

701

HCRA

HB

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701

systems. These systems will cost many times what would have been required if they had been installed when the property was first developed; in some cases, even with State and Federal grant funding assistance, the sewer and water assessments far exceed the total original cost of the lots. Just a few examples where this has occurred include Lemeta in Fairbanks, Deborah Subdivision in Eagle River, Mendenhall Valley in Juneau, Island Lake in Kodiak, and Robe River Subdivision in Valdez. Many millions of dollars in State funds have been spent to correct the problems in Lemeta and the Mendenhall Valley. Many others are not yet solved, but are scheduled to cost tens of millions of State and Federal funds.

Apparently, the impetus behind this bill relates to alleged problems the Department of Natural Resources has in disposing of State-owned lands. A recent report by the Division of Lands implies that compliance with subdivision review regulations is an obstacle to the State's land disposition program, especially as regards homesites. Unfortunately, the report tells only part of the story. The Department of Environmental Conservation does not have any requirements concerning private water systems, only regarding waste disposal. Further, regardless of the subdivision review regulations, a small proportion of State-owned lands simply cannot be used for on-site sewage disposal because of bedrock, high water table, muskeg, or other similar problems.

Further, it has been alleged by some that meeting our subdivision waste disposal requirement is overly costly. A review of the Division of Lands' cost analyses indicates that this is simply not the case. The Division of Lands has estimated that, over the next few years, \$618 million will be needed to dispose of State-owned lands. The vast majority of these costs are for road and street construction--only 9 percent is for sewer and water improvements. Roughly one-half of the 9 percent is for community water systems--an improvement which is not required by the Department of Environmental Conservation. The other one-half is for sewage collection and disposal systems proposed by private consultants to the Division of Lands because the soil cannot be used successfully for on-site sewage disposal.

My staff and I are committed to working with the Department of Natural Resources to resolve difficult problem areas, as indeed we are with any land developer. In one case, near Glennallen, our joint efforts actually resulted in more developable lots than originally proposed by DNR's consultant. Except for coordination problems which existed several months ago between my field staff and the Division of Lands and which has since been resolved, DNR has been quite complimentary of our assistance in this unprecedented land disposal effort.

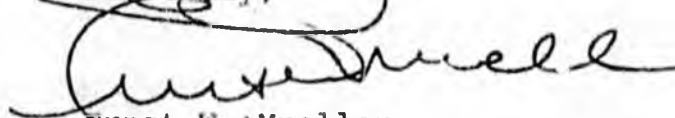
March 6, 1979

This bill would very possibly result in more stringent requirements being imposed on subdivisions outside municipal boundaries than those inside, unless every municipality chose to undertake the expense of establishing a subdivision review program similar to ours. In our view, this is somewhat anomalous--in most cases, municipal requirements are more strict than State requirements.

As you know, DEC regulations presently provide for local governments to carry out subdivision plan review in lieu of the Department. The Municipality of Anchorage is the only municipality to apply for the program and receive approval. No other municipality has even applied for the program in spite of our active encouragement to do so. The requirements are extremely minimal and anything less stringent cannot responsibly be said to protect public health or prevent pollution problems.

As an alternative to this bill, and the other proposal discussed during your February 28 hearing, I would suggest that local governments be specifically granted the authority and the responsibility for controlling on-site sewage disposal problems within their boundaries. This would require that municipalities develop and implement a program which is at least as stringent as the State's in a manner similar to that of Anchorage. Only in this manner can we ensure that even a minimal level of protection is afforded to those who buy land in Alaska, protection against severe threats to public health, some assurance they can finance their new homes, and protection against the loss of a portion of their substantial investment.

Sincerely,



Ernst W. Mueller
Commissioner

cc: Committee Members
Mr. Keith Specking

SUMMARY

Among other things, Chapter 181 SLA 1978 (HB 720) required the Division of Lands to dispose of 30,000 acres of Homesite and Open-to-Entry lands during Fiscal Year 1979. This report describes how this will be accomplished and discusses options for this and future years.

A number of problems have been encountered by the Division in meeting this requirement: (1) The fiscal note that accompanied House Bill 720 (the precursor to Chapter 181 SLA 1978) did not contain sufficient money to survey the 30,000 acres of subdivisions required if the land is to be made available where the public wants it -- generally in organized boroughs. (2) The Cook Inlet Land Exchange and the Municipal Selection Act which also passed in 1978 have temporarily complicated existing title problems. Much land slated by the Division for disposal was selected either by municipalities or the Cook Inlet Regional Corporation under those two authorizations. (3) Land to be disposed of in small parcels (under 40 acres) within boroughs must be subdivided in accord with Borough subdivision regulations. In most boroughs these regulations include development of physical access, which requires not only money but time. (4) Department of Environmental Conservation regulations require review of any subdivision to ensure that onsite sewage disposal is possible. In some cases inside boroughs this results in substantial requirements for investment in sewer and/or water systems before the subdivision is approved.

The program that the Division has undertaken for the remainder of the fiscal year will meet the 30,000 acre requirement and surmount the problems listed above. The disposals will be made in three general categories:

1. Existing and planned subdivisions - 11,500 acres. These subdivisions are principally outside the boroughs so that the subdivision regulations do not apply.
2. Miscellaneous lots and large parcels open-to-entry - 8,000 acres. On surveyed lands there is no limit to the size of parcel that may be offered under the open-to-entry program. This category includes parcels of 40 acres or more for which there is no basic reason for retention in state ownership as well as various odd lots in existing subdivisions.
3. Dispersed open-to-entry - 16,750 acres. This is a modification of the existing open-to-entry program which limits the density of settlement, as requested by many Alaskans. This acreage represents in excess of 3,300 parcels which will be offered to individuals.

In sum this plan totals approximately 36,250 acres (to allow for shrinkage during review processes) which will be made available in approximately 5,000 individual parcels during the months of April to June 1979.

Other requirements of Chapter 181 include development of a needs assessment program, the redesignation of mental health land, presentation of a three level budget and an extensive revision of the regulations. All of these have been completed and are described in this report.

(c) The department will, in its discretion, require that the designs for sewerage systems and treatment works in remote areas have a history of successful operation in comparable environmental situations. Sewerage systems or treatment works also must be designed to successfully operate under the conditions of seasonal frost or perennial frost encountered in the areas where the construction is proposed.

(d) If any construction or other activity is intended which might render water of the state inaccessible or uninhabitable for spawning or propagation of salmon, or cause violations of the Water Quality Standards in ch. 70 of this title, the required submission of plans shall contain the following information:

(1) a detailed description of and timetable for the proposed construction or other activity; and

(2) other information the department requires to fully assess the impact of the proposed activity upon the waters.

(e) The department will, within 30 days of receipt of complete plans, approve plans submitted under this section if the applicant demonstrates that the sewerage system or treatment works will meet the requirements of this chapter and ch. 70 of this title.

(f) The department will, in its discretion, attach terms and conditions to approved plans necessary to insure compliance with the requirements of this chapter and ch. 70 of this title.

(g) For the purpose of reviewing plans required to be submitted under this section, the department will use, where applicable, the design criteria contained in the following:

(1) Sewage Treatment Plant Design, Manual of Practice Number 8, 1976, and Design and Construction of Sanitary and Storm Sewers, Manual of Practice Number 9, 1970; Water Pollution Control Federation, 3900 Wisconsin Avenue, Washington, D.C. 20016;

(2) Glossary -- Water and Wastewater Control Engineering, Joint Editorial Board, American Public Health Association, American Society of

Civil Engineers, American Water Works Association and Water Pollution Control Federation, 1969; available from Water Pollution Control Federation, 3900 Wisconsin Avenue, Washington, D.C. 20016;

(3) Wastewater Engineering: Collection, Treatment, Disposal; Metcalf and Eddy, Inc., 1972, McGraw-Hill Book Company, New York, N.Y.;

(4) Recommended Standards for Sewage Works, Great Lakes-Upper Mississippi River Board of State Sanitary Engineers, Health Education Service, P.O. Box 7283, Albany, New York 12224.

(h) Copies of the referenced materials are on file in the lieutenant governor's office, and may be reviewed in any of the regional offices of the department.

(i) No person may install a package aerobic sewage treatment plant unless the plant, or a similar model in a series of plants, has been certified by the National Sanitation Foundation, unless it can be demonstrated to the department's satisfaction that the plant meets or exceeds the National Sanitation Foundation certification criteria. Approval of package plants will be made only on receipt of acceptable proof of satisfactory operation of similar systems under conditions of proposed use. A list of approved package aerobic sewage treatment plants is available from any of the regional offices of the department. (Eff. 8/10/73, Reg. 47; am 2/3/77, Reg. 61; am 3/4/78, Reg. 65)

Authority: AS 16.10.010

AS 46.03.020(10)(A)

AS 46.03.050

AS 46.03.090

AS 46.03.720

18 AAC 72.065. SUBDIVISION PLAN REVIEW. (a) Before or within five days after the time of the filing of a proposed subdivision plat with a platting authority, or, where no subdivision plat is filed with a platting authority, at least 60 days before subdividing, the person proposing the subdivision, unless the subdivision is an isolated subdivision, shall submit to the department the following information:

(1) a map of the proposed subdivision

showing lot and street layout with lot dimensions and areas, contours sufficient to show topography, drainage, all marshy or muskeg areas, and any existing or proposed improvements or bodies of water within 200 feet of the proposed subdivision;

(2) recommended or proposed type and location of water sources and sewage treatment and disposal systems on a typical lot diagram in relation to water sources and sewage treatment and disposal systems on adjacent lots;

(3) to the extent ascertainable, a statement concerning the possibility of any future community water or sewerage systems and an approximate timetable for their development;

(4) representative soil testing, logs, and borings, prepared by a professional engineer registered in the State of Alaska, in an area sufficient to determine whether soils are suitable for on-site sewage disposal and to determine the area required for soil absorption systems; however, soil tests, logs, and borings are not required if the subdivision plat clearly indicates that the area for which representative tests, logs, and borings will not be made will not be used for residential or other development which would necessitate domestic sewage treatment and disposal; moreover, representative tests, logs, and borings are not required if a means of sewage treatment and disposal other than soil absorption systems is proposed under (2) of this subsection; and

(5) a statement concerning responsibility for construction, operation and maintenance of water supply and sewage treatment and disposal facilities in the proposed subdivision.

(b) No person creating a subdivision after the effective date of this section, except an isolated subdivision, may sell, contract to sell, lease, or otherwise convey an interest in any lot or lots within that subdivision if plan approval has not previously been granted for that subdivision by the department under this section.

(c) It is the responsibility of the subdivider to provide evidence of plan approval under this section to prospective buyers, lessees or promisees.

(d) Within 30 days of submission of complete plans, the department will approve the plans if the applicant demonstrates that

(1) where the person proposing the subdivision assumes responsibility for sewage treatment and disposal within the subdivision, the proposed manner of sewage treatment and disposal will meet the requirements of this chapter and ch. 70 of this title; or

(2) where the person proposing the subdivision does not assume responsibility for sewage treatment and disposal within the subdivision, there will exist practicable means of sewage treatment and disposal within the subdivision which will meet the requirements of this chapter and ch. 70 of this title.

(e) The department will, in its discretion, attach terms and conditions to approved plans necessary to insure compliance with the requirements of this chapter and ch. 70 of this title. (Eff. 2/3/77, Reg. 61; am 3/4/78, Reg. 65)

Authority: AS 46.03.020(10)(A)
AS 46.03.050
AS 46.03.090

18 AAC 72.068. WAIVER OF SUBDIVISION PLAN REVIEW IN QUALIFIED JURISDICTIONS. (a) A platting authority may petition the department to waive the exercise of sec. 65 of this chapter within its jurisdiction. The petition shall contain

(1) a copy of all pertinent ordinances relating to the review of sewage treatment and disposal matters for subdivisions;

(2) a statement of all pertinent administrative and judicial enforcement processes available to the platting authority; and

(3) a statement of administrative organization, staff, funding and other resources available to the platting authority to administer and enforce its sewage treatment and disposal requirements.

(b) Within 90 days of receipt of a completed petition, the department will grant the petition if the applicant demonstrates that, based upon the information submitted under (a) of this

section and in light of the department's own investigation

(1) the ordinances of the platting authority governing sewage treatment and disposal matters in subdivisions are at least as stringent as the requirements of this chapter and ch. 70 of this title; and

(2) the platting authority possesses sufficient resources and enforcement authorities to insure uniform compliance with sewage treatment and disposal requirements, and is in fact consistently and uniformly applying and enforcing its ordinances regarding sewage treatment and disposal matters in subdivisions.

(c) A preliminary decision by the department to deny a petition will be served upon the platting authority in the manner prescribed by AS 44.62.370. A denial of a petition entitles the platting authority to an adjudicatory hearing which will be conducted under the Administrative Procedure Act (AS 44.62.350 et seq.).

(d) If the department has reason to believe that a platting authority for which a petition has been granted under this section is no longer meeting a requirement of (b) of this section, the department will, in its discretion, reassert the authority exercised through sec. 65 of this chapter within the jurisdiction of the platting authority. A preliminary decision to reassert authority will be served upon the platting authority in the manner prescribed by AS 44.62.360. A decision to reassert authority entitles the platting authority to an adjudicatory hearing which will be conducted under the Administrative Procedure Act.

(e) Upon final departmental action reasserting authority under (d) of this section, the requirements of sec. 65 of this chapter apply to any person proposing a subdivision who has not subdivided before the effective date of the reassertion of authority. (Eff. 2/3/77, Reg. 61)

Authority: AS 46.03.020(10)(A)
AS 46.03.090

18 AAC 72.070. OPERATIONAL REPORTS. The department may require that persons who own or operate a wastewater treatment works submit routine operational reports on forms

supplied by the department. (Eff. 8/10/73, Reg. 47)

Authority: AS 46.03.020(10)(A)
AS 46.03.020(10)(D)

18 AAC 72.080. EMERGENCY NOTIFICATION. (a) The owner or operator of community or industrial liquid sewerage systems or treatment works shall report to the department within 24 hours by telephone or telegraph or, in the absence of both, by mail, in the event of

(1) treatment works out of operation for a period greater than six hours;

(2) chlorine accident, spill, or outage;

(3) treatment works flooding;

(4) sludge carry-over, washout, or overflow;

(5) any bypass of treatment works or part thereof during periods of high flow or equipment breakdown.

(b) A follow-up written report shall be sent to the department within seven days of the event reported.

(c) The written report shall contain but not be limited to

(1) times and dates of the event;

(2) a detailed description of the event, including quantities of sewage involved;

(3) details of any damage to receiving waters;

(4) actions taken to correct the causes of the event. (Eff. 8/10/73, Reg. 47)

Authority: AS 46.03.020(10)(A)
AS 46.03.020(10)(D)
AS 46.03.710

18 AAC 72.090. PENALTY. Repealed. (Eff. 4/1/77, Reg. 61)

18 AAC 72.100. DEFINITIONS. Unless the context indicates otherwise, in this chapter

(1) "cesspool" means a subsurface pit which receives untreated sewage;

of quality and purity or group the designated waters of the state into classes as to minimum quality and purity, or both. The department shall classify waters in accordance with considerations of best usage in the interest of the public. The department may alter and modify classifications after hearing. (§ 3 ch 120 SLA 1971)

ALR references. — Statute prescribing standard of purity of water furnished for human consumption, 6 ALR 475.

Sec. 46.03.090. Plans for pollution disposal. The department may require the submission of plans for sewage and industrial waste disposal or treatment or both for a publicly or privately owned or operated industrial establishment, community, public or private property subdivision or development. (§ 3 ch 120 SLA 1971)

Sec. 46.03.100. Waste disposal permit. (a) A person who conducts an operation which results in the disposal of solid or liquid waste material or heated process or cooling water into the waters or onto the land of the state must procure a permit from the department before disposing of the waste material or water. The permit must be obtained for direct disposal and for disposal into publicly operated sewerage systems.

(b) This section does not apply to a person discharging only domestic sewage into a sewerage system. (§ 3 ch 120 SLA 1971; am § 3 ch 220 SLA 1976)

Effect of amendment. — The 1976 amendment in the first sentence of subsection (a), substituted "an operation" for "a commercial or industrial operation," inserted "or heated process or cooling water" and "or onto the land," and added "or water" to the end of the sentence.

Sec. 46.03.110. Waste disposal permit procedure. (a) An application for a permit shall be made on forms prescribed by the department or on forms prescribed by the United States Environmental Protection Agency and shall contain the name and address of the applicant, a description of his operations, the quantity and type of waste material sought to be disposed of, the proposed method of disposal, and any other information considered necessary by the department. Application for permit shall be made at least 60 days before commencement of a proposed discharge.

(b) Upon receipt of a proper application the department shall publish notice of the application in two separate publications of a newspaper of general circulation within the general area in which the disposal of waste material is proposed to be made. The notice may also be published in other appropriate information media. The notice shall include a statement that a person who wants to present his views to the department in regard to the application may do so in writing to the

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02075 NL TDA CORDOVA ALASKA 50 03-09 280A
PMS REP MARGARET BRANSON
COMMITTEE FOR REGIONAL AFFAIRS
JUNEAU

THE CITY OF CORDOVA STRONGLY OBJECTS TO HB172 AND ASKS THE ADEC
SUBDIVISION PLAN REVIEW COMPLEMENTS OUR CITY REGULATIONS AND WE
HAVE A VERY GOOD WORKING RELATIONSHIP WITH ADEC ON POLLUTION
DISPOSAL PROBLEMS WHERE THEY LEND TECHNICAL SUPPORT THAT WE ARE
NOT QUALIFIED TO GIVE
CITY OF CORDOVA

TELEGRAM

ALASKA COMMUNICATIONS, INC.
PHONE: 855-442
JUNEAU, ALASKA 99802

1978 MAR 9

PM

550

Original sponsor: Freeman

1 IN THE HOUSE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 172

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to review and approval of subdivision
7 and development plans by municipalities; and providing
8 for an effective date."

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

10 * Section 1. AS 46.03.090 is amended to read:

11 Sec. 46.03.090. PLANS FOR POLLUTION DISPOSAL. The department may
12 require the submission of plans

13 (1) for sewage and industrial waste disposal or treatment or
14 both for a publicly or privately owned or operated industrial establish-
15 ment[,]; and

16 (2) for a community, public or private property subdivision
17 or development only

18 (A) if that subdivision or development is located out-
19 side a municipality which exercises platting and subdivision
20 approval authority under AS 29.33.150 - 29.33.240; or

21 (B) if, in a municipality which exercises platting and
22 subdivision approval authority, standards applicable to the re-
23 view and approval of subdivision plats have not been adopted and
24 filed with the Department of Community and Regional Affairs in
25 accordance with AS 29.33.155.

26 * Sec. 2. AS 46.03.720(a) is amended to read:

27 (a) Except when construction, extension or installation of a
28 sewerage system or treatment works receives approval by the platting
29 board of a municipality in conjunction with the review and approval of

1 a subdivision or dedication under AS 29.33.150 and 29.33.155, no [NO]
2 person may construct, extend, install or operate a sewerage system or
3 treatment works, or any part of a sewerage system or treatment works,
4 until plans for it are submitted to the department for review and the
5 department approves them in writing and issues a written permit.

6 * Sec. 3. AS 29.33.150(1) is amended to read:

7 (1) form, size, and other aspects of subdivisions, dedica-
8 tions, and vacations of land, including but not limited to, standards
9 for review and approval of proposed subdivisions having sewerage and
10 wastewater treatment and disposal systems, including on-lot treatment
11 and disposal systems;

12 * Sec. 4. AS 29.33 is amended by adding a new section to read:

13 Sec. 29.33.155. STANDARDS FOR SUBDIVISIONS. The municipality
14 shall adopt standards applicable for the review and approval of subdivi-
15 sions with respect to type and location of water sources and sewerage
16 treatment and disposal systems. A copy of the municipality's current
17 ordinance defining standards applicable for the review and approval
18 shall be filed with the commissioner of community and regional affairs.
19 The municipality's ordinance shall provide that a proposed subdivision
20 may not be approved if the subdivision does not contain soils suitable
21 for effective absorption of discharged wastewater or if treatment and
22 disposal results in the release of wastewater which does not meet water
23 quality criteria defined by the municipality.

24 * Sec. 5. AS 29.33.160 is amended by adding a new subsection to read:

25 (c) The platting board may request the Department of Environmental
26 Conservation to review and advise on proposed type and location of water
27 sources and sewerage treatment and disposal systems for proposed sub-
28 divisions submitted for platting board review and approval.

29 * Sec. 6. AS 46.03.020 is amended by adding a new paragraph to read:

1 (12) when requested to do so by a municipality exercising
2 platting and subdivision authority under AS 29.33.150, review proposed
3 type and location of water sources and sewerage treatment and disposal
4 systems for proposed subdivisions by application of the municipality's
5 ordinances for water supply and sewerage treatment and disposal.

6 * Sec. 7. AS 44.47.050(5) is amended to read:

7 (5) maintain a library or reference file of municipal ordi-
8 nances required to be kept by the department by law, serve as a
9 clearinghouse for information useful in solution of community and
10 regional problems, and channel to the appropriate authority requests for
11 documents, information and services;

12 * Sec. 8. This Act takes effect immediately in accordance with AS 01.10.-
13 070(c).

HB

174

COMMITTEE REPORT HOUSE

FURTHER: STATE AFFAIRS

February 12, 1979

Date: 5 Mar 79

Mr. Speaker:

The Committee on C&RA has had HB 174

"An Act relating to the participation of elected officials and former elected officials in the public employees' retirement system."

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

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 174 same title
 new title
- and recommends do not pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

**MEMBERS SIGNING
DO PASS**

**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

Bill Pugh

Thurgood Marshall

Charles Van

Frank J. ...

Kathleen O'Connell

Ray ...

Bill Pugh
CHAIRMAN

AMENDED TITLE:

AN ACT RELATING TO THE PARTICIPATION OF ELECTED OFFICIALS AND FORMER ELECTED OFFICIALS IN THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM.

\$13,500 (F. NOTE)

PRIME SPONSORS: HOUSE STATE AFF COMMITTEE.

CO-SPONSORS:

CURRENT STATUS: 3/15/79 IN (H) RULES

DATE	SEQ	PAGE	LEGISLATIVE ACTION
02/12/79	01	0204	FIRST READING -- COMMITTEE REPORTS
03/06/79	02	0456	CRA -- CS07
03/15/79	03	0501	FIN -- CRA CS05, NR04
03/14/79	04	0564	FISCAL NOTE-HSE SUPPL #27
03/15/79	05	0594	FIN -- CS05, NR04
03/15/79	06	0595	FISCAL NOTE-HSE SUPPL #28
			STATE AFF.
			RULES
****	**	**	*** *** ***



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

COMMITTEE MINUTES

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

DATE: 3/5/79

BILL NUMBER AND TITLE: HB 174 Participation of elected officials and former elected officials in the Public Employees' Retirement System

ORIGINAL SPONSOR : State Affairs Committee OTHER SPONSORS:

RECEIVED FROM:

FURTHER REFERRALS: *State Affairs*

MEMBERS PRESENT:

Carney
Metcalf
Zharoff
O'Connell

Parr
Branson
Parker

MEMBERS ABSENT:

None

INDIVIDUALS CONTACTED:

Lee Sharp, City Baro Juneau Attorney
M. Miller
P. Arnoldt, Director Div. of Retirement

WITNESSES TESTIFYING:

Mike Miller -- Committee Substitute for HB 174 takes a new approach having all people automatically in program when they become elected officials.

Lee Sharp -- Cited problems which led to drafting of bill. Juneau Assemblyman wanted to opt into program. Fbks. employee also had problem.

Arnoldt -- From an actuary standpoint, the CS HB 174 is a great improvement. You can identify who is out there and start setting aside benefits. More sound than original bill.

Suggests the following amendments which were accepted as part of the Committee Substitute:

1. P. 1 Line 17, 24 Change "Commissioner of Administration" to "administrator"
2. P. 2 Lines throughout -- remove references to "interest"
3. P. 2 Line 16 Change date to Jan. 31

Members signing DO PASS CS HB 174

Parker	
Branson (as amended)	O'Connell
Carney	Metcalf
Parr	
Zharoff	

COMMITTEE ACTION: Committee recommended DO PASS of CS174 as amended. CS being prepared.

TAPE # 3 SIDE 1

Sections 1896-2100



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

COMMITTEE MINUTES

Peuch V
State Capitol
Juneau, Alaska 99811

Official Business

DATE: 2/19/79 .

BILL NUMBER AND TITLE: HB 174 relating to the participation of elected officials and former elected officials in the public employees' retirement system

ORIGINAL SPONSOR : State Affairs Committee OTHER SPONSORS:

RECEIVED FROM: FURTHER REFERRALS: State Affairs

MEMBERS PRESENT: Parker Parr MEMBERS ABSENT: Metcalfe
Zharoff Carney
O'Connell
Branson

INDIVIDUALS CONTACTED:
Lee Sharp Mike Miller Talked with Bruce Cummings, Div. of Retirement
Marilyn Miller Paul Arnoldt (Fiscal Note) also.

WITNESSES TESTIFYING:

Rep. Mike Miller -- Basically explained what the bill would do.
Rep. O'Connell discussed his personal problem with
p. 2 lines 10-13 as a teacher/legislator and felt
that the wording might preclude his option of being
able to go in and out of the PERS when serving as
a legislator for half the year.

COMMITTEE ACTION: Held over until Rep. Miller has answers to questions.

TAPE # 2 SIDE 1

Sections 2010-2165

BILL WORK SHEET

COMMITTEE ON COMMUNITY AND REGIONAL AFFAIRS

Received from _____

BILL NO. HB 174 re participation of elected officials and former elected officials in

Original Sponsor Mike Miller the public retirement system Fiscal Note Requested - Div. of Retirement

Contacts: State Affairs Committee

LAA Legal Research contact: McKenzie

Lee Sharp
Marilyn Miller 1325
Mike Miller 4964

4626

Bruce Cummings - Div. of Retirement Employer would not have contributed to system so the bill creates a problem.

McKenzie thinks employer contributions are covered under 39.35.250 (a) Discusses employee contribution rate. It appears that 39.35.125 (d) would only cover state contributions to system rather than municipal. The state may need to put in the retroactive am't to cover for the municipalities' contributions. (PERS-Public Employee Retirement System)

Last section of bill drafted to deal with problem of state employee who retires from state employment and who is an elected official in local gov't in Fbks.

39.35.250 Calculated employer's contrib. rate effected by HB 174.

Paul Arnoldt (4460)

Problems with the bill. 1. Won't know who is out there to come in under coverage. 2. Retroactivity as problem.

Miller, Sharp, McKenzie working on this to come up with a CS. Would include following concepts: 1. Employee would have to come into system but could waive coverage. If waived could not come back into service.

2. One year period any former official can come into service 3. Teacher problem. Statutes says that if you are covered under teacher's system, you are not under PERS.

Bob Van Houte (6-3090) See HB 260 (referred to HSS)

Contacted re Hearing 3/28/79

✓ M. Miller

✓ L. Sharp

✓ McKenzie

CS will be available for 2/28 but fiscal note & note

Not heard 2/28 - rescheduled for 3/5/79

A M E N D M E N T

OFFERED IN THE HOUSE:

By: Community & Regional Affairs

To: State Affairs HOUSE BILL No. HB 174 (CS work draft)

SENATE BILL No. _____

PAGE: _____

LINE: _____

Changes made in CS work draft

p. 1 Line 17 Eliminate "Commissioner of Administration" and replace with "administrator".

p. 1 Line 23 Eliminate "commissioner of administration" and replace with "administrator"

p. 2 Lines 2-3 Eliminate "together with interest as prescribed by regulations"

p. 2 Lines 5-6 Eliminate "Interest accrues retroactively from the date each contribution would have been made."

p. 2 Line 9 Eliminate "together with interest"

p. 2 Line 16 Change January 1 to January 31

McKenzie
4/6/26

HB 200

Bob Van Houte 6-3090 NOW

Learn - Absence - pay all benefits (employee + state contrib.)

He is not working in District, state would assume role - School district employee. State would pay in for teacher

State pays matching S.S. for him - wouldn't pay in for
4 1/2 % PERS
Social Security 6 %

State worker - S.S. deducted in check
State puts into SS
State puts into 4 1/2 % PERS
16 % as public employee
7 % to retirement as teacher

14 % to

Combined contrib

Ray Hodge
Vassar Hospital
Beacon Hill

financial institution until the delinquency is reduced to less than one-half of one per cent.

(g) Notwithstanding any other provisions, the pension fund may purchase any assets of the retirement system of any participating municipality as of the effective date of participation in any amount mutually agreed upon by the participating municipalities and the commissioner of revenue. (§ 37 ch 143 SLA 1960; am § 1 ch 129 SLA 1961; am § 1 ch 150 SLA 1962; am § 2 ch 4 SLA 1964; am §§ 1 — 3 ch 80 SLA 1964; am § 1 ch 111 SLA 1964; am § 1 ch 56 SLA 1967; am § 4 ch 73 SLA 1969; am §§ 3, 4 ch 17 SLA 1970; am § 2 ch 112 SLA 1972; am §§ 3, 4 ch 25 SLA 1974)

Effect of amendments. — The 1972 amendment added paragraph (9) in subsection (a).

The 1974 amendment added paragraphs (10)—(15) in subsection (a) and added subsections (e)—(g).

Legislative committee reports. — For report on ch. 73, SLA 1969 (CSHB 278 am), see 1969 House Journal, p. 745. For report on ch. 25, SLA 1974 (CSHB 253 [Jud] am S), see 1974 House Journal, p. 481.

Article 2. Membership.

Section

- 120. Commencement of participation
- 125. Participation of elected officials
- 130. Termination of participation
- 140. Re-employment of former employees

Section

- 150. Re-employment of retired employees
- 153. Army and air national guard employees

Sec. 39.35.120. Commencement of participation. (a) An employee of the state shall be included in this system upon commencement of his employment with the state, or on January 1, 1961, whichever is later. An employee of a political subdivision or public or quasi-public organization which becomes an employer shall be included in the system on the effective date of the employer's participation or the date of the employee's commencement of employment with the employer, whichever is later.

(b) Inclusion in the system is a condition of employment for an employee except an elected official. (§ 4 ch 143 SLA 1960; am § 1 ch 155 SLA 1966)

Sec. 39.35.125. Participation of elected officials. (a) An elected official may be included in the system if, within 60 days after taking the oath of his office or within 60 days after May 12, 1966

(1) he directs his employer in writing to make the necessary deductions from his salary and to pay into the system the contributions required by and for an employee under this chapter and

(2) notice is given the commissioner of administration in writing.

(b) After an elected official has elected to be included in the system he and his employer are liable for contributions whenever he is a qualified elected official of a participating employer.

(c) An elected official may be included retroactively in the system if he makes retroactive contributions equal to what he would have made if he had elected to be included when he became eligible under (a) of this section. (§ 2 ch 155 SLA 1966; am § 3 ch 159 SLA 1972)

Effect of amendment. — The 1972 amendment added subsection (c).

Legislative committee report. — For report on ch. 159, SLA 1972 (FCCS HCS CSSB 264), see 1972 House Journal, p. 924.

Sec. 39.35.130. Termination of participation. An employee shall be excluded from the system upon termination of his employment with the employer, unless he is eligible for a retirement benefit at that time. If the employee does not receive a refund of his contributions at the time of his termination, his contribution accounts, including voluntary contributions shall continue to be held in the system, earn interest at the prescribed rate and according to the prescribed method of allocation under § 100 of this chapter, and are available to the employee, his beneficiary, or his estate in one of the alternative settlement options under § 220 of this chapter within 60 days of an application for their withdrawal. (§ 5 ch 143 SLA 1960)

Sec. 39.35.140. Re-employment of former employees. If an employee's employment is terminated before the employee becomes eligible for a retirement benefit and the employee is subsequently re-employed by an employer, he is considered a new employee and may not receive credit for a prior period of employment, except as provided in § 350 of this chapter. (§ 6 ch 143 SLA 1960)

Sec. 39.35.150. Re-employment of retired employees. (a) If a retired employee is re-employed on a regular full-time basis by an employer, no pension payments may be made during the period of re-employment. During the period of re-employment, deductions from salary may be made at the option of the retired employee for contributions to the retirement fund as provided in § 160 of this chapter. Upon the subsequent retirement of the retired employee, he is entitled to receive a pension based on his credited service and compensation before the date of his previous retirement. If a previously retired employee makes contributions to the fund during his re-employment, his additional credited service and compensation during the period of re-employment shall be included to determine his final retirement benefit.

(b) In the case of re-employment of an employee who retires under § 370(c) or 380 of this chapter, the pension payable upon the employee's subsequent retirement shall be reduced by the actuarial equivalent of early retirement benefits previously received by the employee. (§ 7 ch

(16) bonds, debentures, notes, or other obligations issued, guaranteed, or assumed as to both principal and interest by the government of the Dominion of Canada, or by any province of Canada, or by any municipality of Canada which has a population of not less than 150,000, if (A) the full faith and credit of the issuer, guarantor, or assumer of the bonds, debentures, notes, or other obligations is pledged for the payment of principal and interest on them, (B) the principal and interest on them is payable in United States currency, either unconditionally or at the option of the holder, and (C) these obligations are rated A or an equivalent quality by a nationally recognized rating organization;

(17) bankers' acceptances which are eligible for discount at the Federal Reserve Bank and negotiable time certificates of deposit issued by commercial banks.
(am 55 3, 4 ch 59 SLA 1977)

Effect of amendments.

The 1977 amendment, in subsection (a), inserted "private mortgage insurance" in paragraph (11), added the language beginning "however, (A) no mortgage

insurance is necessary" to the end of the paragraph, and added paragraphs (16) and (17).

As the rest of the section was not affected by the amendment, it is not set out.

Article 2. Membership.

Section	Section
125. Participation of elected officials	154. North Pacific Fishery Management Council employees
130. [Repealed]	155. Former magistrates
140. [Repealed]	
150. Re-employment of retired employees	

Sec. 39.35.125. Participation of elected officials.

(b) After an elected official has elected to be included in the system he and his employer are liable for contributions whenever he is a qualified elected official of an employer.

(d) A former elected state official whose latest term of office expired before May 12, 1966 may be included retroactively in the system and receive credit for time previously served as an elected state official if he makes retroactive contributions equal to what he would have made if he had been eligible for membership in the system.

(e) Former elected state officials whose latest term of office expired before May 12, 1966 must claim prior legislative service and make retroactive contributions before July 1, 1977.

(am § 1 ch 254 SLA 1976; am § 19 ch 128 SLA 1977)

Effect of amendments.

The 1976 amendment, effective July 1, 1976, added subsections (d) and (e).

The 1977 amendment, effective July 1, 1977, substituted "an employer" for "a

participating employer" at the end of subsection (b).

As the rest of the section was not affected by the amendments, it is not set out.

Original sponsor: State Affairs Committee

1 IN THE HOUSE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 174

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the participation of elected
7 officials and former elected officials in the public
8 employees' retirement system; and providing for an
9 effective date."

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

11 * Section 1. AS 39.35.120(b) is amended to read:

12 (b) Inclusion in the system is a condition of employment for an
13 employee except as otherwise provided for an elected official.

14 * Sec. 2. AS 39.35.125 is repealed and re-enacted to read:

15 Sec. 39.35.125. PARTICIPATION OF ELECTED OFFICIALS. (a) An
16 elected official is included in the system unless he files a written
17 waiver of coverage with the ~~commissioner of administration~~^{on}. A waiver
18 under this subsection waives coverage of future employment as an elected
19 official, regardless of any change of employer. An elected official may
20 file a waiver under this subsection at any time after his election to
21 office, including the period before he takes the oath of his office. A
22 elected official may revoke a waiver under this subsection by filing a
23 written revocation with the ~~commissioner of administration~~^{on}. A revoca-
24 tion under this subsection operates prospectively only, and the elected
25 official may not receive credited service for service as an elected
26 official while the waiver was in effect. There is no limit on the
27 number of times an elected official may file a waiver or revocation
28 under this subsection.

29 (b) Service as an elected official before January 1, 1980 with a

1 employer may be included retroactively if the elected official or former
2 elected official makes retroactive contributions, ~~together with interest~~
3 ~~as prescribed by regulation~~, equal to what he would have made if he had
4 been included when he took the oath of his office as an elected official.
5 ~~Interest accrues retroactively from the date each contribution would~~
6 ~~have been made.~~ The rate used to calculate the retroactive contribu-
7 tions may not be less than the rate in effect on January 1, 1961. An
8 elected official or former elected official must claim prior service and
9 make retroactive contributions, ~~together with interest~~, before ^{Feb 1} January 31
10 1981. An elected official or former elected official may not receive
11 credited service under this subsection for any period in which he was
12 receiving a retirement benefit from the system. An elected official or
13 former elected official receiving a retirement benefit from the system
14 on ^{Jan 1, 1980} ~~January 31, 1980~~ is not eligible to claim credited service under this
15 subsection unless he is reemployed as an active member and claims the
16 credited service before ^{Feb 1, 1981} ~~January 1, 1981~~. Service as an elected official
17 with an employer constitutes employment as an active member so long as
18 no waiver of coverage under (a) of this section is in effect.

19 (c) An elected official included in the system and his employer
20 are liable for contributions whenever he is an elected official unless
21 waiver of coverage under (a) of this section is in effect.

22 * Sec. 3. AS 39.35.680(14) is amended to read:

23 (14) "elected official" means a person [MEMBER] whose com-
24 pensation results from personal services rendered to an employer as an
25 elected representative [AND WHO ELECTS COVERAGE UNDER AS 39.35.125];

26 * Sec. 4. AS 39.35.360(c) is repealed.

27 * Sec. 5. AS 39.35.125(a), as re-enacted in sec. 1 of this Act, applic-
28 to an elected official holding office on or after January 1, 1980, even
29 though he may have assumed office before that date.

1 * Sec.. 6. This Act takes effect January 1, 1980.
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THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 174
Title Participation of Elected Officials and Former Elected Officials in the PERS
Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits

Program Category Affected Retirement and Benefits (PERS)

BRU, Program, or Subprogram(s) Affected J2-96-8-01-01

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 TRS STATE MATCH						
100 BENEFITS		53.5	58.9	64.8	71.3	78.4
TOTAL		53.5	58.9	64.8	71.3	78.4

FUNDING (Thousands of Dollars)

GENERAL FUND	43.8	48.2	53.1	58.4	64.1
FEDERAL FUNDS	2.5	2.7	3.0	3.3	3.7
VETERAN'S FUND	0.1	0.1	0.1	0.2	0.2
FISH & GAME FUND	0.3	0.4	0.4	0.4	0.5
HIGHWAY FUND	0.7	0.8	0.8	0.9	1.0
AIRPORT FUND	1.6	1.7	1.9	2.1	2.3
CAPITAL FUND	4.5	5.0	5.5	6.1	6.7
PERS					
TRS					

POSITIONS NONE

FULL TIME					
PART TIME					
TEMPORARY					

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

- Of the identified 60 former elected State officials who did not participate in the PERS, it is estimated that 20 will elect participation under this bill. Proportionate similar elections are anticipated for future "former elected" State officials.
- Estimate FY 80 covered State payroll to be \$241,000,000.
- Estimate future State payrolls will increase at 10% annually.
- Increase in State employer contribution rate would be .0222% of covered payroll.

IV. DATE 3/02/79

PREPARED BY Paul B. Arnoldt, Director
AGENCY Division of Retirement & Benefits
PHONE 465-4460

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)
Office of the Governor (Keith Spucking)

33-001 (Rev. 12/78)

financial institution until the delinquency is reduced to less than one-half of one per cent.

(g) Notwithstanding any other provisions, the pension fund may purchase any assets of the retirement system of any participating municipality as of the effective date of participation in any amount mutually agreed upon by the participating municipalities and the commissioner of revenue. (§ 37 ch 143 SLA 1960; am § 1 ch 129 SLA 1961; am § 1 ch 150 SLA 1962; am § 2 ch 4 SLA 1964; am §§ 1 — 3 ch 80 SLA 1964; am § 1 ch 111 SLA 1964; am § 1 ch 56 SLA 1967; am § 4 ch 73 SLA 1969; am §§ 3, 4 ch 17 SLA 1970; am § 2 ch 112 SLA 1972; am §§ 3, 4 ch 25 SLA 1974)

Effect of amendments. — The 1973 amendment added paragraph (9) in subsection (a).

The 1974 amendment added paragraphs (10)—(15) in subsection (a) and added subsections (e)—(g).

Legislative committee reports. — For report on ch. 73, SLA 1969 (CSHB 278 am), see 1969 House Journal, p. 745. For report on ch. 25, SLA 1974 (CSHB 253 [Jud] am S), see 1974 House Journal, p. 481.

Article 2. Membership.

Section

- 120. Commencement of participation
- 125. Participation of elected officials
- 130. Termination of participation
- 140. Re-employment of former employees

Section

- 150. Re-employment of retired employees
- 153. Army and air national guard employees

Sec. 39.35.120. Commencement of participation. (a) An employee of the state shall be included in this system upon commencement of his employment with the state, or on January 1, 1961, whichever is later. An employee of a political subdivision or public or quasi-public organization which becomes an employer shall be included in the system on the effective date of the employer's participation or the date of the employee's commencement of employment with the employer, whichever is later.

(b) Inclusion in the system is a condition of employment for an employee except an elected official. (§ 4 ch 143 SLA 1960; am § 1 ch 155 SLA 1966)

Sec. 39.35.125. Participation of elected officials. (a) An elected official may be included in the system if, within 60 days after taking the oath of his office or within 60 days after May 12, 1966

(1) he directs his employer in writing to make the necessary deductions from his salary and to pay into the system the contributions required by and for an employee under this chapter and

(2) notice is given the commissioner of administration in writing.

(b) After an elected official has elected to be included in the system he and his employer are liable for contributions whenever he is a qualified elected official of a participating employer.

(c) An elected official may be included retroactively in the system if he makes retroactive contributions equal to what he would have made if he had elected to be included when he became eligible under (a) of this section. (§ 2 ch 155 SLA 1966; am § 3 ch 159 SLA 1972)

Effect of amendment. — The 1972 amendment added subsection (c).

Legislative committee report. — For report on ch. 159, SLA 1972 (FCUS HCS CSSB 264), see 1972 House Journal, p. 923.

Sec. 39.35.130. Termination of participation. An employee shall be excluded from the system upon termination of his employment with the employer, unless he is eligible for a retirement benefit at that time. If the employee does not receive a refund of his contributions at the time of his termination, his contribution accounts, including voluntary contributions shall continue to be held in the system, earn interest at the prescribed rate and according to the prescribed method of allocation under § 100 of this chapter, and are available to the employee, his beneficiary, or his estate in one of the alternative settlement options under § 220 of this chapter within 60 days of an application for their withdrawal. (§ 5 ch 143 SLA 1960)

Sec. 39.35.140. Re-employment of former employees. If an employee's employment is terminated before the employee becomes eligible for a retirement benefit and the employee is subsequently re-employed by an employer, he is considered a new employee and may not receive credit for a prior period of employment, except as provided in § 350 of this chapter. (§ 6 ch 143 SLA 1960)

Sec. 39.35.150. Re-employment of retired employees. (a) If a retired employee is re-employed on a regular full-time basis by an employer, no pension payments may be made during the period of re-employment. During the period of re-employment, deductions from salary may be made at the option of the retired employee for contributions to the retirement fund as provided in § 160 of this chapter. Upon the subsequent retirement of the retired employee, he is entitled to receive a pension based on his credited service and compensation before the date of his previous retirement. If a previously retired employee makes contributions to the fund during his re-employment, his additional credited service and compensation during the period of re-employment shall be included to determine his final retirement benefit.

(b) In the case of re-employment of an employee who retires under § 370(c) or 380 of this chapter, the pension payable upon the employee's subsequent retirement shall be reduced by the actuarial equivalent of early retirement benefits previously received by the employee. (§ 7 ch

(16) bonds, debentures, notes, or other obligations issued, guaranteed, or assumed as to both principal and interest by the government of the Dominion of Canada, or by any province of Canada, or by any municipality of Canada which has a population of not less than 150,000, if (A) the full faith and credit of the issuer, guarantor, or assumer of the bonds, debentures, notes, or other obligations is pledged for the payment of principal and interest on them, (B) the principal and interest on them is payable in United States currency, either unconditionally or at the option of the holder, and (C) these obligations are rated A or an equivalent quality by a nationally recognized rating organization;

(17) bankers' acceptances which are eligible for discount at the Federal Reserve Bank and negotiable time certificates of deposit issued by commercial banks.

(am §§ 3, 4 ch 59 SLA 1977)

Effect of amendments.

The 1977 amendment, in subsection (a), inserted "private mortgage insurance" in paragraph (11), added the language beginning "however, (A) no mortgage

insurance is necessary" to the end of that paragraph, and added paragraphs (16) and (17).

As the rest of the section was not affected by the amendment, it is not set out.

Article 2. Membership.

<p>Section 125. Participation of elected officials 130. [Repealed] 140. [Repealed] 150. Re-employment of retired employees</p>	<p>Section 154. North Pacific Fishery Management Council employees 155. Former magistrates</p>
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Sec. 39.35.125. Participation of elected officials.

(b) After an elected official has elected to be included in the system he and his employer are liable for contributions whenever he is a qualified elected official of an employer.

(d) A former elected state official whose latest term of office expired before May 12, 1966 may be included retroactively in the system and receive credit for time previously served as an elected state official if he makes retroactive contributions equal to what he would have made if he had been eligible for membership in the system.

(e) Former elected state officials whose latest term of office expired before May 12, 1966 must claim prior legislative service and make retroactive contributions before July 1, 1977.

(am § 1 ch 254 SLA 1976; am § 19 ch 128 SLA 1977)

Effect of amendments.

The 1976 amendment, effective July 1, 1976, added subsections (d) and (e).

The 1977 amendment, effective July 1, 1977, substituted "an employer" for "a

participating employer" at the end of subsection (b).

As the rest of the section was not affected by the amendments, it is not set out.

HB

184

COMMITTEE REPORT

HOUSE

FURTHER: JUDICIARY

February 13, 1979

Date: 12 14 79

Mr. Speaker:

The Committee on C&RA has had HB 184

"An Act relating to the delegation of planning and zoning authority by boroughs."

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

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

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

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CHAIRMAN

HB 184 TITLE & SPONSOR SUMMARY

13:44

3/20/79

PAGE 1 OF 2

AMENDED TITLE:

AN ACT RELATING TO THE DELEGATION OF PLANNING AND ZONING
AUTHORITY BY BOROUGHES

PRIME SPONSORS: MALONE.

CO-SPONSORS:

CURRENT STATUS: 3/12/79 IN (H) JUDICIARY

HB 184 HOUSE ACTION

13:45

3/20/79

PAGE 2 OF 2

DATE	SEQ	PAGE	LEGISLATIVE ACTION
02/13/79	01	0210	FIRST READING -- COMMITTEE REPORTS
03/12/79	02	0539	CRA -- DF07 JUDICIARY RULES

**** ** ** *** ** *

HB 184 Bill passed as part of HCS CS 58 137 am H

Continued herefolded @ 903827



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

COMMITTEE MINUTES

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

DATE: 3/12/79

BILL NUMBER AND TITLE: HB 184 Delegation of Planning and Zoning Powers

ORIGINAL SPONSOR : Malone

OTHER SPONSORS:

RECEIVED FROM:

FURTHER REFERRALS:

MEMBERS PRESENT: Parr Zharoff
Parker Carney
Carney Metcalfe
Branson O'Connell

MEMBERS ABSENT:
None

INDIVIDUALS CONTACTED:

WITNESSES TESTIFYING:

Malone Allows assembly to delegate all or part of planning and zoning power vested by State law. There are five first class cities in Kenai..Borough is now in a position of needing to approve zoning in the cities. Borough has delegated enforcing authority. Zoning ordinances make planning work and the cities have the major responsibility for planning within city boundaries. Practically speaking, responsibility in some cases rests in cities rather than in boroughs.

Parr -- Are planning and zoning considered legislative powers?
You can't delegate legislative power to a non-elected body (such as the Planning Commissions) City Council would have to be the final body of review.

Veronica Clark Planning supervisor for C&RA
Dept. has some reservations on HB 184:

- 1.Planning, platting, and zoning are mandatory powers of the Borough even though these powers are not always exercised.
2. Makes good sense to exercise planning on an areawide basis. A city plan might effect neighboring area or have regional impact. Some local entity should be responsible. Regional perspective needed.

Palmer McCarter and Veronica Clark

Suggested addition of 2 amendments. Palmer referring to p.1 Line 18 of amendments speaks to concern that city would know what standards were expected.

Various amendments to the amendments proposed by C&Ra were discussed.
It was decided to support the original bill in unamended form.

COMMITTEE ACTION: Passed out of Committee

TAPE #3 SIDE 2

Sections 1665-2350

HB 184 passed as part of HCS CS SB 137 am H

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

1 IN THE HOUSE

BY MALONE

2 HOUSE BILL NO. 184

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the delegation of planning and
7 zoning authority by boroughs."

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

9 * Section 1. AS 29.33.070(b)(2) and (3) are amended to read:

10 (2) delegate other planning and zoning powers conferred by
11 this chapter [ADMINISTRATIVE AND ENFORCEMENT RESPONSIBILITIES] to a
12 [THE] city within the borough [, PROVIDED THAT BOROUGH JURISDICTION IS
13 NOT IMPAIRED];

14 (3) revoke or modify any part or all of the [WITHDRAW] powers
15 delegated under this subsection.

16 (c) Before a borough may delegate to a city within the
17 borough planning and zoning powers conferred by this chapter,
18 it must notify the city in writing of borough standards for the exercise
19 of delegated powers.

20 (d) If a borough delegates to a city within the borough
21 legislative powers conferred under this chapter, the city must submit
22 to the borough assembly for approval the city's planning and zoning
23 ordinances. If disapproval by resolution of the borough assembly is not
24 received within 90 days from the date the ordinance was submitted to the
25 borough assembly, the city's planning and zoning ordinances shall be
26 considered approved.

*CRA
Amendments*

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

1 IN THE HOUSE

BY MALONE

2 HOUSE BILL NO. 184

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

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7 zoning authority by boroughs."

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12 [THE] city within the borough [, PROVIDED THAT BOROUGH JURISDICTION IS
13 NOT IMPAIRED];

14 (3) revoke or modify any part or all of the [WITHDRAW] powers
15 delegated under this subsection.

16 (c) Before a borough may delegate to a city within the
17 borough planning and zoning powers conferred by this chapter,
18 it must notify the city in writing of borough standards for the exercise
19 of delegated powers.

20 (d) If a borough delegates to a city within the borough
21 legislative powers conferred under this chapter, the city must submit
22 to the borough assembly for approval the city's planning and zoning
23 ordinances. If disapproval by resolution of the borough assembly is not
24 received within 90 days from the date the ordinance was submitted to the
25 borough assembly, the city's planning and zoning ordinances shall be
26 considered approved.

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CPA
Amend.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 184

Title "An Act relating to the delegation of planning and zoning authority by boroughs."

Requested by Malone Date March 12, 1979

II. FISCAL DETAIL

Agency Affected Community and Regional Affairs

Program Category Affected Community Development

Budget Request Unit(s) Affected _____

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

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

POSITIONS

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

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

IV. DATE March 12, 1979 PREPARED BY Doug Griffin
 AGENCY Community & Regional Affairs - LGAD
 PHONE 465-3918

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

Article 4. Planning, Platting and Zoning.

Section

70. Planning, platting and zoning

90. Zoning

Sec. 29.33.070. Planning, platting and zoning. (a) First and second class boroughs shall provide for planning, platting and zoning on an areawide basis.

(b) The assembly by ordinance may

(1) designate the council of a city within the borough as a board of adjustment within the city;

(2) delegate other planning and zoning administrative and enforcement responsibilities to the city, provided that borough jurisdiction is not impaired;

(3) withdraw powers delegated under this subsection. (§ 2 ch 118 SLA 1972; am § 1 ch 17 SLA 1977; am § 7 ch 93 SLA 1977)

Effect of amendments. — The first 1977 amendment, in subsection (b) deleted "If a city within a borough is located more than 25 miles from a boundary of the borough seat" from the beginning of the introductory language and substituted "a city within the borough" for "the city" in paragraph (1).

The second 1977 amendment substituted "First and second class boroughs" for "Boroughs" at the beginning of subsection (a).

Cited in Moore v. State, Sup. Ct. Op. No. 1284 (File Nos. 2551, 2587), 553 P.2d 8 (1976).

Sec. 29.33.090. Zoning. (a) In accordance with the comprehensive plan, the assembly shall regulate and restrict the use of land and improvements by districts or contract zoning to permit specific uses provided for in the contract. Regulations shall be uniform for each class or kind of building, structure, land or water area within each district, but the regulations may differ among districts and exceptions may be made in order to provide for the preservation, maintenance and protection of historic sites, buildings and monuments. In this section, "contract zoning" means a zoning reclassification to a less restricted use when the owner of the rezoned property, either through an agreement with the assembly or a covenant in favor of the borough, places restrictions on the use of the land beyond the zoning requirements generally attaching to the new district in which the property has been placed. The assembly shall hold a public hearing on the proposed contract zoning.

(d) The assembly shall regulate and restrict the use of state land within the borough which is vacant, unappropriated and unreserved and which is found suitable for classification and disposal for homesite entry under AS 38.08.010. Compliance with the provisions of this subsection is a prerequisite to issuance of homesite entry permits for land within the borough.

(am § 1 ch 104 SLA 1974; am § 3 ch 142 SLA 1977)

Effect of amendment a permit specif contract" to t subsection (a fourth senter The 1977 (d)

As the re affected by 1 out.

Editor's n 1977, providi longstanding the Constitut VIII, sec. 1) 31.05.350). settlement

Sec. 29

Stated in Sup. Ct. Op P.2d 986 (1976)

Sec. 29

Quoted in Sup. Ct. Op P.2d 986 (1976)

Sec. 29

Cited in No. 1084 (1976)

Chapter

Section 20. Section

Sec. 1 exercise incorpor chapter seek to borough SLA 19

Cross this cha

HB

192

COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

February 13, 1979

Date: 9 MAR 79

Mr. Speaker:

The Committee on C&RA has had HB 192

"An Act providing for equalization of the tax resources of municipalities, continuing a portion of the program of state aid for municipal purposes, and providing for minimum entitlements; eff. date."

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

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 192 same title
 new title
- and recommends INDIVIDUAL RECOMMENDATIONS
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

**MEMBERS SIGNING
DO PASS**

**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

Richard L. Turner
Do not pass as amended
Ray McCall

James E. Hoff
Do not pass as amended

Bill D...
 CHAIRMAN

HB 192 TITLE & SPONSOR SUMMARY

13:47 3/20/79 PAGE 1 OF 2

AMENDED TITLE:

AN ACT PROVIDING FOR EQUALIZATION OF THE TAX RESOURCES
OF MUNICIPALITIES, CONTINUING A PORTION OF THE PROGRAM
OF STATE AID FOR MUNICIPAL PURPOSES, AND PROVIDING FOR
MINIMUM ENTITLEMENTS; AND PROVIDING FOR AN EFFECT DATE

PRIME SPONSORS: GARDINER.

CO-SPONSORS: ANDERSON, MILLER.

CURRENT STATUS: 3/12/79 IN (H) FINANCE

HB 192 HOUSE ACTION

13:49 3/20/79 PAGE 2 OF 2

DATE	SEN	PAGE	LEGISLATIVE ACTION
02/13/79	01	0224	FIRST READING -- COMMITTEE REPORTS
03/12/79	02	0529	CRA -- DP01, DNP02, CS03, NR01 FINANCE RULES

**** ** ** *** ** *

Original sponsors: Gardiner, Anderson
and Miller

Offered: 4, 21/80
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 192 (Finance) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 ELEVENTH LEGISLATURE - SECOND SESSION
5 A BILL

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

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

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

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

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

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

21 CHAPTER 88. MUNICIPAL TAX RESOURCE EQUALIZATION.

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

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

1 Entitlement = P x R

2 where P = population, and

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

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

11 (1) includes,

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

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

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

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

25 (2) excludes,

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

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

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

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

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

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

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

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

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

1 the sale and lease of land or equipment; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13 Sec. 29.88.045. DEFINITIONS. In this chapter

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

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

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

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

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

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

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

25 CHAPTER 89. STATE AID FOR MISCELLANEOUS

26 MUNICIPAL PURPOSES.

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

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

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

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

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

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

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

8 (2) on the basis set out in (1) of this subsection to a muni-
9 cipality for a nonprofit hospital not operated by a municipality if the
10 municipality first certifies to the department that the nonprofit hos-
11 pital is in compliance with all standards for hospitals which have been
12 adopted by the municipality; money may not be paid on behalf of a non-
13 profit hospital in the absence of this certification; payments to the
14 municipality shall be transferred to the nonprofit hospital in accord-
15 ance with the basis by which the entitlement was generated by the hospi-
16 tal and shall be applied to the annual cost of operation and maintenance
17 of the hospital or for the provision of health care service at the
18 hospital as the directors of the hospital determine;

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

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

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

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

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

5 Sec. 29.89.020. STATE AID FOR HOSPITAL CONSTRUCTION. (a) If con-
6 struction of a facility began after January 1, 1968, and state matching
7 aid for construction approved for payment to the municipality or other
8 facility sponsor constitutes less than 25 percent of the total project
9 cost, the state shall pay to the municipality or other facility sponsor
10 each fiscal year a sum equal to \$2,500 a bed for the maximum number of
11 beds provided for in the construction design of the facility or five
12 percent of the total project cost, whichever is greater. State aid pro-
13 vided for in this section shall continue until the municipality or other
14 facility sponsor has received an amount which, combined with state
15 matching money for construction of the facility, equals 25 percent of
16 the total project cost. Money received for construction may not be used
17 for any other purpose.

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

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

4 Sec. 29.89.025. STATE AID TO VOLUNTEER FIRE DEPARTMENTS.

5 (a) The state shall pay to a volunteer fire department registered with
6 the state fire marshal ^{or serving an area not in another state or state leaving} a sum for protection purposes equal to \$7.50 per
7 capita for the population served by the department, as determined by the
8 state fire marshal.

9 (b) A grant shall be made as set out in (a) of this section to
10 facilitate the organization of a volunteer fire department upon
11 application of the proposed fire protection group to the state fire
12 marshal and approval of applications according to standards of organiza-
13 tion and service prescribed by regulations adopted by the state fire
14 marshal

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

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

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

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

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

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

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

23 Sec. 29.89.050. DEFINITIONS. In this chapter

24 (1) "health facility"

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

29 (B) includes a public health center, maternity home,

1 community mental health center, facility for the mentally or phys-
2 cally handicapped, nursing home or convalescent center;

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

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

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

10 CHAPTER 90. ADMINISTRATION OF MUNICIPAL

11 FINANCIAL ASSISTANCE PROGRAMS.

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

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

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

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

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

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

19 (4) local ordinances adopted by the governing body of the
20 municipality have been codified in accordance with AS 29.48.130.

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

1 governor September 3, 1965.

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

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

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

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

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

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

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

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

20 (b) Compliance with the provisions of this section is a prerequi-
21 site to receipt of municipal tax resource equalization assistance under
22 AS 29.88 and state aid for miscellaneous municipal services under AS 29.-
23 89 [STATE-SHARED REVENUES UNDER AS 43.18]. The Department of Community
24 and Regional Affairs [STATE] shall withhold annual allocations under
25 those chapters [THAT CHAPTER] in the event of noncompliance until such
26 time as the report requirements are met [COMPLIED WITH].

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

28 Sec. 29.73.060. TAXPAYER NOTICE. (a) If a municipality levies
29 and collects real or personal property taxes, the governing body shall

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provide the following notice:

"NOTICE TO TAXPAYER

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

PUBLIC SCHOOL FOUNDATION PROGRAM ASSISTANCE		
(AS 14.17)		\$
STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT (AS 49.18.100)		\$
MUNICIPAL TAX RESOURCE EQUALIZATION ASSISTANCE (AS 29.88)		\$
STATE AID FOR MISCELLANEOUS MUNICIPAL SERVICES (AS 29.89)		\$
	TOTAL AID	\$

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

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

1 Notice shall be provided

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

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

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

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

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

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

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

2 (40) AS 29.73.060 (taxpayer notice)

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

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

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

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

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

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

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

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

27
28
29

TG

amt orig. approp. for FY 80 (prorated entitlement)

125% = 94% of fully funded full entitlement



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

COMMITTEE MINUTES

DATE: 3/9/79

BILL NUMBER AND TITLE: HB 192 Revenue Sharing (Joint House C&RA and Finance Hearing)

ORIGINAL SPONSOR : Gardiner

OTHER SPONSORS: Anderson & Miller

RECEIVED FROM:

FURTHER REFERRALS Finance

MEMBERS PRESENT:

Parker
Carney Branson
O'Connell Parr
Zharoff Metcalfe

MEMBERS ABSENT:

INDIVIDUALS CONTACTED:

WITNESSES TESTIFYING:

Gardiner -- Bill introduced last year. Modernizes revenue sharing. More equitable distribution. The wealth of a community is recognized. p. 13 Municipal League suggestions incorporated--that a community show some sign of effort in order to receive basic \$25,000 appropriation.

Meekins -- Questions whole revenue sharing concept. HB192 seems to put pressure on local governments to raise taxes. There would be no impetus to decrease reliance on sales and property taxes. Sales and property taxes are regressive

Rep. Brian Rogers asks if an evaluation of the current program has been done.

Questions how municipalities are currently using the revenue sharing program.

Rep. Moss-- Could the basic \$25,000 entitlement be seen as an attempt to pressure villages into organizing?

Mitch Gravo -- Representing Anchorage. Anchorage opposed to passage of HB192. Would like to see full funding of revenue sharing program. Anchorage has 42% of revenue but has 47% of the state's population. Has revenue sharing decreased local taxes? This bill as disincentive to decrease local taxes.

If there are special problems and special needs in a community, they should be met separately.

Parr asks for information on ratio of income taxes paid to State vs. amount actually received . Asked if a group of 45 people could incorporate and receive \$25,000?

Rep. Guy asks if snow mobiles could be covered under road appropriations?

Told that HB 192 doesn't change current practice on this point.

John Williams -- testifies re Meekin's concern that HB192 would serve to encourage municipalities to raise taxes. In fact, it would require that Municipalities raise taxes by \$14 for every \$1 they would be receiving from the state.

COMMITTEE ACTION:

HFC 19-67 2 19-69 : 539-Emol
Side 1-590 539-



Official Business

Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

Hearing resumed by C&RA after Daily House Session

3/9/79

HB192 Continued

Parr request re proportion of income tax re population of each municipality response discussed. (see attached)

Parr offers amendment to bill which provides that the amount of distribution of revenue sharing funds will be inproportion to the population figures of that municipality.

Amendment accepted.

CS HB 192 passed out of CRA to Finance. (CS will include above amendment)

DATE: 3/9/79

RE: Request for income tax information relating amounts of income paid by the boroughs to the State of Alaska relative to population figures and total state income taxes collected.

^{23/3}
CONTACT: Phil Wall, Director of Administrative Services Division.

Some problems related to request:

1. Some rural outlying areas have the same zips as boroughs they are in proximity to but not part of (Ex. Some Whittier residents have Anchorage zips)
2. Often businesses and individuals file their income tax from the address where they reside out of state and the income tax form does not have a requirement that an instate address be given. (Airlines and Oil companies as a case in point)

The collection of this information would take at least a week to 10 days although Phil Wall would like to sit down and actually calculate the real time involved.

Requested phone info re municipalities with breakdown for businesses and individuals. 3/12/79



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

COMMITTEE MINUTES

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

DATE: Feb. 23

BILL NUMBER AND TITLE: HB 192 Shared Revenue

ORIGINAL SPONSOR : Gardiner, Anderson, Miller OTHER SPONSORS:

RECEIVED FROM: FURTHER REFERRALS: Finance

MEMBERS PRESENT: Parker MEMBERS ABSENT: None

O'Connell
Metcalf
Parr
Carney
Zharoff
Branson

INDIVIDUALS CONTACTED:

WITNESSES TESTIFYING:

Gardiner -

Bill introduced last year. Municipal League did alot of work on the bill. Basically, it (1) modernizes revenue sharing program better fitting the needs of all communities. (2) provides for a more equitable distribution of dollars.

The wealthier communities have a tax base already. It attempts to help provide for those areas where an industry base is missing where there is no state employment.

P. 1. Line 21--preplaces existing system. Reviewed factors in formula to be used.

Ch. 89 p. 6 Line 25 -- reiterated existing program for unorganized borough

Minimum funding of \$25,000 for all communities.

P. 17 Line 7 "Hold Harmless" clause

P. 9 Line 5 Total Project Costs (SB222) 1978

John Williams

Proposed revenue sharing plan doesn't prioritize services as does present law. No service provided is exempt as long as there is local revenue.

Formular reduces to amount taxed by 1 mil. Full and true property value--never less than 15% for communities which have no taxable property . Proposal would not go into effect until there is \$27 Million..

Lee Sharp Worked on bill with Legislative Committee of Municipal League.

COMMITTEE ACTION: No action taken. Bill will be heard again.

TAPE # 3 SIDE 1

Sections 435-1255



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

COMMITTEE MINUTES

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

DATE:

2/21/79

BILL NUMBER AND TITLE: _____

SHARED REVENUE WORKSHOP

ORIGINAL SPONSOR :

OTHER SPONSORS:

RECEIVED FROM:

FURTHER REFERRALS:

MEMBERS PRESENT:

ALL MEMBERS

MEMBERS ABSENT:

INDIVIDUALS CONTACTED: Mary Foster, Administrative Assistant Revenue Sharing
John William, Milt Barker

WITNESSES TESTIFYING:

Mary Foster -- Outlined existing revenue sharing program. Dramatic growth from \$2 Million and 61 municipalities, 2 fire depts. in 1970 to \$21 Million 131 municipalities, 30 fire departments in 1979. 20% of funds received must be used for indicated purposes. Appropriated 100% funding through legislature-- Gov. vetoed to 90% funding. Ambulance is health service expense but not funded by shared revenue. (AS43.18.010 defines health facilities)

Milt Barker, Leg. Finance Div. p. 83 Budget-Revenue Sharing
p. 69 Administration of Program
FY 80 -- last pages

Doug Griffin, Revenue Sharing Administrator
Population increases as factor.

HB 919 Ch. 173 SLA'78. Section 43 changes paragraph J. Add 5% as option rather than \$2,500 per bed. Paragraph L--changes definition of total project cost. Hospitals may be able to go back and claim revenue sharing for all costs in addition to construction. This could increase revenue sharing amount significantly. \$18,688,000 Gov's figure. This is 85.5% of full funding.

'79 House Finance Committee set figure of \$16,819,000 in budget. This is 75% of full funding without funding for paragraph L. House Finance says all programs have to take 15%. 15% of \$21 Million. Too 10%. Didn't want to go full 15%.

Carney -- Across the board cut is not desirable. Find 10%-15% expendable.

Communities with boundaries within National forest??

Copy of audit for 20 % per category required only. All extra \$ now goes into municipalities general fund. Cities are required to submit financial statement. 50% prepayment may be received but must be returned. Applicant must be incorporated.

What are the main problems with the program? Has there been an evaluation?
Municipal League and CRA Dept. support HB 192. Unknown factor in hospital financing.

COMMITTEE ACTION: A.G.'s office needs to make ruling on hospital costs.

TAPE #

SIDE

Sections



Official Business

Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

TO: Reps. Carney
Metcalfe
Zharoff
O'Connell
Branson
Parr
FROM: Rep. Bill Parker, Chairman
RE: Revenue Sharing

DATE: 3/7/79

On Friday, March 9, the C&RA Committee will meet with the House Finance Committee on the Revenue Sharing Budget and HB 192 at 8:30 A.M. Room 421, Capitol.

The following information might aid you in reviewing the proposed revenue sharing budget and in evaluating the implications of the various funding levels in terms of municipal entitlements.

For purposes of this analysis for the House Community and Regional Affairs Committee, the following municipalities are included: Anchorage, Fairbanks, Kenai, Kodiak Island, Mat-Su, Cordova and Valdez.

This review deals with the four projected funding levels under the current revenue sharing method based on FY '79 funding figures and with the entitlement projections based on passage and funding of HB 192.

	<u>TOTAL FUNDING LEVEL</u>	<u>BUDGET</u>
	\$16,819,200.	House Finance Committee
	18,688,000.	Governor
17% 150	21,357,300.	Agency Request
30% 150	24,382,700.	Revised Agency Figure (see attached explanation of this request)
	27,000,000.	HB 192

<u>LOCAL GOV'T.</u>	<u>(H)FINANCE</u>	<u>GOV'S BUDGET</u>	<u>AGENCY BUDGET</u>	<u>REVISED AGENCY</u>	<u>HB 192</u>
ANCHORAGE	\$7,979,451.3	\$8,866,057.	\$10,373,286.	\$11,525,874.	\$11,404,644.
FAIRBANKS	986,319.9	1,095,911.	1,282,215.8	1,424,684.3	1,274,382.
KENAI	260,148.6	289,054.	338,193.18	375,770.20,	557,287.
KODIAK	111,268.8	123,632.	144,649.44	160,721.60	513,446.
MAT-SU	166,479.3	184,977.	216,423.09	240,470.10	513,446.
CORDOVA	182,233.8	202,482.	236,903.94	263,226.60	270.98?
VALDEZ	243,579.6	270,644.	316,653.48	351,837.20	268,343.

DATE: 3/9/79

RE: Request for income tax information relating amounts of income paid by the boroughs to the State of Alaska relative to population figures and total state income taxes collected.

CONTACT: Phil Wall, Director of Administrative Services Division.

Some problems related to request:

1. Some rural outlying areas have the same zips as boroughs they are in proximity to but not part of (Ex. Some Whittier residents have Anchorage zips)
2. Often businesses and individuals file their income tax from the address where they reside out of state and the income tax form does not have a requirement that an instate address be given. (Airlines and Oil companies as a case in point)

The collection of this information would take at least a week to 10 days although Phil Wall would like to sit down and actually calculate the real time involved.

3/2/79

Workshop with Municipal League

Ron Larson--Mayor, Mat-Su Borough- on Municipal League Legislative Committee
HB 127 Top priority of Municipal League
Local level would make the decisions themselves
If you establish a salary are you "changing" a salary?

Tom Bearup--Mayor, Soldotna
Supports HB 127

Jim Nordale -- Attorney, North Star Borough. On Municipal League Leg. Committee
Home Rule communities are (aren't) under the bill.
Supports HB 127.

Dr. Mike Emmick--Kodiak (Port Lions)

× Supports HB 192 (Revenue Sharing)

On 40% bill--In Kodiak they take total number of votes and divide by # of people who voted. Expense to local government should be considered.

This is a problem if you are voting in a fire service area. Perhaps 300 people live in the area. You need 40% and only 100 people vote.

It should be local option to allow municipality to retain the 40% provision in elections.

Martin Tengs-- Haines Borough Mayor.

× Mike Emmick--Anchorage had been supportive of HB 192 when it was being drafted.

× Re HB 192 suggests using 17Million rather than 27Million \$ to get realistic formula.



Official Business

Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

DOCUMENTS RELATED TO HB 192 (Shared Revenue)

1. HB 192
2. Fiscal Note HB 192
3. Administrative Procedures, Chapter 30
State Aid to Local Governments
4. Memorandum (February 2, 1979)
Sectional Analysis of the Municipal League's Revenue
Sharing Reform Proposal
5. FY '79 State Revenue Sharing Entitlement Amounts
Municipalities
6. Analytic Statement, FY '80 Community and Regional
Affairs, BRU LGAD - Grants
7. FY '80 Revised Agency Request BRU:LGAD - Grants
Component: State Revenue Sharing
8. Memorandum (March 1, 1979) Revenue Sharing for
Hospital Construction
9. Supplement Alaska Statutes Chapter 18 re "total
project costs"
10. Correspondence to Clair Dalton, Municipal Finance
Department, Anchorage, from E.E. Webb, Administrator,
Alaska Hospital and Medical Center, Inc.
11. Portion of brief of the Attorney General, State
of Alaska re Beirne Case
12. Computer printout -- Percentage Breakdown of
Population and Entitlements
13. Computer printout -- House Bill 192
14. Operating Budget Development
15. Final Annual Report, Fiscal Year 1978 - State Aid
to Local Governments

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 192
 Title Equalization of the Tax Resources of Municipalities
 Requested by House Community & Regional Affairs Date 2/28/79

II. FISCAL DETAIL

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
GENERAL FUND	0	27,000.0	27,000.0	27,000.0	27,000.0	
FEDERAL FUNDS	0	0	0	0	0	
OTHER (Specify)	0	0	0	0	0	

POSITIONS

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
FULL TIME	0	0	0	0	0	
PART TIME	0	0	0	0	0	
TEMPORARY	0	0	0	0	0	

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

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

House Bill No. 192, which calls for reform of the State Revenue Sharing Program and a minimum appropriation of \$27,000,000, would cost \$8,312,000 above the Governor's request to fund in FY 80.

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

IV. DATE 2-22-79 PREPARED BY Mary Foster
 AGENCY CCA - LGAD
 Original - Legislative Finance PHONE 4733
 cc - Budget and Management
 Prime Sponsor (First Legislator Named)

3

**PART 2.
MUNICIPAL SERVICES REVENUE
SHARING PROGRAM.**

Chapter

30. State Aid to Local Governments

**CHAPTER 30.
STATE AID TO LOCAL
GOVERNMENTS.**

Section

- 10. Scope of regulations
- 20. Standards for payments of entitlements under AS 43.18 and this chapter
- 30. Date of eligibility
- 40. Application
- 50. Appeal
- 60. Population data
- 70. Financial reports
- 80. Prepayment and budgets
- 90. Overpayment and adjustment
- 100. Prorating the annual appropriation for the program
- 110. Incorporation or dissolution of an applicant
- 120. Unified municipalities
- 130. Final determination for the program
- 140. Definitions

19 AAC 30.010. SCOPE OF REGULATIONS.
The regulations in this chapter are prescribed for implementing, interpreting, and making specific the act providing state aid to local governments, AS 43.18.010 - 43.18.045. (Eff. 9/5/76, Reg. 59)

Authority: AS 43.18.040
AS 44.47.050(14)
AS 44.47.160

19 AAC 30.020. STANDARDS FOR PAYMENTS OF ENTITLEMENTS UNDER AS 43.18 AND THIS CHAPTER. Applicants for payments under AS 43.18.010 - 43.18.045 will demonstrate to the department that they are qualified for payments in the following categories of service for which they have power and exercise the power with a minimum level of financial support:

(1) POLICE PROTECTION: An applicant is eligible for payment if the following minimum standards are met:

(A) the applicant must provide police protection with one or more police officers on duty or on call at all times;

(B) a police officer must be at least 19 years of age and must not have been convicted by a court of a crime which is classified as a felony in this state within the past 10 years;

(C) an applicant will not be eligible to receive revenue sharing funds unless a police officer within 12 months after his appointment has satisfactorily completed a basic course in police training approved by the Department of Public Safety. The commissioner may grant an extension of time for the completion of the basic program by a police officer upon presentation of evidence by the municipality that a police officer is unable to complete the basic program within 12 months of his appointment due to illness, injury, family emergency, military service or special duty assignment. An extension may also be made when the commissioner determines that it would be in the public interest.

(D) notwithstanding the provisions of (A) and (B) of this section, the commissioner may waive the requirements set forth in paragraph (C) or presentation of evidence by the municipality and acceptance of the evidence by the Police Standards Council that a police officer is otherwise qualified based on work experience, education, or training;

(E) recognition of the applicant by the Police Standards Council as a "participating police department" is evidence of eligibility under this section.

(2) FIRE PROTECTION:

(A) a municipal applicant is eligible for payment if it provides fire protection. Fire protection includes, but is not limited to, fire protection provided by a volunteer fire department which is currently registered with the State Fire Marshal and which has official recognition and financial support from the municipality in which it is located;

(B) a volunteer fire department located

2

outside a municipality is eligible if it meets the following criteria:

(i) it is currently registered with the State Fire Marshal; and

(ii) minimum financial support as defined in 19 AAC 30.020(10) is provided; and

(iii) unexpended funds are dedicated irrevocably for the operation and maintenance of fire protection services;

(C) organizational grants shall be made on the same basis to facilitate the organization of a volunteer fire department in an area not in a municipality upon application of the proposed fire protection group to the State Fire Marshal and approval of an application according to standards of organization and service prescribed by regulations promulgated by the State Fire Marshal, and upon submitting an application for state aid to the department.

(3) AIR OR WATER POLLUTION CONTROL. An applicant is eligible for payment under this category if it meets either of the following minimum standards:

(A) the municipality is engaged in a comprehensive study of an air pollution control program or implementing an air pollution control program; or

(B) the municipality has a sanitary sewage treatment facility and sewage disposal system which is in compliance with state law or the sewage treatment facility is under construction and will meet state requirements.

(4) LAND USE PLANNING: An applicant is eligible for payment if the following minimum standards are met:

(A) the municipality shall be in the process of preparing or updating a comprehensive land use plan or be implementing a comprehensive land use plan through exercise of platting or zoning powers; and

(B) if a municipality has a population over 12,000 persons, the municipality, to qualify for aid under this paragraph, shall employ a staff planner charged with the primary responsibility for land use planning and plan implementation; or

(C) if the municipality has a population fewer than 12,000 persons, the municipality shall qualify for aid under this paragraph by availing itself of planning assistance through one of the following:

(i) a staff planner charged with the primary responsibility of land use planning and plan implementation or a planning commission engaged in the preparation or implementation of a comprehensive land use plan; or

(ii) an annual contract with a recognized planning firm to provide land use planning and plan implementation on a consulting basis with a work program outline approved by the Department of Community and Regional Affairs; or

(iii) participation in the state's continuing planning advisory service program of the Department of Community and Regional Affairs through assistance in the preparation or implementation of a comprehensive planning program.

(5) PARKS AND RECREATION: An applicant is eligible for payment if one or more of the following minimum standards are met:

(A) a municipality must provide a park or recreational facility available to the public; or

(B) the municipality provides a recreational program on a regular and continuing basis available to the public.

(6) TRANSPORTATION FACILITIES: An applicant is eligible for payment under this category if it operates one or more of the following facilities:

(A) a small boat harbor which provides deep water shelter, either natural or artificial, on the coast of a sea, lake, river or other body of water; or

(B) a port or dock which has the capability of receiving cargo from and discharging cargo to commercial vessels; or

(C) an airport for the convenience of private and commercial aircraft. Excluded are airports exclusively operated and maintained by a federal or state agency or by a private party, airports maintained on a seasonal basis, and natural landing strips; or

(D) a transit system for the transportation of people in accordance with established tariffs by rail and monorail, or buses specifically designed and constructed to accommodate the general public.

(7) **ROAD MAINTENANCE:** An applicant is eligible for payment under these categories if one or both of the following minimum standards are met:

(A) a public road, street or highway maintained by an applicant must be dedicated to public use by licensed automotive equipment; specifically excluded are roads, streets or highways maintained by a federal or state agency or maintained by the applicant pursuant to an agreement with a federal or state agency;

(B) an ice road maintained by an applicant must connect two or more inhabited areas and be used by licensed automotive equipment.

(8) **HEALTH FACILITIES AND HOSPITALS:** An applicant is eligible for payment under these categories if one or more of the following minimum standards are met:

(A) **Municipal Health Services:** an applicant shall have and exercise the health power and have within its boundaries a qualifying hospital under (B) or (C) of this section;

(B) **Municipal Hospitals:** an applicant must have and exercise the power to provide hospital facilities and services. Payment shall be based on the number of beds actually set up for patient care limited to the number of beds licensed as of July 1 of the entitlement year by the Department of Health and Social

Services and provided for in the current construction design of the hospital. Funds received under this subparagraph may be used only for hospitals and shall be apportioned among qualifying hospitals as the applicant determines;

(C) **Nonprofit Hospitals:** an applicant shall certify to the department before June 30 of the entitlement year that the hospital is in compliance with all standards for hospitals which have been adopted by the applicant. Payments to the applicant shall be transferred immediately to the hospital in accord with the basis by which the entitlement was generated by the hospital and shall be applied to the annual cost of operation and maintenance of the hospital or for the provision of health care service at the hospital as the directors of the hospital determine;

(D) to be eligible under (B) or (C) of this section, the hospital must be licensed as a general hospital by the Department of Health and Social Services; hospitals wholly operated or wholly supported by a federal or state agency are ineligible under (B) and (C) of this section;

(E) **Health Facilities:** an applicant must have and exercise the power of health service. Payment shall be based on the number of beds set up for patient care, or payment shall be made per health facility as the applicant determines;

(F) to be eligible under (E) of this section, a health facility shall be a public health center, maternity home, community mental health center, facility for the mentally or physically handicapped, nursing home, or convalescent center which is licensed, when required, by the state under AS 18.20.010 - 18.20.130 or if licensing is not required, approved by the department, and is owned or operated by an applicant or by a nonprofit corporation or other nonprofit sponsor. Facilities wholly operated or wholly supported by a federal or state agency are ineligible;

(G) financial eligibility for hospitals and health facilities and health services shall be based on the financial support provided by

the applicant and excludes those services that are actually provided or wholly funded by a federal or state agency. Any unexpended entitlement received shall be dedicated irrevocably for the service, operation, or maintenance of the health facility or health service:

(H) funds received by a municipality under (A) or (E) of this section shall be used for expenses of health services or operation and maintenance of facilities as the applicant determines.

(9) CONSTRUCTION AID: an applicant is eligible for payment if the following minimum standards are met:

(A) if construction of a hospital or health facility began after January 1, 1968, and state matching aid for construction approved for payment to the municipality or other facility sponsor constitutes less than 25 percent of the total project cost, the state shall pay to the municipality or other facility sponsor each fiscal year a sum equal to \$2,500 per bed for the maximum number of beds provided for in the construction design of the hospital or health facility. State aid provided for in this section shall continue until the municipality or other facility sponsor has received an amount which, combined with state matching money for construction of the hospital or health facility, equals 25 percent of the total project cost. No funds received for construction shall be used for any other purpose;

(B) state matching aid for construction means any construction aid program administered by the Department of Health and Social Services;

(C) project or construction costs shall be those contracted costs that are eligible for financial participation under the Hill-Burton Construction Program for construction of new buildings, including, but not limited to, the expansion, replacement and modernization of existing buildings and initial equipment of any such buildings; including architect and consultant fees, but not including the cost of land acquisition and offsite improvements;

✓ (D) other facility sponsor shall refer to a public or nonprofit corporation which owns or operates, or both, a hospital or health facility which is located outside the corporate limits of a municipality.

(10) FINANCIAL BASIS FOR ELIGIBILITY: (a) A determination that a service was provided or a power was exercised shall be based on the financial support provided during an applicant's fiscal year containing July 1, 1976. Subsequently, the financial support shall be determined from the applicant's previous fiscal year containing July 1 of the previous entitlement period.

(b) Financial support is defined as a minimum cash disbursement of not less than 20 percent of the amount received for a category of service funded during the previous fiscal year or, in the case of a newly acquired power, a budget appropriation not less than 20 percent of the amount to be received for the eligible category of service. (Eff. 9/5/76, Reg. 59)

Authority: AS 43.18.010 AS 44.47.050(14)
AS 43.18.040 AS 44.47.160

19 AAC 30.030. DATE OF ELIGIBILITY. Eligibility for receipt of state aid provided by AS 43.18.010 - 43.18.045 is predicated upon the possession and exercise of a power or provision of a service by an applicant as of July 1 of the entitlement period. (Eff. 9/5/76, Reg. 59)

Authority: AS 43.18.040
AS 44.47.050(14)
AS 44.47.160

19 AAC 30.040. APPLICATION. (a) Application for state aid to local governments under AS 43.18.010 - 43.18.045 shall be made on forms prescribed by the commissioner.

(b) Not later than August 15 of the entitlement period, the department will forward application forms to each municipality incorporated before July 1 of the entitlement period and to every other potential applicant incorporated before July 1 of the entitlement period which the department is aware of and which it believes may be eligible for state aid.

(c) As a condition to participation in the program, application for state aid under AS

43.18.010 - 43.18.045 shall be returned to the department mailed no later than November 1 of the entitlement period. Based on information certified by the municipal officials and contained in the application submitted, the commissioner will prepare an initial determination of entitlement no later than December 15 and will mail notice of the amount of entitlement to each applicant determined eligible. However, if the commissioner determines that an applicant has failed to comply substantially with AS 43.18.010 - 43.18.045 and the regulations of this chapter or failed to provide the category of service or failed to exercise the power funded during a previous entitlement year, the commissioner will reduce the current entitlement of the applicant by the difference between the sum of the prior year payments and the proper entitlements, or demand the sum of payment and prepayment amount be repaid to the department if the current entitlement is insufficient. (Eff. 9/5/76, Reg. 59)

Authority: AS 43.18.010
AS 44.47.050(14)
AS 44.47.160

19 AAC 30.050. APPEAL. (a) Within 10 days after receipt of the notice of entitlement from the department, an applicant may appeal the determination of initial entitlement to the commissioner. The appeal shall be in writing and shall identify the particular category or categories to which the applicant takes exception, the determination of entitlement to which the applicant takes exception, and the reasons for its exception. The appeal shall include all relevant supporting evidence.

(b) The commissioner shall review the record of appeal and enter the final determination of entitlement. The commissioner may affirm or modify the determination of entitlement previously entered, and shall notify the applicant of the decision.

(c) If the applicant fails to appeal an initial determination within the time set forth in subsection (a) of this section, the determination of entitlement entered pursuant to sec. 40(c) of this chapter constitutes the final determination of the department.

(d) The manner of computation of population

may not be made the subject of an appeal. (Eff. 9/5/76, Reg. 59)

Authority: AS 43.18.040
AS 44.47.050(14)
AS 44.47.160

19 AAC 30.060. POPULATION DATA. (a) The date for determination of population of an applicant is July 1 of the entitlement year.

(b) The population data used in determination of allocations of state aid and adjustments to those allocations will be the official report of the United States Bureau of the Census. However, an applicant may substitute for the official report of the United States Bureau of the Census

(1) an enumeration, certified as true and correct by the governing body of the municipality or chief administrative officer of a volunteer fire department located outside a municipality, specifying the names of residents of the municipality, service area, or area served by a fire department, prepared according to the criteria established by the department; or

(2) an estimate of population based upon other reliable data such as public school enrollment figures, public utility connections, registered voters, and certified employment payrolls; or

(3) the latest military population supplied by the adjutant general for the military population residing on a military reserve; or

(4) the latest available population estimate prepared by the Division of Employment Security, Alaska Department of Labor.

(c) The commissioner may require each applicant which offers an estimate of its population to submit such evidence as may be necessary to verify computation of the population estimate. The commissioner may require the applicant to provide further information within 10 days of the date of receipt of notification, or the estimate will be rejected and allocations made on the basis of the best data available to the department. (Eff. 9/5/76, Reg. 59)

Authority: AS 43.18.010(c) AS 44.47.050(14)
AS 43.18.040 AS 44.47.160

19 AAC 30.070. FINANCIAL REPORTS. (a) Each unified municipality, organized borough, home rule city, city of the first class, hospital, nonmunicipal health facility, or other facility sponsor shall submit one copy of its annual audit for the fiscal year preceding the entitlement period. Preparation of the audit shall be by a licensed accountant.

(b) Each city of the second class and each volunteer fire department located outside a municipality shall submit an audit or certified statement of income and expenditures of the accounts and financial transactions for the fiscal year preceding the entitlement period in a form approved by the commissioner.

(c) No payment of a final entitlement for the applicant will be made until an audit or statement of income and expenditures is filed by the applicant with the department. (Eff. 9/5/76, Reg. 59)

Authority: AS 43.18.010(c)
AS 43.18.040
AS 44.47.050(14)
AS 44.47.160

19 AAC 30.080. PREPAYMENT AND BUDGETS. (a) The commissioner may provide for prepayment to an applicant a sum not to exceed 50 percent of the previous year's entitlement computed without regard to any proration and not to exceed the current year's entitlement.

(b) Prepayments will be allowed to an applicant upon receipt by the department of a completed application and approved budget mailed no later than October 1 of the entitlement year.

(c) Prepayments shall be deducted from the entitlement prior to transmittal of the balance of the entitlement due. (Eff. 9/5/76, Reg. 59)

Authority: AS 43.18.040
AS 44.47.050(14)
AS 44.47.160

19 AAC 30.090. OVERPAYMENT AND ADJUSTMENT. (a) After mailing of prepayments, if the commissioner determines that the prepayment mailed to an applicant exceeds the entitlement payable to an applicant during the entitlement period, the commissioner shall

(1) request that the difference between the amount of prepayment and the proper entitlement be repaid to the department; or

(2) reduce, in the next entitlement period, the entitlement to an applicant by the difference between the sum of the payments and the proper entitlement.

(b) After mailing of the balance of the entitlement due to an applicant, if the commissioner determines that the sum of the prepayment and final payment exceeds the entitlement payable to the applicant during an entitlement period, the commissioner shall

(1) request that the difference between the sum of the payments and the proper entitlement be repaid to the department; or

(2) reduce, in the next entitlement period, the entitlement to an applicant by the difference between the sum of the payments and the proper entitlement. (Eff. 9/5/76, Reg. 59)

Authority: AS 43.18.020
AS 44.47.050(14)
AS 44.47.160

19 AAC 30.100. PRORATING THE ANNUAL APPROPRIATION FOR THE PROGRAM. If the amount appropriated is insufficient for the purpose of each applicant's share authorized under AS 43.18.010 - 43.18.045, such funds as are available shall be distributed pro rata among the applicants based upon the notices of final entitlement. (Eff. 9/5/76, Reg. 59)

Authority: AS 43.18.040
AS 44.47.050(14)
AS 44.47.160

19 AAC 30.110. INCORPORATION OR DISSOLUTION OF AN APPLICANT. (a) An applicant which is incorporated during the entitlement period is not eligible to receive state aid for the entitlement period during which it was incorporated.

(b) An applicant which is to be dissolved pursuant to AS 29.68.500 during the entitlement period will receive an entitlement payment prorated over the number of days in the entitlement period during which it has been in existence.

(c) Grants shall be made to facilitate the organization of volunteer fire departments located outside a municipality from the funds available. Requests may be made any time during the entitlement year on a proper application form. (Eff. 9/5/76, Reg. 59)

Authority: AS 43.18.040
AS 44.47.050(14)
AS 44.47.160

19 AAC 30.120. UNIFIED MUNICIPALITIES. For purposes of AS 43.18.010 – 43.18.045 and the regulations of this chapter, a unified municipality shall be treated as an organized borough. (Eff. 9/5/76, Reg. 59)

Authority: AS 43.18.040
AS 44.47.050(14)
AS 44.47.160

19 AAC 30.130. FINAL DETERMINATION FOR THE PROGRAM. The Department of Community and Regional Affairs will finally approve or disapprove entitlements based upon information provided by the applicant and other departments of the state. (Eff. 9/5/76, Reg. 59)

Authority: AS 43.18.040
AS 44.47.050(14)
AS 44.47.160

19 AAC 30.140. DEFINITIONS. Unless the context indicates otherwise, in this chapter

(1) "commissioner" means the Commissioner of the Department of Community and Regional Affairs;

(2) "department" means the Department of Community and Regional Affairs;

(3) "applicant" means any municipality, volunteer fire department located outside a municipality, or other facility sponsor;

(4) "facility" means a permanent improvement constructed, operated or maintained for the convenience of the public. (Eff. 9/5/76, Reg. 59)

Authority: AS 43.18.040
AS 44.47.050(14)
AS 44.47.160

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
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MEMORANDUM

February 2, 1979

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

TO: Representative Terry Gardiner

FROM: John B. Chenoweth
Legislative Counsel

John Williams
Policy Analyst

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

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

*Section 1. PURPOSE.

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

*Section 2. CHAPTER 88.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*Section 3. CHAPTER 89.

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

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