

CS FOR HOUSE BILL NO. 379(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/9/14

Referred: Rules

Sponsor(s): HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the limitation on the value of property taxable by a municipality;**
2 **and providing for an effective date."**

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

4 *** Section 1.** AS 29.45.080(c) is amended to read:

5 (c) A municipality may levy and collect a tax on the full and true value of that
6 portion of taxable property taxable under AS 43.56 as assessed by the Department of
7 Revenue which value, when combined with the value of property otherwise taxable by
8 the municipality, does not exceed the product of **the percentage determined in (f) of**
9 **this section** [225 PERCENT] of the average per capita assessed full and true value of
10 property in the state multiplied by the number of residents of the taxing municipality.

11 *** Sec. 2.** AS 29.45.080(d) is amended to read:

12 (d) **Each** [BY FEBRUARY 1 OF EACH] assessment year, a taxing
13 municipality shall inform the Department of Revenue, **by**

14 **(1) February 1,** which method of taxation the municipality will use;

and

(2) May 1, the

(A) total value of the municipality's locally assessed property tax base; and

(B) payment amount for the principal of and interest on bonds that the municipality intends to apply in its mill rate calculation for the fiscal year corresponding to the tax year for which the assessment method selected by the municipality under this section will apply.

* **Sec. 3.** AS 29.45.080 is amended by adding a new subsection to read:

(f) The percentage in (c) of this section is based on the total tax rate established by the municipality and levied each year under AS 43.56.010(b) and is as follows:

If the tax rate determined under AS 43.56.010(b) is:	The percentage is:
Not more than 18.0 mills	375 percent
More than 18.0 mills but not more than 19.0 mills	300 percent
More than 19.0 mills	225 percent

* **Sec. 4.** AS 29.45.090(b) is amended to read:

(b) A municipality, or combination of municipalities occupying the same geographical area, in whole or in part, may not levy taxes

(1) that will result in tax revenues from all sources exceeding \$1,500 a year for each person residing within the municipal boundaries; or

(2) on [UPON] value that, when combined with the value of property otherwise taxable by the municipality, exceeds the product of **the percentage determined in (e) of this section** [225 PERCENT] of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the taxing municipality.

* **Sec. 5.** AS 29.45.090(c) is amended to read:

(c) The commissioner shall apportion the lawful levy and equitably divide the tax revenues on the basis of need, services performed, and other considerations in the public interest if two or more municipalities occupying the same geographical area, in whole or in part, attempt to levy a tax

1 (1) the combined levy of which would result in tax revenues from all
 2 sources exceeding \$1,500 a year for each person residing within the municipal
 3 boundaries; or

4 (2) on [UPON] value that, when combined with the value of property
 5 otherwise taxable by the municipality, exceeds the product of **the percentage**
 6 **determined in (e) of this section** [225 PERCENT] of the average per capita assessed
 7 full and true value of property in the state multiplied by the number of residents of the
 8 taxing municipality.

9 * **Sec. 6.** AS 29.45.090 is amended by adding a new subsection to read:

10 (e) The percentage in (b) and (c) of this section is based on the total tax rate
 11 established by the municipality and levied each year under AS 43.56.010(b) and is as
 12 follows:

13 If the tax rate determined under AS 43.56.010(b) is:	The percentage is:
14 Not more than 18.0 mills	375 percent
15 More than 18.0 mills but not more than 19.0 mills	300 percent
16 More than 19.0 mills	225 percent

17 * **Sec. 7.** AS 43.56.010(c) is amended to read:

18 (c) If the total value of assessed property of a municipality taxing under
 19 AS 29.45.080(c) exceeds the product of **the percentage, as determined in**
 20 **AS 29.45.080(f)**, [225 PERCENT] of the average per capita assessed full and true
 21 value of property in the state, to be determined by the department and reported to each
 22 municipality by January 15 of each year, multiplied by the number of residents of the
 23 taxing municipality, the department shall designate the portion of the tax base against
 24 which the local tax may be applied.

25 * **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to
 26 read:

27 APPLICABILITY. Sections 1 - 7 of this Act apply to tax years beginning after
 28 December 31, 2014.

29 * **Sec. 9.** This Act takes effect July 1, 2014.