



# LAWS OF ALASKA

1987

**Source**

HB 90

**Chapter No.**

10

## AN ACT

Relating to time periods to be used for administering the tax equalization program and the municipal assistance program; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 11

UNDERLINED MATERIAL INDICATES TEXT THAT IS BEING ADDED TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH BILL SECTION.

Approved by the Governor: May 20, 1987  
Actual Effective Date: July 1, 1987

AN ACT

Relating to time periods to be used for administering the tax equalization program and the municipal assistance program; and providing for an effective date.

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\* Section 1. AS 29.60.010 is amended to read:

Sec. 29.60.010. STATE EQUALIZATION OF TAX RESOURCES FOR MUNICIPAL SERVICES. (a) During each state fiscal year the department shall compute an equalization entitlement for municipal services provided by a taxing unit for payment the following state fiscal year.

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

$$\text{Entitlement} = P \times R$$

where P = population, and

R = millage rate equivalent, determined by dividing the sum of the locally generated revenue of the taxing unit by one-tenth of one percent of the full and true value of assessed property of the taxing unit determined under AS 29.60.030(d); however, the per capita property value used under this subsection may not be less than 15 percent of the statewide average per capita full and true assessed property value.

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

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1 (1) includes

2 (A) the actual revenue derived from the levy and col-  
3 lection of local taxes in the taxing unit for municipal services  
4 [DURING THE PRECEDING FISCAL YEAR OF THE TAXING UNIT];

5 (B) motor vehicle payments received by the municipal-  
6 ity [DURING THE PRECEDING FISCAL YEAR] under AS 28.10.431;

7 (C) revenue from fees, rentals, leases, penalties,  
8 licenses, or permits received [DURING THE PRECEDING FISCAL YEAR]  
9 by the municipality for a function or service over which it has  
10 control, including revenues derived from parks and recreation  
11 services, mass transit, offstreet parking, and garbage and solid  
12 waste disposal services;

13 (D) special assessments received [DURING THE PRECEDING  
14 FISCAL YEAR]; and

15 (E) payments received by a municipality from a utility  
16 that are in place of taxes levied and collected by the municipal-  
17 ity;

18 (2) excludes

19 (A) revenue derived from the levy and collection of  
20 municipal taxes and appropriated for the operating expenses and  
21 debt service of utilities;

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

24 (C) all other revenue from whatever service derived;

25 (3) is calculated on the basis of the actual revenue re-  
26 ceived during the fiscal year of the taxing unit preceding the year in  
27 which the department's determination of the millage rate equivalent is  
28 made under AS 29.60.030.

29 \* Sec. 2. AS 29.60.030(a) is amended to read:

(a) The department may require a municipality to return a certification, signed by the municipal treasurer or manager and the mayor, that provides an estimate of the locally generated revenue received by the municipality during its [THE PRECEDING] fiscal year preceding the year in which the department's determination of the millage rate equivalent is made under (c) of this section.

\* Sec. 3. AS 29.60.030(c) is amended to read:

(c) As early as possible, but not later than January [DECEMBER] 15 of each year, the department shall make a [FINAL] determination of the millage rate equivalent of each taxing unit to use to compute and distribute equalization entitlements under AS 29.60.010 - 29.60.080 for the following state fiscal year. The department shall base the determination on audits, financial statements, and other financial reports prepared and submitted by a municipality. The department shall adjust the locally generated revenue reported by a municipality to exclude the municipal revenue claimed that does not qualify for inclusion in or recognition as locally generated revenue for municipal purposes under AS 29.60.010(c)(1). The adjustment must [SHALL] be made by deducting from total revenue claimed by the municipality the amount of the department's estimate of revenue that is not recognized for municipal purposes.

\* Sec. 4. AS 29.60.040 is amended to read:

Sec. 29.60.040. REPORTS. A payment of an equalization entitlement may not be made to a municipality under AS 29.60.010 - 29.60.080 until the municipality has submitted its certificate of estimated revenue and its financial report to the department for the municipal fiscal year preceding the year in [FOR] which the department's determination of the millage rate equivalent is made under AS 29.60.030 [EQUALIZATION ENTITLEMENT IS SOUGHT], together with the municipality's

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1 [A] budget for the [MUNICIPALITY'S CURRENT] fiscal year for which an  
2 entitlement is sought. The financial report must [SHALL] include a  
3 listing of general revenue collected from taxes levied and assessed  
4 and any other revenue that, in the opinion of the municipal officials,  
5 is eligible for inclusion in computations of the locally generated  
6 revenue of the taxing unit.

7 \* Sec. 5. AS 29.60.290(a) is amended to read:

8 (a) A municipality qualifying for an entitlement under AS 29.-  
9 60.010 - 29.60.080 or 29.60.100 - 29.60.180 shall receive a minimum  
10 payment of \$25,000 plus an area cost-of-living differential for each  
11 fiscal year if

12 (1) the municipality has conducted a regular election  
13 during the state fiscal year preceding the year in [FOR] which the  
14 department's determination of the municipality's millage rate equiva-  
15 lent is made under AS 29.60.030 [PAYMENT OF AN ENTITLEMENT IS AUTHOR-  
16 IZED BY AS 29.60.010 - 29.60.080 OR 29.60.100 - 29.60.180] and has  
17 reported the results of the election to the commissioner;

18 (2) regular meetings of the governing body are held in the  
19 municipality during the state fiscal year preceding the year in [FOR]  
20 which the department's determination of the municipality's millage  
21 rate equivalent is made under AS 29.60.030 [PAYMENT OF AN ENTITLEMENT  
22 IS AUTHORIZED BY AS 29.60.010 - 29.60.080 OR 29.60.100 - 29.60.180]  
23 and a record of the proceedings is maintained;

24 (3) a municipal budget has been adopted for the fiscal year  
25 during which payment of an entitlement is authorized by AS 29.60.-  
26 010 - 29.60.080 or 29.60.100 - 29.60.180 and an audit or financial  
27 statement for the [PRECEDING] fiscal year preceding the year in which  
28 the department's determination of the municipality's millage rate  
29 equivalent is made under AS 29.60.030 has been prepared and furnished

to the department in accordance with AS 29.20.640(a); and

(4) local ordinances adopted by the municipality have been codified in accordance with AS 29.25.050.

\* Sec. 6. AS 29.60 is amended by adding a new section to read:

Sec. 29.60.310. TIME OF PAYMENT. The department shall make payments under AS 29.60.010 - 29.60.300 no later than July 31, based upon the entitlement calculations made during the preceding fiscal year.

\* Sec. 7. AS 29.60.350(b) is amended to read:

(b) The department shall distribute money from the municipal assistance fund to each municipality on an annual basis as provided in AS 29.60.360 and 29.60.370. A municipality may not receive payment until it submits to the department a resolution approved by the governing body of the municipality that requests the money. Distribution of money from the municipal assistance fund to all municipalities must [A MUNICIPALITY WITH A FISCAL YEAR BEGINNING ON JANUARY 1 SHALL] be made on February 1 of the state fiscal year for which the appropriation to the fund is made. [DISTRIBUTION OF MONEY FROM THE MUNICIPAL ASSISTANCE FUND TO ALL OTHER MUNICIPALITIES SHALL BE MADE ON JUNE 1 OF THE STATE FISCAL YEAR FOR WHICH THE APPROPRIATION TO THE FUND IS MADE.] A municipality that incorporates after December 31 of a state fiscal year is not eligible for a distribution under this section until the following state fiscal year.

\* Sec. 8. AS 29.60.030(b) is repealed.

\* Sec. 9. Notwithstanding secs. 1 - 8 of this Act, the Department of Community and Regional Affairs and municipalities seeking payment under AS 29.60.010 - 29.60.375 for the state fiscal year ending June 30, 1988, shall follow the procedures set out in those sections before amendment by this Act. The Department of Community and Regional Affairs shall follow

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1 the deadlines and procedures established by this Act for the state fiscal  
2 year ending June 30, 1989.

3 \* Sec. 10. This Act takes effect July 1, 1987.  
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