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**House Bill 245  
Sponsor Statement**

**“An Act repealing the required local contribution to school funding; making conforming changes; and providing for an effective date.”**

House Bill 245 would reform the inequitable and onerous state mandate for local contributions for organized areas in the state of Alaska.

The State of Alaska has a duty under Article VI, Section 1 of the Constitution of the State of Alaska to “establish and maintain a system of public schools open to all children of the state”. The Fiscal burden placed on local governments that must bear that burden is enormous and consuming. The State of Alaska provides only partial funding to organized boroughs, home-rule cities in the unorganized borough, and first-class cities in the unorganized borough to carry out the State’s responsibility for education by deducting a “local contribution” of 2.6 mils from the level of state aid as stated in 14.17.410(G)(2)

In the area of Alaska outside organized boroughs, home-rule cities in the unorganized boroughs, home-rule cities in the unorganized borough, and first-class cities in the unorganized borough, the State carries out its duties for education through State “educational service areas” established under AS14.08.031, which exempt them from the required local contribution. There are presently 19 State educational service areas, referred to as regional educational attendance areas (REAs).

In 1963 Alaska State Legislature passed, and Governor Egan signed into law, the “Mandatory Borough Act”, dictating that certain regions of Alaska; those encompassing Ketchikan, Juneau, Sitka, Kodiak Island, Kenai Peninsula, Anchorage, the Matanuska-Susitna valleys and Fairbanks to form organized boroughs by January 1, 1964. Furthermore, Section 1 of the Mandatory Borough Act promised that, “No area incorporated as an organized borough shall be deprived of state services, revenues, or assistance or be otherwise penalized because of incorporation.

HB245 removes the “required local contribution” penalty imposed by the State of Alaska on organized areas and again fulfills its Constitutional responsibility.