commence in each municipality should HB 843 become law. Several assumptions are made in determining the tax reductions, most importantly that every borough and first class city (except Saint Mary's) take advantage of the opportunity to reduce taxes, and that none of the second class cities (except Wasilla) change their tax policy.¹ Other assumptions follow.

(1) Boroughs and first class cities adjust their tax policy to maintain constant 1978 dollars in their "operating budget". Operating budget is defined as revenues from property and sales taxes plus their revenue sharing entitlement. An operating budget for 1978 is determined, and tax policy is modified to maintain at least the same operating revenues in 1979.

(2) Population is held constant and no change in present services (either quality or quantity) is assumed. Property values are not changed, nor is the relative revenue generating capacity of each municipality's sales tax.

(3) The 1978 taxing rate is determined by converting each municipality's sales tax to the property tax mil rate equivalent (at full and true value) that would generate the same amount of revenue as is received by each municipality from their 1978 sales tax. The sales tax "mil equivalent" is then added to the property tax mil rate (adjusted to the rate on full and true value) and the sum expressed as the total mil equivalent of taxes for each municipality. The calculated tax reduction that could commence in 1979 is expressed as the total mil equivalent of taxes for each municipality. The calculated tax reduction that could commence in 1979 is expressed as mil equivalents of tax that could be excised from the 1978 taxing rate, either as a reduction in sales or property tax or both.

(4) 1978 revenue sharing entitlements are credited to area-wide use in those municipality's with several listings. It is not possible at this time to distribute each entitlement over the service areas or tax zones for which each portion of the entitlement should be credited. For example, Anchorage (area-wide) was credited with the full \$8,378,557 of entitlement in 1978. However, 1979 entitlements are distributed across service areas (except road, health, and military entitlements). Hence, in 1979, area-wide Anchorage receives \$5,396,502 (approximately \$2.5 million less than in 1978). This treatment of the 1978 entitlements causes an apparent tax increase to be required in Anchorage (area-wide).

¹ Wasilla has not been singled out intentionally. The city was mistakenly considered a first class city. However, it is interesting to note the minimum amount of local tax effort that would be required in Wasilla to maintain constant revenues.

(5) Section 10 of SSHB 843 is not considered in the analysis. Section 10 guarantees that every municipality shall, until 1981, receive no less than their entitlement in 1978. Hence, those municipalities which would receive less in 1979 than in 1978 show an increase in taxes necessary to maintain a constant operating budget. Communities affected by the hold harmless clause are the Fairbanks North Star Borough, Kenai Peninsula Borough, North Slope Borough, Sitka Borough, Wasilla, Valdez, Akolmiut, Delta Junction, Huslia, Port Heiden, and Unalakleet.

Following is a description of the numbered columns appearing on the printout.

Column 1: Lists the adjusted property tax rate of each municipality. Adjustment is made by deducting any portion of property taxes used for education, and adjusting the remainder to the equivalent tax rate on the full and true assessed value of property in that municipality. The numbers are expressed as a mil rate.

Column 2: Lists the equivalent property tax rate necessary to generate the same amount of revenue as actually received by each municipality from its sales tax. The numbers are mil rate equivalents.

Column 3: Sums the two previous columns. The numbers in this column are used in the analysis as the local taxing rate against which 1979 tax reductions are calculated.

Column 4: The dollar amounts shown are the sum of revenues which each municipality should receive from sales and property taxes plus their 1978 revenue sharing entitlement.

Column 5: Lists the 1978 actual revenue sharing entitlement. For municipalities with multiple listings, the entitlement is credited entirely to the first, or area-wide, listing.

Column 6: The column lists the calculated taxing rate which each municipality could assess to maintain a constant money supply from the total of sales and property taxes plus the 1979 revenue sharing entitlement. The numbers represent the sum of property tax mil rates and sales taxes expressed as a mil rate equivalent.

Column 7: Lists the difference between the 1979 taxing rate and the 1978 taxing rate. Except for previously mentioned exceptions, municipalities will generally be able to reduce taxes. The tax reductions shown in the column are mil rates on the full and true property value. Actual reductions would generally be greater than the number shown since the assessment rates of municipalities are generally less than the full and true value (because of exempted property and slight differences between assessed and market value).

Column 8: Lists the projected revenue sharing entitlement that each municipality would receive based upon the aforementioned assumptions. Each unit of local effort is worth \$3.60 per capita in 1979. It is assumed that \$27 million is appropriated to the revenue sharing program.

Column 9: The model was designed to maintain constant dollars for municipal operations. Hence, the 1979 operating budget is equal to the revenues from the adjusted sales and property taxes and the 1979 revenue sharing entitlement. The dollar amounts in this column equal or slightly exceed the 1978 operating budget in Column 4.

NOTES TO MARCH 25, 1978 REVENUE SHARING PRINTOUTS

The "new" version printouts are based on a modification of the formula that appears in HB 843 and SB 502. The sales tax portion of the formula is changed. Instead of multiplying the sales tax per cent rate by 2.3, the new version compares the sales tax revenues of each municipality to the revenue generated by 1 mil of property tax in each municipality. The quotient is expressed as a mil rate equivalent. The effect of the change is to cause the proposed revenue sharing allocation system to be neutral with respect to each municipality's taxing philosophy.

REVENUE SHARING DATA--1977

PER CAPITA EXISTING: The dollar amounts in this column correspond to the entitlements received this year by each municipality for all service categories except road maintenance, health facilities and hospitals, and military entitlements. The categories in this column would be repealed by HB 843. Entitlements are lumped into the first listing for each municipality with several listings.

R,H,M: The dollar amounts in the column correspond to the 1978 entitlements that will be received for road maintenance, health facilities and hospitals, and military support. These categories of the present revenue sharing law are saved by HB 843.

TOTAL ENTITLEMENT: The column sums the entitlements that will be received this year (each entitlement has been adjusted for the cost of living allowance).

POP: The certified population numbers used by the Department of Community and Regional Affairs (CRA) for the revenue sharing program.

PER CAPITA PROP. VALUE: The column lists the full and true property value of each municipality or subdivision thereof divided by the population of the municipality or subdivision thereof. Municipalities without property assessments are estimated (EST). The estimated value for second class cities in the unorganized borough is determined by averaging the per capita property values for communities in the unorganized borough with populations of 750 or less.

1976 PCI: The dollar amounts listed in the column correspond to the per capita income figures as determined by adjusting the 1974 Bureau of Census income estimates by 1976 data supplied by the National Planning Data Corp.

PROP. TAX: The numbers in the column correspond to the adjusted property tax mil rate of each municipality or subdivision thereof. Property tax rates appropriated to educational purposes are excised from the base figure before the mil rate is adjusted to the equivalent mil rate on the full and true value of property as determined by the state assessor.

SALES TAX: The numbers correspond to the sales tax per cent rate in each municipality. Sales tax appropriated to education is not included. The per cent rate shown is used in the original version of HB 843, but is not used in the new formula.

S. TAX REVENUE: Sales tax revenues are obtained from the municipal audits filed with the Dept. of CRA. When 1977 audits were not available, the sales tax revenue number taken from the 1976 audits was inflated to represent the expected increase in sales tax revenues in 1977. When no audit was available, each community known to have a sales tax ordinance was credited with an estimated sales tax revenue amount obtained by a similar community with the same sales tax rate in effect.

COLA: Cost of living allowance.

'NEW' PROPOSED REVENUE SHARING (1977 DATA)

PROPERTY TAX: The adjusted property tax mil rate.

S.T. EQUIV: The column lists the sales tax equivalent expressed as a mil rate. The number is determined by dividing the actual sales tax revenues of each municipality (less any portion appropriated to educational purposes) by the revenue generated by 1 mil of property tax on the full and true value of property in that municipality.

PCI RATIO: The numbers are the quotients determined by dividing the state average per capita income (\$8,001) by the per capita income of each municipality or when available, the per capita income of a subdivision of a municipality. A quotient greater than 1 indicates that the per capita income is lower than the state average.

PROPERTY RATIO: The numbers are the quotients determined by dividing the state average per capita property value (\$42,871.8) by the full and true per capita property value of each municipality or subdivision thereof. As with the PCI ratio, a number greater than 1 indicates that the municipality has a per capita property value lower than the state average.

AVE. RATIO: The numbers in the column are the average of the two previous columns.

LOCAL EFFORT. The numbers are the result of adding the property tax mil rate to the sales tax mil rate equivalent and multiplying the sum by the average ratio. The product of the local effort number and the proration factor (3.3516427) is the dollar amount per capita that each municipality would receive under the formula portion of HB 843. The local effort factor is not allowed to exceed 25, as specified for in HB 843.

FOP.: Population.

PLR CAPITA ENTITLEMENT: The dollar amounts are determined by multiplying the local effort factor times the population times the proration factor of 3.3516427. (The proration factor represents the upward proration of each entitlement necessary to pay out a total of \$25 million.)

TOTAL (+ RHM): The column adds the entitlement in the previous column to the entitlement for road maintenance, health facilities and hospitals, and military support.

PRESENT ENTITLEMENT: The dollar amount that will be received by each municipality in 1978.

This printout does not consider Sec. 9 of HB 843 which specifies that each municipality will, for the next three years, receive no less than their 1978 entitlement. The next printout does consider Sec. 9. The entitlements shown on the next printout for municipalities which receive more under the formula than their 1978 entitlement are 96.9% of the entitlements shown on this printout due to the Sec. 9 add ons.

'NEW' VERSION HOUSE BILL NO. 843 (1977 DATA)

PROPERTY TAX: The adjusted property tax mil rate.

S.T. EQUIV: The calculated mil rate equivalent of each municipality's sales tax.

POP: Population.

CHAPTER 88 ENTITLEMENT: The dollar amounts represent the entitlements calculated for Chapter 88 of HB 843, which is the formula entitlement.

CHAPTER 89 ENTITLEMENT: The dollar amounts represent the entitlements calculated for Chapter 89 of HB 843, which is the entitlement for road maintenance, health facilities, and military support.

SECTION 9 ADD ON: The dollar amounts listed in the column correspond to the difference between the 1978 entitlement and the entitlement under HB 843 for every community which receives less under the proposed legislation than they did in 1978.

HB 843 ENTITLEMENT: This column sums the three previous columns and multiplies the sum by .96861730, which is the downward proration factor necessary to pay out \$25 million after the Sec. 9 add ons have been considered.

PRESENT ENTITLEMENT: The actual 1978 entitlement which will be received by each municipality.

STATE OF ALASKA

JAY S. HARSHBARD, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

POUCH B - JUNEAU CITY

March 14, 1978

The Honorable Terry Gardiner, Representative
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Gardiner:

Re: HB 843 "An Act providing for equalization of the tax resources of municipalities and continuing a portion of the program of state aid for municipal purposes; and providing for an effective date."

This bill (as well as SB 502) would dramatically alter the method by which the State of Alaska distributes financial assistance to municipalities. Currently, under AS 43.18, the State distributes in excess of \$18 million dollars annually to municipalities and volunteer fire departments in the unorganized borough utilizing a categorial approach. For example, if a city has a police department, and meets the minimum requirements, the State pays the city \$12 per person served by the police department. No consideration is given to the relative ability of the city taxpayers to support the police department, nor the rate of municipal taxation.

The existing revenue sharing formula (AS 43.18) encourages municipalities to provide a wide variety of services, even though the quality of such services may be minimal, and no local tax effort is required. Additionally, the present revenue sharing program favors the more sophisticated municipalities (due to the categorial approach) as well as favoring municipalities having greater populations in a relatively small area. The new concept of distributing State generated wealth utilizing a formula based on relative taxable wealth, relative ability to pay, tax rates, and population makes sense to us and is definitely a step forward in assisting the development of local government in Alaska. Briefly, the concept may be described as helping those municipalites willing to help themselves.

Representative Terry Gardiner
March 14, 1978
Page three

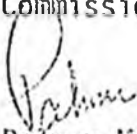
This approach would seem to be equitable in that residents have determined locally the best balance between sales and property taxes to produce sufficient municipal revenues.

The Division of Research, Legislative Affairs Agency has prepared an analysis of the impact of this bill (at various funding levels) on all municipalities.

The Department wholeheartedly supports the concept of HB 843. Also, the proposed amendments would in our opinion, improve the intent of the act providing for equalization of the tax resources of municipalities.

Sincerely,

Lee McAnerney
Commissioner


by: Palmer McCarter
Director

cc: Mike Harper
Jessie Dodson
Fran Ulmer

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

March 8, 1978

MEMORANDUM

SUBJECT: Revenue Sharing (W.O. #14/R)
TO: The Honorable Terry Gardiner
FROM: John Williams *JW*
Research Analyst

You have asked that we determine the additional revenues the Municipality of Anchorage would be entitled under HB 843 should they implement a 1% sales tax and the actual tax revenues they would receive. The attached printout was run using the same information and programming that we utilized in developing the printout entitled "HOUSE BILL 843 \$25 MILLION" with the exception of crediting Anchorage with a 1% sales tax and adjusting the proration accordingly. The additional revenues for Anchorage total \$959,003.

We also estimated the amount of revenue that a 1% municipal sales tax would generate in Anchorage. We utilized Department of Revenue data from gross business receipts and attempted to isolate generally taxed retail business (the codes included were the same codes we used in comparing sales tax to property tax revenue generation). Our estimate suggests that a 1% sales tax on retail transactions in Anchorage would generate at least \$12.6 million in revenue.

Comparing the increase in tax revenues attributable to a 1% sales tax to the increase in Anchorage's revenue sharing entitlement under HB 843 because of the 1% sales tax suggests that for each additional revenue sharing dollar Anchorage would receive, the municipality would generate more than \$13 in direct tax revenues.

Please let us know if we may be of further assistance.

Attachment
JW:dh

Phone: (907) 424-3237
or 424-3238

CITY OF CORDOVA

Box 1210

CORDOVA, ALASKA 99574

"The Friendly City"

Reply to:

MAR 16 1978

March 14, 1978


Representative Hugh Malone
Pouch V
Juneau, Alaska 99811

Dear Representative ^{Hugh} ~~Malone~~

The Cordova City Council at the regular meeting of March 13, 1978 voted unanimously to support House Bill 843. The City of Cordova presently has one of the highest tax rates in the state with a 22 mill property tax plus 4% sales tax. The additional revenue generated by House Bill 843 would be a significant step in the reduction of local taxes.

We appreciate and encourage your efforts to reduce the local tax burden.

Very truly yours,


Perry D. Lovett
City Manager

cc: Pete Loveseth
Jim Role

copy
to C&R A

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907.465.3800

February 17, 1978

MEMORANDUM

SUBJECT: HB 843 (W.O. #7/R)

TO: The Honorable Terry Gardiner

FROM: John Williams
Research Analyst

You have asked that we prepare an analysis of HB 843, an Act providing for equalization of the tax resources of municipalities and continuing a portion of the program of state aid for municipal purposes; and providing for an effective date. The following analysis consists of: (1) a discussion of present revenue sharing law; (2) an overview of the general implications of the bill; (3) the financial distribution scheme as provided for in the bill; (4) a discussion of the allocation formula; and (5) an attachment demonstrating the comparative revenue distribution under current law and HB 843.

PRESENT REVENUE SHARING

HB 843 would amend the current state aid to local governments program, as provided for in AS 43.18.010-090. The current law provides for the legislature to annually appropriate an amount to be distributed to local governments according to a series of local services which are eligible under the program. Approximately 75% of the revenues are distributed on a (per capita basis); the remainder are allocated according to miles of road maintained and the number of health facilities and hospitals (either on a per facility basis or a per bed basis). Services in support of military installations are apportioned on a per capita

basis but according to a different schedule than utilized for civilian populations. The Department of Community and Regional Affairs (CRA) determines whether a municipality qualifies under the provisions specified for each eligible service category. When eligibility has been certified, the municipality then receives a statutorily set amount per capita (or medical facility or mile of road maintained) specified for each service category. For example, a municipality receives \$12 per capita for police protection, \$7.50 per capita for fire protection, and \$2 per capita for land use planning. Should the liability of the program exceed the legislatively appropriated amount, all municipal entitlements are prorated so that the total liability equals the available money.

The legislative intent for the program was restated via the passage of HB 89 in 1977 (120 SLA 1977 becomes effective July 1, 1978) to read "(t)he intent of §§ 10-100 of this chapter in authorizing state aid for....municipal services is that municipalities which levy taxes reduce those levies in reasonable proportion to the amount of state aid received by the municipality for a given fiscal year" (sec. 4, HB 89).

Using the criteria established by the legislative intent, there would appear to be two considerations regarding the present revenue sharing law which indicate that it cannot fully accomplish the intent.

(1) The present distribution system does not consider the local tax rate in distributing revenues. Those communities which have a relatively high tax rate receive payments at the same rate as communities which supply minimal or no services from local taxes. Instead, present law directs the Dept. of CRA to determine whether specific services which

are being supplied by the municipalities qualify them for categorical entitlements, regardless of differences in tax rates utilized in funding those service categories.¹ (2) Additionally, present law does not include "ability to pay" considerations. A community with a larger than state average per capita property valuation receives revenues at the same rate as communities which are relatively poor. The same criticism can be raised with respect to per capita income differentials from which taxes are paid. A circular argument can be developed which demonstrates that poorer communities must set taxing rates at higher levels to generate the same revenues per capita as wealthier municipalities, which in turn requires a greater proportion of the disposable income of the poorer municipality residents to pay the additional tax burden vis-a-vis wealthier communities. The alternative for the poorer community is to forgo local services, which causes concomitant financial loss if the forgone services were eligible for revenue sharing dollars. The actual result is often substandard services.

¹ The eligible services list has expanded since inception and presently includes services related to health and welfare, transportation, recreation, and economic development (a bill before the legislature this year would add cultural activities). Since the eligible services list has greatly expanded, it would appear timely to consider allowing any public service specifically authorized by a municipality to be considered as eligible for revenue sharing dollars. A method for accomplishing this would be to look directly at the local tax rate in determining the distribution of the revenue sharing appropriation, since the tax rate will reflect the level and number of services provided by municipal tax revenues.

OVERVIEW OF HB 843

HB 843 repeals essentially all provisions of the present revenue sharing law which allocate monies on a per capita basis (police, fire, parks and recreation, land use planning, transportation, and air and water pollution control). Present law which allocates monies for health facilities, hospitals, road maintenance, fire districts outside of municipalities, and support of military installations is saved.

The repealed portion is replaced with a per capita allocation system based upon population, taxing rate, and a factor which compares each local government to the state average using per capita property value and per capita income as indicators. Our analysis indicates that any appropriation to the program in excess of \$23 million will increase the entitlement for all local governments with local tax ordinances in effect except the North Slope Borough and the City of Valdez. Several second class cities and one first class city with no local taxes would receive less. Section 9 of the bill provides for all local governments to be held harmless for three years after passage, such that no municipality will receive less during that three year period than they did in 1978, regardless of their entitlement as calculated by the specified formula.

FINANCIAL DISTRIBUTION SCHEME

HB 843 provides that revenue sharing dollars shall be utilized by municipalities in the taxing jurisdiction for which the amount of entitlement is determined. Boroughs with area-wide taxes for general government services except education shall receive revenue sharing

allocations to be used for area-wide purposes. For boroughs with differential taxing rates in service areas, revenue sharing entitlements based upon the service area tax rates must be utilized only in those service areas. First or second class cities with city-wide taxes would receive an allocation based upon the city-wide tax rate to be used city-wide (except for education). Cities with differential taxing zones would receive allocations according to the tax rate applied in each differential tax zone.

This system of distribution would appear to have a neutral effect with respect to the unification of existing governments. We do not find any circumstance where a subsequent unification agreement would cause a decrease in the revenue sharing entitlement for identical services. The bill contains a hold harmless clause for entitlements under the non per capita portion should a subsequently unified local government be entitled to less than the preceding multiple local governments.

ALLOCATION FORMULA

HB 843 specifies a formula to be used in determining entitlements for per capita revenue sharing distributions. The formula utilizes three considerations: (1) population; (2) tax rate; and (3) the relative "ability to pay" of each local government or subunit thereof.

The formula is:

$$\text{Entitlement} = \underbrace{P}_{A} \times \underbrace{[(PT + 2.3ST)]}_{B} \times \underbrace{\left(\frac{SPCPV/LPCPV + SPCI/LPCI}{2}\right)}_{C}$$

D

where P = population
 PT = property tax mil rate
 ST = sales tax per cent rate
 SPCPV = state average per capita property value
 LPCPV = local per capita property value
 SPCI = state average per capita income
 LPCI = local per capita income

We will discuss the formula according to the portions indicated by the braces.

Part A

The population is determined in the same fashion as provided for in present law. Any reasonable population estimate is accepted by the Dept. of CRA.

Part B

Part B indicates the portion of the formula which determines the local tax rate. Property tax mil rates and sales tax per cent rates are converted to mil equivalents. The 2.3 conversion factor multiplied by

the sales tax rate was determined by comparing the revenue that could be generated by applying a one mil property tax to the total full and true assessed property value in the state and a one per cent sales tax to the total retail business in the state. That comparison demonstrates that a one per cent sales tax would generate 2.3 times more revenue than a one mil property tax.

Part C

The portion of the formula set out by brace C averages two ratios that compare the "economic base" of each local government to the state average. The ratios are mathematically designed to create a number larger than one for communities lower than the state average for the two indicators, and a number smaller than one for communities above the state average. The average of the two ratios is then multiplied times the computed tax rate so as to adjust upward the local tax effort of economically disadvantaged communities and downward economically advantaged communities.

Part D

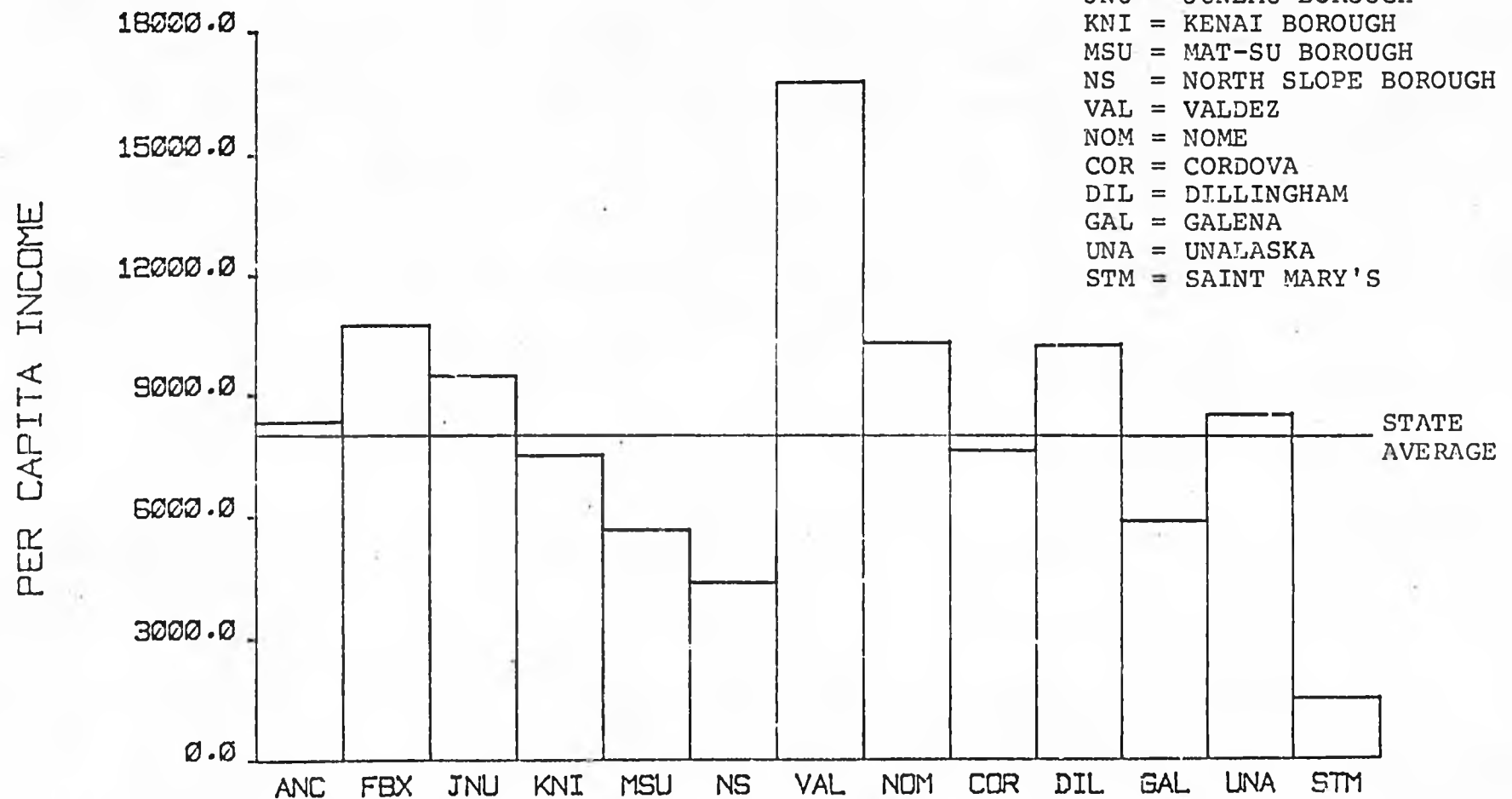
The portion set out by brace D is called the local effort factor, and is not allowed to exceed 25. The ceiling has the effect of setting a limit on the amount of support given to each municipality under the revenue sharing program. This, in combination with the required publishing of revenue sharing entitlements, would appear consistent with the legislative intent of the program, which is to diminish local tax burdens.

The bill further provides for adjustments in both sales tax and property tax rates based on optional exemptions allowed under Alaska law. As an example, a municipality utilizing the \$10,000 residential property tax exemption would be required to declare the revenues forgone by the exemption, and a comparative portion of the tax would be excised from the tax rate base before computing that municipality's entitlement. Mandatory exemptions, such as agricultural lands and senior citizens housing would not affect the tax rate, since the forgone revenues are reimbursed by the state.

JW:dh

PER CAPITA INCOME 1976

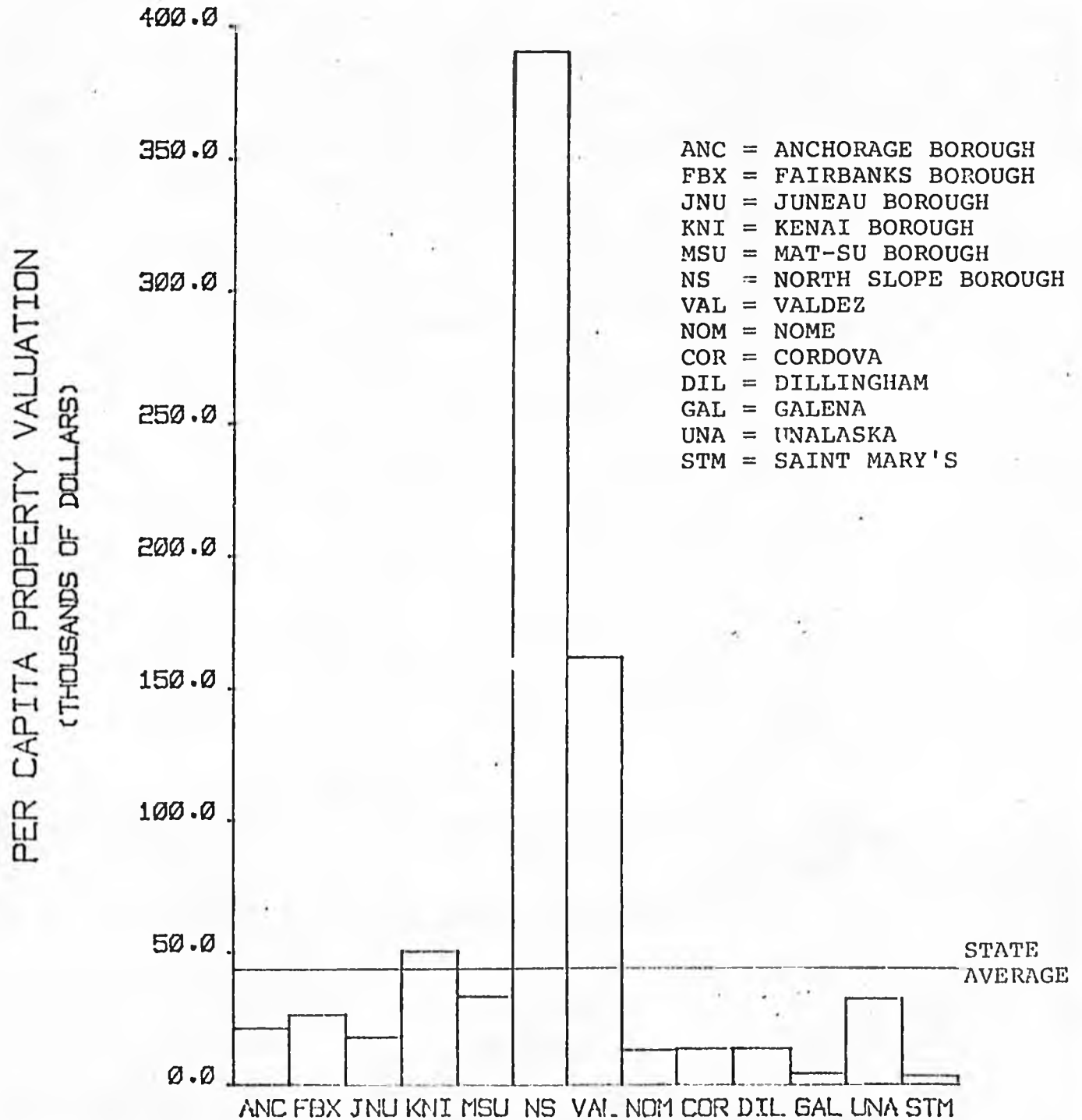
- ANC = ANCHORAGE BOROUGH
- FBX = FAIRBANKS BOROUGH
- JNU = JUNEAU BOROUGH
- KNI = KENAI BOROUGH
- MSU = MAT-SU BOROUGH
- NS = NORTH SLOPE BOROUGH
- VAL = VALDEZ
- NOM = NOME
- COR = CORDOVA
- DIL = DILLINGHAM
- GAL = GALENA
- UNA = UNALASKA
- STM = SAINT MARY'S



prepared by
Legislative Affairs
Agency
see attached memorandum

LOCAL GOVERNMENT
↓
DESCENDING POPULATION

PER CAPITA PROPERTY VALUATION 1977



- ANC = ANCHORAGE BOROUGH
- FBX = FAIRBANKS BOROUGH
- JNU = JUNEAU BOROUGH
- KNI = KENAI BOROUGH
- MSU = MAT-SU BOROUGH
- NS = NORTH SLOPE BOROUGH
- VAL = VALDEZ
- NOM = NOME
- COR = CORDOVA
- DIL = DILLINGHAM
- GAL = GALENA
- UNA = UNALASKA
- STM = SAINT MARY'S

prepared by
Legislative Affairs
Agency
see attached memorandum

LOCAL GOVERNMENT

▶
 DESCENDING POPULATION

HB 843

The bill would eliminate the current revenue sharing distributions which are based on dollar amounts per capita for specific services provided by the municipality (e.g., police, fire, hospitals) and would substitute a payment formula based on local tax effort and a community's ability to pay taxes (and thus fund local services). The intent of the proposed legislation is to help those municipalities willing to help themselves.

Sponsors of HB 843 point out that although the intent of the present state revenue sharing program is to assist municipalities in reducing local taxes, this has not happened since the present payment formula bears no relation to either local tax effort or local tax base. The present formula is based on the types of services provided by the local government but does not take into account the community's ability to pay for those services. As a result, local government services are often provided on a very minimal level just for the purposes of gaining revenue sharing monies. The present program thereby tends to favor the more sophisticated municipalities which provide more local services. It also favors the more populated areas since entitlements are based on population figures as well.

The formula proposed in HB 843 would eliminate the emphasis on local government services and would emphasize instead the local tax effort; that is, the property and sales taxes levied by the municipality. The formula also takes into account the municipality's ability to generate revenues from taxes relative to other municipalities in the state by computing the local taxable wealth relative to the state overall. Thus, a community is not penalized by the formula for having less taxable wealth than another.

The framers of HB 843 have retained the portions of the present revenue sharing program which allocate funds on a non-per capita basis (road maintenance, hospitals, health facilities and military support) and have included a 3 year grandfather clause so that no municipality will

PRESENT REVENUE SHARING FUNDING

Local Government Hi-lites

Police Protection	12.00 each person
Fire Protection	7.50 each person
Air/Water Pollution	2.00 each person
Land Use Planning	2.00 each person
Parks and Recreation	5.00 each person
Transportation Facilities	5.00 each person
Road Maintenance	
a. Public Roads	1500.00 each mile
b. Ice Roads	900.00 each mile
Health Service	2.00 each person
Health Facilities	1000.00 each bed 4000.00 each facility
Hospitals	1000.00 each bed 25000.00 each hospital 75000.00 each hospital
Construction Aid (Hospitals)	2500.00 each bed

STATE OF ALASKA
THE LEGISLATURE

FOUCH Y. STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

March 8, 1978

MEMORANDUM

SUBJECT: Revenue Sharing (W.O. #14/R)

TO: The Honorable Terry Gardiner

FROM: John Williams 
Research Analyst

You have asked that we determine the additional revenues the Municipality of Anchorage would be entitled under HB 843 should they implement a 1% sales tax and the actual tax revenues they would receive. The attached printout was run using the same information and programming that we utilized in developing the printout entitled "HOUSE BILL 843 \$25 MILLION" with the exception of crediting Anchorage with a 1% sales tax and adjusting the proration accordingly. The additional revenues for Anchorage total \$959,003.

We also estimated the amount of revenue that a 1% municipal sales tax would generate in Anchorage. We utilized Department of Revenue data from gross business receipts and attempted to isolate generally taxed retail business (the codes included were the same codes we used in comparing sales tax to property tax revenue generation). Our estimate suggests that a 1% sales tax on retail transactions in Anchorage would generate at least \$12.6 million in revenue.

Comparing the increase in tax revenues attributable to a 1% sales tax to the increase in Anchorage's revenue sharing entitlement under HB 843 because of the 1% sales tax suggests that for each additional revenue sharing dollar Anchorage would receive, the municipality would generate more than \$13 in direct tax revenues.

Please let us know if we may be of further assistance.

Attachment
JW:dh



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 20, 1978

The Honorable Lisa Rudd
Chairman
Community and Regional Affairs
Committee
House
Pouch V
Juneau, Alaska 99811

Dear Representative *Lisa* Rudd:

In my November 5, 1977, speech to the Alaska Municipal League, I suggested that the State look for means by which to reward localities which make good faith efforts to tax themselves. In that talk, I sketched a plan whereby shared revenue would vary inversely to a municipality's per capita property values. This suggestion was made in recognition of the disparity of wealth among the communities in our State. I feel the proposed formula is a useful step toward implementation of the concepts contained in that speech.

I have been briefed on legislative proposals (SB 502, HB 843) to redesign the Municipal Revenue Sharing Program. Under these proposals, a municipality's entitlement would be determined by a formula to include as key elements both population and local effort. The latter would, as I understand it, incorporate local property and sales tax rates adjusted by a factor to account for local differences in property tax base and income.

I commend the Legislature for the careful study and deliberation which has gone into preparation of the proposals. I also support the philosophy of State and local government relationships and responsibilities which is expressed in the proposals. I would like to briefly mention several reasons for my support.

First, I believe that the most responsive government is that which is closest to the people it serves. Under the present categorical approach to Revenue Sharing, the State exerts considerable influence on the direction and type of local

The Honorable Lisa Rudd
March 20, 1978

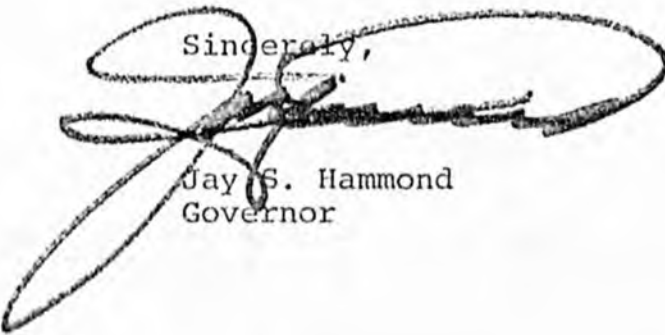
Page Two

services to be provided. I believe the proposed formula approach will give localities more desirable flexibility to determine service priorities at the local level.

Second, I have been an advocate for some time for the formation of local governments in the unorganized borough. At the November 10, 1977, Convention of the Alaska Federation of Natives, I expressed the view that a major obstacle to local government formation was an inadequate tax base which made it difficult for many rural areas to adequately meet the costs of local government services. I indicated then that Revenue Sharing adjusted for variations in per capita property values would help alleviate these problems. I believe the proposed legislation provides a useful tool for encouraging action in this regard.

My staff and that of the Department of Community and Regional Affairs have studied the legislation and have suggested refinements which we feel would facilitate administration of a formula based program. My position on funding of the proposal will have to await review of the fiscal impact of this legislation and the action the Legislature takes in the budget act itself.

Sincerely,



Jay S. Hammond
Governor

STATE OF ALASKA
THE LEGISLATURE

POUCHY - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

February 8, 1978

MEMORANDUM

SUBJECT: Revenue Sharing Proposal W.O. #4879

TO: The Honorable Lisa Rudd

FROM: John Williams
Research Analyst *JW*

As per your conversation of January 30 with Gregg Erickson, we are submitting the following discussion proposal for modifying the state aid to local governments (revenue sharing) program. This memorandum describes the legislative intent with respect to the present revenue sharing program, why the present law does not seem to fit with the legislative intent, the considerations which are incorporated in the enclosed proposal, how the proposal would work (along with a break-down of revenue sharing payments by community), and some comments on the ramifications of possible modifications to the proposal.

It is our hope that the following material may provide a useful starting point for further discussion.

BACKGROUND

The statement of purpose contained in Alaska's revenue sharing statute, (enacted in 1970) reads: "The intent of this chapter in authorizing state aid for municipal purposes is that local governments which levy property taxes reduce those levies in reasonable proportion to the amount of state aid received by a local government for a given fiscal year." (AS 43.18.030(a)).

In 1977 the legislature passed HB 89 (introduced by Representative Cotten) which affected revenue sharing in two ways. First, the bill expanded state support to local school programs by assuming the bonded

indebtedness of local governments for school construction. Second, it modified the legislative intent of the state aid to local governments program. The new language, which takes effect July 1, 1978, states: "The intent of secs. 10 - 100 of this chapter in authorizing state aid for educational purposes and municipal services is that municipalities which levy taxes reduce those levies in reasonable proportion to the amount of state aid received by the municipality for a given fiscal year." Other sections of the bill require municipalities which levy either sales taxes or property taxes to inform the residents of the amount of revenue sharing dollars received by the municipality and the property tax mil rate equivalent or sales tax per cent rate equivalent represented by that transfer.

The new language broadens the intent of the state aid to local governments program from an intended reduction in property taxes to an intended reduction in local property and sales taxes. These taxes are the only two which can be levied by the municipal government uniformly on the residents of that municipality. Hence, the intent as stated by the language which takes effect in July of this year is to reduce taxation by municipalities upon their residents, proportional to the amount of state revenues received.

The present mechanism for distributing revenue sharing money takes no direct account of levels of local taxation. Instead, a schedule of typical local government services have been established and revenue sharing monies are paid on a dollar amount per capita for the specified

services. It is conceivable that there is a reasonable public purpose in allowing only specific services provided by a local government to be eligible for state "matching" funds, especially if the services are directly related to the health and welfare of the citizens. However, the present allowable services for revenue sharing purposes includes a mix of health and welfare services and commercial or economic services. Since the eligible services have been expanded to include a broad cross-section of local services, why prohibit any local service from receiving state "matching" funds?

Present redistribution via revenue sharing does not consider local tax effort other than as implied by specific services provided by the local government. For example, communities with no property tax (or sales tax) receive revenue sharing dollars for services at the same rate as a community supplying the same service with a 20 mil property tax rate. Obviously the former community cannot reduce the tax burden for its citizens any more by receiving revenue sharing dollars. Additionally, the system does not attempt to relate local taxation efforts to the 'wealth' or 'ability to pay' of the local populace. For example, a 'wealthy' government may be assessing a property tax at a 20 mil rate and generating \$400 per capita; whereas a less wealthy community may generate \$200 per capita with the same 20 mil rate. Insofar as per capita property value estimates the wealth of the people residing within a local government boundary, the 20 mil property tax assessment rate on the poorer community removes a greater proportion of the disposable income of the residents while generating half the revenue of the wealthier community.

Wealth or ability to pay is not represented strictly by per capita property valuation. Several factors must be considered to relate a particular tax rate to the economic impact on the citizenry as measured by the ability to pay the tax burden.

FACTORS CONSIDERED IN PROPOSED FORMULA

There are two prime considerations in the proposal presented herein: (1) local tax effort; and (2) ability to pay taxes (and thus fund local services). These two factors are weighted equally in the proposal.

Local Tax Burden

The two primary mechanisms for local governments to extract tax revenues from the general public on are sales and property taxes. The local tax burden portion of the proposed formula considers sales taxes and property taxes according to their relative burden on the average citizen of the state. This was determined by comparing the 1976 revenue that could be generated by a 1% sales tax on the total retail business in the state and the revenue that could be generated by a 1 mil property tax on the total estimated property in the state (only a small proportion of the property value had to be estimated). This calculation results in 2.34 times more revenue being generated by a 1% sales tax than a 1 mil property tax. To express the local tax rate in a uniform manner, sales

tax percentages can thus be converted to mil rate equivalents by multiplying the sales tax rate by 2.3. The mil rate equivalent can then be added to the property tax rate, with the sum representing the local tax effort. (For example, a community with a 5 mil property tax and a 2% sales tax would have a local tax burden of 9.6 mil equivalents.)

Because of the school foundation program, we have excised all levies or portions of levies which are appropriated to schools. The foundation program pays all or nearly all school costs. Thus, "wealthier" communities which decide to fund their local school districts at greater than the state determined minimum requirements have made a decision to increase their local tax burden for one of many local services necessary. By removing school levies, we have placed tax burdens for all other local services on an equal footing. For the purposes of constructing our computer model, this required determining the proper diminishment of local tax efforts by gleaning school appropriations from the local government audits for all communities which do not separately report tax levies for schools. Should this proposal become law, a requirement of reporting tax assessments for educational purposes would obviate the need for this task.

This determination of a local tax burden is a dramatic change from the present revenue sharing formula which bases its distribution on specific services rendered by the local government (we will discuss

at a later time those revenue sharing monies which are not allocated on a per capita basis, such as road maintenance, health facilities, and hospitals). This proposal looks at the taxes levied to determine the quantity of services which each local government is attempting to supply. The decision to allocate those revenues over any mix of an infinite number of public purposes is left solely to the local government and not encouraged or discouraged by the state revenue sharing program via its system of rewarding some services and ignoring others on an arbitrary dollars per capita basis.

Ability to Pay

The "ability to pay" portion of the proposal could also be called the "ability to generate revenue" in that it measures two indicators of the relative ability of a local government to tax its citizenry compared to the state average.

Since the two taxation methods which generally fall on the local populace are sales taxes and property taxes, the "ability to pay" portion of the proposal measures the per capita income (PCI) and per capita property value (PCPV) of the local government and compares the local values to the state-wide average. Each factor is determined in the same way--viz. by determining the ratio of the state-wide PCPV to the local PCPV and the ratio of the state-wide

PCI to the local PCI. These two ratios are then averaged to determine the local ability to pay (or ability to generate revenue).

As an example, the 1976 state-wide PCPV was \$29,712 and the state-wide PCI was \$7,918 (estimate). A community with a PCPV of \$10,000 and a PCI of \$5,000 would have ratios of 2.97 and 1.58 respectively. By averaging these two ratios, the local ability to pay factor is 2.28, which indicates that their ability to raise revenues compared to the state-wide average is $1/2.23$ (43.8%) at equal taxation rates.

In the case of a non-unified borough with incorporated cities, the taxing entity (city or borough) is attributed the taxes assessed by the municipality for the population upon which the taxes are levied. As examples, taxes levied by boroughs for areawide purposes would use the PCI, PCPV, and population numbers borough-wide; borough taxes levied only within a particular service area would be modified by PCI and PCPV for the population within that service area; and a city levying city-wide taxes would use the population, PCI and PCPV for the city. Revenue sharing monies appropriated by the proposal would be required to be utilized in the area to which the taxation is applied. This data management could be achieved by requiring local governments to submit their taxation data according to the service area in which the tax applies and the population for that area. The state assessor can assign full and true PCPV's and

can obtain data from census estimates on the PCI for the most recent year available. (Our present computer model uses 1976 data except for PCI which is 1974 data. We have recently received 1976 PCI data which will be used when we complete our 1977 data base.)

Approximately 13% of the Alaskan population live in communities where no property assessment is made. For this proposal to be implemented, the state assessor would complete property value estimates in key communities within each region of the state for purposes of determining (estimating) the property valuation in non-assessed communities. We would recommend that this could be accomplished by requiring a property value estimation for one community within each of the 1961 election districts where assessments are not completed, since that apportioning of the state best represents the socio-economic and cultural divisions of the state. The 1961 election districts are presently utilized for revenue sharing purposes, the school foundation program, state per diem determinations, etc.

HOW THE PROPOSAL OPERATES

The revenue sharing proposal we are presenting would apportion payments via two mechanisms: (1) utilizing the methodology developed in the last section; and (2) by retention of that portion of the present law which apportions revenues on a non-per capita basis (road maintenance, hospitals, etc.).

New Per Capita Methodology

The per capita apportionment utilized in this formula involves three components--population, taxation effort, and ability to pay. Population estimates would be submitted by the local governments and certified by the Department of Community and Regional Affairs (no change from present law). Taxation effort would be determined by the addition of property tax rates plus 2.3 times the sales tax rate, with the sum expressed in mil equivalents. Ability to pay is determined by averaging the PCPV and PCI ratios. The formula would appear as $LE \times P$, where LE equals the local effort and 'P' is the population. LE is equal to $T \times R$, where T is equal to the local tax burden and 'R' is the average of the PCI and PCPV ratios.¹ To discourage increased local taxes for the purpose of receiving more revenue sharing dollars, a ceiling should be placed on the LE factor. Our present model places that ceiling at 25.

¹ The entire equation would be:

$$\text{Entitlement} = \left[\text{Population} \times ((PT + 2.3ST) \times \left(\frac{\text{St PCI/Loc PCI} + \text{St PCPV/Loc PCPV}}{2} \right)) \right]$$

+

Non per-capita entitlement;

Where PT = property tax, ST = sales tax, PCI = per capita income, and PCPV = per capita property value.

Non-Per Capita Distribution

The second part of the allocation involves the same methods utilized by present law for items not conditioned on a per capita basis. This would include road maintenance (allocated on a per mile of road maintained basis), hospitals (allocated on a per bed or per facility basis), health facilities (allocated on a per facility basis) and military support. Military payments are in fact made on a per capita basis, but utilize a different formula than applied to civilian populations. Since there is no local taxation of military personnel, there is no basis upon which to allocate monies for support of military facilities. We suggest maintaining this portion of present law along with the items not claimed on a per capita basis. Four local governments claim revenue sharing dollars based on services supplied to military installations.

The non-per capita allocation is modified by the 'COLA' factor as provided for in present law. Our computer model does not modify the revenues apportioned on a per capita basis (contrary to present law). There are arguments that can be made for applying or not applying the COLA factor. We have chosen to apply it to the non-per capita portion of the allocation formula, since that portion tends to represent costs related to construction and maintenance more so than do the factors in the per capita portion. There is no black and white distinction, however, and the model can be easily run with or without the COLA applied to either or both portions of the formula.

As with present law, after the local entitlements have been determined for all governments involved, the payments are prorated to allocate the total appropriation to the aid to local governments program. The administration has proposed a funding level slightly in excess of \$20 million for the program in the FY 79 budget. Our present model is set to pay out \$25 million.

Any scheme which distributes revenue sharing monies on a basis different than presently used will result in some communities getting less and others getting more than under the present method. Hence, it would seem that any major revision in the revenue sharing program would require an increase in the appropriation so as to hold harmless nearly all local governments. (Of those communities which collect taxes, three would receive less under this proposal. King Cove would have received less in 1977 because their local non-school taxation was near zero. The North Slope Borough and Valdez would receive less because of extremely high oil and gas property values. We are attaching a graph which demonstrates the divergence of these two local governments from the state average per capita property value, and which concomitantly demonstrates their local ability to generate revenue.)

ADDITIONAL COMMENTS

Twenty-eight communities (of the approximately 170 local governments) either do not levy or have not reported sales or property taxes and as a result receive no money under the per capita portion of the proposal.

It would seem unnecessarily harsh to diminish their state assistance without first giving these communities time to consider their taxation policy. A number of means could be used to accomplish this. For example, they could be held harmless for one year, and thus receive an amount no less than they received in FY 1978.

Other factors which would cause inequities in the formula relate to various exemptions allowed under state law. Any exemption provided for in some but not all local governments will change the effective tax rate by a factor proportionate to whatever tax would otherwise apply to the exempted material. As examples, some communities have exempted food and drugs from local sales taxes. To use the stated sales tax rate for that local government without correcting the rate for the revenues foregone by the exemption would allow that local government to utilize a higher tax base for revenue sharing purposes than actually imposed upon the citizenry. With some check of previous tax records and a degree of estimation, corrections could be made to the tax rate to reflect the tax burden foregone by the exemption. Similar cases occur with an optional \$10,000 residential property tax exemption (AS 29.53.025(a)), household furniture exemptions to \$500 (AS 29.53.025(b)(1)), and other exemptions as allowed in AS 29.53.025(c),(d), and (f).

Mandatory municipal tax exemptions, such as agricultural lands, and senior citizen housing, do not affect the equitability of the formula since the state reimburses to the affected municipality the revenues foregone by the exemption.

February 8, 1978

A somewhat more complicated exemption is applied to commercial fishing vessels (AS 29.53.125(b)(1)). Local governments may tax commercial fishing vessels, but at a rate not to exceed \$5 for any vessel under 5 net tons or \$15 per vessel for vessels larger than 5 net tons. This 'partial' exemption would significantly inflate the true property tax burden for communities such as Kodiak, where the major commercial investment in the city is fishing boats, with many of the newer shrimp and crab vessels having market values well in excess of \$1 million. This particular exemption would appear to be the result of a legislative subsidy to the Alaska commercial fishing industry. We bring it to your attention, but have no comments on how you may want to address the matter, if at all.

Attachment

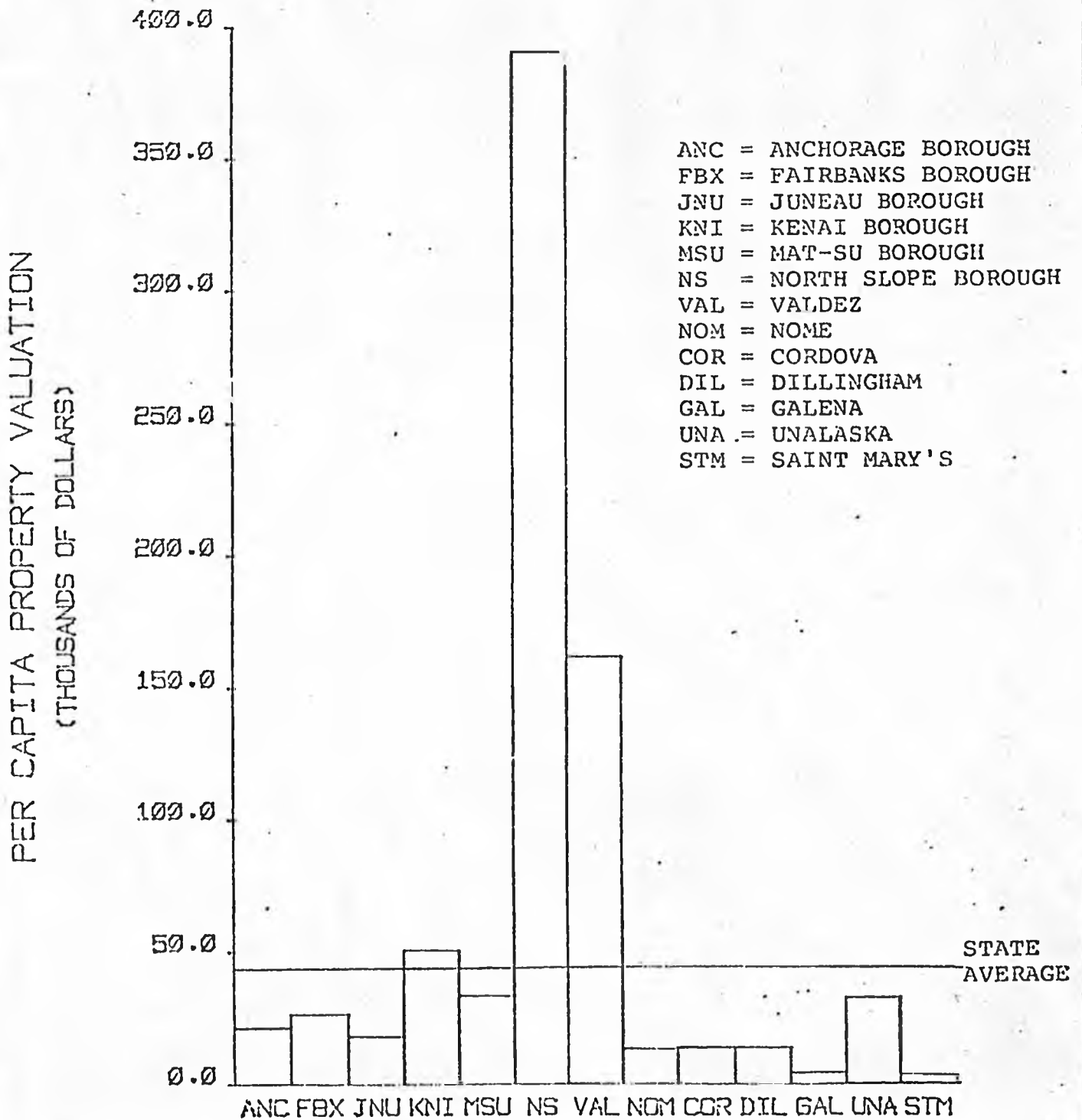
JW:dh

ATTACHMENTS

We are submitting two computer printouts, the first showing the data base we used for our analysis, and the second demonstrating how the revenues would be distributed by the proposed formula. The present data base utilizes 1976 data. The significant difference between the present 1976 data base and a 1977 data base which we intend to complete shortly is the additional valuation of the trans-Alaska pipeline which results in a sizeable increase in the total property in the state. Presently, the pipeline is equal to just under half of the total property value in the state. To demonstrate the local effects of the incremental value of the pipeline when comparing 1976 to 1977 data, the 1976 PCPV for Valdez and the North Slope Borough were \$66,000 and \$142,000 respectively; whereas their 1977 PCPV were \$162,000 and \$390,000. The state-wide average PCPV was \$29,700 in 1976 and \$42,900 in 1977.

We are also attaching a computer graphic demonstrating the distribution of "wealth" as estimated by per capita property value using 1977 data.

PER CAPITA PROPERTY VALUATION 1977



prepared by
Legislative Affairs
Agency
see attached memorandum

LOCAL GOVERNMENT
----->
DESCENDING POPULATION

Notes to printout 1 submitted with memo of February 8, 1978.

(1) *LOCAL GOV'T*: Local governments are presented with boroughs and communities therein listed first. The breakdown of each borough is consistent with their revenue sharing application ("SA" means service area).

(2) *PER CAP. EXIST.*: The column lists the total entitlements distributed on a per capita basis (police, fire, parks and rec., air and water pollution, land use planning, transportation, and health services).

(3) *HEALTH & ROADS*: The column lists entitlements distributed on a non-per capita basis. This includes road maintenance (distributed on a mile basis), health facilities, hospitals, and construction aid (distributed on a per facility basis, i.e., hospitals). For boroughs which submitted their applications according to service areas, we have lumped the non-per capita entitlements in the first listed service area.

(4) *MILITARY*: Those local governments which supply services related to the support of military installations receive entitlements according to the services supplied and the military population. As with the health and roads category, the military entitlements are lumped into the first service area listed if a local government has multiple listings.

(5) *TOTAL ENTITLEMENT*: The column totals the three prior columns and represents the total entitlement each community is qualified to receive. The cost of living allowance factor (column 8) is factored into the three columns which break down the total entitlement. The actual monies received by a local government will be less than that listed, since the entitlements are pro-rated according to the money appropriated to the local government assistance program.

(6) *POP.*: The column lists the population base accepted by C.R.A. for the purpose of determining revenue sharing entitlements.

(7) *PER CAP. PROP. VALUE*: The column lists the "full and true" per capita property value as determined by the state assessor. For those local governments where no property assessment has been made, we have estimated (*EST.*) the per capita property value by looking to similar communities where assessments have been made. About 13% of the state population lives in those communities where a property value assessment has not been made. Two Anchorage Borough service areas have been designated as "estimated" because of inconsistencies between the state assessor's report of "full and true" property values for some service areas and the population for those service areas as reported by the Anchorage Borough. The per capita property value figures listed for these two service areas are more than likely inaccurate, but we are not capable of correcting the data without further clarification from the Department.

(8) *COLA*: The column lists the cost of living allowance multiplier used by the C.R.A. in determining entitlements.

(9) *PROPERTY TAX*: The column lists the property tax assessment for each service area or local government, less the levies designated for schools. If a levy was not specifically dedicated by a local government to schools, we obtained income and expenditure figures from the local government audits and calculated an apportionment to schools, which was then deducted from the local government property tax base.

(10) *SALES TAX*: As with property tax, the column lists the sales tax rate for each local government or service area, unless the tax was dedicated to schools. When a school dedication was not declared, we obtained information from the local government audits and diminished the sales tax base according to the portion of sales tax receipts appropriated to schools.

(11) *1974 PCI*: This column lists the Bureau of Census per capita income figures for 1974.

COMPARISON OF REVENUE SHARING OPTIONS

PREPARED BY
LEGISLATIVE AFFAIRS AGENCY
RESEARCH DIVISION
APRIL 7, 1978

ESTIMATED PAYOUTS IN 1977

LOCAL GOVERNMENT	POP	35 HB 843 PER CENT	EXIST.LAW PER CENT	HB 70 PER CENT
BOROUGHES AND INTERNAL DIFFERENTIAL TAX UNITS				
1 ANCHORAGE (AW)	180,653	\$5,121,008	\$8,378,557	\$11,269,005
2 CITY (SA)	67,014	\$1,953,352	\$0	\$0
3 HILLSIDE (SA)	8,937	\$96,690	\$0	\$0
4 SPENARD (SA)	38,816	\$1,108,634	\$0	\$0
5 GIRDWOOD (SA)	600	\$5,310	\$0	\$0
6 GLEN ALPS (SA)	65	\$572	\$0	\$0
7 RICH. VISTA (SA)	1,105	\$89,852	\$0	\$0
8 SAND LAKE (SA)	18,915	\$335,254	\$0	\$0
9 MULDOON (SA)	23,345	\$665,522	\$0	\$0
10 RABBIT CREEK (SA)	6,532	\$99,799	\$0	\$0
11 EAGLE RIVER (SA)	7,182	\$82,159	\$0	\$0
12 CHUGIAK (SA)	5,876	\$47,138	\$0	\$0
13 OCEAN VIEW (SA)	1,894	\$35,976	\$0	\$0
14 OTHER SA	372	\$478	\$0	\$0
TOTAL		\$9,645,751 35.72%	\$8,378,557 45.66%	\$11,269,005 46.09%
15 BRISTOL BAY BOROUGH (AW)	1,311	\$95,964	\$32,370	\$32,370
16 SOUTH NAKNEK SA	175	\$798	\$0	\$0
TOTAL		\$96,762 0.35%	\$32,370 0.17%	\$32,370 0.13%
17 FAIRBANKS BOROUGH (AW)	60,227	\$1,141,607	\$1,200,637	\$1,339,150
18 BALLAINE LAKE (SA)	168	\$1,198	\$0	\$0
19 DIANE (SA)	66	\$490	\$0	\$0
20 WILDVIEW ACRES (SA)	77	\$307	\$0	\$0
21 SMITH RANCH (SA)	438	\$5,491	\$0	\$0
22 ENGINEER CREEK (SA)	144	\$1,806	\$0	\$0
23 ESTER LUMP (SA)	10	\$36	\$0	\$0
24 NORTH STAR F.P. (SA)	6,500	\$26,166	\$0	\$0
25 BECKER RIDGE (SA)	108	\$601	\$0	\$0
26 FAIRBANKS (CITY)	30,462	\$2,256,892	\$1,265,807	\$1,335,869
27 NORTH POLE (CITY)	461	\$43,581	\$29,890	\$30,951
TOTAL		\$3,478,180 12.88%	\$2,496,336 13.60%	\$2,705,981 11.06%
28 HAINES BOROUGH	1,924	\$26,361	\$0	\$26,875
29 HAINES (CITY)	1,366	\$127,288	\$65,721	\$68,658
TOTAL		\$153,649 0.56%	\$65,721 0.35%	\$95,533 0.39%
30 JUNEAU (AW)	20,465	\$1,139,507	\$751,062	\$1,037,572
31 JUNEAU SA1	7,259	\$443,836	\$0	\$0
32 JUNEAU SA2	1,606	\$63,471	\$0	\$0
33 JUNEAU SA3	197	\$499	\$0	\$0
34 JUNE/ J SA4	1,370	\$15,794	\$0	\$0
35 JUNEAU SA5	8,369	\$116,174	\$0	\$0
36 JUNEAU SA6	719	\$7,618	\$0	\$0
37 JUNEAU SA7	427	\$2,790	\$0	\$0
38 JUNEAU SA8	518	\$2,379	\$0	\$0
TOTAL		\$1,792,072 6.63%	\$751,062 4.09%	\$1,037,572 4.24%
39 KENAI BOROUGH (AW)	24,611	\$308,959	\$470,590	\$576,418
40 CENTRAL HOSPITAL (SA)	14,100	\$25,736	\$0	\$0

41	SOUTH HOSPITAL (SA)	5,300	\$64,595		\$0		\$0
42	NORTH KENAI FIRE (SA)	3,512	\$46,219		\$0		\$0
43	NORTH KENAI REC (SA)	3,995	\$8,106		\$0		\$0
44	BEAR CREEK FIRE (SA)	675	\$33,354		\$0		\$0
45	HOMER (CITY)	1,802	\$153,239		\$74,774		\$74,774
46	KACHEMAK (CITY)	151	\$26,361		\$0		\$26,875
47	KENAI (CITY)	5,364	\$499,391		\$246,090		\$274,921
48	SELDOVIA (CITY)	612	\$59,586		\$26,132		\$26,132
49	SEWARD (CITY)	2,279	\$209,113		\$96,533		\$96,533
50	SOLDOTNA (CITY)	2,586	\$248,667		\$126,703		\$140,603

TOTAL		\$1,683,121	6.23%	\$1,040,825	5.67%	\$1,216,259	4.97%
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51	KETCHIKAN BOROUGH (AW)	11,490	\$450,878		\$84,555		\$130,515
52	SHORELINE (SA)	550	\$3,947		\$0		\$0
53	KETCHIKAN (CITY)	7,928	\$801,366		\$393,632		\$425,344
54	SAXMAN (CITY)	272	\$24,522		\$8,294		\$25,000

TOTAL		\$1,280,714	4.74%	\$486,481	2.65%	\$580,859	2.37%
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55	KODIAK BOROUGH (AW)	7,901	\$214,830		\$207,791		\$224,778
56	FIRE DISTRICT (SA)	1,546	\$26,442		\$0		\$0
57	ROAD DISTRICT (SA)	312	\$1,380		\$0		\$0
58	KODIAK (CITY)	4,960	\$292,018		\$190,984		\$212,312
59	AKHIK (CITY)	102	\$26,361		\$0		\$26,875
60	LARSEN BAY (CITY)	137	\$26,361		\$1,841		\$26,875
61	OLD HARBOR (CITY)	327	\$26,361		\$17,281		\$26,875
62	DUZINKIE (CITY)	170	\$26,361		\$2,284		\$26,875
63	PORT LIONS (CITY)	227	\$26,361		\$11,133		\$26,875

TOTAL		\$666,480	2.46%	\$431,316	2.35%	\$571,465	2.33%
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64	MAT-SU BOROUGH (AW)	16,724	\$361,640		\$295,973		\$365,378
65	WASILLA F(1,8,9,10,11)	4,908	\$24,317		\$0		\$0
66	BUTTE FIRE (SA)	1,818	\$6,743		\$0		\$0
67	SUTTON FIRE (SA)	594	\$10,984		\$0		\$0
68	OTHER AREA (SA)	12,924	\$11,573		\$0		\$0
69	TALKEETNA FLOOD (SA)	223	\$3,905		\$0		\$0
70	GARDEN TERRACE (SA)	57	\$966		\$0		\$0
71	HOUSTON (CITY)	375	\$40,567		\$41,357		\$41,357
72	PALMER (CITY)	1,859	\$164,555		\$86,977		\$86,977
73	WASILLA (CITY)	1,566	\$72,525		\$73,937		\$73,937

TOTAL		\$697,779	2.58%	\$498,246	2.71%	\$567,651	2.32%
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74	NORTH SLOPE BOROUGH (AW)	9,139	\$302,306		\$308,193		\$308,193
75	ANAKTUVUK PASS (CITY)	150	\$32,798		\$0		\$33,437
76	BARROW (CITY)	2,306	\$187,511		\$38,553		\$38,553
77	KAKTOVIK (CITY)	123	\$32,798		\$2,057		\$33,437
78	NUIGSUT (CITY)	152	\$32,798		\$0		\$33,437
79	POINT HOPE (CITY)	384	\$32,798		\$0		\$33,437
80	WAINWRIGHT (CITY)	341	\$32,798		\$0		\$33,437

TOTAL		\$653,812	2.42%	\$348,803	1.90%	\$513,934	2.10%
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81	SITKA BOROUGH	7,650	\$376,660	1.39%	\$383,994	2.09%	\$455,426	1.86%
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FIRST CLASS CITIES

82	CORDOVA	2,406	\$312,407	1.15%	\$211,729	1.15%	\$222,797	0.91%
83	CRAIG	467	\$48,180	0.17%	\$26,050	0.14%	\$26,050	0.10%
84	DILLINGHAM	1,269	\$110,135	0.40%	\$60,754	0.33%	\$60,754	0.24%
85	GALENA	631	\$70,078	0.25%	\$41,499	0.22%	\$41,499	0.16%
86	HOONAH	848	\$68,954	0.25%	\$28,715	0.15%	\$28,715	0.11%
87	HYDABURG	380	\$38,001	0.14%	\$14,650	0.07%	\$14,650	0.05%
88	KAKE	679	\$25,442	0.09%	\$20,256	0.11%	\$25,937	0.10%
89	KING COVE	408	\$30,578	0.11%	\$21,275	0.11%	\$21,275	0.08%

90 KLAWDOCK	323	\$32,674	0.12%	\$14,449	0.07%	\$14,449	0.05%
91 NENANA	521	\$62,946	0.23%	\$40,963	0.22%	\$42,317	0.17%
92 NOME	2,585	\$396,686	1.46%	\$283,132	1.54%	\$283,132	1.15%
93 PELICAN	169	\$26,361	0.09%	\$9,616	0.05%	\$26,875	0.10%
94 PETERSBURG	2,126	\$271,078	1.00%	\$169,595	0.92%	\$174,007	0.71%
95 SAINT MARY'S	415	\$31,879	0.11%	\$22,194	0.12%	\$32,500	0.13%
96 SKAGWAY	854	\$57,184	0.21%	\$48,537	0.26%	\$50,373	0.20%
97 UNALASKA	510	\$125,222	0.46%	\$102,445	0.55%	\$102,445	0.41%

98 VALDEZ	7,483	\$314,067		\$417,165		\$452,709	
99 ZONE I	6,683	\$94,022		\$0		\$0	
100 ZONE II	700	\$1,108		\$0		\$0	
TOTAL		\$409,197	1.51%	\$417,165	2.27%	\$452,709	1.85%

101 WRANGELL	3,152	\$353,862		\$209,010		\$215,551	
102 ZONE II	797	\$12,408		\$0		\$0	
103 ZONE III	100	\$1,578		\$0		\$0	
104 ZONE IV	2,250	\$98,016		\$0		\$0	
TOTAL		\$465,865	1.72%	\$209,010	1.13%	\$215,551	0.88%

105 YAKUTAT	442	\$35,941	0.13%	\$0	0.00%	\$0	0.00%
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SECOND CLASS CITIES

106 AKIACHAK	354	\$31,879	0.11%	\$30,904	0.16%	\$32,500	0.13%
107 AKIAK	165	\$31,879	0.11%	\$1,072	0.00%	\$32,500	0.13%
108 AKOLMIUT	608	\$80,553	0.29%	\$82,122	0.44%	\$82,122	0.33%
109 ALAKANUK	527	\$31,879	0.11%	\$29,265	0.15%	\$32,500	0.13%
110 ALAKNAGIK	227	\$30,959	0.11%	\$0	0.00%	\$31,562	0.12%
111 ALLAKAKET	164	\$32,798	0.12%	\$2,741	0.01%	\$33,437	0.13%
112 AMBLER	217	\$32,798	0.12%	\$22,531	0.12%	\$33,437	0.13%
113 ANDERSON	470	\$32,798	0.12%	\$31,548	0.17%	\$33,437	0.13%
114 ANGOON	287	\$25,442	0.09%	\$18,036	0.09%	\$25,937	0.10%
115 ANIAK	323	\$32,798	0.12%	\$24,160	0.13%	\$33,437	0.13%
116 ANVIK	87	\$32,798	0.12%	\$0	0.00%	\$33,437	0.13%
117 ATMAUTLUAK	169	\$31,879	0.11%	\$10,583	0.05%	\$32,500	0.13%
118 BETHEL	3,409	\$391,010	1.44%	\$264,487	1.44%	\$273,351	1.11%
119 BREVIG MISSION	120	\$30,959	0.11%	\$8,534	0.04%	\$31,562	0.12%
120 BUCKLAND	172	\$32,798	0.12%	\$0	0.00%	\$33,437	0.13%
121 CHEFORNAK	192	\$31,879	0.11%	\$1,872	0.01%	\$32,500	0.13%
122 CHEVAK	447	\$31,879	0.11%	\$9,878	0.05%	\$32,500	0.13%
123 CHUATHBALUK	118	\$32,798	0.12%	\$9,216	0.05%	\$33,437	0.13%
124 CLARK'S POINT	98	\$30,959	0.11%	\$0	0.00%	\$31,562	0.12%
125 DEERING	100	\$32,798	0.12%	\$8,626	0.04%	\$33,437	0.13%
126 DELTA JUNCTION	892	\$30,998	0.11%	\$31,602	0.17%	\$35,705	0.14%
127 DIOMEDE	135	\$30,959	0.11%	\$6,328	0.03%	\$31,562	0.12%
128 EAGLE	145	\$28,200	0.10%	\$4,904	0.02%	\$28,750	0.11%
129 EEK	195	\$31,879	0.11%	\$6,211	0.03%	\$32,500	0.13%
130 EKWOK	109	\$30,959	0.11%	\$0	0.00%	\$31,562	0.12%
131 ELIM	205	\$30,959	0.11%	\$11,909	0.06%	\$31,562	0.12%
132 EMMONAK	545	\$48,926	0.18%	\$16,744	0.09%	\$16,744	0.06%
133 FORT YUKON	637	\$82,064	0.30%	\$53,434	0.29%	\$53,434	0.21%
134 FORTUNA LEDGE	200	\$31,879	0.11%	\$10,270	0.05%	\$32,500	0.13%
135 GAMBELL	412	\$30,959	0.11%	\$6,241	0.03%	\$31,562	0.12%
136 GOLOVIN	118	\$30,959	0.11%	\$0	0.00%	\$31,562	0.12%
137 GOODNEWS BAY	248	\$31,879	0.11%	\$4,674	0.02%	\$32,500	0.13%
138 GRAYLING	167	\$32,798	0.12%	\$2,402	0.01%	\$33,437	0.13%
139 HOLY CROSS	212	\$32,798	0.12%	\$17,486	0.09%	\$33,437	0.13%
140 HOOPER BAY	590	\$31,879	0.11%	\$0	0.00%	\$32,500	0.13%
141 HUGHES	98	\$32,798	0.12%	\$1,638	0.00%	\$33,437	0.13%
142 HUSLIA	216	\$39,997	0.14%	\$40,776	0.22%	\$40,776	0.16%
143 KALTAG	240	\$32,798	0.12%	\$6,881	0.03%	\$33,437	0.13%
144 KASAAN	38	\$24,522	0.09%	\$4,475	0.02%	\$25,000	0.10%
145 KIANA	314	\$32,798	0.12%	\$17,545	0.09%	\$33,437	0.13%
146 KIVALINA	208	\$32,798	0.12%	\$14,172	0.07%	\$33,437	0.13%

147 KOBUK	60	\$32,798	0.12%	\$5,951	0.03%	\$33,437	0.13%
148 KOTLIK	284	\$31,879	0.11%	\$11,476	0.06%	\$32,500	0.13%
149 KOTZEBUE	2,526	\$235,942	0.87%	\$144,317	0.78%	\$144,317	0.59%
150 KOYUK	160	\$30,959	0.11%	\$9,999	0.05%	\$31,562	0.12%
151 KOYUKUK	124	\$32,798	0.12%	\$6,179	0.03%	\$33,437	0.13%
152 KUPREANOF	42	\$25,442	0.09%	\$0	0.00%	\$25,937	0.10%
153 KWETHLUK	444	\$31,879	0.11%	\$16,455	0.08%	\$32,500	0.13%
154 LOWER KALSKAG	195	\$32,798	0.12%	\$12,262	0.06%	\$33,437	0.13%
155 MANDKOTAK	225	\$30,959	0.11%	\$5,539	0.03%	\$31,562	0.12%
156 MCGRATH	296	\$32,798	0.12%	\$21,516	0.11%	\$33,437	0.13%
157 MEI'DRYUK	184	\$31,879	0.11%	\$11,538	0.06%	\$32,500	0.13%
158 MOUNTAIN VILLAGE	513	\$38,544	0.14%	\$22,873	0.12%	\$22,873	0.09%
159 NAPAKIAK	276	\$31,879	0.11%	\$18,826	0.10%	\$32,500	0.13%
160 NAPASKIAK	210	\$31,879	0.11%	\$5,323	0.02%	\$32,500	0.13%
161 NEWHALEN	89	\$30,959	0.11%	\$0	0.00%	\$31,562	0.12%
162 NEW STUYAHOK	230	\$30,959	0.11%	\$0	0.00%	\$31,562	0.12%
163 NEWTOK	124	\$31,879	0.11%	\$0	0.00%	\$32,500	0.13%
164 NIGHTMUTE	123	\$31,879	0.11%	\$799	0.00%	\$32,500	0.13%
165 NIKOLAI	85	\$32,798	0.12%	\$7,764	0.04%	\$33,437	0.13%
166 NONDALTON	226	\$30,959	0.11%	\$0	0.00%	\$31,562	0.12%
167 NOORVIK	527	\$32,798	0.12%	\$28,443	0.15%	\$33,437	0.13%
168 NULATI	331	\$32,798	0.12%	\$10,439	0.05%	\$33,437	0.13%
169 PILOT STATION	301	\$31,879	0.11%	\$12,320	0.06%	\$32,500	0.13%
170 PLATINUM	59	\$31,879	0.11%	\$1,879	0.01%	\$32,500	0.13%
171 PORT ALEXANDER	51	\$25,442	0.09%	\$661	0.00%	\$25,937	0.10%
172 PORT HEIDEN	89	\$50,789	0.18%	\$51,778	0.28%	\$51,778	0.21%
173 QUINHAGAK	395	\$31,879	0.11%	\$15,525	0.08%	\$32,500	0.13%
174 RUBY	219	\$32,798	0.12%	\$3,662	0.01%	\$33,437	0.13%
175 RUSSIAN MISSION	158	\$31,879	0.11%	\$2,126	0.01%	\$32,500	0.13%
176 SAINT MICHAEL	206	\$30,959	0.11%	\$10,121	0.05%	\$31,562	0.12%
177 SAINT PAUL	550	\$96,942	0.35%	\$85,410	0.46%	\$85,410	0.34%
178 SAND POINT	544	\$69,436	0.25%	\$40,458	0.22%	\$40,458	0.16%
179 SAVOONGA	409	\$30,959	0.11%	\$17,701	0.09%	\$31,562	0.12%
180 SCAMMON BAY	193	\$31,879	0.11%	\$6,147	0.03%	\$32,500	0.13%
181 SELAWIK	521	\$42,364	0.15%	\$17,073	0.09%	\$17,073	0.06%
182 SHAGELUK	169	\$32,798	0.12%	\$14,897	0.08%	\$33,437	0.13%
183 SHAKTOOLIK	160	\$30,959	0.11%	\$0	0.00%	\$31,562	0.12%
184 SHELDON POINT	136	\$31,879	0.11%	\$0	0.00%	\$32,500	0.13%
185 SHISHMAREF	326	\$30,959	0.11%	\$19,441	0.10%	\$31,562	0.12%
186 SHUNGNAC	182	\$32,798	0.12%	\$9,488	0.05%	\$33,437	0.13%
187 STEBBINS	298	\$30,959	0.11%	\$9,217	0.05%	\$31,562	0.12%
188 TANANA	499	\$32,798	0.12%	\$25,506	0.13%	\$33,437	0.13%
189 TELLER	219	\$30,959	0.11%	\$14,844	0.08%	\$31,562	0.12%
190 TENAKEE SPRINGS	140	\$25,442	0.09%	\$6,131	0.03%	\$25,937	0.10%
191 TOGIAK	419	\$30,959	0.11%	\$10,315	0.05%	\$31,562	0.12%
192 TOKSOOK BAY	317	\$31,879	0.11%	\$16,121	0.08%	\$32,500	0.13%
193 TULUKSAK	202	\$31,879	0.11%	\$0	0.00%	\$32,500	0.13%
194 TUNUNAK	299	\$31,879	0.11%	\$12,780	0.06%	\$32,500	0.13%
195 UNALAKLEET	630	\$33,002	0.12%	\$33,645	0.18%	\$33,645	0.13%
196 UPPER KALSKAG	164	\$32,798	0.12%	\$2,741	0.01%	\$33,437	0.13%
197 WALES	109	\$30,959	0.11%	\$0	0.00%	\$31,562	0.12%
198 WHITE MOUNTAIN	98	\$30,959	0.11%	\$0	0.00%	\$31,562	0.12%
199 WHITTIER	292	\$33,313	0.12%	\$33,951	0.18%	\$33,961	0.13%
200 EXT FIRE AREAS	1	\$65,073	0.24%	\$66,341	0.36%	\$66,341	0.27%

TOTAL	\$26,999,999	\$18,349,049	\$24,446,341
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SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 843

PREPARED BY
LEGISLATIVE AFFAIRS AGENCY
RESEARCH DIVISION
APRIL 3, 1978

LOCAL EFFORT LIMIT SET TO 25
BEFORE PRORATION, CHAPTER 88 PLUS MINIMUM ENTITLEMENTS TOTAL \$20 MILLION (3.41818)
PRORATION FACTOR FOR SECTION 9 IS .9809001

LOCAL GOV'T	PROPERTY TAX	S. T. EQUIV	POP	CHAPTER 88 ENTITLEMENT	CHAPTER 89 ENTITLEMENT	MIN ENT	SECTION 9 ADD ON	HB843 ENTITLEMENT	PRESENT ENTITLEMENT
BOROUGH AND INTERNAL DIFFERENTIAL TAX UNITS									
1 ANCHORAGE (AW)	2.93	0.00	180,653	\$2,416,866	\$2,876,165	\$0	\$0	\$5,191,934	\$8,378,557
2 CITY (SA)	7.07	0.00	67,014	\$2,052,802	\$0	\$0	\$0	\$2,013,594	\$0
3 HILLSIDE (SA)	3.49	0.00	8,937	\$101,613	\$0	\$0	\$0	\$99,672	\$0
4 SPENARD (SA)	7.34	0.00	38,816	\$1,165,078	\$0	\$0	\$0	\$1,142,825	\$0
5 GIRDWOOD (SA)	3.35	0.00	600	\$5,581	\$0	\$0	\$0	\$5,474	\$0
6 GLEN ALPS (SA)	3.37	0.00	65	\$601	\$0	\$0	\$0	\$589	\$0
7 RICH. VISTA (SA)	7.24	0.00	1,105	\$94,427	\$0	\$0	\$0	\$92,623	\$0
8 SAND LAKE (SA)	3.97	0.00	18,915	\$352,323	\$0	\$0	\$0	\$345,593	\$0
9 MULDOON (SA)	4.70	0.00	23,345	\$699,406	\$0	\$0	\$0	\$686,047	\$0
10 RABBIT CREEK (SA)	3.37	0.00	6,532	\$104,880	\$0	\$0	\$0	\$102,877	\$0
11 EAGLE RIVER (SA)	2.28	0.00	7,182	\$86,342	\$0	\$0	\$0	\$84,693	\$0
12 CHUGIAK (SA)	1.28	0.00	5,876	\$49,538	\$0	\$0	\$0	\$48,592	\$0
13 OCEAN VIEW (SA)	4.86	0.00	1,894	\$42,011	\$0	\$0	\$0	\$41,208	\$0
14 OTHER SA	0.52	0.00	372	\$502	\$0	\$0	\$0	\$492	\$0
TOTAL				\$7,171,975	\$2,876,165			\$9,856,222	\$8,378,557
15 BRISTOL BAY BOROUGH (AW)	6.15	8.20	1,311	\$92,222	\$8,370	\$0	\$0	\$28,671	\$32,370
16 SOUTH NAKNEK SA	1.47	0.00	175	\$838	\$0	\$0	\$0	\$822	\$0
TOTAL				\$93,060	\$8,370			\$29,493	\$32,370
17 FAIRBANKS BOROUGH (AW)	1.19	2.22	60,227	\$836,529	\$113,018	\$0	\$213,153	\$1,140,494	\$1,200,637
18 BALLAINE LAKE (SA)	0.81	0.00	168	\$1,259	\$0	\$0	\$0	\$1,234	\$0
19 DIANE (SA)	1.22	0.00	66	\$515	\$0	\$0	\$0	\$505	\$0
20 WILDVIEW ACRES (SA)	0.82	0.00	77	\$322	\$0	\$0	\$0	\$316	\$0
21 SMITH RANCH (SA)	1.63	0.00	438	\$5,771	\$0	\$0	\$0	\$5,660	\$0
22 ENGINEER CREEK (SA)	1.64	0.00	144	\$1,898	\$0	\$0	\$0	\$1,862	\$0
23 ESTER LUMP (SA)	2.04	0.00	10	\$38	\$0	\$0	\$0	\$37	\$0
24 NORTH STAR F.P. (SA)	0.87	0.00	6,500	\$27,498	\$0	\$0	\$0	\$26,973	\$0
25 BECKER RIDGE (SA)	2.35	0.00	108	\$632	\$0	\$0	\$0	\$620	\$0
26 FAIRBANKS (CITY)	6.94	4.60	30,462	\$1,843,352	\$512,634	\$0	\$0	\$2,310,987	\$1,265,807
27 NORTH POLE (CITY)	4.36	9.18	461	\$26,738	\$18,492	\$0	\$0	\$44,366	\$29,890
TOTAL				\$2,744,556	\$644,144			\$3,533,060	\$2,496,336
28 HAINES BOROUGH	1.42	0.00	1,924	\$16,858	\$0	\$10,016	\$0	\$26,361	\$0
29 HAINES (CITY)	7.62	5.58	1,366	\$116,730	\$16,528	\$0	\$0	\$130,713	\$65,721
TOTAL				\$133,589	\$16,528			\$157,075	\$65,721
30 JUNEAU (AW)	8.62	0.00	20,465	\$982,046	\$209,030	\$0	\$0	\$1,168,327	\$751,062
31 JUNEAU SA1	2.78	9.13	7,259	\$466,433	\$0	\$0	\$0	\$457,524	\$0
32 JUNEAU SA2	1.21	4.12	1,606	\$66,702	\$0	\$0	\$0	\$65,428	\$0
33 JUNEAU SA3	0.79	0.00	197	\$524	\$0	\$0	\$0	\$514	\$0
34 JUNEAU SA4	2.88	0.00	1,370	\$16,599	\$0	\$0	\$0	\$16,282	\$0
35 JUNEAU SA5	2.35	0.00	8,369	\$122,089	\$0	\$0	\$0	\$119,757	\$0
36 JUNEAU SA6	1.89	0.00	719	\$8,006	\$0	\$0	\$0	\$7,853	\$0
37 JUNEAU SA7	1.41	0.00	427	\$2,932	\$0	\$0	\$0	\$2,876	\$0
38 JUNEAU SA8	1.30	0.00	518	\$2,500	\$0	\$0	\$0	\$2,452	\$0
TOTAL				\$1,667,835	\$209,030			\$1,841,017	\$751,062

39	KENAI BOROUGH (AW)	0.00	0.00	24,611	\$0	\$314,975	\$0	\$0	\$308,959	\$470,590
40	CENTRAL HOSPITAL (SA)	0.19	0.00	14,100	\$26,825	\$0	\$0	\$0	\$26,313	\$0
41	SOUTH HOSPITAL (SA)	2.02	0.00	5,300	\$67,884	\$0	\$0	\$0	\$66,587	\$0
42	NORTH KENAI FIRE (SA)	5.45	0.00	3,512	\$48,572	\$0	\$0	\$0	\$47,644	\$0
43	NORTH KENAI REC (SA)	0.84	0.00	3,995	\$8,519	\$0	\$0	\$0	\$8,356	\$0
44	BEAR CREEK FIRE (SA)	5.43	0.00	675	\$35,052	\$0	\$0	\$0	\$34,383	\$0
45	HOMER (CITY)	11.26	5.74	1,802	\$146,862	\$13,754	\$0	\$0	\$157,549	\$74,774
46	KACHEMAK (CITY)	1.75	0.00	151	\$1,408	\$0	\$14,823	\$0	\$15,922	\$0
47	KENAI (CITY)	14.58	7.95	5,364	\$458,377	\$64,451	\$0	\$0	\$512,843	\$246,090
48	SELDOVIA (CITY)	14.48	2.58	612	\$52,298	\$10,013	\$0	\$0	\$61,121	\$26,132
49	SEWARD (CITY)	17.58	0.00	2,279	\$194,750	\$24,260	\$0	\$0	\$214,828	\$96,533
50	SOLDOTNA (CITY)	10.24	7.47	2,586	\$220,985	\$39,135	\$0	\$0	\$255,152	\$126,703

TOTAL \$1,261,538 \$466,590 \$1,709,662 \$1,040,825

51	KETCHIKAN BOROUGH (AW)	4.55	3.43	11,490	\$473,833	\$0	\$0	\$0	\$464,783	\$84,555
52	SHORELINE (SA)	1.00	0.00	550	\$4,148	\$0	\$0	\$0	\$4,069	\$0
53	KETCHIKAN (CITY)	9.67	8.90	7,928	\$677,483	\$159,756	\$0	\$0	\$821,248	\$393,632
54	SAXMAN (CITY)	0.00	0.00	272	\$0	\$4,350	\$20,650	\$0	\$24,522	\$8,294

TOTAL \$1,155,465 \$164,106 \$1,314,623 \$486,481

55	KODIAK BOROUGH (AW)	1.83	0.00	7,901	\$53,669	\$166,949	\$0	\$0	\$216,405	\$207,791
56	FIRE DISTRICT (SA)	2.31	0.00	1,546	\$27,788	\$0	\$0	\$0	\$27,257	\$0
57	ROAD DISTRICT (SA)	0.64	0.00	312	\$1,451	\$0	\$0	\$0	\$1,423	\$0
58	KODIAK (CITY)	8.19	6.04	4,960	\$283,149	\$23,026	\$0	\$0	\$300,328	\$190,984
59	AKHIOK (CITY)	0.00	0.00	102	\$0	\$0	\$10,965	\$0	\$10,755	\$0
60	LARSEN BAY (CITY)	0.00	0.00	137	\$0	\$0	\$14,727	\$0	\$14,446	\$1,841
61	OLD HARBOR (CITY)	0.00	0.00	327	\$0	\$6,208	\$20,666	\$0	\$26,361	\$17,281
62	OUZINKIE (CITY)	0.00	368.44	170	\$14,527	\$0	\$3,747	\$0	\$17,925	\$2,284
63	PORT LIONS (CITY)	0.00	0.00	227	\$0	\$3,934	\$20,468	\$0	\$23,936	\$11,133

TOTAL \$380,585 \$200,118 \$638,840 \$431,316

64	MAT-SU BOROUGH (AW)	3.12	0.00	16,724	\$242,135	\$133,790	\$0	\$0	\$368,745	\$295,973
65	WASILLA F(1,8,9,10,11)	0.77	0.00	4,908	\$25,555	\$0	\$0	\$0	\$25,067	\$0
66	BUTTE FIRE (SA)	0.59	0.00	1,818	\$7,087	\$0	\$0	\$0	\$6,951	\$0
67	SUTTON FIRE (SA)	1.71	0.00	594	\$11,544	\$0	\$0	\$0	\$11,323	\$0
68	OTHER AREA (SA)	0.17	0.00	12,924	\$12,162	\$0	\$0	\$0	\$11,930	\$0
69	TALKEETNA FLOOD (SA)	1.99	0.00	223	\$4,104	\$0	\$0	\$0	\$4,025	\$0
70	GARDEN TERRACE (SA)	3.08	0.00	57	\$1,015	\$0	\$0	\$0	\$995	\$0
71	HOUSTON (CITY)	0.00	0.00	375	\$0	\$36,494	\$0	\$4,863	\$40,567	\$41,357
72	PALMER (CITY)	4.25	8.69	1,859	\$145,901	\$26,222	\$0	\$0	\$168,837	\$86,977
73	WASILLA (CITY)	0.00	0.00	1,566	\$0	\$65,813	\$0	\$8,123	\$72,525	\$73,937

TOTAL \$449,506 \$262,321 \$710,971 \$498,246

74	NORTH SLOPE BOROUGH (AW)	5.55	0.11	9,139	\$171,908	\$65,510	\$0	\$70,774	\$302,306	\$308,193
75	ANAKTUVUK PASS (CITY)	0.00	0.00	150	\$0	\$0	\$20,062	\$0	\$19,679	\$0
76	BARROW (CITY)	0.00	52.37	2,306	\$197,058	\$0	\$0	\$0	\$193,294	\$38,553
77	KAKTOVIK (CITY)	0.00	0.00	123	\$0	\$0	\$16,451	\$0	\$16,137	\$2,057
78	NUIGSUT (CITY)	0.00	0.00	152	\$0	\$0	\$20,330	\$0	\$19,941	\$0
79	POINT HOPE (CITY)	0.00	17.18	384	\$32,814	\$0	\$622	\$0	\$32,798	\$0
80	WAINWRIGHT (CITY)	0.00	33.34	341	\$29,139	\$0	\$4,297	\$0	\$32,798	\$0

TOTAL \$430,921 \$65,510 \$616,956 \$348,803

81	SITKA BOROUGH	2.10	3.86	7,650	\$218,891	\$133,982	\$0	\$31,119	\$376,660	\$383,994
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FIRST CLASS CITIES

82	CORDOVA	8.51	12.04	2,406	\$205,603	\$119,038	\$0	\$0	\$318,441	\$211,729
83	CRAIG	5.83	8.78	467	\$39,907	\$10,405	\$0	\$0	\$49,351	\$26,050
84	DILLINGHAM	15.12	10.14	1,269	\$108,441	\$7,082	\$0	\$0	\$113,317	\$60,754
85	GALENA	0.00	14.02	631	\$53,921	\$19,134	\$0	\$0	\$71,660	\$41,499
86	HOONAH	0.00	62	848	\$72,465	\$0	\$0	\$0	\$71,081	\$28,715
87	HYDABURG	0.00	15.98	380	\$32,472	\$7,240	\$0	\$0	\$38,954	\$14,650

88 KAKE	0.00	1.14	679	\$20,066	\$1,587	\$4,283	\$0	\$25,442	\$20,256
89 KING COVE	2.00	2.91	408	\$26,929	\$5,050	\$0	\$0	\$31,369	\$21,275
90 KLAWOCK	0.00	3.41	323	\$27,601	\$6,535	\$0	\$0	\$33,484	\$14,449
91 NENANA	9.16	6.09	521	\$44,521	\$20,982	\$0	\$0	\$64,252	\$40,963
92 NOME	17.39	9.80	2,585	\$220,899	\$190,119	\$0	\$0	\$403,169	\$283,132
93 PELICAN	3.20	9.91	169	\$14,441	\$6,073	\$0	\$0	\$20,123	\$9,616
94 PETERSBURG	12.81	1.23	2,126	\$181,676	\$100,115	\$0	\$0	\$276,409	\$169,595
95 SAINT MARY'S	0.00	0.00	415	\$0	\$5,200	\$27,300	\$0	\$31,879	\$22,194
96 SKAGWAY	9.40	3.40	854	\$39,872	\$19,618	\$0	\$0	\$58,354	\$48,537
97 UNALASKA	9.59	21.41	510	\$43,581	\$85,382	\$0	\$0	\$126,501	\$102,445

98 VALDEZ	4.43	0.00	7,483	\$42,065	\$119,481	\$0	\$155,644	\$311,133	\$417,165
99 ZONE I	1.88	0.00	6,683	\$98,809	\$0	\$0	\$0	\$96,921	\$0
100 ZONE II	0.57	0.00	700	\$1,164	\$0	\$0	\$0	\$1,142	\$0

TOTAL \$142,038 \$119,481 \$409,197 \$417,165

101 WRANGELL	5.87	9.30	3,152	\$269,352	\$99,458	\$0	\$0	\$361,767	\$209,010
102 ZONE II	2.02	0.00	797	\$13,040	\$0	\$0	\$0	\$12,790	\$0
103 ZONE III	4.11	0.00	100	\$1,658	\$0	\$0	\$0	\$1,626	\$0
104 ZONE IV	5.40	0.00	2,250	\$103,006	\$0	\$0	\$0	\$101,039	\$0

TOTAL \$387,057 \$99,458 \$477,224 \$209,010

105 YAKUTAT	11.60	4.56	442	\$37,770	\$0	\$0	\$0	\$37,049	\$0
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SECOND CLASS CITIES

106 AKIACHAK	0.00	0.00	354	\$0	\$19,630	\$0	\$11,274	\$30,314	\$30,904
107 AKIAK	0.00	0.00	165	\$0	\$0	\$21,450	\$0	\$21,040	\$1,072
108 AKOLMIUT	0.00	0.54	608	\$4,269	\$62,757	\$0	\$15,095	\$80,553	\$82,122
109 ALAKANUK	0.00	1.31	527	\$12,601	\$12,480	\$7,418	\$0	\$31,879	\$29,265
110 ALEKNAGIK	0.00	0.00	227	\$0	\$0	\$28,658	\$0	\$28,111	\$0
111 ALLAKAKET	0.00	0.00	164	\$0	\$0	\$21,935	\$0	\$21,516	\$2,741
112 AMBLER	0.00	0.91	217	\$2,625	\$14,839	\$11,558	\$0	\$28,469	\$22,531
113 ANDERSON	0.00	2.24	470	\$10,075	\$13,004	\$10,357	\$0	\$32,798	\$31,548
114 ANGOON	0.00	2.22	287	\$12,741	\$8,061	\$5,134	\$0	\$25,442	\$18,036
115 ANIAK	0.00	0.00	323	\$0	\$13,575	\$19,861	\$0	\$32,798	\$24,160
116 ANVIK	0.00	0.00	87	\$0	\$0	\$13,375	\$0	\$13,119	\$0
117 ATMAUTLUAK	0.00	0.00	169	\$0	\$5,200	\$16,770	\$0	\$21,550	\$10,583
118 BETHEL	0.00	12.61	3,409	\$291,314	\$116,025	\$0	\$0	\$399,559	\$264,487
119 BREVIG MISSION	0.00	0.00	120	\$0	\$5,580	\$9,569	\$0	\$14,860	\$8,534
120 BUCKLAND	0.00	1.99	172	\$4,221	\$0	\$18,783	\$0	\$22,565	\$0
121 CHEFORNAK	0.00	0.00	192	\$0	\$0	\$24,960	\$0	\$24,483	\$1,872
122 CHEVAK	0.00	1.86	447	\$11,528	\$0	\$20,971	\$0	\$31,879	\$9,878
123 CHUATHBALUK	0.00	0.00	118	\$0	\$5,350	\$10,432	\$0	\$15,481	\$9,216
124 CLARK'S POINT	0.00	0.00	98	\$0	\$0	\$12,625	\$0	\$12,383	\$0
125 DEERING	0.00	3.53	100	\$3,610	\$5,350	\$4,414	\$0	\$13,119	\$8,626
126 DELTA JUNCTION	0.00	0.00	892	\$0	\$18,779	\$9,970	\$2,852	\$30,998	\$31,602
127 DIOMEDE	0.00	0.00	135	\$0	\$5,050	\$11,993	\$0	\$16,718	\$6,328
128 EAGLE	2.21	0.00	145	\$4,061	\$4,071	\$8,542	\$0	\$16,356	\$4,904
129 EEK	0.00	1.60	195	\$3,905	\$0	\$21,444	\$0	\$24,865	\$6,211
130 EKWOK	0.00	0.00	109	\$0	\$0	\$13,761	\$0	\$13,498	\$0
131 ELIM	0.00	1.91	205	\$4,307	\$5,050	\$16,523	\$0	\$25,386	\$11,909
132 EMMONAK	0.00	4.46	545	\$46,572	\$4,699	\$0	\$0	\$50,292	\$16,744
133 FORT YUKON	0.00	8.33	637	\$54,434	\$30,856	\$0	\$0	\$83,661	\$53,434
134 FORTUNA LEDGE	0.00	0.00	200	\$0	\$5,200	\$20,800	\$0	\$25,503	\$10,270
135 GAMBELL	0.00	2.68	412	\$12,234	\$0	\$19,328	\$0	\$30,959	\$6,241
136 GOLOVIN	0.00	0.00	118	\$0	\$0	\$14,897	\$0	\$14,612	\$0
137 GOODNEWS BAY	0.00	1.24	248	\$3,466	\$0	\$28,773	\$0	\$31,624	\$4,674
138 GRAYLING	0.00	0.00	167	\$0	\$0	\$22,336	\$0	\$21,909	\$2,402
139 HOLY CROSS	0.00	0.00	212	\$0	\$13,375	\$14,980	\$0	\$27,813	\$17,486
140 HOOPER BAY	0.00	2.52	590	\$22,097	\$0	\$10,402	\$0	\$31,879	\$0
141 HUGHES	0.00	0.00	98	\$0	\$0	\$13,375	\$0	\$13,119	\$1,638
142 HUSLIA	0.00	0.00	216	\$0	\$36,587	\$0	\$4,189	\$39,997	\$40,776
143 KALTAG	0.00	0.00	240	\$0	\$2,226	\$29,873	\$0	\$31,486	\$6,881
144 KASAAN	0.00	0.00	38	\$0	\$4,000	\$6,000	\$0	\$9,809	\$4,475

145	KIANA	0.00	0.00	314	\$0	\$10,405	\$23,031	\$0	\$32,798	\$17,545
146	KIVALINA	0.00	1.86	208	\$4,659	\$7,356	\$15,803	\$0	\$27,288	\$14,172
147	KOBUK	0.00	0.00	60	\$0	\$5,350	\$8,025	\$0	\$13,119	\$5,951
148	KOTLIK	0.00	1.94	284	\$10,326	\$5,200	\$16,973	\$0	\$31,879	\$11,475
149	KOTZEBUE	0.00	11.58	2,526	\$215,858	\$31,137	\$0	\$0	\$242,277	\$144,317
150	KOYUK	0.00	0.33	160	\$755	\$5,050	\$14,394	\$0	\$19,814	\$9,999
151	KOYUKUK	0.00	0.00	124	\$0	\$5,350	\$11,235	\$0	\$16,268	\$6,179
152	KUPREANOF	0.00	0.00	42	\$0	\$0	\$10,375	\$0	\$10,176	\$0
153	KWETHLUK	0.00	0.00	444	\$0	\$5,200	\$27,300	\$0	\$31,879	\$16,455
154	LOWER KALSKAG	0.00	0.00	195	\$0	\$5,350	\$20,731	\$0	\$25,583	\$12,262
155	MANOKOTAK	0.00	0.90	225	\$2,639	\$0	\$25,766	\$0	\$27,863	\$5,539
156	MCGRATH	0.00	0.00	296	\$0	\$11,816	\$21,620	\$0	\$32,798	\$21,516
157	MEKORYUK	0.00	1.29	184	\$2,673	\$5,200	\$16,046	\$0	\$23,463	\$11,538
158	MOUNTAIN VILLAGE	0.00	4.79	513	\$35,146	\$5,200	\$0	\$0	\$39,575	\$22,873
159	NAPAKIAK	0.00	6.64	276	\$19,159	\$10,036	\$3,304	\$0	\$31,879	\$18,826
160	NAPASKIAK	0.00	0.00	210	\$0	\$0	\$27,300	\$0	\$26,778	\$5,323
161	NEWHALEN	0.00	0.00	89	\$0	\$0	\$12,625	\$0	\$12,383	\$0
162	NEW STUYAHOK	0.00	0.00	230	\$0	\$0	\$29,037	\$0	\$28,482	\$0
163	NEWTOK	0.00	0.00	124	\$0	\$0	\$16,120	\$0	\$15,812	\$0
164	NIGHTMUTE	0.00	2.54	123	\$3,788	\$0	\$12,201	\$0	\$15,684	\$799
165	NIKOLAI	0.00	0.00	85	\$0	\$7,195	\$6,179	\$0	\$13,119	\$7,764
166	NONDALTON	0.00	0.00	226	\$0	\$0	\$28,532	\$0	\$27,987	\$0
167	NOORVIK	0.00	2.26	527	\$13,309	\$9,763	\$10,364	\$0	\$32,798	\$28,443
168	NULATO	0.00	0.00	331	\$0	\$8,225	\$25,211	\$0	\$32,798	\$10,439
169	PILOT STATION	0.00	0.25	301	\$1,559	\$1,950	\$28,990	\$0	\$31,879	\$12,320
170	PLATINUM	0.00	0.00	59	\$0	\$0	\$13,000	\$0	\$12,751	\$1,879
171	PORT ALEXANDER	0.00	2.52	51	\$1,162	\$0	\$9,212	\$0	\$10,176	\$661
172	PORT HEIDEN	0.00	0.00	89	\$0	\$50,373	\$0	\$1,405	\$50,789	\$51,778
173	QUINHAGAK	0.00	1.03	395	\$4,784	\$5,512	\$22,203	\$0	\$31,879	\$15,525
174	RUBY	0.00	0.00	219	\$0	\$0	\$29,291	\$0	\$28,731	\$3,662
175	RUSSIAN MISSION	0.00	0.00	158	\$0	\$1,716	\$18,824	\$0	\$20,147	\$2,126
176	SAINT MICHAEL	0.00	0.00	206	\$0	\$5,050	\$20,957	\$0	\$25,510	\$10,121
177	SAINT PAUL	0.00	5.75	550	\$30,751	\$68,999	\$0	\$0	\$97,845	\$85,410
178	SAND POINT	0.00	18.57	544	\$46,487	\$25,691	\$0	\$0	\$70,800	\$40,458
179	SAVDONGA	0.00	0.65	409	\$2,884	\$5,050	\$23,627	\$0	\$30,959	\$17,701
180	SCAMMON BAY	0.00	1.42	193	\$4,906	\$0	\$20,183	\$0	\$24,610	\$6,147
181	SELAWIK	0.00	12.52	521	\$44,521	\$0	\$0	\$0	\$43,671	\$17,073
182	SHAGELUK	0.00	0.00	169	\$0	\$12,070	\$10,532	\$0	\$22,172	\$14,897
183	SHAKTOOLIK	0.00	0.96	160	\$1,864	\$0	\$18,335	\$0	\$19,814	\$0
184	SHELDON POINT	0.00	0.00	136	\$0	\$0	\$17,680	\$0	\$17,342	\$0
185	SHISHMAREF	0.00	2.18	326	\$8,400	\$8,534	\$14,627	\$0	\$30,959	\$19,441
186	SHUNGNAK	0.00	2.18	182	\$4,416	\$5,350	\$14,576	\$0	\$23,877	\$9,488
187	STEBBINS	0.00	1.03	298	\$3,690	\$0	\$27,871	\$0	\$30,959	\$9,217
188	TANANA	0.00	1.61	499	\$7,593	\$22,169	\$3,675	\$0	\$32,798	\$25,506
189	TELLER	0.00	1.09	219	\$2,969	\$10,144	\$14,534	\$0	\$27,120	\$14,844
190	TENAKEE SPRINGS	0.00	0.00	140	\$0	\$1,556	\$12,968	\$0	\$14,247	\$6,131
191	TOGIAK	0.00	2.85	419	\$14,362	\$0	\$17,200	\$0	\$30,959	\$10,315
192	TOKSDOK BAY	0.00	2.16	317	\$10,236	\$5,200	\$17,063	\$0	\$31,879	\$16,121
193	TULUKSAK	0.00	0.00	202	\$0	\$0	\$26,260	\$0	\$25,758	\$0
194	TUNLNAK	0.00	0.52	299	\$1,938	\$5,200	\$25,361	\$0	\$31,879	\$12,780
195	UNALAKLEET	0.00	0.00	630	\$0	\$22,510	\$9,052	\$2,083	\$33,002	\$33,645
196	UPPER KALSKAG	0.00	0.00	164	\$0	\$0	\$21,935	\$0	\$21,516	\$2,741
197	WALES	0.00	0.89	109	\$1,135	\$0	\$12,626	\$0	\$13,498	\$0
198	WHITE MOUNTAIN	0.00	0.00	98	\$0	\$0	\$12,625	\$0	\$12,383	\$0
199	WHITTIER	0.00	5.13	292	\$10,681	\$22,712	\$0	\$568	\$33,313	\$33,961
200	EXT FIRE AREAS	0.00	0.00	1	\$0	\$66,341	\$0	\$0	\$65,073	\$66,341

TOTAL \$18,423,932 \$6,765,093 \$1,576,087 \$521,147 \$26,765,095 \$18,349,049

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 843

ANCHORAGE SALES TAX INCLUDED
 TAXES FOR EDUCATION INCLUDED
 LOCAL EFFORT LIMIT SET TO 25
 CHAPTER 88 PRORATION FACTOR IS 2.12 (CHAPTER 88 PLUS MINIMUM ENTITLEMENTS)
 PRORATION FACTOR FOR SECTION 10 IS .987712925

PREPARED BY
 LEGISLATIVE AFFAIRS AGENCY
 RESEARCH DIVISION
 JUNE 1, 1978

LOCAL GOV'T	PROPERTY TAX	S. T. EQUIV	POP	CHAPTER 88 ENTITLEMENT	CHAPTER 89 ENTITLEMENT	MIN ENT	SECTION 10 ADD ON	HB 843 ENTITLEMENT	PRESENT ENTITLEMENT	'77 HB 70 ENTITLEMENT
BOROUGH AND INTERNAL DIFFERENTIAL TAX UNITS										
1 ANCHORAGE (AW)	9.65	0.24	180,653	\$5,064,769	\$2,876,165	\$0	\$0	\$7,843,364	\$8,378,557	\$11,269,005
2 CITY (SA)	7.07	0.00	67,014	\$1,273,174	\$0	\$0	\$0	\$1,257,531	\$0	\$0
3 HILLSIDE (SA)	3.49	0.00	8,937	\$63,022	\$0	\$0	\$0	\$62,247	\$0	\$0
4 SPENARD (SA)	7.34	0.00	38,816	\$722,596	\$0	\$0	\$0	\$713,718	\$0	\$0
5 GIRDWOOD (SA)	3.35	0.00	600	\$3,461	\$0	\$0	\$0	\$3,418	\$0	\$0
6 GLEN ALPS (SA)	3.37	0.00	65	\$372	\$0	\$0	\$0	\$368	\$0	\$0
7 RICH. VISTA (SA)	7.24	0.00	1,105	\$58,565	\$0	\$0	\$0	\$57,845	\$0	\$0
8 SAND LAKE (SA)	3.97	0.00	18,915	\$218,515	\$0	\$0	\$0	\$215,830	\$0	\$0
9 MULDOON (SA)	4.70	0.00	23,345	\$433,780	\$0	\$0	\$0	\$428,450	\$0	\$0
10 RABBIT CREEK (SA)	3.37	0.00	6,532	\$65,048	\$0	\$0	\$0	\$64,249	\$0	\$0
11 EAGLE RIVER (SA)	2.28	0.00	7,182	\$53,551	\$0	\$0	\$0	\$52,893	\$0	\$0
12 CHUGIAK (SA)	1.28	0.00	5,876	\$30,724	\$0	\$0	\$0	\$30,346	\$0	\$0
13 OCEAN VIEW (SA)	4.86	0.00	1,894	\$26,055	\$0	\$0	\$0	\$25,735	\$0	\$0
14 OTHER SA	0.52	0.00	372	\$311	\$0	\$0	\$0	\$307	\$0	\$0
TOTAL				\$8,013,951	\$2,876,165			\$10,756,308	\$8,378,557	\$11,269,005
15 BRISTOL BAY BOROUGH (AW)	12.31	8.20	1,311	\$69,483	\$8,370	\$0	\$0	\$76,896	\$32,370	\$32,370
16 SOUTH NAKNEK SA	1.47	0.00	175	\$520	\$0	\$0	\$0	\$513	\$0	\$0
TOTAL				\$70,003	\$8,370			\$77,410	\$32,370	\$32,370
17 FAIRBANKS BOROUGH (AW)	4.36	4.24	60,227	\$1,304,037	\$113,018	\$0	\$0	\$1,399,644	\$1,200,637	\$1,339,160
18 BALLAINE LAKE (SA)	0.81	0.00	168	\$780	\$0	\$0	\$0	\$771	\$0	\$0
19 DIANE (SA)	1.22	0.00	66	\$319	\$0	\$0	\$0	\$315	\$0	\$0
20 WILDVIEW ACRES (SA)	0.82	0.00	77	\$200	\$0	\$0	\$0	\$197	\$0	\$0
21 SMITH RANCH (SA)	1.63	0.00	438	\$3,579	\$0	\$0	\$0	\$3,535	\$0	\$0
22 ENGINEER CREEK (SA)	1.64	0.00	144	\$1,177	\$0	\$0	\$0	\$1,162	\$0	\$0
23 ESTER LUMP (SA)	2.04	0.00	10	\$23	\$0	\$0	\$0	\$23	\$0	\$0
24 NORTH STAR F.P. (SA)	0.87	0.00	6,500	\$17,054	\$0	\$0	\$0	\$16,845	\$0	\$0
25 BECKER RIDGE (SA)	2.35	0.00	108	\$392	\$0	\$0	\$0	\$387	\$0	\$0
26 FAIRBANKS (CITY)	6.94	13.81	30,462	\$1,614,486	\$512,634	\$0	\$0	\$2,100,984	\$1,265,807	\$1,335,869
27 NORTH POLE (CITY)	4.36	9.18	461	\$16,583	\$18,492	\$0	\$0	\$34,644	\$29,890	\$30,951
TOTAL				\$2,958,635	\$644,144			\$3,558,513	\$2,496,336	\$2,705,981
28 HAINES BOROUGH	3.65	2.37	1,924	\$44,366	\$0	\$0	\$0	\$43,821	\$0	\$0
29 HAINES (CITY)	7.62	5.58	1,366	\$72,398	\$16,528	\$0	\$0	\$87,833	\$65,721	\$68,658
TOTAL				\$116,764	\$16,528			\$131,655	\$65,721	\$68,658
30 JUNEAU (AW)	16.02	3.15	20,465	\$1,084,645	\$209,030	\$0	\$0	\$1,277,779	\$751,062	\$1,037,572
31 JUNEAU SA1	2.78	9.13	7,259	\$289,288	\$0	\$0	\$0	\$285,733	\$0	\$0
32 JUNEAU SA2	1.21	4.12	1,606	\$41,370	\$0	\$0	\$0	\$40,861	\$0	\$0
33 JUNEAU SA3	0.79	0.00	197	\$325	\$0	\$0	\$0	\$321	\$0	\$0
34 JUNEAU SA4	2.88	0.00	1,370	\$10,294	\$0	\$0	\$0	\$10,168	\$0	\$0
35 JUNEAU SA5	2.35	0.00	8,369	\$75,721	\$0	\$0	\$0	\$74,790	\$0	\$0
36 JUNEAU SA6	1.89	0.00	719	\$4,965	\$0	\$0	\$0	\$4,904	\$0	\$0
37 JUNEAU SA7	1.41	0.00	427	\$1,818	\$0	\$0	\$0	\$1,796	\$0	\$0
38 JUNEAU SA8	1.30	0.00	518	\$1,550	\$0	\$0	\$0	\$1,531	\$0	\$0