

775

SCRA

HB

192

0072

HB

192

COMMITTEE REPORT
SENATE

FURTHER: Finance

4/24/80

Date: May 1 '80

Mr. President:

The Committee on COMMUNITY AND REGIONAL AFFAIRS has had CSHB 192 (Fin) am equalization of the tax resources of municipalities, continuing a portion of the program of state aid for municipal purposes

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

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Bob Mulcahy No Rec

Tim Kelly No Rec

Patricia Rodery No Rec

[Signature]

CHAIRMAN

COMMITTEE REPORT

SENATE

twice 5-100

FURTHER: Finance

4/24/80

Date: 7/11/1980

Mr. President:

The Committee on COMMUNITY AND REGIONAL AFFAIRS has had CSHB 192 (in) an equalization of the tax resources of municipalities, continuing a portion of the program of state aid for municipal purposes

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 SCS for CS HB 192 same title
 new title
- and recommends _____
- AND ~~attaches a "Letter of Intent"~~ New Fiscal Note Needed
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

as follows
[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Bob McPeak No Rec
Tim Kelly No Rec
Patrick Padey No Rec

[Signature]
CHAIRMAN

Committee Log Book - 1980

Tape Number XXVI

SENATE C?RA

Side Number 1

Present: Committee
Senators Mulcahy and Stimson
Chairman Sturgulewski
Absent: Senator Rodey

Dates 4/30/80 to _____

Bill Numbers Discussed

CSHB 192									
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Date & Time	Tape Meter Number	Bill	Significant Information (Witness, Action)
8:40a.m	110	CSHB 192	Chairman Sturgulewski
	041		Tom Monk, AK. St. Firefighters Assoc. Amendment to p 10 - line 5
	100		Sen. Sturgulewski
			Palmer McCarter, Dept. C/RA
	233		Lee Sharp - Attorney for City/Borough
			re raising revenues - Chairman Sturgulewski
	482		Sharp's amendment on utility "revenue" in lieu of tax payments
	537		L. Sharp, fire protection
	556		Chairman Sturgulewski re 15% revenue areawide
	639		Gary Crouse/ Dept. Public Safety/ Dept.'s position neutral. Comments.....
	680		Chairman Sturgulewski
	734		Ginny Chitwood/ Alaska Municipal League
	001		Chairman Sturgulewski/ 1 p.m. workshop
	045		Mary Foster/ Palmer McCarter
	194		Mary Foster clarifies point
1:15 p.	511		<u>All Members present</u>
	536		Jack Krieheder/ House Research Office
	115		Chairman Sturgulewski

Side 2

TAPE 2

134 Representative Gardiner

160 J. Krieheder continues

OVER

281 Dave Brennen, Fairbanks
T. Gardiner re fire departments

578 J. Krieheder - Ch. 29, page 10, page 14
681 Page 14
721 Section 8 - page 16
735 Page 17
745 J. Krieheder - Section 11
757 Hold Harmless Section

838 Ginny Chitwood, A.M.L.

SIDE II

000 J. Krieheder/ Chairman Sturgulewski
065 Gene Husick/ proposal/ one more feature to hold harmless for
additional communities/ proposes separate account
220 Sen. Kelly questions allocation/ double counting of people within
cities and boroughs.
405 Sen. Mulcahy/ Anch. Budget and Audit Office
Gene/Jack/Margo/Lee Sharp
504 Chairman Sturgulewski/ Page 2, line 20 amendments
643 Chairman Sturgulewski recommends accepting Miller's amendment-
St. aid with hospital construction draft/ language needed.
724 Senator Sturgulewski - Section 22 amendment
Sen. Rodey
770 Sen. Kelly - against Sen. Rodey's wording on hospitals

3:04 p.m.

SEN. RODEY AND STIMSON LEAVE
800 Sen. Sturgulewski/ amendments in section 6
856 Sen. Sturgulewski - go back to original wording

TAPE 3 // Side 1

000 Chairman Sturgulewski - more amendments
56 Margo Waring, AA to Sen. Sturgulewski/ hold harmless
125 Chairman Sturgulewski - FY 80 entitlement
192 Chrmn. Sturgulewski - work draft Sec. 12 & 13
339 G. Chitwood, AML, Transit
382 Chrmn. Sturgulewski - Letter of Intent
Chrmn. " - Senate Bill 437
410 ALL MEMBERS PRESENT EXCEPT FOR SENATOR RODEY (late)
443 Discussion re page 17
526 Chrmn. amends re deleting utilities
543 Sen. Kelly moves to adopt amendment, line 8, page 4 add
"including in the valuation of the utility" / amendment o.k.'d.
582 Sen. Sturgulewski, Amend. 2, Hospital removal
628 Palmer McCarter, Dept. C/RA
780 29.89.020 to be in sep. allocation.
Sen. Kelly so moves - no objection
Palmer McCarter, language for new account
828 Chrmn. Sturgulewski, Volunteer Fire Dept., page 10

8:45 a.m.
5/1/80

Side 2

000 Chrmn. Sturgulewski - fire funding
44 Sen. Rodey moves for amendment 4.
83 Chrmn. Sturgulewski reviews figures for amend. on hold harmless
changes with J. Krieheder
286 Sen. Kelly - population approach
Committee comments on choice of amendments.

12:50
May 1, 1980

- 572 Sen. Sturgulewski - other amendments, hospitals and
transits, page 19
- 624 Sen. Mulcahy, line 2-10, page 19, moved to adopt
No objection.
- 633 Section 12 / Chairman Sturgulewski
- 667 Sen. Stimson moved to amend.

- ALL MEMBERS PRESENT
- 685 Chairmans Sturgulewski postponed HB 947
" " - gave summary on HB 192
- 771 Rodey moves to adopt amendment 4
Sen. Kelly
- 784 Chrmn. Sturgulewski - favors amendment 3
- 810 Vote amendment 3/2 Senators Mulcahy & Sturgulewski
- 824 Motion to send bill forward. Sen. Rodey "do pass"
Sen. Kelly doesn't want bill out of committee.
- 840 Senator Sturgulewski adjourned meeting.

Committee Log Book - 1980

Tape Number XXV

SENATE C/RA

Side Number 1

Committee

Dates 4/29/80 to --

PRESENT: Chairman Sturgulewski, Senators Kelly, Stimson, Mulcahy and Rodey.

Bill Numbers Discussed

SCR 66	CSSB 562	CSHB 192 am							
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Date & Time	Tape Meter Number	Bill	Significant Information (Witness, Action)
1:40	005	SCR 66	Chairman Sturgulewski reviews SCR 66
	(063)		Recorder started to work better....
	124		Senator Rodey
	140		Senator Rodey moved to "do pass"
	154	CSSB 562	Chairman reviews SB 562
	193		Senator Mulcahy
	228		Representative Osterback
	288		Dep. Commissioner Marie Matsumo/ Dept. C/RA
	399		Chairman Sturgulewski and Murray Walsh/ Coastal mgmt.
	446		Sen. Rodey - REAA's
			Chairman Sturgulewski, Veronica Clark - Dept. C/RA
			Sen. Stimson
	558		Senator Mulcahy moves to pass CSSB 562
	580	CSHB 192	Chairman Sturgulewski, and Representative Gardiner
	753		Representative Gardiner suggests amendment
	138		Chairman Sturgulewski referred action to next date
			Discussion re Jack Krienharter/ amendments devised by Rep. Rogers, etc.
	456		Larry Crawford/ Gene Husick of Anch. Municipality
	760		Chairman Sturgulewski re scheduling for more work.

Side 2

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

MEMORANDUM

February 25, 1980

TO: Representative Terry Gardiner

FROM: Jack Kreinheder, Issues Analyst *JK*

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

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

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

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

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

JK/dp

PERCENTAGE BREAKDOWN OF POPULATION AND ENTITLEMENTS

EXCLUDING HOSPITAL AND HEALTH FUNDING

Pro
House Res
February

CAL	VT	PRESENT LAW ENTITLEMENT (TOTAL=\$12,000,226)	HB 192 ENTITLEMENT (TOTAL=\$14,740,838)	HB 192 ENTITLEMENT (TOTAL=\$16,740,838)	HB 192 ENTITLEMENT (TOTAL=\$18,740,839)	HB 192 ENTITLEMENT (TOTAL=\$20,740,838)	HB 192 ENTITLEMENT (TOTAL=\$22,740,838)
<u>Boroughs</u>							
	Anchorage Total	\$5,352,264(44.68%)	\$4,541,292(30.80%)	\$5,454,155(32.57%)	\$6,373,214(34.00%)	\$7,285,973(35.12%)	\$8,190,667(36.00%)
	Bristol Bay Total	48,670(0.40%)	66,916(0.45%)	80,625(0.48%)	94,431(0.50%)	108,146(0.52%)	121,742(0.53%)
	Fairbanks Total	937,714(7.82%)	929,722(6.30%)	\$1,116,904(6.67%)	1,305,361(6.96%)	1,492,531(7.19%)	1,678,050(7.38%)
	Haines Borough Total	2,200(0.01%)	20,985(0.14%)	21,930(0.13%)	22,642(0.12%)	23,163(0.11%)	24,546(0.11%)
	Juneau Borough Total	514,509(4.29%)	799,218(5.42%)	970,121(5.79%)	1,142,333(6.09%)	1,313,525(6.33%)	1,483,311(6.53%)
	Kenai Peninsula Total	81,940(0.68%)	178,869(1.21%)	224,525(1.34%)	270,631(1.44%)	316,574(1.52%)	362,211(1.59%)
	Ketchikan Total	74,806(0.62%)	139,961(0.94%)	175,685(1.04%)	211,762(1.12%)	247,711(1.19%)	283,420(1.25%)
	Kodiak Island Total	52,591(0.43%)	99,070(0.67%)	114,616(0.68%)	130,204(0.69%)	145,617(0.70%)	160,848(0.71%)
	Kat-Su Borough Total	408,149(3.40%)	628,529(4.26%)	679,064(4.05%)	728,850(3.88%)	777,096(3.74%)	824,136(3.62%)
	North Slope Borough Total	203,508(1.69%)	199,436(1.35%)	201,162(1.20%)	202,348(1.07%)	209,713(1.01%)	229,352(1.01%)
	Sitka Borough Total	234,649(1.95%)	229,953(1.55%)	231,943(1.38%)	233,310(1.24%)	233,969(1.12%)	254,978(1.12%)
<u>First Class Cities</u>							
	Barrow	34,122(0.28%)	33,439(0.22%)	36,641(0.21%)	44,165(0.23%)	51,663(0.24%)	59,110(0.26%)
	Colona	91,271(0.76%)	96,388(0.65%)	115,224(0.68%)	134,181(0.71%)	152,999(0.73%)	171,645(0.75%)
	Craig	19,856(0.16%)	28,605(0.19%)	33,188(0.19%)	37,785(0.20%)	42,332(0.20%)	46,827(0.21%)
	Delta Ingham	62,407(0.52%)	61,158(0.41%)	61,688(0.36%)	67,950(0.36%)	75,917(0.36%)	83,790(0.37%)
	Fairbanks	709,841(5.92%)	896,598(6.08%)	1,065,140(6.36%)	1,234,658(6.58%)	1,402,829(6.76%)	1,569,393(6.90%)
	Galeva	33,914(0.28%)	33,235(0.22%)	33,523(0.20%)	33,720(0.17%)	33,815(0.16%)	33,844(0.15%)
	Haines	49,634(0.41%)	56,169(0.38%)	63,725(0.38%)	71,280(0.38%)	78,723(0.37%)	86,062(0.38%)
	Homer	69,574(0.58%)	68,181(0.46%)	68,772(0.41%)	69,876(0.37%)	76,996(0.37%)	84,014(0.37%)
	Hoonah	32,671(0.27%)	32,017(0.21%)	32,294(0.19%)	32,485(0.17%)	35,735(0.17%)	39,350(0.17%)
	Hydaburg	9,732(0.08%)	21,099(0.14%)	21,767(0.13%)	22,265(0.11%)	22,618(0.10%)	22,870(0.10%)
	Kake	18,967(0.15%)	22,148(0.15%)	22,807(0.13%)	23,297(0.12%)	24,219(0.11%)	26,350(0.11%)
	Kenai	166,757(1.39%)	236,166(1.60%)	267,398(1.59%)	298,607(1.59%)	329,345(1.58%)	359,645(1.58%)
	Ketchikan	208,143(1.73%)	264,202(1.79%)	321,610(1.92%)	379,469(2.02%)	437,000(2.10%)	494,067(2.17%)
	King Cove	21,913(0.18%)	24,645(0.16%)	25,755(0.15%)	26,591(0.14%)	27,203(0.13%)	27,655(0.12%)
	Klawock	10,560(0.08%)	20,362(0.13%)	21,129(0.12%)	21,703(0.11%)	22,118(0.10%)	22,419(0.10%)
	Kodiak	164,263(1.37%)	160,976(1.09%)	162,369(0.96%)	164,318(0.87%)	185,664(0.89%)	206,791(0.91%)

Percentage Breakdown of Population and Entitlements
Including Hospital and Health Funding

	PRESENT LAW ENTITLEMENT (TOTAL=\$12,000,226)	HB 192 ENTITLEMENT (TOTAL=\$14,740,838)	HB 192 ENTITLEMENT (TOTAL=\$16,740,838)	HB 192 ENTITLEMENT (TOTAL=\$18,740,838)	HB 192 ENTITLEMENT (TOTAL=\$20,740,838)	HB 192 ENTITLEMENT (TOTAL=\$22,740,838)
<u>LOCAL GOV'T</u>						
<u>First Class Cities (con't)</u>						
A. Kenai	\$ 28,578(0.23%)	\$ 50,759(0.34%)	\$ 54,856(0.32%)	\$ 58,893(0.31%)	\$ 62,806(0.30%)	\$ 66,622(0.29%)
B. Nome	111,941(0.93%)	130,675(0.88%)	154,780(0.92%)	179,016(0.95%)	203,053(0.97%)	226,855(0.99%)
C. North Pole	29,197(0.24%)	40,212(0.27%)	43,028(0.25%)	45,787(0.24%)	48,444(0.23%)	51,024(0.22%)
D. Palmer	65,141(0.54%)	92,430(0.62%)	103,889(0.62%)	115,322(0.61%)	126,564(0.61%)	137,634(0.60%)
E. Pelican	4,816(0.04%)	21,574(0.14%)	22,440(0.13%)	23,091(0.12%)	23,563(0.11%)	23,908(0.10%)
F. Petersburg	94,268(0.78%)	108,439(0.73%)	130,365(0.77%)	152,440(0.81%)	174,367(0.84%)	196,101(0.86%)
G. Sand Point	27,161(0.22%)	35,614(0.24%)	38,602(0.23%)	41,551(0.22%)	44,414(0.21%)	47,208(0.20%)
H. Saint Mary's	32,119(0.26%)	44,315(0.30%)	45,608(0.27%)	46,800(0.24%)	47,864(0.23%)	48,840(0.21%)
I. Seldovia	20,441(0.17%)	27,081(0.18%)	29,736(0.17%)	32,469(0.17%)	35,090(0.16%)	37,660(0.16%)
J. Seward	64,622(0.53%)	79,759(0.54%)	88,203(0.52%)	96,595(0.51%)	104,810(0.50%)	112,874(0.49%)
K. Skagway	33,840(0.28%)	39,462(0.26%)	43,364(0.25%)	47,236(0.25%)	51,017(0.24%)	54,723(0.24%)
L. Soldotna	91,572(0.76%)	130,761(0.88%)	147,330(0.88%)	163,871(0.87%)	180,145(0.86%)	196,176(0.86%)
M. Unalaska	72,551(0.60%)	156,428(1.06%)	167,052(0.99%)	177,448(0.94%)	187,443(0.90%)	197,137(0.86%)
N. Valdez	137,150(1.14%)	134,405(0.91%)	135,569(0.80%)	136,368(0.72%)	136,753(0.65%)	136,868(0.60%)
O. McGrath	95,108(0.79%)	158,245(1.07%)	194,225(1.16%)	230,508(1.22%)	266,609(1.28%)	302,433(1.33%)
P. Yakutat	11,691(0.09%)	22,756(0.15%)	23,464(0.14%)	23,992(0.12%)	24,366(0.11%)	24,631(0.10%)
<u>Second Class Cities</u>						
A. Akhtok	6,071(0.05%)	23,126(0.15%)	23,784(0.14%)	24,274(0.12%)	24,616(0.11%)	24,857(0.10%)
B. Aktaachak	19,322(0.16%)	30,166(0.20%)	30,668(0.18%)	31,031(0.16%)	31,263(0.15%)	31,404(0.13%)
C. Akalak	3,588(0.02%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
D. Akolmut	57,837(0.47%)	85,516(0.58%)	86,256(0.51%)	86,764(0.46%)	87,009(0.41%)	87,083(0.38%)
E. Alakanuk	23,029(0.19%)	29,519(0.20%)	30,107(0.17%)	30,538(0.16%)	30,823(0.14%)	31,009(0.13%)
F. Aleknagik	5,278(0.04%)	24,645(0.16%)	25,755(0.15%)	26,591(0.14%)	27,203(0.13%)	27,655(0.12%)
G. Alalakaket	6,786(0.05%)	27,907(0.18%)	28,842(0.17%)	29,541(0.15%)	30,040(0.14%)	30,397(0.13%)
H. Ambler	13,654(0.11%)	29,585(0.20%)	30,295(0.18%)	30,820(0.16%)	31,179(0.15%)	31,423(0.13%)

e No. 3

Percentage Breakdown of Population and Entitlements
Including Hospital and Health Funding

AL. COU'Y	PRESENT LAW ENTITLEMENT (TOTAL=\$12,000,226)	HB 192 ENTITLEMENT (TOTAL=\$14,740,838)	HB 192 ENTITLEMENT (TOTAL=\$16,740,838)	HB 192 ENTITLEMENT (TOTAL=\$18,740,838)	HB 192 ENTITLEMENT (TOTAL=\$20,740,838)	HB 192 ENTITLEMENT (TOTAL=\$22,740,838)
<u>Second Class Cities (con't)</u>						
Anaktuvuk Pass	\$ -0-	\$ 26,109(0.17%)	\$ 27,285(0.16%)	\$ 28,171(0.15%)	\$ 28,819(0.13%)	\$ 29,298(0.13%)
Anderson	13,734(0.11%)	29,439(0.19%)	30,168(0.18%)	30,708(0.16%)	31,080(0.14%)	31,333(0.14%)
Angoon	20,195(0.16%)	22,928(0.15%)	23,482(0.14%)	23,891(0.12%)	24,172(0.11%)	24,362(0.11%)
Aniak	25,938(0.21%)	37,355(0.25%)	37,679(0.22%)	37,901(0.20%)	38,008(0.18%)	38,040(0.17%)
Anvik	-0-	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.13%)
Atmautluak	17,981(0.15%)	31,202(0.21%)	31,564(0.18%)	31,821(0.16%)	31,966(0.15%)	32,037(0.14%)
Bethel	183,321(1.53%)	189,402(1.28%)	207,109(1.23%)	224,642(1.19%)	241,734(1.16%)	258,465(1.13%)
Brevig Mission	2,801(0.02%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
Buckland	2,905(0.02%)	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.13%)
Chefornak	3,925(0.03%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
Chevak	12,852(0.10%)	25,701(0.17%)	26,801(0.16%)	27,628(0.14%)	28,231(0.13%)	28,675(0.12%)
Chuathbaluk	10,321(0.08%)	29,172(0.19%)	29,938(0.17%)	30,505(0.16%)	30,899(0.14%)	31,170(0.14%)
Clark's Point	-0-	24,645(0.16%)	25,755(0.15%)	26,591(0.14%)	27,203(0.13%)	27,655(0.12%)
Delta Junction	22,320(0.18%)	27,367(0.18%)	27,719(0.16%)	27,970(0.14%)	28,118(0.13%)	28,197(0.12%)
Diofide	890(00.00%)	24,645(0.16%)	25,755(0.15%)	26,591(0.14%)	27,203(0.13%)	27,655(0.12%)
Eagle	3,674(0.03%)	23,800(0.16%)	24,630(0.14%)	25,251(0.13%)	25,696(0.12%)	26,017(0.11%)
Eek	7,350(0.06%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
Ekwok	-0-	24,645(0.16%)	25,755(0.15%)	26,591(0.14%)	27,203(0.13%)	27,655(0.12%)
Elim	4,580(0.03%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
Emmonak	16,449(0.13%)	27,584(0.18%)	28,431(0.16%)	29,063(0.15%)	29,510(0.14%)	29,826(0.13%)
Fort Yukon	40,167(0.33%)	50,397(0.34%)	50,833(0.30%)	51,133(0.27%)	51,277(0.24%)	51,321(0.23%)
Fortuna Ledge	13,260(0.11%)	28,451(0.19%)	29,182(0.17%)	29,724(0.15%)	30,098(0.14%)	30,356(0.13%)
Gambell	18,779(0.15%)	29,908(0.20%)	30,443(0.18%)	30,834(0.16%)	31,087(0.14%)	31,246(0.14%)
Golovin	2,825(0.02%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)

Percentage Breakdown of Population and Entitlements
Including Hospital and Health Funding

	PRESENT LAW ENTITLEMENT (TOTAL=\$12,000,226)	HB 192 ENTITLEMENT (TOTAL=\$14,740,838)	HB 192 ENTITLEMENT (TOTAL=\$16,740,838)	HB 192 ENTITLEMENT (TOTAL=\$18,740,838)	HB 192 ENTITLEMENT (TOTAL=\$20,740,838)	HB 192 ENTITLEMENT (TOTAL=\$22,740,838)
<u>AL. GOV'T</u>						
<u>Second Class Cities (con't)</u>						
Goodnews Bay	\$ -0-	\$ 25,377(0.17%)	\$ 26,520(0.15%)	\$ 27,381(0.14%)	\$ 28,011(0.13%)	\$ 28,477(0.13%)
Grayling	7,465(0.06%)	28,240(0.19%)	29,130(0.17%)	29,795(0.15%)	30,256(0.14%)	30,601(0.14%)
Holy Cross	10,435(0.08%)	28,773(0.19%)	29,592(0.17%)	30,201(0.16%)	30,628(0.14%)	30,926(0.14%)
Hooper Bay	10,133(0.08%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.13%)
Houston	34,179(0.28%)	64,944(0.44%)	65,506(0.39%)	65,892(0.35%)	66,078(0.31%)	66,134(0.31%)
Hughes	1,231(0.01%)	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.13%)
Huslia	29,890(0.24%)	58,229(0.39%)	58,733(0.35%)	59,079(0.31%)	59,246(0.28%)	59,296(0.28%)
Kachemak	-0-	20,985(0.14%)	21,930(0.13%)	22,642(0.12%)	23,163(0.11%)	23,548(0.11%)
Kaktovik	2,413(0.02%)	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.13%)
Kaktovik	6,763(0.05%)	27,441(0.18%)	28,439(0.16%)	29,186(0.15%)	29,723(0.14%)	30,112(0.14%)
Kasaan	432(0.00%)	19,521(0.13%)	20,400(0.12%)	21,062(0.11%)	21,547(0.10%)	21,905(0.10%)
Kiana	13,720(0.11%)	28,120(0.19%)	29,027(0.17%)	29,704(0.15%)	30,184(0.14%)	30,527(0.14%)
Kiina	6,503(0.05%)	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.13%)
Kobuk	7,535(0.06%)	28,773(0.19%)	29,592(0.17%)	30,201(0.16%)	30,628(0.14%)	30,926(0.14%)
Kotlik	5,066(0.04%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.13%)
Kotzebue	111,653(0.93%)	109,419(0.74%)	110,366(0.65%)	117,885(0.62%)	128,118(0.61%)	138,168(0.61%)
Koyuk	5,126(0.04%)	25,759(0.17%)	26,851(0.16%)	27,672(0.14%)	28,270(0.13%)	28,710(0.13%)
Koyukuk	935(0.00%)	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.13%)
Kupreanof	474(0.00%)	26,253(0.13%)	21,165(0.12%)	21,852(0.11%)	22,355(0.10%)	22,727(0.10%)
Kvetluk	10,630(0.08%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.13%)
Larsen Bay	1,343(0.01%)	20,985(0.14%)	21,930(0.13%)	22,642(0.12%)	23,163(0.11%)	23,548(0.11%)
Lower Kalskag	46,218(0.38%)	87,163(0.59%)	87,918(0.52%)	88,436(0.47%)	88,685(0.42%)	88,760(0.42%)
Manokotak	5,101(0.04%)	24,645(0.16%)	25,755(0.15%)	26,591(0.14%)	27,203(0.13%)	27,655(0.13%)
McGrath	21,926(0.18%)	31,296(0.21%)	31,777(0.18%)	32,125(0.17%)	32,341(0.15%)	32,469(0.15%)

Percentage Breakdown of Population and Entitlements
Including Hospital and Health Funding

AL	PRESENT LAW ENTITLEMENT (TOTAL=\$12,000,226)	HB 192 ENTITLEMENT (TOTAL=\$14,740,838)	HB 192 ENTITLEMENT (TOTAL=\$16,740,838)	HB 192 ENTITLEMENT (TOTAL=\$18,740,838)	HB 192 ENTITLEMENT (TOTAL=\$20,740,838)	HB 192 ENTITLEMENT (TOTAL=\$22,740,838)
<u>Second Class Cities (con't)</u>						
.Mekoryuk	\$ 4,165(0.03%)	\$ 25,377(0.17%)	\$ 26,520(0.15%)	\$ 27,381(0.14%)	\$ 28,011(0.13%)	\$ 28,477(0.12%)
.Mountain Village	35,024(0.29%)	45,544(0.30%)	45,939(0.27%)	46,209(0.24%)	46,340(0.22%)	46,379(0.20%)
.Napakiak	11,129(0.09%)	26,982(0.18%)	27,910(0.16%)	28,604(0.15%)	29,101(0.14%)	29,458(0.13%)
.Napaskiak	5,042(0.04%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
.Newhalen	-0-	24,645(0.16%)	25,755(0.15%)	26,591(0.14%)	27,203(0.13%)	27,655(0.12%)
.New Stuyahok	5,355(0.04%)	24,645(0.16%)	25,755(0.15%)	26,591(0.14%)	27,203(0.13%)	27,655(0.12%)
.Newtok	3,687(0.03%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
.Nightmute	3,048(0.02%)	26,024(0.17%)	27,081(0.16%)	27,874(0.14%)	28,451(0.13%)	28,872(0.12%)
.Nikolai	-0-	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.12%)
.Ondalton	-0-	24,645(0.16%)	25,755(0.15%)	26,591(0.14%)	27,203(0.13%)	27,655(0.12%)
.Ooruk	17,332(0.14%)	27,574(0.18%)	28,554(0.17%)	29,287(0.15%)	29,814(0.14%)	30,194(0.13%)
.Oulato	10,355(0.08%)	28,839(0.19%)	29,649(0.17%)	30,252(0.16%)	30,673(0.14%)	30,967(0.13%)
.Oulqsut	-0-	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.12%)
.Oulukbaror	14,176(0.11%)	23,366(0.15%)	23,993(0.14%)	24,457(0.13%)	24,780(0.11%)	25,004(0.11%)
.Ouzinkie	2,922(0.02%)	21,360(0.14%)	22,255(0.13%)	22,927(0.12%)	23,417(0.11%)	23,777(0.10%)
.Pilot Station	10,727(0.08%)	26,672(0.18%)	27,641(0.16%)	28,368(0.15%)	28,890(0.13%)	29,268(0.12%)
.Platinum	20,298(0.16%)	41,085(0.27%)	41,441(0.24%)	41,685(0.22%)	41,803(0.20%)	41,838(0.18%)
.Point Hope	-0-	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.12%)
.Port Alexander	985(0.00%)	20,253(0.13%)	21,165(0.12%)	21,852(0.11%)	22,355(0.10%)	22,727(0.10%)
.Port Heider	38,515(0.32%)	82,275(0.55%)	82,988(0.49%)	83,477(0.44%)	83,712(0.40%)	83,783(0.37%)
.Port Lions	8,863(0.07%)	22,291(0.15%)	23,061(0.13%)	23,637(0.12%)	24,050(0.11%)	24,346(0.10%)
.Quinhagak	10,369(0.08%)	26,186(0.17%)	27,221(0.16%)	27,998(0.14%)	28,560(0.13%)	28,971(0.12%)
.Ruby	2,764(0.02%)	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.12%)
.Russian Mission	-0-	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
.Saint Michael	6,751(0.05%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)
.Saint Paul	67,644(0.56%)	115,990(0.78%)	116,994(0.69%)	117,684(0.62%)	118,016(0.56%)	118,115(0.52%)
.Savoonga	9,792(0.08%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.12%)

Percentage Breakdown of Population and Entitlements
Including Hospital and Health Funding

	PRESENT LAW ENTITLEMENT (TOTAL=\$12,000,226)	HB 192 ENTITLEMENT (TOTAL=\$14,740,838)	HB 192 ENTITLEMENT (TOTAL=\$16,740,838)	HB 192 ENTITLEMENT (TOTAL=\$18,740,838)	HB 192 ENTITLEMENT (TOTAL=\$20,740,838)	HB 192 ENTITLEMENT (TOTAL=\$22,740,838)
<u>Second Class Cities (con't)</u>						
1. Saxman	\$ 6,234(0.05%)	\$ 20,965(0.14%)	\$ 21,650(0.12%)	\$ 22,163(0.11%)	\$ 22,527(0.10%)	\$ 22,788(0.10%)
1. Seaman Bay	7,840(0.06%)	26,186(0.17%)	27,221(0.16%)	27,998(0.14%)	28,560(0.13%)	28,971(0.13%)
1. Selawik	9,901(0.08%)	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.13%)
1. Shageluk	-0-	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.13%)
1. Shaktoolik	24,323(0.20%)	45,544(0.30%)	45,939(0.27%)	46,209(0.24%)	46,340(0.22%)	46,379(0.20%)
1. Sheldon Point	-0-	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.13%)
1. Shishmaref	11,833(0.09%)	26,659(0.18%)	27,630(0.16%)	28,358(0.15%)	28,881(0.13%)	29,260(0.13%)
1. Shungnak	3,782(0.03%)	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.13%)
1. Stebbins	7,398(0.06%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.13%)
1. Tanana	25,194(0.21%)	36,208(0.24%)	36,522(0.21%)	36,737(0.19%)	36,841(0.17%)	36,872(0.16%)
1. Teller	8,229(0.06%)	27,118(0.18%)	28,028(0.16%)	28,708(0.15%)	29,193(0.14%)	29,541(0.13%)
1. Tenakee Springs	4,414(0.03%)	20,769(0.14%)	21,612(0.12%)	22,216(0.11%)	22,706(0.10%)	23,042(0.10%)
1. Topok	15,665(0.13%)	27,798(0.18%)	28,477(0.17%)	28,986(0.15%)	29,337(0.14%)	29,576(0.13%)
1. Tokeok Bay	8,701(0.07%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.13%)
1. Turasak	26,405(0.22%)	43,952(0.29%)	44,332(0.26%)	44,594(0.23%)	44,720(0.21%)	44,757(0.20%)
1. Tununak	7,159(0.05%)	25,377(0.17%)	26,520(0.15%)	27,381(0.14%)	28,011(0.13%)	28,477(0.13%)
1. Uuaqleet	29,882(0.24%)	31,344(0.21%)	31,688(0.18%)	31,929(0.17%)	32,063(0.15%)	32,124(0.14%)
1. Upper Kalskag	3,974(0.03%)	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.13%)
1. Uvala Light	-0-	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.13%)
1. Uteas	-0-	24,645(0.16%)	25,755(0.15%)	26,591(0.14%)	27,203(0.13%)	27,655(0.12%)
1. Uuaqlla	51,614(0.43%)	112,145(0.76%)	113,116(0.67%)	113,783(0.60%)	114,104(0.55%)	114,200(0.50%)
1. White Mountain	-0-	24,645(0.16%)	25,755(0.15%)	26,591(0.14%)	27,203(0.13%)	27,655(0.12%)
1. Whittier	21,567(0.18%)	29,583(0.20%)	29,839(0.17%)	30,015(0.16%)	30,100(0.14%)	30,125(0.13%)
1. Deer Ing	3,276(0.02%)	26,109(0.17%)	27,285(0.16%)	28,171(0.15%)	28,819(0.13%)	29,298(0.13%)
1. Ext Fire Areas	-0-	19,521(0.13%)	20,400(0.12%)	21,062(0.11%)	21,547(0.10%)	21,905(0.10%)

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HOUSE RESEARCH AGENCY
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Juneau, Alaska 99811
465-3991

MEMORANDUM

February 15, 1980

TO: Representative Bill Parker
Senator Arless Sturgulewski

FROM: Jack Kreinheder, Issues Analyst

RE: Revenue Sharing Research
Research Request #8.

Introduction

You have asked that I prepare an analysis of the present revenue sharing program and of the revenue distribution plan incorporated in HB 192, with respect to the criteria set forth in my memo of January 14 and discussed at our meeting the next week. This memo is intended to provide you with the requested analysis and to inform you of other findings of my research to date, the most important of which is that a foundation approach to revenue sharing was introduced in 1975 as HB 539. A copy of the bill is attached, along with a brief report by Mike Miller, Chairman of the Interim Committee on Shared Revenues with Municipalities, which drafted the legislation. I have also attached as background information two memos prepared for Rep. Gardiner by John Williams of the former Research Division and Jack Chenoweth of Legal Services. One memo is a sectional analysis of HB 192 and the other is a general discussion of present law and HB 843, the predecessor to HB 192. The major changes between the two bills are that the per capita income factor was dropped from the equalization formula and eligible local revenues were expanded in HB 192.

Summary of Comparative Analysis

The revenue sharing proposal embodied in HB 192 appears to represent a marked improvement over the present program with respect to six of the ten criteria which we agreed upon as possible goals for the revenue sharing program. The comparison for the remaining four criteria yields mixed or uncertain results. The four criteria for which HB 192 offers no definite advantage over the current program are (by their original numbers): (4) Creation of incentives for transfer of service delivery responsibility from the State to municipalities; (5) Creation of incentives for local government formation in the unorganized borough; (6) Encouragement of local effort in funding basic or additional services; and (10) Encouragement of efficient delivery of services.

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It is important to note that although HB 192 may constitute a substantial improvement over the present program in terms of six criteria, there may be alternative systems or modifications which would more completely fulfill some or all of the goals represented by these criteria, and by the four criteria with which HB 192 does not clearly comply. However, it is encouraging, given your emphasis on the use of HB 192 as a legislative vehicle, that the bill does appear at the outset to be compatible with most of your priorities for the revenue sharing program.

The ten criteria will each be evaluated below. For each criterion, the implications of the present program will first be discussed, followed by a comparative evaluation of the HB 192 proposal.

I. An Equitable Allocation of Financial Resources

Because equity is such a subjective term, this criterion cannot meaningfully assessed in isolation, but must be considered in the context of other criteria, primarily those relating to distribution of funds. These distribution criteria are: (2) provision of a minimum level of basic services; (3) consideration of local population, wealth and need; and (7), pertaining to tax equalization. Each of these criteria will be discussed in detail below, but their relevance for the equity question can be summarized here.

Present Revenue Sharing Program

Under present law, approximately 75 percent of revenue sharing funds are distributed on a per capita basis, with the entitlements dependent on the type of service provided. The remaining funds are allocated for road maintenance and health facilities and hospitals; these entitlements are based on the number of road miles maintained and the number of beds in each health facility and hospital (or on a per facility grant).

Criterion (2) is not addressed at all by the per capita portion of the entitlements in terms of funding. The Department of Community and Regional Affairs (CRA) has promulgated regulations specifying minimum levels of service for each of the categories, but the entitlements are still based solely on actual population, with no floor or minimum entitlements provided. A minimum grant is authorized for hospitals and health facilities.

Criterion (3) is met only to a limited degree by the present program. Population is, of course, the major factor used in computing current entitlements. Criterion (3) suggests however, that population alone

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is not an equitable basis for the sharing of state revenues, and that local wealth and need should also be considered. Local wealth plays no part in the current program. If anything, entitlements are positively related to local wealth, because revenue sharing entitlements pay only a part of most service costs; therefore, a poor community may not be able to provide many services and will not receive the corresponding entitlements. Need is considered by the present program only as a function of population and the number of services provided. The structure of the program assumes that if a particular service is needed, it will be provided by the municipality and the level of the service will be determined by the population.

With respect to criterion (7), pertaining to tax equalization, the current program has no positive impact, and may actually contribute to a disequalization of the tax burdens borne by the residents of different municipalities.

In light of the three aspects of the equity question discussed above, the current revenue sharing approach appears to have major deficiencies in several areas. The program does not provide for an equitable allocation of financial resources, when evaluated in accordance with the agreed upon criteria. It is important to note that an entirely different finding could be reached if different criteria or priorities were employed. For example, Representative Parr's amendment last session to HB 192, which specified that no community could receive less revenue than its population percentage share, suggests a prioritization of the population factor at the expense of tax equalization and the consideration of local wealth and need. Were population to be treated as the major component of equity, the present program would fare a good deal better in an evaluation of this type.

HB 192

HB 192, as evaluated by three criteria stated above, is a clear improvement over the present program. Criteria (2) and (7) are addressed in the title of HB 192, which reads in part that the act provides for "minimum entitlements" and for "equalization of the tax resources of municipalities." With regard to criterion (3), HB 192 would replace the current system of per capita service entitlements with an equalization entitlement "based on the population, relative ability to generate revenue, and local tax burden of the taxing unit." Both the current program and HB 192 consider population but HB 192 also addresses the other two factors in criterion (3), local wealth and need. A more detailed discussion of this issue will be deferred to the full analysis of criterion (3).

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As a final point on the equity criterion, it should be noted that greater equity is one of the two major purposes stated in HB 192. Section 1 of the act states that the purpose is to "improve the revenue raising and distribution system for the benefit of residents of home rule and general law municipalities by providing for more equitable allocation of financial resources among municipalities to improve their fiscal capacities." Of course, legislative intent and the actual results of implementation can diverge considerably, as is discussed in relation to the present program below; but this analysis suggests that the revenue distribution proposal in HB 192 should accomplish its stated goals regarding equity, where equity is again defined in terms of the component criteria discussed in this memorandum.

II. Assurance of a Minimum Level of Basic Services to Residents of Organized Municipalities

Present Program

As mentioned earlier, the only minimum entitlement provision in the present revenue sharing program is for hospitals and health facilities. The basic hospital entitlement is \$1,000 per bed, up to \$75,000 per hospital, but a municipality with a hospital having less than 10 beds may elect to receive a flat \$25,000 grant. Similarly, a health facility is eligible for an entitlement of \$1,000 per bed, but the local government may receive a flat \$4,000 grant for each facility if it chooses.

The intent of these minimum payments is clearly to account for the fixed costs and economies of scale which exist for the provision of hospital and health care services. The statute gives recognition to the fact that a hospital with less than 10 beds is likely to have substantially higher operating costs per bed than a larger hospital. A minimum level of physician services and treatment facilities is necessary for the operation of any hospital or health facility, and these costs are spread over a smaller number of patients and beds.

Similar economies of scale exist for many other services as well, but the current revenue sharing program does not allow for this factor in the per capita service entitlements. For example, a community of 200 persons receives the same entitlement (\$12 per capita) for police services as does the Municipality of Anchorage, even though the smaller community would receive a much smaller percentage of the costs it incurs for police services. Assuming for the moment that a minimum level of

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police protection is one officer per 1,000 people or community, the 200 person community would receive only \$2,400 in revenue sharing funds towards the cost of its one policeman. Anchorage, on the other hand, would receive \$12,000 for each officer (\$12 x 1,000 people).

The Community and Regional Affairs Department does administer minimum standards regulations, under 19 AAC 30.020. As an example, a community requesting revenue sharing funds for police protection must demonstrate that one or more police officers is on duty or on call at all times, and that the officers employed meet certain age and training requirements. Similar regulations cover each of the services for which revenue sharing funds are provided.

Although these minimum service standards do provide some assurance that services provided by municipalities are adequate, the standards are not backed up with funding for minimum service levels. Because service entitlements are on a straight per capita basis, a community must have a fairly sizable population before revenue sharing funds will provide a substantial percentage of the total cost of service provision at the minimum service levels specified by regulation.

HB 192

The revenue sharing plan proposed in HB 192 would replace all of the per capita entitlements, except for volunteer fire departments, with an equalization entitlement, which is discussed in more detail below. The equalization entitlement provides revenue sharing funds only to municipalities which levy taxes; however, the bill also provides a minimum entitlement of \$25,000 plus an area cost-of-living differential for each fiscal year if the municipality meets certain requirements which are set forth in the bill and pertain to elections, council meetings, budget matters, and codification of ordinances. Municipalities are free to spend the \$25,000 on meeting the above requirements, provision of municipal services, or on whatever they wish. The minimum entitlement provision substantially increases the revenue sharing funding available to the smaller communities in comparison to amounts allocated under present law.

In addition to increased funding through the minimum entitlement provision, two other factors suggest that HB 192 might provide more assurance of a minimum level of services than the present program. The first is that a municipality receiving a minimum entitlement must organize its administrative affairs as specified in the bill and must hold regular council meetings. Better organization may allow more efficient administration of municipal services. Regular council meetings should provide the residents of the municipality with more control over what services, and what levels of service, are provided by the municipal government.

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The second factor is that all municipalities are given greater freedom over the types of services to be provided with revenue sharing funds they receive under HB 192. The current program provides funds only for a set of statutorily specified services, while HB 192 would provide municipalities with a single sum to be used for services of the municipality's choosing (exceptions are road and hospital entitlements which would still be administered on the current basis). Municipalities are therefore able to give greater emphasis to those services most necessary or desirable for their own residents. Although minimum levels of service may not be provided for all of the basic services we discussed, each municipality is more likely to provide adequate levels of service for those services of most importance in that community.

III. Consideration of Local Population, Wealth and Need

Present Program

As we noted earlier, most of the current revenue sharing funds are allocated on a per capita, service specific basis. The allocation criteria for the remaining funds are miles of road maintained, for road entitlements, and number of beds or facilities, for hospitals and health facilities. The distinction between the per capita and the other entitlements is significant in terms of the priorities stated in criterion (3), because the non per capita entitlements more closely reflect these priorities, with the notable and obvious exception of the wealth factor. The distinction between the two categories of allocations is also important because HB 192 deletes almost all of the per capita entitlements in present law, while the entitlement amounts only are modified in the road and health care sections.

The most striking deficiency of the present program with respect to criterion (3) is that local wealth is in no way considered as a factor in determining the per capita, road, or health entitlements. It appears that wealth may have an indirect effect on entitlement amounts, but the effect is directly opposite to that intended by criterion (3), which suggests that wealthier municipalities should receive a lower level of revenue sharing funds, other factors being equal. The current program, on the other hand, may tend to favor local governments with greater financial resources, as less wealthy municipalities are less likely to be able to afford to provide all services that are eligible for revenue sharing. Because revenue sharing grants cover only a part of the cost of most services, communities without a substantial tax base may not be able to fund their necessary share, and therefore would receive less

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revenue sharing support than a community of equal size but greater wealth.

With respect to the population criterion, the principal drawback of the present program is that population is over-emphasized at the expense of the wealth and need criteria. However, population is not considered at all in the determination of road and health entitlements, apparently because miles of road maintained and number of beds or facilities are regarded as indicators of need. The adequacy of these indicators is another question, but it does seem desirable to employ indicators which more directly reflect need when possible, rather than using population as a proxy for local need.

It is essential to distinguish between two types of need in regard to the State revenue sharing program. The first type of need, and the one which is most commonly thought of in this context, is the degree to which the residents of a particular municipality require a particular service or set of services.

The second type of need is equally important and refers to the degree of necessity for State support of services provided on the local level. This type of need is dependent not only on wealth, but also on the level of taxation, neither of which are considered under the current revenue sharing program.

HB 192

The principal purpose of the proposal embodied in HB 192 is to make revenue sharing entitlements more equitable by introducing local wealth and tax burden factors as allocation criteria. Local wealth is defined in terms of the full and true assessed property valuation in each municipality. HB 843 also included per capita income as an indicator of local wealth, but this provision was apparently dropped because the available data were not sufficiently accurate.

*Jan 16 1980
Apparently
figures were
not accurate.*

The tax burden is related to the need for State support of local services, as discussed above, but is also correlated in a more general fashion with the need for the services themselves. In theory, the tax rate in each municipality should reflect the level and number of services provided by municipal tax revenues. The weak link between the tax rate and the need for local services is that the type and level of municipal services may not correspond with the actual need for the various services. However, the emphasis of both HB 192 and the criteria discussed here appears to be on local control of service delivery, thus necessitating a reliance on the ability of local governments to identify and meet local needs.

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The need criterion is the least specifically defined and understood of the population, wealth, and need group, and may be one area which should receive further attention. But although local tax effort may not be the ideal indicator of local service needs, it seems clear that the combination of population, wealth, and tax effort upon which the HB 192 formula is based represents a marked improvement over present law.

IV. Creation of Incentives for the Transfer of Service Delivery Responsibility from the State to Municipalities

Present Program

By authorizing categorical grants for the provision of municipal services, the current program does provide incentives for local governments to provide certain services. However, the strength of the incentives is limited by the statutorily specified set of services which are eligible for revenue sharing funds, and by the fact that municipalities must still pay most of the cost of locally provided services. No incentive is provided for the establishment of local services which are not on the eligible list. In addition, because no minimum level of funding is provided for the per capita services, the incentive for providing local services is diminished for these local governments with relatively few people residing in their jurisdictions.

HB 192

The implications of HB 192 regarding such incentives differ in several major respects from current law. The first is that the incentive for locally provided services is not limited to specific services, but applies instead to any service which a municipality may wish to provide. The bill thus broadens the scope of revenue sharing incentives.

However, this broadening of scope also diminishes State control over which services are locally provided. HB 192 may not be an improvement in this respect if incentives are intended to promote local provision of special services.

The minimum entitlement provision of HB 192 alleviates, at least to some extent, the declining incentive problem faced by small communities under present law. However, the bill does not specify that the entitlements must be spent on local services, so the strength of the minimum entitlement incentive depends substantially on the priorities of each local government.

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An additional point is that the increased level of revenue sharing funding which HB 192 would provide should logically increase the incentive for local provision of services in a roughly proportional fashion, since more state funds would be available for these services.

The final consideration regarding incentives for local assumption of service delivery is that while the current program is selective in terms of the types of services for which these incentives are provided, HB 192 is selective with respect to the amount of funding, and therefore incentive, provided to communities of differing tax effort. The effect of the equalization entitlement is to provide a greater level of funding, and therefore a greater incentive for local services, to local governments with high tax rates. Two different conclusions can be drawn from this situation. One is that municipalities with high tax burdens will have more difficulty in raising tax rates than municipalities with low tax effort; therefore the former municipalities require a larger incentive i.e., more funding, than the latter to encourage the provision of local services. A contrary argument might be that a high tax rate is an indicator that a municipality already provides many local services, and that the incentives should be directed at those municipalities with low tax rates and few locally provided services.

V. Creation of Incentives for Local Government Formation in the Unorganized Borough

Present Program

This criterion is one which deserves further research; however, my work to date indicates that both the current program and HB 192 are neutral with respect to incentives for borough formation, and both provide positive incentives for the incorporation of cities, with HB 192 providing stronger incentives than the present program. The current program has a provision, Section 43.18.045, which prevents any loss in revenue sharing funding when municipalities unify or merge with a borough. If a borough is formed which assumes service responsibilities formerly held by cities, the cities will lose some revenue sharing funding, but the loss will be proportional to the decrease in service responsibilities.

John Williams noted in the attached memorandum of February 17, 1978 that the system of revenue sharing distribution provided in HB 843 "would appear to have a neutral effect with respect to the unification of existing governments. We do not find any circumstances where a subsequent unification agreement would cause a decrease in the revenue sharing entitlement for identical services." The same finding would

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appear to apply to HB 192. HB 843 contained a hold harmless clause for non per capita entitlements which was deleted in HB 192. However, this deletion apparently has no effect on entitlement levels. Jack Chenoweth indicated that the clause was dropped because there was no situation in which HB 192 could create this type of revenue loss.

Positive incentives are provided under both present law and HB 192 for the incorporation of cities, because such cities become eligible to receive revenue sharing funds. The incentives under present law may be rather weak because of the per capita structure of the program, the lack of minimum entitlements for the various services, and the fact that communities considering incorporation are generally quite small. The combination of these factors indicates that many communities may not have a great deal to gain from revenue sharing by incorporating. Still, some positive incentive is provided.

HB 192

HB 192 substantially increases the incentive for incorporation of small communities by providing minimum entitlements of \$25,000, as discussed earlier. Although no funding can be realized under the equalization entitlement unless taxes are levied, the minimum entitlement alone can provide such communities with a substantial grant of State revenue sharing funds. If a community is considering incorporation in order to raise local tax monies, HB 192 greatly increases the incentive for incorporation over the present program. Under current law, it makes no difference in determining entitlements whether a local tax is levied, but HB 192 specifically considers the generation of local revenue in the equalization formula. Given the small tax base of most unincorporated communities, even a small generation of local revenue would constitute a substantial local effort factor and the entitlements, relative to the number of residents, would be substantial.

VI. Encouragement of Local Effort in Funding Services

Present Program

Application of this criterion reveals the greatest deficiencies in both the present program and HB 192, because its intent is contrary to the legislative intent of the revenue sharing program, which is to enable local governments to reduce tax rates. The legislative intent for the program was restated through the passage of HB 89 in 1977 to read:

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"The intent of sections 10-100 of this chapter in authorizing state aid for...municipal services is that municipalities which levy taxes reduce those levies in reasonable proportion to the amount of state aid received by the municipality for a given fiscal year." The present program therefore encourages a decrease, rather than an increase in local effort for funding services.

HB 192

Although the above statement of intent would be repealed by HB 192, the bill appears to implicitly retain a similar intent to reduce local effort. However, HB 192 would seem to be an improvement over present law with respect to encouraging local effort, because instead of providing the same entitlement regardless of local effort, HB 192 provides less funding for local governments which levy lower, or no taxes. Some incentive is therefore provided for municipalities to increase local effort, and thereby increase their revenue sharing entitlements. This incentive appears to be an incidental result of the equalization formula, rather than an intentional inducement to increase local effort. HB 192 would provide approximately one dollar in revenue sharing funds for each additional three dollars raised through local effort, other factors held constant. However, if many communities increased their local effort, the proration factor would be substantially reduced unless appropriations for the program were increased. A widespread increase in local effort would therefore result in little additional revenue sharing funding.

HB 192 does represent a major shift in direction with respect to local effort. Although the intent may still be to allow municipalities to reduce tax burdens, the bill replaces the blanket incentive offered by the present program with a more selective approach that focuses the incentive for reduced effort on those municipalities with high or excessive local tax burden, where it may be inappropriate to encourage further increases in local effort.

VII. Consideration of Tax Rates Equalization--Taxpayers Statewide Should Pay Roughly the Same Percentage of the Cost of a Minimum Level of Basic Services

Present Program

Because the current program does not consider local tax effort in the provision of municipal services, tax equalization plays no part in revenue sharing under current law. This would appear to constitute a major difficulty in fulfilling the legislative intent of the program.

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For example, communities with no local taxes receive revenue sharing dollars for services at the same rate as a community supplying the same service with a 20 mil property tax rate and a 3 percent sales tax. Clearly the former community cannot reduce the tax burden for its citizens any more by receiving revenue sharing dollars, while revenue sharing funds would allow only a small decrease in the large tax burden of the latter community. Yet the current program provides entitlements at the same rate to communities with tax burdens as disparate as the example cited.

HB 192

Tax equalization is one of the major purposes of this bill, as mentioned earlier. By comparing the amount of revenue raised - not just by taxes, but also by fees, licenses, and other sources which replace taxes - with the tax base of the municipality, the HB 192 formula determines a local effort factor which reflects the equivalent tax burden on the residents of each municipality. Again, municipalities in which residents pay heavily for municipal services are granted a higher entitlement than municipalities with light or nonexistent tax burdens, population aside.

It is important to note that HB 192 does not fully meet the intent expressed in criterion (7), because there is no assurance that tax rates will actually be equalized. There is nothing to prevent communities which now levy no taxes from continuing this policy. Similarly, local governments with high tax burdens are not required to reduce taxation rates in consideration of revenue sharing; if they wish, they could use the funds to provide additional services. However, some inducement for communities with high tax burdens to reduce taxes may be provided by the requirement in the bill that municipalities post notices of the mil levy equivalent of revenue sharing funds received, thus informing residents of the potential for reducing local taxes.

I would like to raise an important point which I think was overlooked in our discussion of criterion (7). The criterion does not consider the wealth or tax base of municipalities as currently worded, and thus fails to consider the true tax burden placed on residents. For example, consider two communities of equal size in which it costs \$50,000 per year to provide a minimum level of police protection, but one community has a much larger tax base than the other. If each community were to pay the same percentage of this cost, the less wealthy community would have to levy a much higher tax to raise the same amount as the wealthier community. Therefore, it is more appropriate that the communities levy the same equivalent tax rate, even though the wealthier community may pay the entire cost, while the community with the smaller tax base may

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pay only a fraction. A possible restatement of criterion (7) would be that taxpayers "should contribute roughly the same level of local effort toward the cost of providing a minimum level of basic services."

VIII. Consolidation of Funding Into a Minimum Number of Channels (a Simple System is Desirable)

Present Program

The current system is simple in terms of the factors on which entitlements are based, but the number of funding channels is large because a number of other local aid programs are administered separately from the revenue sharing program. The differing requirements and entitlement levels for the per capita grants have caused some complaints by smaller communities about the complexity of the program. Some difficulty is to be expected in any program of this type, though, because of the need for cooperation with communities that do not have adequate administrative capabilities.

HB 192

In terms of complexity, HB 192 is a trade-off. The numerous per capita entitlements are replaced with a single equalization entitlement, but the basis on which this single entitlement is determined is considerably more complex than the present program. Communities would no longer need to document the provision of local services to obtain revenue sharing entitlements under the HB 192 proposal, but detailed information on expenditures and revenues would need to be provided for each fiscal year. On balance, HB 192 would be more complex to administer than the present program, but additional complexity seems unavoidable if factors such as local wealth and need are to be incorporated into the revenue sharing allocation formula. I can see no method of simplifying the HB 192 approach without undermining the purpose and effectiveness of the bill.

With regard to the consolidation of funding channels, HB 192 does not improve the current situation. The identification of other local aid programs suitable for inclusion in the revenue sharing program may be an important research need in meeting this criterion.

IX. Allowance for Differences in Delivery Systems to Meet Local Needs (Local Flexibility)

Present Program

A substantial amount of flexibility in delivery systems is provided to municipalities under the current program. For example, a local govern-

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ment can receive \$5 per capita in revenue sharing funds for parks and recreation services. The community has complete flexibility in choosing whether to spend this funding on park maintenance, operation of a pool facility, or any other program.

Although the current program is flexible in the sense just discussed, it is very inflexible with regard to the types of services which are eligible for revenue sharing funding, as only the services specified by statute can qualify. The State is, in effect, assuming responsibility for the prioritization of local services by specifying the eligible services and providing different entitlement amounts for the various services.

HB 192

The bill offers almost complete local flexibility over the choice of delivery systems and the types of services to be provided. The exceptions are the road and health entitlements which are retained from present law, and the minimum entitlement provisions, which imposes certain responsibilities on communities before the entitlement can be received. With these exceptions, municipalities are free to determine service priorities at the local level. If a community has no need for air or water pollution control measures, but has a strong need for improved fire protection, it is able to use revenue sharing funds in accordance with these priorities.

Although HB 192 complies quite well with criterion (9), the flexibility which it provides appears to conflict to some extent with criterion (2), which states that a minimum level of specified services should be provided in all municipalities. Criterion (2) cannot be met without specifying the desired services by statute, which would reduce local control and flexibility. As I mentioned in the discussion of criterion (2), the emphasis seems to be on local control of service delivery, thus suggesting that criterion (2) not be interpreted literally. Given this interpretation of apparent priorities, HB 192 constitutes a significant improvement over present revenue sharing laws with respect to local flexibility.

X. Encouragement of Efficient Delivery of Services

Present Program

No explicit provisions appear to be included in current law for encouragement of efficient service delivery. Although some standards of service are required by statute and regulation, I could find no incentives

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for communities to meet the required standards in an efficient manner.

There is a rather substantial indirect incentive for efficient service delivery. Because the present program supplies only a portion of the total costs of most services, a substantial commitment of local funds is necessary in most cases to provide municipal services. This local commitment provides greater accountability for efficient service delivery at the local level. For those communities that receive revenue sharing funds but generate no local revenue, this local accountability is diminished.

HB 192

The principal contribution of HB 192 with respect to efficient service delivery appears to be the minimum entitlement requirements. These were discussed earlier, but their significance here is that the necessity for small communities to prepare a budget, hold regular council meetings, and so forth should clarify local expenditure patterns and increase accountability for the efficient use of these expenditures.

HB 192 may increase service efficiency in another way by replacing the per capita entitlements with the single equalization entitlement. Because a community can receive revenue sharing funds only for specific services under present law, an incentive exists for communities to provide a service even if it is not needed, in order to increase local revenues. HB 192 would remove this incentive, because the entitlements are not tied to specific services, with the exception of road and health entitlements. This exception may be a problem; some studies have cited cases of communities clearing snow from rivers just to receive the \$900 per mile ice road maintenance entitlement. The efficiency criterion may deserve further research to determine if stronger incentives for the efficient delivery of services could be implemented.

Other Research Findings

The State revenue sharing program has been the subject of two major studies since its inception in 1970. The first was a report prepared by Arthur Young and Company for the Department of Community and Regional Affairs. The conclusions of the report were that an equalization approach would be too costly and was inappropriate for a state with developing governmental structures, and that a straight per capita system would be the best approach.

The second was prepared for the Anchorage Urban Observatory Program and evaluated six alternative revenue sharing proposals considered by the

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Interim Committee on Shared Revenues in 1975. Although somewhat un-organized, the report provides useful information on previous revenue sharing research. Contact me if you would like to review either of these reports.

The attached foundation approach bill was introduced during the 1976 session. I asked Jack Chenoweth about the reasons for the bill's failure and he stated that lack of available funding was the principal cause. The bill basically substitutes "units" for "dollars" in determining entitlements. The only real benefit of this approach would appear to be the ease of adjustment in the level of funding for the revenue sharing program.

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December 8, 1975

Senator Genie Chance
310 "K" Street
Suite 701
Anchorage, Alaska 99501

Dear Senator Chance:

I am pleased to enclose with this letter two pieces of proposed legislation which represent the recommendations of this interim committee in the area of shared revenues with municipalities. The proposed legislation is the product of a number of meetings of the committee in the months since the adjournment of the legislature plus two public hearings. One of these public hearings was held in conjunction with the October convention of the Alaska Federation of Natives, in order to receive bush community viewpoints. The other hearing was held in conjunction with the October conference of the Alaska Municipal League. In addition, suggestions and constructive criticism were requested by mail and received from a wide variety of cities and communities throughout the State of Alaska.

It was considered crucial, since revenue sharing has been created solely for the purpose of assisting municipalities in the funding of needed local services, that the final product of the committee take maximum note of the views and suggestions of the various municipalities across the state. The enclosed bill represents what the committee considers to be the most beneficial and most feasible of those suggestions.

Perhaps some review might be in order concerning the need for revision of the current shared revenue program. Although the program in concept currently enjoys the unanimous and enthusiastic support of every municipality in the state, the following were considered deficiencies which new legislation could correct.

REPRESENTATIVE

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MEMBER, RULES COMMITTEE

MEMBER, COMMITTEE ON COMMITTEES

First, it was felt that a "foundation" approach might be useful in the field of revenue sharing--"foundation" approach meaning a formula with a foundation amount similar in concept to that utilized in the school foundation statutes. The beauty of such an approach is that whenever a legislature wishes to raise the foundation amount (to recognize increases in the cost of doing business) it is necessary merely to amend one word in the statutes. Absent the foundation approach it is necessary, whenever you wish to recognize the increase in the cost of doing business, to go into the statutes and revise the per capita dollar figure for each of the various categories in which shared revenue assistance is given to municipalities. This is both cumbersome and, in practice, inequitable. Some categories tend to get raised, others do not and the system can easily get out of balance.

It was felt, too, that the amount of shared revenues being designated for small communities was much too small. It was recognized that the present purely per capita approach just did not offer the very small communities enough money to assist in any meaningful way in meeting the obligations of local government. It was recognized that whether a second class city had 25 residents, or 75 residents, or 125 residents there was nonetheless an irreducible minimum cost of doing business, and that that minimum was just as great for very small villages as it was for medium sized second class cities. It was, therefore, considered desirable that a minimum grant base be established for these communities and it was further considered desirable that the base amount agreed upon be as generous as possible in order that the benefits of government on the local level be economically feasible for the communities.

Another deficiency in the current statutes was the lack of the requirement for standards and criteria by which the Department of Community and Regional Affairs could determine whether communities were actually entitled to shared revenues in the various categories under which they were seeking aid. This deficiency has long been recognized by the Department of Community and Regional Affairs and has been recognized additionally by the Legislative Budget and Audit staff. This is not to say that the shared revenue monies allotted to the communities should be required to be spent in the categories designated--far from it. It was and still is the consensus of the committee and of the municipalities that local discretion should continue in the spending of shared revenue receipts. It was felt, however, that in order to receive shared revenue monies in, for example the fire department category it should be demonstrated that the community can meet minimum standards in that category.

Finally, there was a question projected by some communities as to whether the use of categories in sharing state revenues was even appropriate. It was thought perhaps more appropriate simply to allocate available dollars to the municipalities and let each local government establish its own priorities without regard to existing municipal services.

In order to correct these deficiencies the committee drafted three alternate pieces of legislation for consideration by the committee and the municipalities of Alaska. With considerable--and greatly appreciated--assistance from the University of Alaska/Anchorage, we were able to develop extensive data showing the practical results (i.e., the dollars to be received) for each community in the state under the various alternatives. We developed similar data based on proposed legislation already in the house (legislation which, incidentally, had been previously endorsed by the Alaska Municipal League) and also on a simple per capita allocation of funds to municipalities. Four of these five total alternative were specifically noncategorical in approach. All of the alternatives and all of the data were presented to delegates of the Alaska Federation of Natives Convention and delegates to the Alaska Municipal League Conference. In addition, this material was mailed to virtually every municipality, large and small, in the state with requests for evaluations and suggestions.

I think it would be fair to say that prior to the hearings and meetings there was a strong feeling among the larger communities, in particular, that revenue sharing should be based on tax effort. The feeling was that those who tax themselves the most should receive the most additional state aid. This was the principle thrust of the existing proposed legislation which the Alaska Municipal League had previously endorsed. The committee recognized this concept in two of the alternatives they proposed, but built in additional factors including the availability of tax resources plus tax effort in relation to those resources. Interestingly, when all the facts--in the form of state-wide computerized readouts--were laid before the communities a very noticeable modification of opinion became apparent during the hearings and in countless conversations afterward. Committee members noted a discernible reluctance on the part of communities, large and small, to terminate the categorical approach. What was needed, several elected officials indicated, was a bill which more or less continued the "tried and true" categorical approach, in the present revenue sharing system but which also incorporated the "foundation approach".

Basically, then, this is the bill which the interim subcommittee has proposed:

First, the bill does create a municipal "foundation approach" to revenue sharing. It does so by allocating varying numbers of units to various categories of municipal services and then multiplying those units times population, and then multiplying this product times a "foundation" base figure. For this bill the committee established a foundation base at \$1.00. In future years if the cost of doing business goes up, for instance 11%, the legislature may, if it chooses, raise the foundation amount by simply changing the figure \$1.00 to \$1.11.

In establishing categories and establishing unit values within each category, the committee did indeed stick by the "tried and true" categories of past years. Police protection, for instance, which in previous years earned communities shared revenue at the rate of \$12.00 per capita will earn units within the foundation formula at the rate of 12 units. Fire protection is 7.5 units (as opposed to \$7.50 per capita under the present system). Additional ingredients include air or water pollution control (2 units), land use planning (2 units), parks and recreation (5 units). Two important changes have been made in the categorical designations. Under present law a community can receive \$5.00 per capita for operating either a small boat harbor/ port or for operating mass transit or for operating an airport. In the proposed bill 5 units can be accumulated in each of these categories. The second important difference is the addition of solid waste disposal as a new category, which in the proposed bill will be valued at 2 units.

The proposed legislation establishes a \$25,000 minimum grant for municipalities whose low per capita standing would otherwise earn them only small amounts of revenue. The committee felt the \$25,000 figure was a generous but nonetheless fair amount. It was interesting to note that at neither public hearing was there any criticism of this amount. At one meeting of the committee, a single individual did observe that he thought the figure was pretty high for the very smallest communities. He did not, however, seek to have the committee change the amount.

Additional features of the bill include the following:

Special start-up grants have been established in various categories for municipalities who do not currently offer such services as police protection, fire protection, air

and water pollution control, land use planning, parks and recreation, small boat harbors/ports, air ports or mass transit systems. The Department of Community and Regional Affairs is specifically charged with creating minimum standards of service in the various categories for which municipalities can receive revenue sharing. Revenue sharing for hospitals remains virtually the same as under current law except that responsibility for administering this section is transferred to the Department of Health and Social Services. Additionally, in the area of health, a paragraph specifies that no hospital or health facility shall be eligible for revenue sharing unless the facility has received a Certificate of Need from a municipality or the state. This paragraph anticipates that "Certificate of Need" legislation will be passed in this session of the legislature. Another interim committee is studying the whole broad area of health facilities so this section may undergo substantial modification when that interim committee completes its deliberations. Shared revenues for road maintenance remains virtually the same as current law. A very important feature of the new legislation is that if a new second class city is created in an organized borough after passage of this law, the city would not be eligible for the \$25,000 minimum grant. This feature is designed to preclude small gatherings of 25 people or more from incorporating simply to take advantage of the \$25,000 revenue sharing opportunity. Finally, a very important feature of the proposed legislation is the clause which guarantees each municipality that it will not receive less money than it is receiving under the current statutes.

There, of course, are many additional features to the legislation, but this summary covers most of the major changes.

As noted earlier, the committee is submitting two bills for introduction and for consideration by the legislature. One is quite large and comprehensive and is described in the report above. The other bill consists of only one paragraph and this paragraph constitutes one of the many provisions of the larger bill.

The provision, drafted at the request of the Department of Community and Regional Affairs, simply mandates that the department create minimum standards and criteria to qualify municipalities for grants in each category of shared revenue. If the major bill should run into difficulties and if passage does not seem assured, then it is recommended that the legislature consider and enact the oneparagraph small piece of "clean-up" legislation.

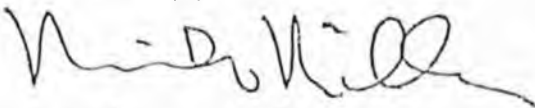
December 8, 1975
Senator Genie Chance
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The fiscal impact of the legislation will be to raise the state shared revenue allocation from current level of about \$15 million to a level of approximately \$20 million--if the bill is fully funded. The raise, of course, comes from creating the \$25,000 minimum grants to small cities, from creating a new category (solid waste) and from separating the now-combined port/harbor-airport-mass transit category into three separate categories.

This report would not be complete without making special acknowledgement of the work of the several individuals and agencies. The committee is extremely appreciative of the hours of work, both during committee sessions and out of session, by Dr. Garth Jones and P. J. Hill, both of the University of Alaska/Anchorage. The vast volume of computerized data that both Dr. Jones and Mr. Hill provided was crucial in the final deliberations and directions of the committee.

Similarly, we would like to give a special thanks to Mr. Rich Wilson and Mr. Sam Coxson, both of the City of Anchorage who helped in obtaining and analyzing the data, and who attended most of the sessions and hearings of the committee and contributed greatly to the deliberations. We are indebted as well to the Alaska Federation of Natives who made time available for us during the annual AFN convention in Anchorage, and the Alaska Municipal League who similarly made time available during its annual conference in that same city. The League, as well, was most helpful to the committee in circularizing its membership and alerting municipalities of Alaska to the work of the committee. Finally, I would like to acknowledge the fine work of the staff of the Legislative Affairs Agency, and Bill Berrier in particular, plus the membership of the interim committee. Interest was lively, suggestions were broad and imaginative and attitudes were positive throughout the course of the committee's deliberations. It has been a pleasure to chair this committee and of course all of us on the committee stand ready to answer any questions which you or other members of the legislature might have concerning the recommended legislation. Thank you for your own fine support of the committee.

Sincerely,



Mike Miller, Chairman, Interim
Committee on Shared Revenues
with Municipalities

MM:smh

Enclosures

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCHY STATE CAPITOL
JUNEAU ALASKA 99801
197 465 2800

February 17, 1978

MEMORANDUM

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

TO: The Honorable Terry Gardiner

FROM: John Williams
Research Analyst

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

PRESENT REVENUE SHARING

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

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

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

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

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

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

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

OVERVIEW OF HB 843

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

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

FINANCIAL DISTRIBUTION SCHEME

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

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

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

ALLOCATION FORMULA

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

The formula is:

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

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

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

Part A

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

Part B

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

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

Part C

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

Part D

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

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

JW:dh

STATE OF ALASKA THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 2, 1979

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

TO: Representative Terry Gardiner

FROM: John B. Chenoweth
Legislative Counsel

John Williams
Policy Analyst

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

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

*Section 1. PURPOSE.

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

*Section 2. CHAPTER 88.

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

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

applicable: population, revenue generation, and property value base.¹ The formula multiplies the population of the taxing unit² by the mill rate equivalent of allowed revenues 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: 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.

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

*Section 4. CHAPTER 90.

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

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

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

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

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

*Section 10.

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

Representative Terry Gardiner

Page 6

February 2, 1979

*Section 11: "Hold Harmless"

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

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

JBC:JW:jdn

Enclosure

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99801
907 465 1800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 2, 1979

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Revenue Sharing Reform Proposal
(Work Order No. 6162)

TO: Representative Terry Gardiner

FROM: John B. Chenoweth
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Representative Terry Gardiner

Page 2

February 2, 1979

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Representative Terry Gardiner

Page 4

February 2, 1979

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Representative Terry Gardiner
Page 6
February 2, 1979

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JBC:JW:jdn

Enclosure

THIS SECTIONAL ANALYSIS WAS COMPLETED PRIOR
TO THE ADOPTION OF SECTIONS ON
Volunteer Fire Departments
eligible revenues -- changes in
"hold harmless" change from 3 years to 5 years
Effective date changed from '82 to '83



THE CITY AND BOROUGH OF JUNEAU

CAPITAL OF ALASKA

155 SOUTH SEWARD ST. JUNEAU, ALASKA 99801

April 30, 1980

The Honorable Arliss Sturgulewski
Chairman, Senate Community and
Regional Affairs Committee
Pouch "V" State Capitol Building
Juneau, Alaska 99811

FILE: Legislation-1980

SUBJECT: CSHB 192(am)

Dear Senator Sturgulewski:

The City and Borough of Juneau supports HB 192 as it passed the House but requests that the following change be made in the bill to correct problems which arise out of a House Finance Committee change.

Replace lines 17 through 22 on page 2 with the following:

(C) revenue from payments in lieu of taxes made by municipally owned enterprise operations, from fees, rentals, leases, penalties, licenses or permits received during the preceding fiscal year by the municipality for a function or service over which it has control, including revenues derived from parks and recreation services, mass transit, and offstreet parking; and

The foregoing amendment

1. makes it clearer that it is the payments in lieu of taxes made by a municipal utility to the municipality which are counted as a part of local effort and that the revenue to the utility is not counted, and
2. deletes the use of the word "utility" (which is defined elsewhere in the bill for other purposes) and replaces it with the "municipal enterprise" language so that it

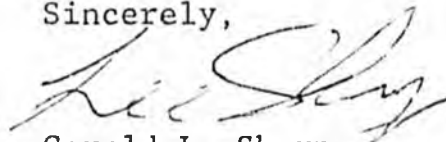
The Honorable Arliss Sturgulewski
April 30, 1980
Page 2

will include in lieu of tax payments made by all tax exempt municipal enterprise operations and not just those made by those operations which are defined as utilities, and

3. deletes revenue to municipal garbage utilities from local effort.

Thank you for your consideration of the foregoing matters.

Sincerely,



Gerald L. Sharp
City-Borough Attorney

GLS:ph1

HB192 REVENUE SHARING ENTITLEMENTS

Information from state analyses which has been incorporated in various new items (for example, see the attached article from the April 23, 1980 issue of the Anchorage Daily News) provides examples of how much additional revenues various Alaskan communities would receive under HB192 than under the present state revenue sharing formula. This information is misleading, however, in that it compares what the revenue would be under full funding of HB192 with what the revenues would be under the current statutes at about a 66% funding level.

The FY 1980 total state entitlement, excluding hospital pass-thru funding, is \$18,157,087. Actual funding was \$13,649,100 (75% funding level). The amount used by the state in its analysis is \$12,000,226 (66% funding level). The \$12,000,226 figure apparently excludes all health funding, not just hospital pass-thru funding.

According to the state analysis, under the new revenue sharing bill, Anchorage would get about \$8.2 million, an increase over the nearly \$5.4 million it gets now.

The \$5.4 million figure (\$5,352,264) for Anchorage is based on a total State-wide amount of \$12 million. The \$12 million dollar figure is used by the State because, as the newspaper article states, this is the entitlement under the current State revenue sharing formula. However, as was previously stated, the entitlement for State FY 1980 (July 1, 1979 - June 30, 1980) was \$18,157,087.

It should be noted that Anchorage's entitlement for FY 1980 (under current statutes) is \$7,849,556 (43.2% of the State total). However, Anchorage received only \$5,900,692 due to the entitlement being funded at only the 75% level. The House version of the FY 1980 supplemental appropriation bill would provide for 100% funding.

The State has estimated that Anchorage will receive about \$8.2 million (\$8,190,667) under HB192 at a \$31 million funding level. The \$31 million figure, however, includes hospital funding -- the amount available for governmental purposes (and therefore comparable to the other data presented in this analysis) is \$22,740,838. Anchorage's share is 35.0%.

As the data in the preceding paragraphs indicate, under HB192 Anchorage's entitlement drops from 43.2% of the State total to only 36.0%. The dollar amount of the entitlement increases slightly from \$7.8 million to \$8.2 million -- not from \$5.4 million to \$8.2 million.

A more valid comparison of the dollar amounts, however, would be to take a look at Anchorage's share if the current statutes were funded at the same dollar amount as proposed for HB192. Anchorage would then receive \$9.8 million. So really we are talking about Anchorage's share under HB192 going down from \$9.8 million to \$8.2 million at the same funding level.

Revenue sharing bill clears House

By ROXINNE ERVASTI

The Associated Press

JUNEAU — The House gave narrow approval today to a bill increasing revenue sharing to local governments to \$31 million this year.

The bill, which passed 25-9 could come up for a vote later, however, as Rep. Dick Eliason, a prime opponent, gave a "notice of reconsideration."

Eliason's main complaint was that his hometown, Sitka, would have just a slight increase in state revenue sharing compared to cities he believes are similar in population, tax base and incomes.

House Speaker Terry Gardiner, D-Ketchikan, who has pushed the bill for the past three years and calls it a "reform" of the revenue sharing proposal, said lawmakers who looked only to the figures of their areas were not looking at revenue sharing on a statewide basis.

Gardiner also said they are assuming that what their areas have received under the current formula are equitable.

The bill (CSHB192) continues the \$8 million appropriation for hospital construction and special categorical grants based on miles of road in a municipality and other services.

But Gardiner said it revises the general formula for distributing money to take into account local revenue raising resources of a community and how much of an effort it makes to tap them. It would also guarantee at least \$25,000 to small communities which previously received little or no revenue sharing, and would guarantee that no municipalities receive less money in the next five years than they do now.

The bill must still be approved by the Senate, and some legislators who voted against it

in the House said they expect changes to be made, pitching the issue into a House-Senate free conference committee.

Voting against the bill were Reps. Ramona Barnes, Bob Bettisworth, Chat Chatterton, Eliason, Joe Hayes, Terry Martin, Joe Montgomery, Randy Phillips and Dick Randolph.

Currently, the state revenue sharing formula provides about \$12 million to local government and \$8 million for health facilities.

With an increase to \$23 million (excluding the \$8 million for hospitals), Sitka would get about \$255,000, or 1.12 percent of the total, compared to about \$234,650 it receives now, or 1.95 percent of the total.

Meanwhile, Juneau, which gets 4.29 percent or \$514,500 now, would get 6.52 percent of the total for nearly \$1.5 million.

Ketchikan Gateway Borough would go from \$74,806 now (a little over one-half of one percent of the total) to \$283,240 or 1 1/4 percent of the total under the new bill.

Eliason recited some of those figures, and said "This is where I lose sense of this being equalization."

"It's patently unfair that ... we're penalizing those areas that are running good local governments and keeping down taxes," he said.

"Mr. Eliason is making the assumption that (Sitka's current share) is right and deserving," Gardiner said.

Under the revenue sharing bill, Anchorage would get about \$8.2 million, an increase over nearly \$5.4 million it gets now; Fairbanks North Star Borough would get nearly \$1.7 million compared to about \$938,000 it gets now, and Kodiak Island Borough would get nearly \$161,000 compared to \$52,600 now.

a-4

Wednesday, April 23, 1980

Anchorage Daily News

BILL ANALYSIS

ASSIGNMENT DATE 4-25-80

UNASSIGNED _____

DEPARTMENT <u>Public Safety</u>	SPONSOR (PRINCIPAL) Original Sponsors: Gardiner, Anderson, Miller House Finance Committee	BILL NO. CSHB 192 (Finance) am
DEPARTMENT POSITION Neutral		
DIVISION DIRECTOR <i>Ronald A. Hendrie</i> Ronald A. Hendrie	DATE <i>4-28-80</i> 4-28-80	COMMISSIONER <i>W.R. Nix</i> William R. Nix
DATE 4/28/80		
GOVERNOR'S OFFICE USE		
<input type="checkbox"/> POSITION NOTED <input type="checkbox"/> POSITION APPROVED <input type="checkbox"/> POSITION DISAPPROVED		
BY: _____ DATE: _____		
SUMMARY		
(1) RELATED BILLS (SIMILAR OR CONFLICTING)		(1) Similar to HB843 & SB502 introduced in the 10th Legislature. Neither passed.
(2) OTHER AGENCIES AFFECTED BY BILL		(2) Department of Community & Regional Affairs
(2) a. ORGANIZATIONAL SUPPORT FOR BILL		(2) b. ORGANIZATIONAL OPPOSITION TO BILL
Unknown		Unknown
(3) PROGRAM EFFECTS OF BILL		
<p>In so far as this Division is concerned there is no direct program affect reference sec. 3 (AS 29.89.025) nor is there any discernible program affect reference the remainder of the proposed act.</p>		
(4) FISCAL IMPACT: <input type="checkbox"/> NONE <input type="checkbox"/> FISCAL ANALYSIS ATTACHED		
(5) AMENDMENTS PROPOSED:		
None		

(6) COMMENTS:

The proposed act repeals AS 43.18.010-045 (State Aid For Miscellaneous Purposes) and would add new chapters to AS 29 concerning Municipal Tax Resource Equalization for local government services (AS 29.88) and State Aid For Micellaneous Municipal Purposes (AS 29.89). AS 29.89.025 State Aid to Volunteer Fire Departments is similar to existing law, however, the reference to "organized boroughs or cities" is deleted. Depending on legislative intent it appears that the act would provide for payments to all qualified volunteer fire departments both in an outside of organized boroughs or cities.

AS 29.88 would eliminate designation for funding as contained in the current law, e.g. \$7.50 per capita for fire protections services, \$12 per capita for police protection etc.

It is our understanding the Department of Community & Regional Affairs supports this

Municipality of Anchorage

MEMORANDUM

DATE: April 8, 1980

TO: Larry D. Crawford, Municipal Manager

FROM: Lu Person, Director of Management and Budget *LP*
Gene Dusek, Budget Officer *GD*

SUBJECT: HB192 Anchorage Revenue Sharing Entitlements

RECEIVED
APR 8 1980
@ 1:55 pm
MUNICIPAL MANAGER

The latest House Research Agency analysis (Exhibit A) does not provide the information that we had requested through Mitch. We wanted the State to ~~re-run~~ ^{re-run} the program to show what Anchorage's share would be at the various funding levels if the Minimum Entitlements were not considered part of the base funding level but were add-ons. Exhibit A does not do that. The first three columns are from the previous computer runs plus a few other funding levels (but without any changes to the computer program.). The fourth column is a total of the minimum entitlements for HB192. The fifth column is Anchorage's entitlement (column 2) divided by column 1 less column 4. That really doesn't tell us what we wanted to know.

I am still concerned about the state trying to compare apples with oranges. They continue to compare what the revenue would be under full funding of HB192 with what the revenue would be under the current statutes at about a 75% funding level. They should be comparing full funding under HB192 with full funding under the current statutes. In Exhibit B I have attempted to do this. A number of assumptions had to be made in preparing Exhibit B, and they are explained in the footnotes to Exhibit B.

As shown in Exhibit B, when comparing full funding under the current statutes versus full funding under HB192, both Anchorage's percentage of the total entitlement as well as Anchorage's dollar entitlement are less under HB192 until approximately a \$100,000,000 funding level.

At the actual FY 1980 full funding level of \$18,157,087 (excluding hospital pass-thru funding), Anchorage is entitled to \$7.8 million under the current statutes and only \$6.2 million under HB192 (that equates to 43.23% and 34.07% of the State total, respectively). If the State funds revenue sharing at the commonly mentioned level of \$24,000,000 (again excluding hospital pass-thru funding), Anchorage would be entitled to \$10.4 million under the current statutes, and only \$8.8 million under HB192 (43.23% and 36.67% of the state total, respectively).

I am therefore concerned not just with Anchorage's decrease in percentage of total state shared revenue under HB192, but also Anchorage's decrease in actual dollars received (considering 100% funding under the current statutes).

I also have some concern about trying to rationalize the behavior of the computer program. For example, in Exhibit A, I question why the decrease in the total Minimum Entitlement (column 4) isn't greater as we go from the \$18,740,838

funding level to the \$58,000,000 level. It would seem to me that at a \$58,000,000 funding level, very few, if any governments would not be receiving their \$25,000 minimum entitlement.

LP: CD: ljs

cc: Mitch Gravo
Ted Berns
Don Duhr

HB 192 ANCHORAGE
REVENUE SHARING ENTITLEMENTS*

① <u>Total Entitlement</u>	② <u>Anchorage Entitlement</u>	③ <u>Anchorage Percentage Share</u>	④ <u>Total Minimum Entitlements</u>	⑤ <u>Anchorage Percentage Share Excl. Min. Ent.</u>
\$18,740,838	\$6,416,144	34.24%	\$2,513,717	39.54%
20,740,838	7,285,973	35.12%	2,509,083	39.96%
22,740,838	8,190,667	36.01%	2,504,449	40.47%
24,000,000	8,802,645	36.67%	2,501,436	40.95%
26,000,000	9,714,024	37.36%	2,496,802	41.33%
28,000,000	10,627,317	37.95%	2,492,168	41.66%
30,000,000	11,572,859	38.57%	2,487,534	<u>42.06%</u>
40,000,000	16,120,482	40.30%	2,464,361	42.95%
50,000,000	20,710,053	41.42%	2,460,659	43.56%
58,000,000	24,386,126	<u>42.04%</u>	2,457,697	43.91%

* All entitlements include Municipal Utilities Service Assessment revenues and exclude health and hospital funding.

Prepared by:

House Research Agency
April 2, 1980

LOCAL GOV'T	POPULATION	LOCAL EFFORT	CHAPTER 93 ENTITLEMENT	CHAPTER 93 ENTITLEMENT	MINIMUM ENTITLEMENT	HARMLESS ADD ON	PROPOSED ENTITLEMENT	PRESENT ENTITLEMENT
BOROUGH AND SERVICE AREAS								
1 ANCHORAGE A.W.	204,809	7.43	\$3,610,225	\$0	\$0	\$0	\$3,047,500	\$1,325,915
2 CITY S.A.	83,340	1.23	1242,510	\$0	\$0	\$0	1204,202	\$239,040
3 EAGLE RIVER	7,522	1.45	125,851	\$0	\$0	\$0	121,767	142,408
4 CHEWIAK	4,845	0.48	65,491	\$0	\$0	\$0	64,624	127,316
5 GIRDWOOD	487	0.24	11,091	\$0	\$0	\$0	9,018	24,576
6 GLEN ALPS	65	0.48	174	\$0	\$0	\$0	162	50
7 FIRE S.A.	189,593	1.22	1619,925	\$0	\$0	\$0	1521,997	1953,835
8 ROADS & DRAINAGE	168,826	1.30	1521,159	\$0	\$0	\$0	1,405,044	1473,405
9 POLICE S.A.	185,893	2.00	1578,491	\$0	\$0	\$0	1739,718	1,558,738
10 PARKS & REC.	189,459	0.55	1248,533	\$0	\$0	\$0	1209,273	1657,089
11 P & R/CHEWIAK	12,452	0.53	115,703	\$0	\$0	\$0	113,228	146,302
12 SOLID WASTE S.A.	184,290	0.13	150,035	\$0	\$0	\$0	150,552	10
13 CHEWIAK/SOLID WASTE	14,476	0.05	11,959	\$0	\$0	\$0	11,650	40
14 BUILDING SAFETY	184,216	0.21	11,490	\$0	\$0	\$0	177,037	20
15 SPECIAL ASSESSMENT	32,239	0.33	103,258	\$0	\$0	\$0	111,475	121,187
TOTAL: 7436,076			6416,901	1,019,175	214% of total	3424% of total	75,416,144	25,352,264
			4602% of total	71% of total				
			39,688%					
ROADS = 214% of total road funding								
16 BRISTOL BAY BOROUGH	1,635	27.38	133,021	\$0	\$0	\$0	132,102	143,670
17 SOUTH HANNESS S.A.	225	1.25	1663	\$0	\$0	\$0	1561	30
TOTAL			192,753	143,670	30	30	192,102	143,670
FAIRWAYS BOROUGH								
18 FAIRWAYS BOROUGH	66,222	7.77	11,214,636	\$135,125	\$0	\$0	11,157,036	1315,424
19 DALLING LAKE	163	0.92	1387	1821	\$0	\$0	11,194	1401
20 DIANE	66	1.17	1183	14,600	\$0	\$0	14,726	13,074
21 WILDYEN ACRES	77	0.23	151	124,495	\$0	\$0	124,387	111,043
22 SMITH RANCH	438	3.26	13,371	17,647	\$0	\$0	110,433	13,449
23 ENGINEER CREEK	144	1.91	1549	40	\$0	\$0	1546	20
24 ESTER LUM	10	0.21	17	15,351	\$0	\$0	15,920	12,694
25 NORTH STAR F.P.P.	6,500	1.03	116,734	19	\$0	\$0	114,021	142,145
26 BECKER RIDGE	103	1.55	1306	113,883	\$0	\$0	119,105	13,513
27 UNIVERSITY F.P.P.	7,177	2.36	140,020	40	\$0	\$0	139,705	146,535
28 LAURSEY HILL	50	14.43	11,710	13,021	\$0	\$0	19,412	13,617
29 SPRUCE ACRES	50	0.81	126	11,811	\$0	\$0	11,381	1816
TOTAL			11,282,463	1037,714	10	10	11,282,463	1037,714
HAINES BOROUGH								
30 HAINES BOROUGH	1,324	4.69	121,329	\$0	\$5,545	\$0	122,629	12,200
BUREAU BOROUGH A.W.								
31 BUREAU BOROUGH A.W.	23,115	16.39	1022,917	10	\$0	\$0	1776,083	1342,042
32 S.A. 1	7,372	10.47	1182,211	10	\$0	\$0	1189,783	1324,103
33 S.A. 2	1,657	3.25	112,794	10	\$0	\$0	112,793	120,803
34 S.A. 3	296	14.21	15,912	10	\$0	\$0	14,545	140,265
35 S.A. 4	1,501	1.33	15,207	10	\$0	\$0	14,094	13,070
36 S.A. 5	10,490	1.52	137,855	10	\$0	\$0	131,374	159,141
37 S.A. 6	766	1.09	11,971	10	\$0	\$0	11,660	14,313
37 S.A. 7	100	0.56	100	10	\$0	\$0	100	10,537

ANCHORAGE STATE REVENUE SHARING ENTITLEMENTS
UNDER FULL FUNDING OF CURRENT STATUTES AND HB 192

(Excludes Hospital Pass-Thru Funding)

Total Entitlement	Current Statutes		HB 192	
	Anchorage Share	Anchorage Percentage	Anchorage Share	Anchorage Percentage
18,157,087 ^(a)	\$7,849,556 ^(a)	43.23% ^(b)	\$6,186,120	34.07% ^(c)
18,740,838	8,101,664	43.23%	6,416,144	34.24%
20,740,838	8,966,264	43.23%	7,285,973	35.12%
22,740,838	9,830,864	43.23%	8,190,667	36.01%
24,000,000	10,375,200	43.23%	8,802,645	36.67%
26,000,000	11,239,800	43.23%	9,714,024	37.36%
28,000,000	12,104,400	43.23%	10,627,317	37.95%
30,000,000	12,969,000	43.23%	11,572,859	38.57%
40,000,000	17,292,000	43.23%	16,120,482	40.30%
50,000,000	21,615,000	43.23%	20,710,053	41.42%
58,000,000	25,073,400	43.23%	24,386,126	42.04%
60,000,000	25,738,000	43.23%	25,290,000	42.15% ^(c)
70,000,000	26,802,600	43.23%	29,834,000	42.62% ^(c)
80,000,000	34,584,000	43.23%	34,344,000	42.93% ^(c)
90,000,000	38,907,000	43.23%	38,817,000	43.13% ^(c)
100,000,000	43,230,000	43.23%	43,260,000	43.26% ^(c)

see next page for footnotes

FOOTNOTES

(a) Per the State Department of Community and Regional Affairs, the actual State-wide and Anchorage fully-funded State Revenue Sharing Entitlement for FY1980 are as follows:

	<u>State Total</u>	<u>Anchorage</u>	<u>Anchorage Percentage</u>
Total State Revenue Sharing	\$27,021,915	\$14,177,251	52.47%
Less Hospital Pass-Through Funding:			
Hospital Contributions	\$ 7,292,828	\$ 5,902,695	80.94%
Other	<u>1,572,000</u>	<u>425,000</u>	27.04%
Total	\$ 8,864,828	\$ 6,327,695	71.38%
State Revenue Sharing for Other than Hospital Pass-Through	<u>\$18,157,087</u>	<u>\$7,849,556</u>	<u>43.23%</u>

(b) At the \$18,157,087 funding level, Anchorage's percentage of the State total is 43.23% (see footnote "a" above). Under the current State Statutes, this percentage should remain the same at all funding levels.

(c) These percentages had to be estimated using an elementary form of trend analysis since Anchorage's percentages under HB192 were not available from the State for these funding levels.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 24, 1980

SUBJECT: CSHB 192 (Finance) amended
TO: Representative Terry Gardiner
ATTN: John Sund
FROM: John B. Chenoweth
Legislative Counsel

The insertion of "utilities" at page 2, line 20, was action specifically requested by the Finance Committee.

To narrow the amendment so that only contributions recieved from municipal utilities in lieu of property taxes (and not all utility revenues) are recognized as income, the following amendment is in order:

Page 2, line 20: Delete "utilities,"

Page 2, following line 24: Insert an additional paragraph to read:

"(E) payments received by a municipality from a utility which are in lieu of taxes levied and collected by the municipality."

JBC:jdn

1. Delete (on page 17) Sec 11, subsection (a)(3).
2. Add the following to Sec. 4 (on p. 14):

Sec. 29.90.030 Minimum Entitlement Adjustment

(a) A municipality may not receive a total amount of money under AS 29.88, AS 29.89.010 and AS 29.90.020 which is less in proportion to the total amount appropriated and allocated under those sections than ninety percent (90%) of the percentage of its population to the total population of the State as determined by the Department of Labor.

(b) If the total amount that would be received by a municipality under AS 29.88, AS 29.89.010 and AS 29.90.020 would be less than as required by this section, the municipality shall receive an additional entitlement in an amount sufficient to comply with this section. In the case of boroughs that include cities which are eligible to receive funds under AS 29.88, AS 29.89 or AS 29.90.020, the funds to be received by the borough shall be deemed to include any amounts to be received by cities within the borough for purposes of this section.

(c) Amounts received by municipalities under this section are subject to proration in the manner provided by AS 29.90.010.

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

MEMORANDUM

March 21, 1980

TO: Representative Terry Gardiner

FROM: Jack Kreinheder, Issues Analyst *JK*

RE: HB 192 - Computer Runs Including MUSA Revenues
Research Request No. 64

You have requested that I make additional HB 192 computer runs which incorporate the Municipal Utilities Service Assessment (MUSA) revenues, and which include a \$30 million total entitlement. The attached charts present five alternative runs, which are structured as follows:

1. Total entitlement = \$18,740,838. MUSA revenue included; health and hospital excluded. (This run should be compared to the \$18,740,838 run with MUSA revenues excluded, which was provided in my memorandum of February 25, to evaluate the MUSA impact. This entitlement reflects the original \$27 million entitlement of last year, minus the current health and hospital entitlements.)
2. Total entitlement = \$30 million. MUSA revenues included; health and hospital entitlements excluded.
3. Total entitlement = \$30 million. MUSA revenues excluded; health and hospital entitlements excluded.
4. Total entitlement = \$30 million. MUSA revenues included; health and hospital entitlement included.
5. Total entitlement = \$30 million. MUSA revenues excluded; health and hospital entitlement included.

Three municipalities receive MUSA revenues: the Municipality of Anchorage, the City of Fairbanks, and the City of Seward. The effect of including the MUSA revenues on these municipalities' entitlements under HB 192 depends on: (1) the total entitlement; and (2) the inclusion of health and hospital entitlements, as well. In terms of dollars, Fairbanks

Representative Terry Gardiner
March 21, 1980
Page 2

gains the most from MUSA inclusion, followed by Anchorage, then Seward. In terms of percentage increase in entitlements, Fairbanks and Seward receive similar increases from including MUSA revenues, while the Anchorage increase is considerably less. Although Anchorage collects the highest MUSA revenues of the three municipalities, its MUSA revenues comprise the smallest percentage of the total revenues eligible under HB 192; therefore, Anchorage receives the lowest percentage increase in its revenue sharing entitlement when MUSA revenues are included.

At a total entitlement of \$30,000,000, without health and hospital funding, inclusion of the MUSA revenues increases the entitlements for the three municipalities by the following amounts:

1. Anchorage - \$89,749 (0.8%)
2. Fairbanks - \$111,615 (5.1%)
3. Seward - \$ 8,634 (6.1%)

The MUSA impact is smaller if health and hospital funding is included and/or if the total entitlement is reduced. Table 1 displays this information.

We were not able to make computer runs including revenues from short-term investments, as was requested, because the revenue sharing questionnaires completed by the municipalities specifically stated that these revenues were not to be included as eligible revenues. Therefore, it would be necessary to contact each community again, which was not possible within the time frames of your request.

It is important to note that if short-term investment revenues were included as eligible revenues, the effect on the entitlement of each municipality would depend on the value of its investment revenues relative to the investment revenues of all other municipalities. For example, Anchorage would realize an entitlement increase only if its investment revenues comprise a larger percentage of its total eligible revenues than those of the average municipality in the state.

If you would like additional explanation of these latest computer runs, or if further research is necessary, please do not hesitate to contact me.

JK/dp

Attachment

TABLE 1

INCREASE IN HB 192 ENTITLEMENTS

RESULTING FROM INCLUSION OF MUSA* REVENUES

	\$30 Million Total Entitlement <u>Health & Hospital Excluded</u>		\$30 Million Total Entitlement <u>Health & Hospital Included</u>		\$18,740,838 Total Entitlement <u>Health & Hospital Excluded</u>	
ANCHORAGE	\$89,649	(0.8%)	\$48,957	(0.4%)	\$42,930	(0.7%)
FAIRBANKS	\$111,615	(5.1%)	\$63,160	(2.1%)	\$56,559	(4.4%)
SEWARD	\$8,634	(6.1%)	\$4,883	(1.9%)	\$4,377	(6.1%)

*Municipal Utilities Service Assessments.

PERCENTAGE BREAKDOWN OF REVENUE SHARING ENTITLEMENTS INCLUDING MUSA REVENUES

LOCAL GOVT	INCLUDING MUSA-EXCLUDING HEALTH & HOSPITAL (TOTAL=\$18,740,838)		INCLUDING MUSA-EXCLUDING HEALTH & HOSPITAL (TOTAL=\$30,000,000)		EXCLUDING MUSA & HEALTH & HOSPITAL (TOTAL=\$30,000,000)		INCLUDING MUSA & HEALTH & HOSPITAL (TOTAL=\$30,000,000)		EXCLUDING MUSA-INCLUDING HEALTH & HOSPITAL (TOTAL=\$30,000,000)	
	ENTITLEMENT	PERCENTAGE	ENTITLEMENT	PERCENTAGE	ENTITLEMENT	PERCENTAGE	ENTITLEMENT	PERCENTAGE	ENTITLEMENT	PERCENTAGE
BOROUGH AND SERVICE AREAS										
1 AMSTERDAM A.S.	11,047,500	16.26%	15,053,002	19.84%	45,494,411	19.64%	110,068,405	33.56%	110,036,623	33.45%
2 CITY S.A.	1204,202	1.08%	1338,877	1.32%	1405,993	1.35%	1227,306	0.75%	1231,494	0.77%
3 EAGLE RIVER	121,787	0.11%	142,520	0.14%	143,391	0.14%	124,240	0.08%	124,746	0.08%
4 CHESTNUT	14,624	0.02%	19,032	0.03%	19,319	0.03%	15,149	0.01%	15,256	0.01%
5 GORHAM	1918	0.00%	11,794	0.00%	11,837	0.00%	11,023	0.00%	11,044	0.00%
6 GREEN APTS	162	0.00%	1122	0.00%	1124	0.00%	169	0.00%	171	0.00%
7 FINE S.A.	1521,997	2.78%	11,019,642	3.39%	11,006,928	3.35%	1581,288	1.93%	1574,142	1.91%
8 ROADS & DRAINAGE	11,405,044	7.49%	11,828,694	6.09%	11,817,996	6.05%	11,459,127	4.36%	11,453,003	4.34%
9 PERLE S.A.	1739,718	3.94%	11,444,927	4.81%	11,429,240	4.76%	1829,738	2.74%	1814,941	2.71%
10 PARKS & TRAIL	1209,273	1.11%	1408,783	1.36%	1404,405	1.34%	1223,043	0.77%	1230,588	0.76%
11 P & R CHESTNUT	113,228	0.07%	125,839	0.08%	126,374	0.08%	114,730	0.06%	115,038	0.05%
12 SOUTH WIND S.A.	150,552	0.26%	138,745	0.32%	136,642	0.32%	156,293	0.18%	155,093	0.18%
13 CHESTNUT & WASTE	11,650	0.00%	11,223	0.01%	11,289	0.01%	11,337	0.00%	11,375	0.00%
14 BUILDING SAFETY	177,037	0.41%	1150,481	0.50%	1151,595	0.51%	125,788	0.28%	127,578	0.29%
15 SPECIAL AGREEMENT	1118,475	0.63%	1117,172	0.62%	1120,076	0.63%	1126,814	0.42%	1128,510	0.42%
	16,416,144	34.23%	111,572,859	38.57%	111,483,110	38.27%	113,706,987	45.69%	113,660,010	45.59%
16 BRIDGE HAV BOROUGH	492,192	0.49%	1166,941	0.55%	1170,107	0.56%	1101,149	0.33%	1102,972	0.36%
17 SOUTH WIND S.A.	1561	0.00%	11,096	0.00%	11,119	0.00%	1625	0.00%	1638	0.00%
	492,753	0.49%	1168,038	0.56%	1171,227	0.57%	1101,775	0.33%	1103,610	0.36%
18 FARMERS MARKET	11,157,056	6.17%	12,113,160	7.10%	12,174,132	7.24%	11,273,815	4.24%	11,297,607	4.32%
19 DARTMOUTH LAKE	11,194	0.00%	11,494	0.00%	11,506	0.00%	11,233	0.00%	11,241	0.00%
20 DANE	14,526	0.02%	14,898	0.01%	14,905	0.01%	14,763	0.01%	14,708	0.01%
21 WINDHAM ACRES	124,817	0.13%	124,562	0.08%	124,544	0.08%	124,499	0.08%	124,504	0.08%
22 SOUTH WIND	110,639	0.04%	113,817	0.04%	113,801	0.04%	110,795	0.03%	110,862	0.03%
23 FINESTON CREEK	1546	0.00%	11,068	0.00%	11,090	0.00%	1099	0.00%	1071	0.00%
24 LEVER TUNE	15,920	0.03%	15,959	0.01%	15,959	0.01%	15,947	0.01%	15,948	0.01%
25 NORTH STAR T.P.	114,091	0.07%	127,529	0.09%	128,094	0.09%	115,091	0.05%	116,019	0.05%
26 NORTH STAR	119,105	0.10%	119,526	0.06%	119,541	0.06%	119,226	0.06%	119,236	0.06%
27 UNIVERSITY T.P.	111,395	0.17%	109,898	0.21%	107,900	0.22%	117,513	0.12%	118,317	0.12%
28 FARMERS MARKET	19,612	0.05%	110,169	0.03%	110,387	0.03%	19,610	0.03%	19,645	0.03%
29 SOUTH ACRES	11,881	0.01%	11,938	0.00%	11,971	0.00%	11,898	0.00%	11,900	0.00%
	11,282,408	6.84%	12,309,699	7.69%	12,351,209	7.84%	11,405,625	4.68%	11,430,671	4.76%
30 NORTH STAR BOROUGH	132,629	0.12%	135,082	0.11%	135,808	0.11%	129,887	0.07%	129,193	0.07%
31 BEECH HERRBERT A.S.	1776,808	4.14%	11,516,517	5.05%	11,547,169	5.15%	11,051,976	3.50%	11,070,050	3.56%
32 S.A. 1	1181,781	1.00%	1135,267	1.11%	1141,450	1.14%	1206,865	0.63%	1209,937	0.63%
33 S.A. 2	122,798	0.12%	119,145	0.11%	119,571	0.11%	124,025	0.08%	124,327	0.08%
34 S.A. 3	195,545	0.50%	1109,579	0.33%	1109,819	0.33%	195,595	0.31%	195,744	0.31%
35 S.A. 4	14,314	0.02%	11,564	0.02%	11,741	0.02%	14,382	0.01%	14,384	0.01%
36 S.A. 5	111,377	0.17%	102,261	0.20%	103,549	0.21%	115,494	0.11%	116,725	0.12%
37 S.A. 6	11,640	0.00%	11,243	0.01%	11,243	0.01%	11,149	0.00%	11,307	0.00%
38 S.A. 7	1506	0.00%	1599	0.00%	1611	0.00%	1564	0.00%	1576	0.00%
39 S.A. 8	1477	0.00%	1479	0.00%	1479	0.00%	1471	0.00%	1471	0.00%
	11,191,409	5.98%	12,071,479	6.87%	12,101,200	7.00%	11,431,315	4.71%	11,444,286	4.81%

40 ROMA PAPER & BERRICH	\$223,848	1.22%	\$447,020	1.43%	\$456,269	1.52%	\$254,342	0.84%	\$260,161	0.86%
41 CENTRAL HOSPITAL	\$6,659	0.03%	\$13,009	0.04%	\$13,278	0.04%	\$7,416	0.02%	\$7,571	0.02%
42 SEJURI HOSPITAL	\$12,044	0.06%	\$23,527	0.07%	\$24,013	0.08%	\$13,277	0.23%	\$13,530	0.23%
43 FUKUKI F.P.	\$7,201	0.03%	\$14,066	0.04%	\$14,357	0.04%	\$8,019	0.02%	\$8,186	0.02%
44 NISHIKAWA REC.	\$5,046	0.02%	\$9,858	0.03%	\$10,062	0.03%	\$5,630	0.01%	\$5,737	0.01%
45 DEAN GLENN F.P.	\$5,216	0.02%	\$10,190	0.03%	\$10,401	0.03%	\$5,809	0.01%	\$5,930	0.01%
	\$265,017	1.41%	\$517,671	1.72%	\$523,312	1.76%	\$309,984	1.23%	\$316,155	1.24%
46 REICHERT BERRICH	\$205,709	1.09%	\$401,321	1.33%	\$410,135	1.36%	\$229,074	0.76%	\$231,856	0.77%
47 SUGIYAMA S.A.	\$1,660	0.00%	\$3,243	0.01%	\$3,310	0.01%	\$1,848	0.00%	\$1,887	0.00%
	\$207,369	1.10%	\$405,064	1.35%	\$413,445	1.37%	\$230,923	0.76%	\$233,743	0.78%
48 HIDEAKI SAKAI BERRICH	\$81,628	0.43%	\$159,449	0.53%	\$162,743	0.54%	\$236,837	0.78%	\$239,756	0.79%
49 FUKUOKA F.P.	\$4,277	0.02%	\$8,356	0.02%	\$8,529	0.02%	\$4,763	0.01%	\$4,863	0.01%
50 RYUJI BERRICH	\$42,410	0.22%	\$84,866	0.14%	\$86,953	0.14%	\$42,857	0.14%	\$43,313	0.14%
	\$123,316	0.63%	\$212,671	0.70%	\$216,240	0.72%	\$284,453	0.94%	\$286,533	0.95%
51 NISHIKAWA BERRICH	\$705,553	3.76%	\$1,419,789	3.16%	\$1,460,063	3.20%	\$736,339	2.45%	\$742,307	2.47%
52 NISHIKAWA F.P.	\$3,378	0.01%	\$6,756	0.02%	\$6,912	0.02%	\$3,762	0.01%	\$3,840	0.01%
53 NISHIKAWA F.P.	\$2,034	0.01%	\$4,068	0.01%	\$4,135	0.01%	\$2,067	0.00%	\$2,100	0.00%
54 NISHIKAWA F.P.	\$1,651	0.00%	\$3,302	0.01%	\$3,364	0.01%	\$1,681	0.00%	\$1,712	0.00%
55 NISHIKAWA F.P.	\$8,750	0.04%	\$17,500	0.05%	\$17,999	0.05%	\$9,244	0.03%	\$9,488	0.03%
56 NISHIKAWA F.P.	\$943	0.00%	\$1,886	0.00%	\$1,930	0.00%	\$967	0.00%	\$984	0.00%
57 NISHIKAWA F.P.	\$532	0.00%	\$1,064	0.00%	\$1,096	0.00%	\$548	0.00%	\$566	0.00%
	\$723,903	3.85%	\$1,438,681	3.27%	\$1,478,657	3.31%	\$755,661	2.51%	\$762,028	2.54%
58 NISHIKAWA BERRICH	\$202,255	1.07%	\$404,510	0.98%	\$410,736	1.00%	\$237,974	0.79%	\$240,633	0.80%
59 NISHIKAWA BERRICH	\$233,203	1.24%	\$466,406	1.15%	\$475,951	1.17%	\$238,752	1.06%	\$241,801	1.06%
	\$435,458	2.11%	\$871,087	2.12%	\$886,687	2.15%	\$476,726	1.61%	\$482,434	1.62%
FIRST CLASS CUTIES	\$43,249	0.23%	\$86,498	0.23%	\$88,996	0.23%	\$44,498	0.16%	\$45,996	0.16%
61 NISHIKAWA	\$131,873	0.70%	\$263,746	0.70%	\$270,492	0.72%	\$135,246	0.31%	\$138,492	0.32%
62 NISHIKAWA	\$37,238	0.19%	\$74,476	0.20%	\$76,952	0.21%	\$38,476	0.14%	\$39,952	0.14%
63 NISHIKAWA	\$66,974	0.35%	\$133,948	0.36%	\$138,896	0.37%	\$69,474	0.24%	\$71,948	0.24%
64 NISHIKAWA	\$1,291,217	6.83%	\$2,582,434	7.62%	\$2,674,868	7.25%	\$1,337,217	10.03%	\$1,374,434	9.82%
65 NISHIKAWA	\$33,305	0.17%	\$66,610	0.17%	\$68,915	0.17%	\$34,610	0.12%	\$35,915	0.12%
66 NISHIKAWA	\$70,365	0.37%	\$140,730	0.37%	\$144,465	0.37%	\$72,365	0.25%	\$74,730	0.25%
67 NISHIKAWA	\$69,145	0.36%	\$138,290	0.36%	\$142,580	0.36%	\$71,145	0.27%	\$73,290	0.27%
68 NISHIKAWA	\$32,470	0.17%	\$64,940	0.17%	\$67,880	0.17%	\$33,940	0.14%	\$35,880	0.14%
69 NISHIKAWA	\$22,253	0.11%	\$44,506	0.07%	\$46,012	0.07%	\$23,253	0.07%	\$24,506	0.07%
70 NISHIKAWA	\$21,215	0.12%	\$42,430	0.11%	\$43,860	0.11%	\$22,430	0.07%	\$23,860	0.07%
71 NISHIKAWA	\$21,837	0.12%	\$43,674	0.11%	\$45,348	0.11%	\$22,837	0.07%	\$24,348	0.07%
72 NISHIKAWA	\$362,435	1.93%	\$724,870	1.93%	\$749,740	1.93%	\$372,435	1.05%	\$384,870	1.05%
73 NISHIKAWA	\$26,576	0.14%	\$53,152	0.14%	\$55,304	0.14%	\$27,576	0.07%	\$28,304	0.07%
74 NISHIKAWA	\$21,692	0.11%	\$43,384	0.11%	\$45,168	0.11%	\$22,692	0.07%	\$23,384	0.07%
75 NISHIKAWA	\$41,411	0.21%	\$82,822	0.21%	\$85,644	0.21%	\$42,411	0.20%	\$44,822	0.20%
76 NISHIKAWA	\$45,459	0.24%	\$90,918	0.24%	\$94,836	0.24%	\$47,459	0.13%	\$49,836	0.13%
77 NISHIKAWA	\$113,962	0.60%	\$227,924	0.60%	\$236,848	0.60%	\$118,962	0.32%	\$123,848	0.32%
78 NISHIKAWA	\$23,678	0.12%	\$47,356	0.12%	\$49,712	0.12%	\$24,678	0.07%	\$25,712	0.07%
79 NISHIKAWA	\$49,754	0.26%	\$99,508	0.26%	\$103,016	0.26%	\$50,754	0.15%	\$52,016	0.15%
80 NISHIKAWA	\$41,199	0.21%	\$82,398	0.21%	\$85,796	0.21%	\$42,199	0.12%	\$43,796	0.12%
81 NISHIKAWA	\$46,646	0.24%	\$93,292	0.24%	\$97,584	0.24%	\$48,646	0.16%	\$50,584	0.16%
82 NISHIKAWA	\$45,146	0.17%	\$90,292	0.17%	\$93,584	0.17%	\$46,146	0.12%	\$47,584	0.12%
83 NISHIKAWA	\$100,942	0.52%	\$201,884	0.52%	\$209,768	0.52%	\$104,942	0.30%	\$109,884	0.30%
84 NISHIKAWA	\$46,771	0.24%	\$93,542	0.24%	\$97,084	0.24%	\$48,771	0.17%	\$50,542	0.17%
85 NISHIKAWA	\$161,165	0.86%	\$322,330	0.86%	\$336,660	0.86%	\$166,165	0.57%	\$172,330	0.57%
86 NISHIKAWA	\$176,211	0.96%	\$352,422	0.96%	\$365,844	0.96%	\$181,211	0.65%	\$186,422	0.65%

NO	VARIABLE	UNIT	FR.	0.72Z	\$137,052	0.45Z	\$137,050	0.45Z	\$214,544	0.71Z	\$214,576	0.71Z
90	ZERE I	40	0.00Z	40	0.00Z	40	0.00Z	40	40	0.00Z	40	0.00Z
91	ZERE II	40	0.00Z	40	0.00Z	40	0.00Z	40	40	0.00Z	40	0.00Z
92	ZERE III	40	0.00Z	40	0.00Z	40	0.00Z	40	40	0.00Z	40	0.00Z
93	WRANGELL	155,016	0.81Z	4279,738	0.95Z	4205,150	0.95Z	4240,116	0.83Z	4252,242	0.84Z	4252,242
94	ZERE II	416,131	0.08Z	431,510	0.10Z	432,162	0.10Z	417,953	0.05Z	418,333	0.06Z	418,333
96	ZERE IV	457,947	0.30Z	4113,192	0.37Z	4115,534	0.38Z	464,529	0.21Z	465,876	0.21Z	465,876
97	YAKUTAI	424,466	1.20Z	4424,441	1.41Z	4432,846	1.44Z	4331,609	1.10Z	4336,453	1.12Z	4336,453
98	YAKUTAI	423,930	0.12Z	425,460	0.08Z	425,803	0.08Z	425,075	0.08Z	425,030	0.08Z	425,030
SECOND CLASS CITIES												
98	AKTODK	424,261	0.12Z	425,415	0.08Z	425,417	0.08Z	424,762	0.08Z	424,763	0.08Z	424,763
99	AKTODK	431,017	0.16Z	431,721	0.10Z	431,723	0.10Z	432,262	0.10Z	432,267	0.10Z	432,267
100	AKTODK	427,166	0.14Z	429,573	0.09Z	429,576	0.09Z	429,947	0.09Z	429,954	0.09Z	429,954
101	AKKIMUT	436,726	0.46Z	447,199	0.29Z	447,204	0.29Z	437,486	0.32Z	437,501	0.32Z	437,501
102	ALAKARRK	430,523	0.16Z	431,431	0.10Z	431,433	0.10Z	431,609	0.10Z	431,615	0.10Z	431,615
103	ALAKARRK	426,576	0.14Z	428,720	0.09Z	428,723	0.09Z	427,466	0.09Z	427,473	0.09Z	427,473
104	ALAKARRK	429,526	0.15Z	431,233	0.10Z	431,235	0.10Z	430,938	0.10Z	430,944	0.10Z	430,944
105	AMERER	430,895	0.16Z	431,985	0.10Z	431,988	0.10Z	432,016	0.10Z	432,022	0.10Z	432,022
106	AMERER	428,159	0.15Z	430,427	0.10Z	430,429	0.10Z	429,097	0.09Z	429,105	0.09Z	429,105
107	AMERER	430,693	0.16Z	431,920	0.10Z	431,922	0.10Z	431,237	0.10Z	431,243	0.10Z	431,243
108	ALAKARRK	427,879	0.12Z	424,802	0.08Z	424,803	0.08Z	424,521	0.08Z	424,526	0.08Z	424,526
109	ALAKARRK	437,483	0.20Z	438,091	0.12Z	438,093	0.12Z	443,330	0.14Z	443,337	0.14Z	443,337
110	AMERER	428,155	0.15Z	430,427	0.10Z	430,429	0.10Z	429,097	0.09Z	429,105	0.09Z	429,105
111	AMERER	431,866	0.16Z	432,186	0.10Z	432,188	0.10Z	434,387	0.11Z	434,393	0.11Z	434,393
112	AMERER	422,540	0.18Z	4315,265	1.05Z	4319,173	1.06Z	4302,834	1.00Z	4305,107	1.01Z	4305,107
113	BERGVIK MISSION	427,366	0.14Z	429,573	0.09Z	429,576	0.09Z	428,947	0.09Z	428,954	0.09Z	428,954
114	BERGVIK MISSION	428,155	0.15Z	430,427	0.10Z	430,429	0.10Z	429,097	0.09Z	429,105	0.09Z	429,105
115	CHITERRAK	427,366	0.14Z	429,573	0.09Z	429,576	0.09Z	428,947	0.09Z	428,954	0.09Z	428,954
116	CHITERRAK	427,612	0.14Z	429,719	0.09Z	429,721	0.09Z	429,155	0.09Z	429,162	0.09Z	429,162
117	CHITERRAK	430,490	0.16Z	431,800	0.10Z	431,802	0.10Z	431,751	0.10Z	431,757	0.10Z	431,757
118	CLARK'S POINT	426,576	0.14Z	428,720	0.09Z	428,723	0.09Z	427,466	0.09Z	427,473	0.09Z	427,473
119	DELTA JUNCTION	427,957	0.14Z	428,367	0.09Z	428,368	0.09Z	429,243	0.09Z	429,247	0.09Z	429,247
120	DUMODE	426,576	0.14Z	428,720	0.09Z	428,723	0.09Z	428,112	0.09Z	428,119	0.09Z	428,119
121	EABE	425,366	0.13Z	426,767	0.09Z	426,769	0.09Z	425,037	0.08Z	425,093	0.08Z	425,093
122	EABE	426,576	0.14Z	428,720	0.09Z	428,723	0.09Z	428,947	0.09Z	428,954	0.09Z	428,954
123	EABE	427,366	0.14Z	429,573	0.09Z	429,576	0.09Z	427,466	0.09Z	427,473	0.09Z	427,473
124	ELIM	427,366	0.14Z	429,573	0.09Z	429,576	0.09Z	426,947	0.09Z	426,954	0.09Z	426,954
125	EPERRAK	429,648	0.15Z	430,563	0.10Z	430,565	0.10Z	430,365	0.10Z	430,372	0.10Z	430,372
126	EPERRAK	451,110	0.27Z	451,339	0.17Z	451,342	0.17Z	456,674	0.18Z	456,683	0.18Z	456,683
127	EPERRAK	429,693	0.15Z	430,567	0.10Z	430,569	0.10Z	430,923	0.10Z	430,929	0.10Z	430,929
128	GABEEL	430,819	0.16Z	431,605	0.10Z	431,607	0.10Z	431,193	0.10Z	431,199	0.10Z	431,199
129	GEYER	427,366	0.14Z	429,573	0.09Z	429,576	0.09Z	428,947	0.09Z	428,954	0.09Z	428,954
130	GEYER	427,366	0.14Z	429,573	0.09Z	429,576	0.09Z	428,282	0.09Z	428,289	0.09Z	428,289
131	GRAYING	429,779	0.15Z	431,382	0.10Z	431,384	0.10Z	430,467	0.10Z	430,473	0.10Z	430,473
132	HELY CROSS	430,185	0.16Z	431,621	0.10Z	431,623	0.10Z	431,494	0.10Z	431,500	0.10Z	431,500
133	HELY CROSS	427,366	0.14Z	429,573	0.09Z	429,576	0.09Z	428,282	0.09Z	428,289	0.09Z	428,289
134	HELY CROSS	425,162	0.13Z	426,226	0.08Z	426,228	0.08Z	426,151	0.08Z	426,157	0.08Z	426,157
135	HELY CROSS	428,155	0.15Z	430,427	0.10Z	430,429	0.10Z	429,097	0.09Z	429,105	0.09Z	429,105
136	HELY CROSS	450,082	0.31Z	450,325	0.19Z	450,327	0.19Z	464,651	0.21Z	464,661	0.21Z	464,661
137	KACERRAK	422,629	0.15Z	424,457	0.08Z	424,457	0.08Z	423,317	0.07Z	423,323	0.07Z	423,323
138	KAKTOYIK	421,135	0.15Z	430,427	0.10Z	430,429	0.10Z	429,097	0.09Z	429,105	0.09Z	429,105
139	KALTAG	429,170	0.15Z	431,024	0.10Z	431,026	0.10Z	429,953	0.09Z	429,960	0.09Z	429,960
140	KASANI	421,040	0.11Z	422,743	0.07Z	422,750	0.07Z	422,267	0.07Z	422,272	0.07Z	422,272
141	KASANI	429,648	0.15Z	431,338	0.10Z	431,341	0.10Z	431,074	0.10Z	431,081	0.10Z	431,081
142	KIVALEVA	428,155	0.15Z	430,427	0.10Z	430,429	0.10Z	429,097	0.09Z	429,105	0.09Z	429,105
143	KOBERK	430,185	0.16Z	431,621	0.10Z	431,623	0.10Z	431,494	0.10Z	431,500	0.10Z	431,500
144	KOBERK	427,366	0.14Z	429,573	0.09Z	429,576	0.09Z	428,947	0.09Z	428,954	0.09Z	428,954
145	KOBERK	4116,623	0.62Z	4174,664	0.58Z	4174,664	0.58Z	4124,481	0.41Z	4124,481	0.41Z	4124,481
146	KOBERK	427,366	0.14Z	429,573	0.09Z	429,576	0.09Z	428,947	0.09Z	428,954	0.09Z	428,954
147	KOBERK	428,155	0.15Z	430,427	0.10Z	430,429	0.10Z	429,097	0.09Z	429,105	0.09Z	429,105