

Summary of Changes to Title 29

This summary contains changes made to Title 29 during the 25th Legislature's first, second and special sessions. The summary includes a brief explanation of the change, followed by statutory language. Italicized text represents new language incorporated into the statute. This summary was updated October 15, 2008.

AS 29.20.640. Reports.

AS 29.20.640(b) is amended to replace language and statute citation. "Community revenue sharing" has replaced "municipal tax resource equalization."

(b) Compliance with the provisions of this section is a prerequisite to receipt of *community revenue sharing under AS 29.60.850 - 29.60.879*. If a municipality does not comply with this section, the department shall withhold the allocations until the required reports are filed. (am § 2 ch 12 SLA 2008)

AS 29.35.450. Service Areas.

The 2007 amendment, effective September 4, 2007, made stylistic changes to (c) by indenting and labeling items (1) and (2) which formerly ran within the text. New subsections (3) and (4) were also added under (c). See italicized text below. Under (c)(2), items which were formerly identified as (1), (2), (3) are now labeled (A), (B), and (C).

(3) to require approval by the voters residing in a subdivision or parcel proposed to be added to a road service area if roads maintained by the service area provide the only access to the subdivision or parcel or provide access to the subdivision or parcel that is required by the subdivision plat or by other regulation or ordinance;

(4) to a change in the boundaries of a road service area to exclude a subdivision or parcel that does not rely on the use of roads maintained by the service area for the subdivision's or parcel's only access or for access that is required by the subdivision plat or by other regulation or ordinance. (am § 1 ch 21 SLA 2007 Effective September 4, 2007)

AS 29.45.020. Taxpayer notice.

AS 29.45.020(a) and (b) amends language and statute citation. "Community revenue sharing" has replaced "municipal tax resource equalization."

(a) If a municipality levies and collects property taxes, the governing body shall provide the following notice:

"NOTICE TO TAXPAYER

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

PUBLIC SCHOOL FUNDING PROGRAM (AS 14.17)	\$
STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT (AS 14.11.100)	\$
COMMUNITY REVENUE SHARING PROGRAM (AS 29.60.850 - 29.60.879)	\$
TOTAL AID	\$

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

	MILLAGE EQUIVALENT	
	PREVIOUS YEAR	THIS YEAR
PUBLIC SCHOOL FUNDING PROGRAM ASSISTANCE	. . . MILLS	. . . MILLS
STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION DEBT	. . . MILLS	. . . MILLS
COMMUNITY REVENUE SHARING PROGRAM	. . . MILLS	. . . MILLS
TOTAL MILLAGE EQUIVALENT	. . . MILLS	. . . MILLS"

Notice shall be provided by

- (1) furnishing a copy of the notice with tax statements mailed for the fiscal year for which aid is received; or
- (2) publishing in a newspaper of general circulation in the municipality a copy of the notice once each week for a period of three successive weeks, with publication to occur not later than 45 days after the final adoption of the municipality's budget.

(b) Compliance with the provisions of this section is a prerequisite to receipt of *community revenue sharing under AS 29.60.850 - 29.60.879*. The department shall withhold annual allocations under those sections until municipal officials demonstrate that the requirements of this section have been met. (am § 3 ch 12 SLA 2008)

AS 29.45.030. Required exemptions.

AS 29.45.030(a)(7)(A) and (a)(7)(B) is amended to include new language.

(a) The following property is exempt from general taxation:

- (7) real property or an interest in real property that is
 - (A) exempt from taxation under 43 U.S.C. 1620(d), as amended *or under 43 U.S.C. 1636(d), as amended; or*
 - (B) *acquired from a municipality in exchange for land that is exempt from taxation under (A) of this paragraph, and is not developed or made subject to a lease;* (am § 1 ch 101 SLA 2008)

Editor's Note: The amendment is retroactive to January 1, 2008 and takes effect immediately under AS 01.10.070(c).

AS 29.45.030. Required exemptions.

AS 29.45.030(m) is amended to include new language.

(m) For the purpose of determining property exempt under (a)(7)(A) of this section, the following definitions apply to terms used in 43 U.S.C. 1620(d) unless superseded by applicable federal law, *and for the purpose of determining property exempt under (a)(7)(B) of this section, the following definitions apply:*

(am § 2 ch 101 SLA 2008)

Editor's Note: The amendment is retroactive to January 1, 2008 and takes effect immediately under AS 01.10.070(c).

AS 29.45.050. Optional exemptions and exclusions.

AS 29.45.050 is amended by adding a new subsection. Subsection (s) states:

(s) A municipality may by ordinance partially or wholly exempt from taxation the real property owned and occupied as a permanent place of abode by a resident who is the widow or widower of a member of the armed forces of the United States injured serving on active duty while eligible for hostile fire or imminent danger pay who dies because of the injury or complications related to the injury or its treatment. The ordinance must include requirements for determining eligibility for the exemption and a procedure for applying for the exemption. (am § 1 ch 89 SLA 2008)

AS 29.45.660. Notice of sales and use tax.

AS 29.45.660(b) amends language and statute citation. "Community revenue sharing" has replaced "municipal tax resource equalization."

(b) Compliance with the provisions of this section is a prerequisite to receipt of *community revenue sharing under AS 29.60.850 - 29.60.879*. The department shall withhold annual allocations under those sections until municipal officials demonstrate that the requirements of this section have been met. (am § 4 ch 12 SLA 2008)

AS 29.47.480. Accrued actuarial liabilities of retirement systems.

A new section was added to AS 29.47. The new section 29.47.480 follows below.

(a) A municipality, or two or more municipalities jointly, may enter into a lease or other contractual agreement with a trustee, or the Alaska Municipal Bond Bank Authority or a subsidiary of the authority, a subsidiary of the Alaska Housing Finance Corporation, the state bond committee, or the Alaska Pension Obligation Bond Corporation in

connection with the issuance of obligations by a state entity to prepay all or a portion of each participating municipality's share of the accrued actuarial liabilities of retirement systems. Obligations issued for purposes described in this subsection must be secured and payable as provided in the agreement or under an authorizing ordinance. The agreement or ordinance may provide for reserves and for protective covenants.

(b) Amounts paid by a participating municipality in connection with obligations issued by a state entity under this section, together with proceeds of the obligations and interest or earnings, may be pooled into one or more funds or accounts, including one or more debt service funds. The assets in any of the funds or accounts may be pledged to the holders of the obligations.

(c) A municipality may enter into a funds diversion agreement with a state agency regarding payment of money on behalf of the municipality that may be applied to payments under a lease, other agreement, or obligation issued under this section. The funds diversion agreement must provide, subject to any conditions set out in the funds diversion agreement, that all or a portion of the funds otherwise payable to the municipality by the state agency shall be paid directly to the trustee, the Alaska Municipal Bond Bank Authority, or its subsidiary, a subsidiary of the Alaska Housing Finance Corporation, the state bond committee, or the Alaska Pension Obligation Bond Corporation, to satisfy, in whole or part, the municipality's payments under the lease, other agreement, or obligations. Nothing in this subsection or in a funds diversion agreement entered into under this subsection obligates the state or a state agency to pay any amount to or on behalf of a municipality that the municipality is not otherwise entitled to receive or to make any payments of principal or interest on the obligations.

(d) For purposes of this section, "obligations" means bonds, notes, commercial paper, certificates of participation, or other contractual obligations. (§ 6 ch 35 SLA 2008 Effective immediately.)

AS 29.60 Article 8A. Bulk fuel bridge loan fund and program.

AS 29.60 is amended by adding a new section. New section 29.60.660 follows below.

AS 29.60.660. Bulk fuel bridge loan fund and program.

(a) The bulk fuel bridge loan fund is established in the department to assist communities, utilities providing power in communities, fuel retailers, and other persons in communities in purchasing bulk fuel to generate power or supply the public with fuel for use in communities, if no other funding source exists for the purchase. The fund consists of appropriations to the fund and income earned on investment of money in the fund.

(b) A community, utility, fuel retailer, or other person generating power or supplying fuel in a community as described in (a) of this section is eligible to receive a loan from the bulk fuel bridge loan fund for a purchase of bulk fuel to be used in the community if the community, utility, fuel retailer, or other person

(1) has a written endorsement from the governing body of the community for which a loan from the fund under this section is sought; and

(2) first applied for and has been denied a loan from

(A) *the bulk fuel revolving loan fund (AS 42.45.250 administered by the Alaska Energy Authority;*

(B) *any other funding source used by the community, utility, fuel retailer, or other person in the past three years to finance purchases of bulk fuel for the community; and*

(C) *any other funding source that the department determines is available to the community, utility, fuel retailer, or other person to purchase bulk fuel.*

(c) *Loans made from the bulk fuel bridge loan fund to one borrower in a fiscal year*

(1) *may not exceed \$500,000; and*

(2) *shall be repaid within one year after the date of the award.*

(d) *Interest may not be charged on a loan made from the bulk fuel bridge loan fund.*

(e) *Repayments of the loans made under this section shall be paid into the bulk fuel bridge loan fund. Money in the fund does not lapse. This fund is not a dedicated fund. Amounts in the fund may be appropriated for expenses directly related to administration of the fund.*

(f) *The department may contract for the administration of the bulk fuel bridge loan program established in this section.*

(g) *The department may adopt regulations under AS 44.62 necessary to carry out the provisions of this section.*

(h) *In this section,*

(1) *"community" means a municipality or unincorporated village that is a social unit, if the municipality or unincorporated village has a population of less than 2,000 people;*

(2) *"fund" means the bulk fuel bridge loan fund established in (a) of this section;*

(3) *"person"*

(A) *has the meaning given in AS 01.10.060;*

(B) *includes a cooperative, a joint venture, and a governmental entity. (am § 1 ch 110 SLA 2008 Effective immediately.)*

AS 29.60 Article 8A. Bulk fuel bridge loan fund and program.

AS 29.60.660(c)(1) above is amended, increasing the loan amount from \$500,000 to \$750,000.

(c) *Loans made from the bulk fuel bridge loan fund to one borrower in a fiscal year*

(1) *may not exceed \$750,000; and*

(2) *shall be repaid within one year after the date of the award.*

(am § 1 ch 2 4SSLA 2008 Effective Immediately)

AS 29.60.700. Reimbursement for costs of municipal capital projects.

This amendment adds language and a date specific to debt for a small boat harbor under (a)(1), and has an effective date of July 1, 2007.

(a) Subject to appropriations for the purpose, during each fiscal year, the Department of Transportation and Public Facilities shall allocate to each municipality an amount to reimburse the costs paid by the municipality during the immediately preceding fiscal year for the principal and interest on outstanding debt for projects listed in (b) of this section. An allocation may be made to a municipality only if

(1) the debt was incurred by the municipality before July 1, 2007, *or, if the debt is for a small boat harbor, before July 1, 2012;*
(am § 1 ch 42 SLA 2007; § 2 ch 42 SLA 2007 Effective July 1, 2007)

AS 29.60.810. Grant applications.

AS 29.60.810(2) (A), (B) and (C) is amended to re-letter as (A) and (B) only, removing “safe communities program.” Also, the term “community revenue sharing” replaces “municipal tax resource equalization.”

A municipality that owns a harbor facility may submit to the Department of Transportation and Public Facilities an application for a municipal harbor facility grant to be used for construction, expansion, major repair, or major maintenance of a harbor facility. The application must include information about the project requested by the department. For a proposed project to be eligible for a grant, the municipality must provide evidence acceptable to the department that the

(1) proposed project is a capital improvement project and not part of a preventive maintenance program or regular custodial care program;

(2) municipality will provide 50 percent of the total project cost as matching funds for the state grant and that money received by the municipality from the state will not be used for the matching funds except money received under

(A) AS 29.60.850 - 29.60.879 (*community revenue sharing program*); and

(B) AS 29.60.450, AS 43.75.130, and 43.75.137 (shared fisheries business taxes); (am § 5 ch 12 SLA 2008)

AS 29.60 Article 11. Community Revenue Sharing Program.

AS 29.60 is amended by adding an entirely new article with five new sections. These five new sections 29.60.850, 29.60.855, 29.60.860, 29.60.865, and 29.60.879 are shown below.

AS 29.60.850. Community revenue sharing fund.

(a) *The community revenue sharing fund is established in the general fund for the purpose of making community revenue sharing payments to municipalities, reserves, and communities for any public purpose. The fund consists of appropriations. Income earned on money in the fund may be appropriated to the fund. Money in the fund does not lapse.*

(b) *Each fiscal year, the legislature may appropriate to the community revenue*

sharing fund an amount equal to 20 percent of the money received by the state during the previous calendar year under AS 43.55.011(g). The amount may not exceed

(1) \$60,000,000; or

(2) the amount that, when added to the fund balance on June 30 of the previous fiscal year, equals \$180,000,000.

(c) The balance in the community revenue sharing fund shall be determined on June 30 of each year. If the fund balance is at least \$60,000,000, without further appropriation, the department shall distribute one-third of that amount as community revenue sharing payments for the immediately following fiscal year. Otherwise, no payments may be made.

(d) Notwithstanding the guidelines in (b) of this section, the legislature may appropriate any amount to the community revenue sharing fund. Nothing in this section creates a dedicated fund. (am § 6 ch 12 SLA 2008)

AS 29.60.855. Basic community revenue sharing payments.

(a) The department shall calculate the basic amount used for determining the basic community revenue sharing payment for a fiscal year by applying the following formula: the amount available for payments for that fiscal year under AS 29.60.850(c), minus 60,000,000, divided by 60,000,000, plus one, multiplied by 384,000. However, if the amount calculated is less than \$220,000, the basic amount for that fiscal year is \$220,000.

(b) Except as provided in (c) of this section, the basic community revenue sharing payment for a fiscal year equals, for each

(1) unified municipality, the sum of the amounts calculated under (2) and (3) of this subsection, rounded to the nearest \$1,000;

(2) borough, the basic amount, rounded to the nearest \$1,000;

(3) city and eligible reserve, one-fourth of the basic amount, rounded to the nearest \$100;

(4) eligible community in the unorganized borough, one-twelfth of the basic amount, rounded to the nearest \$100;

(5) eligible community in a unified municipality or borough, one-nineteenth of the basic amount, rounded to the nearest \$100.

(c) The basic revenue sharing payment amount for a succeeding municipality formed when two or more municipalities merge, consolidate, or unify after January 1, 2002, equals the sum of the amounts each of the former municipalities would receive under (b) of this section calculated as if the merger, consolidation, or unification had not occurred.

(§ 6 ch 12 SLA 2008)

AS 29.60.860. Per capita payment increases.

(a) Subject to (b) of this section, if the amount available for distribution under AS 29.60.850(c) exceeds the amount needed to fully fund all the basic community revenue

sharing payments, the balance shall be distributed on a per capita basis to municipalities, to reserves, and to communities in the unorganized borough.

(b) The per capita amount distributed to each community in the unorganized borough may not, when added to the basic community revenue sharing payment for that community, exceed the basic amount calculated under AS 29.60.855(b)(3). If the per capita distribution for a community exceeds the basic amount calculated under AS 29.60.855(b)(3), the excess amount shall be distributed on a per capita basis to other communities in the unorganized borough.

(c) For purposes of this section, the population of a municipality, reserve, or community shall be determined by using the numbers of permanent fund dividend recipients or other population data that the department determines is reliable. For purposes of determining the population of a borough, the population of each city in the borough shall be deducted from the total borough population. (§ 6 ch 12 SLA 2008)

AS 29.60.865. Eligibility requirements for reserves and communities.

(a) The department, with advice from the Department of Law, shall determine whether there is in each community or reserve an incorporated nonprofit entity or a Native village council that will agree to receive and spend the community revenue sharing payment. If there is more than one qualified entity in a reserve or community in the unorganized borough, the department shall pay the money to the entity that the department finds most qualified to receive and spend the money on behalf of the reserve or community. The department may not make a community revenue sharing payment to a Native village council unless the council waives immunity from suit for claims arising out of activities of the council related to the payment. A waiver of immunity from suit under this section must be on a form provided by the Department of Law. If there is no qualified incorporated nonprofit entity or Native village council in a reserve or community that is willing to receive the community revenue sharing payment and use the payment on behalf of that reserve or community, the payment for that reserve or community may not be paid. Neither this section nor any action taken under it enlarges or diminishes the governmental authority or jurisdiction of a Native village council.

(b) The department may make a community revenue sharing payment on behalf of a community in a borough or unified municipality only to the municipality for payment by the municipality to an incorporated nonprofit entity or Native village council that has been approved by the assembly and meets the requirements of (a) of this section. The department shall have written evidence of the assembly approval. If there is more than one qualified entity in a community in a borough or unified municipality, one of the entities may receive the entire payment, or the payment may be shared between two or more of the qualified entities, as determined by the assembly.

(c) A community in a borough or unified municipality is eligible for a community revenue sharing payment only if at least three of the following services are generally available to all residents of the community and each of the three services, in any combination, are provided by one or more qualifying incorporated nonprofit entities or a Native village council or are substantially paid for by the residents of the community

through taxes, charges, or assessments levied or authorized by the borough or unified municipality:

- (1) fire protection;*
 - (2) emergency medical;*
 - (3) water and sewer;*
 - (4) solid waste management;*
 - (5) public road or ice road maintenance;*
 - (6) public health;*
 - (7) search and rescue.*
- (§ 6 ch 12 SLA 2008)

AS 29.60.879. Definitions.

In AS 29.60.850 - 29.60.879,

(1) "community" means a place in the unorganized borough, in a borough, or in a unified municipality that is not incorporated as a municipality, that is not a reserve, and in which 25 or more individuals reside as a social unit;

(2) "reserve" means a place that is organized under federal law as an Indian reserve that existed before enactment of 43 U.S.C. 1618(a) and is continued in existence under that subsection. (§ 6 ch 12 SLA 2008)

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