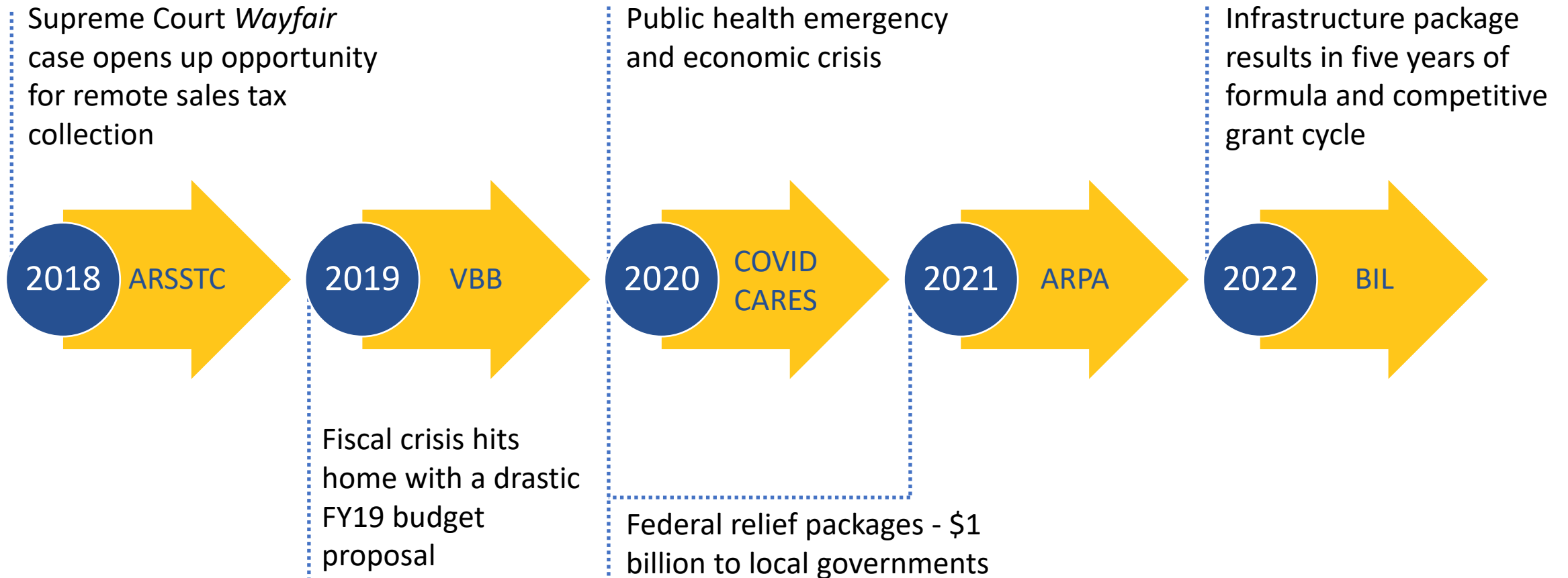




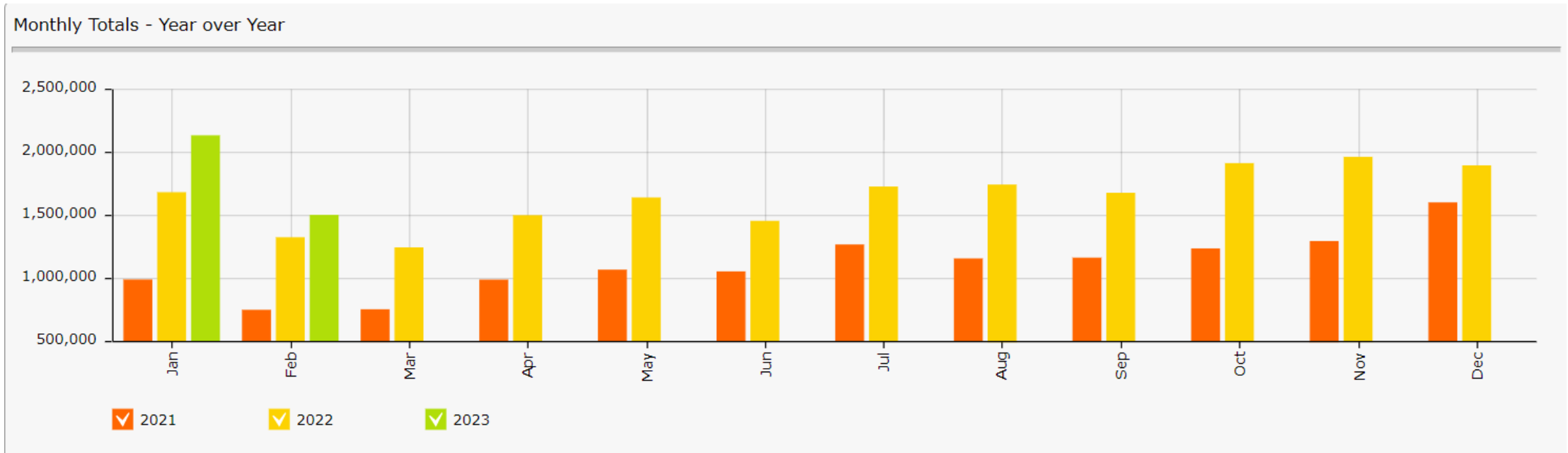
Strengthening Local Governments

Alaska Municipal League * Senate Finance

Looking Back



Remote Sales Tax Implementation



- Statewide Sales Tax Totals FY21: \$240 million (of Total Revenue \$2.5 billion)
- Remote Sales Tax Collected 2022: \$20 million or 8% (about equal to alcohol tax)
- Community level difference: 5 to 20% of physical collection

Federal Funding Coordination

ALASKA
FEDERAL FUNDING

[HOME](#) [GRANTS](#) [ARPA](#) [INFRASTRUCTURE](#) [TRACKING](#) [RESOURCES](#) [SEARCH](#)

Maximizing Alaska's benefits from the American Rescue Plan Act (ARPA) and Bipartisan Infrastructure Law (BIL)

Between federal relief and infrastructure investment, Alaska's State, local, and Tribal governments have the opportunity to make formative change and address incredible need.

Begin your search here...

Search

This website is a clearinghouse for information and resources to help Alaska organizations make the most of federal funding available under the **American Rescue Plan Act (ARPA)** and the **Bipartisan Infrastructure Law (BIL)**. This collaborative effort focus on resources relevant to Alaskans, tracking funds coming to Alaska as well as current grant opportunities.



- Collaborative approach to maximizing the benefits that could come to Alaska from the IIJA
- Work within and across regions to identify barriers, priorities, and solutions
- Foster opportunities for intergovernmental collaboration, including between local and Tribal governments
- Anticipate problem-solving needs and mechanisms to reduce costs, overcome challenges, and make the most of this investment

Back to Baseline

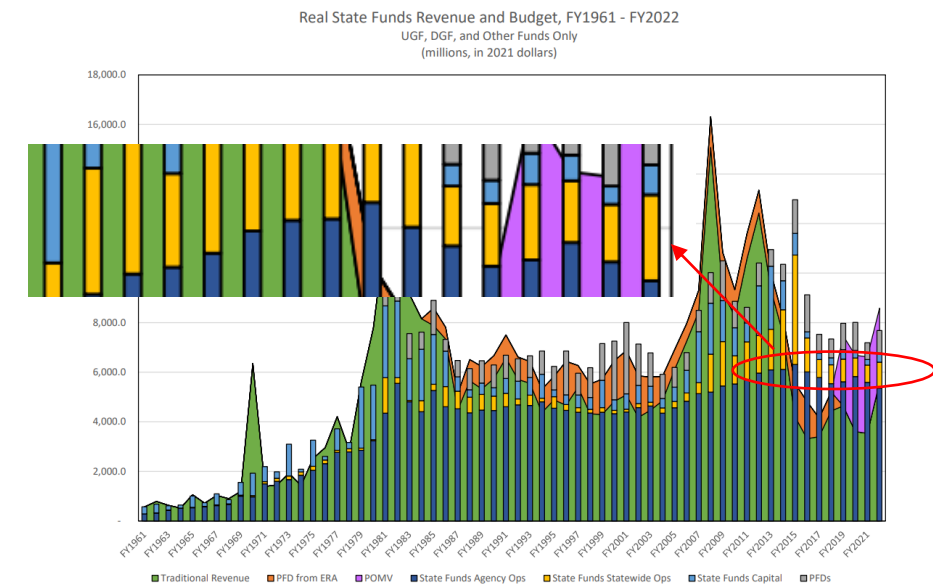
FY23

- Full funding of Community Assistance, including recapitalization of the Community Assistance Fund.
- Full funding of School Bond Debt Reimbursement and Harbor Debt Reimbursement.
- Back payments of Community Assistance and School Bond Debt Reimbursement, which will allow for deferred maintenance, avoided property tax increases, and general support
- \$3M increase to Community Jails, which helps with continued services by these municipalities
- Harbor Matching Grants – a great partnership between the State and local governments.
- Funding for school construction and major maintenance

FY23 a corrective for underfunded years

- Placed communities on firm footing for recovery
- Address deferred maintenance, workforce, capital needs
- Enable consideration of matching funds for infrastructure bill

“AML welcomes an FY23 budget that offsets the fiscal constraint that Alaska has had to endure these last few years, leverages federal funding for a robust capital budget, saves for the future, and provides relief to Alaskans. The UGF spending, on average over these last four years, is below budgets from before Alaska’s fiscal crisis, as is total spending.”

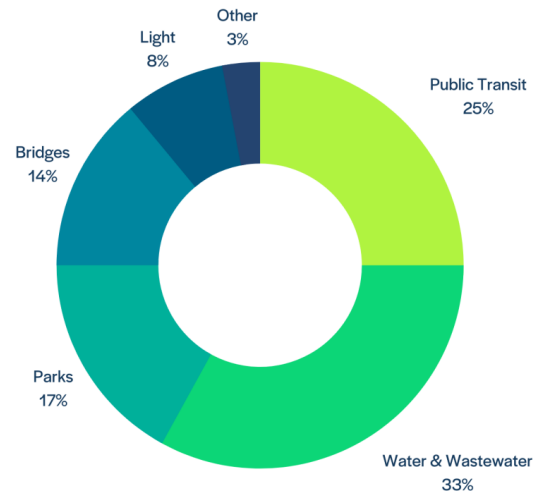


Cross-Cutting Impacts

Inflation Is Cutting Into States' Big Infrastructure Windfall

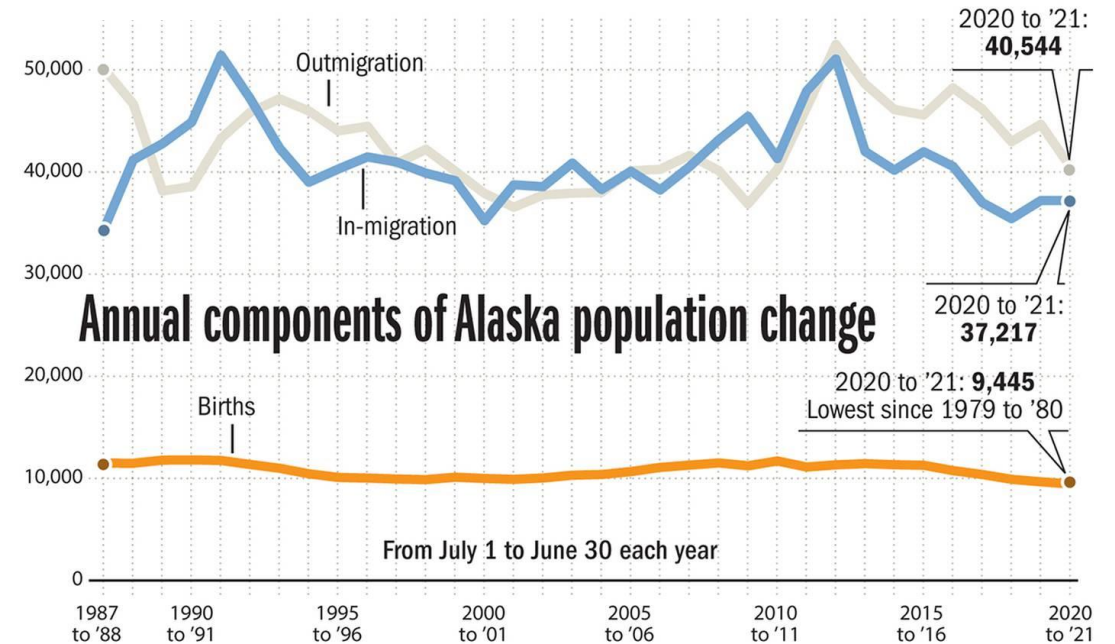
STATELINE ARTICLE | November 30, 2022 | By: Jenni Bergal | Read time: 3 min

Projects Affected by Supply Chain Issues
Project Breakdown by Percentage of 'Mentions'



Sources: Capital Plans from over 20,000 Municipalities and 3,000 Counties. Analysis results are generated from a search of over 1.6B documents in the Citylitics Data Warehouse with results isolated for cities with an existing groundwater source.

CITYLITICS



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

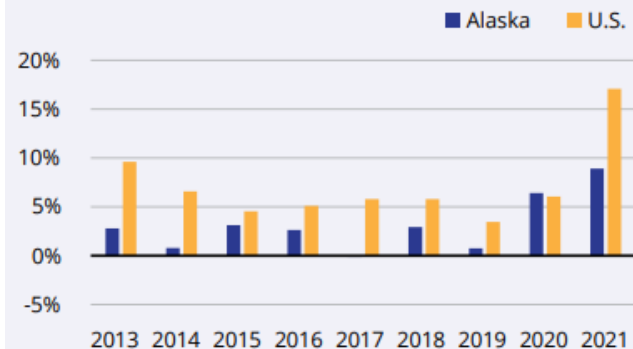
KEVIN POWELL / Anchorage Daily News

Economic Development

Housing

- AML conducting statewide review of municipal code, fees, and processes
- Ensure State investment into access and utilities on developable State lands
- Review of intergovernmental regulatory alignment

Average sales price changes
for single-family homes, 2013-2022

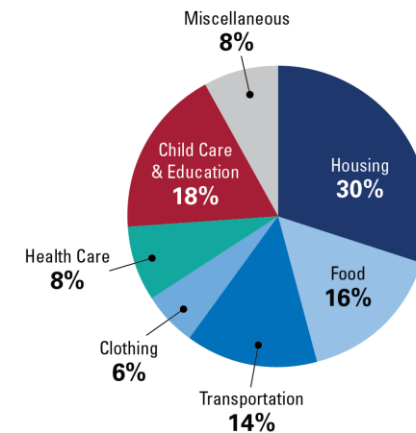


Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation, 2012-2022 Rental Market Surveys; and S&P/Case-Shiller U.S. National Home Price Index

Child Care

- Evaluate public sector role in managing assets or employing workforce, thereby extending benefits and cost consolidation
- Ensure effective State-level distribution of resources
- Review of intergovernmental regulatory alignment

SPENDING BREAKDOWN FOR U.S. PARENTS



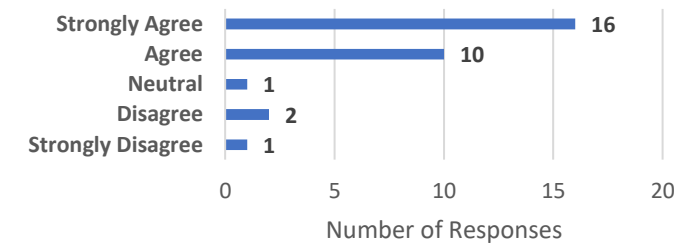
Source: Expenditures on Children by Families, 2013. USDA, Center for Nutrition Policy and Promotion. (Misc. Pub. No. 1528-2013). August 2014

Land Use, Subdivision Code, Economic Development

- Home Rules shall regulate land use/subdivision consistent with AS 29.40.
 - Full economic development authority
- First and Second Class Boroughs shall regulate land use/subdivision
 - Economic development consistent with AS 29.35.210(a)(8)
- Hot topics
 - Unit-lot subdivisions (hybrid between condo & traditional sub.)
 - Short term rental restrictions
 - Rezoning – Density and Infill
 - Accessory apartments
 - Parking requirements
 - Senior Housing and Affordable Housing
 - Subdivision and access – utilities and roads
 - Blighted properties
 - Public private partnerships and Evaluating fee structures

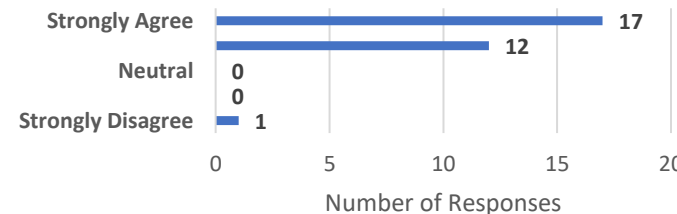
The following housing challenges are an issue for your community:

Not enough rentals



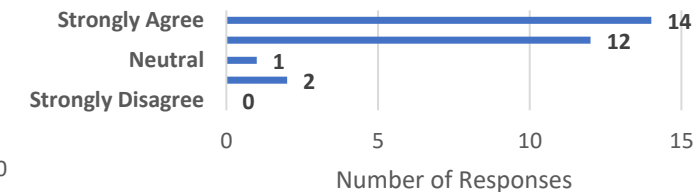
The following housing challenges are an issue for your community:

Affordability



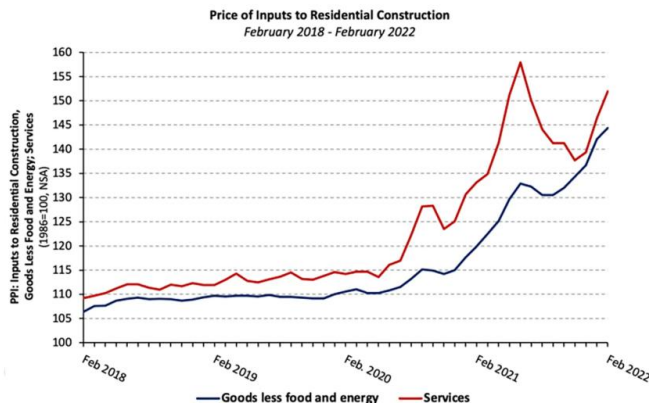
The following housing challenges are an issue for your community:

Not enough for sale

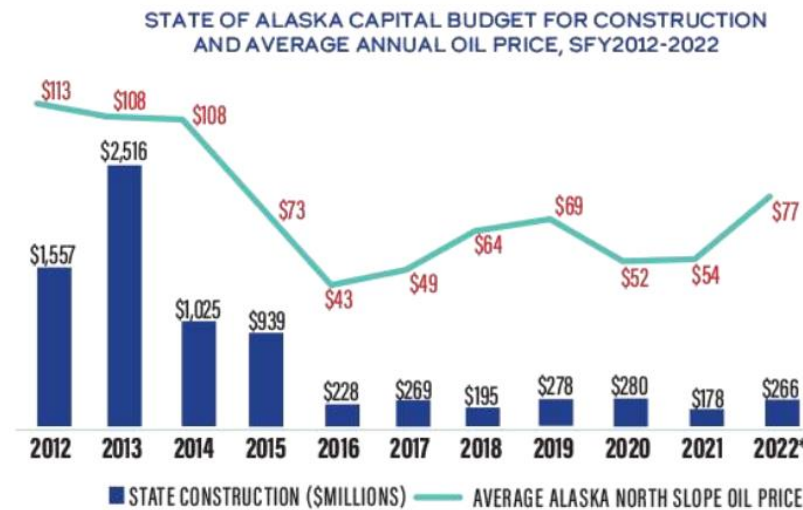


State Action - Housing

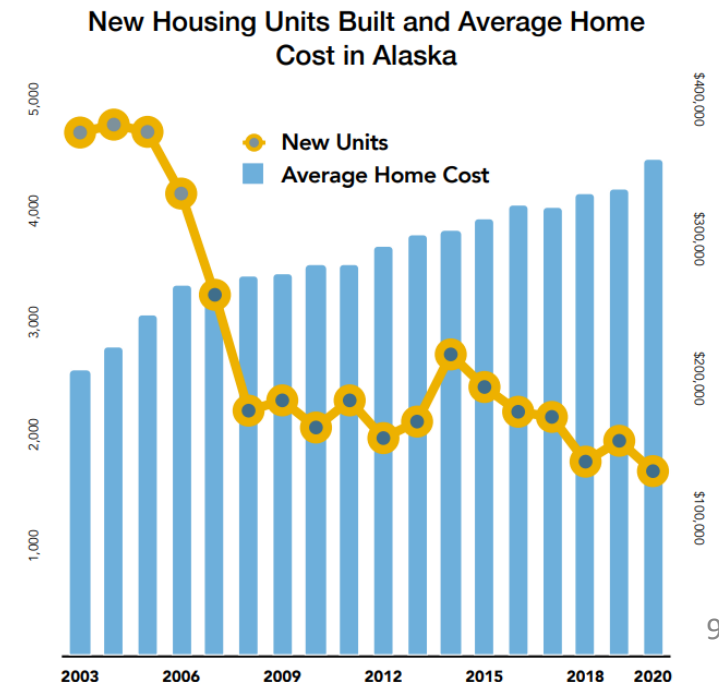
- Expedite Land Conveyances
- State revolving loan fund for roads and utilities
- Evaluate State Special Committee on Housing
- Examine State Credits for Developers
- Allow AHFC to bond for large housing developments for employee housing for essential services or in distressed communities with a declared housing shortage
- Increase AHFC professional housing grant limit beyond \$500k



Building material prices increased 20.4%, year over year, and have risen 31.3% since January 2020. National Association of Home Builders



*SFY2022 average annual oil price based on Alaska North Slope price between July 2021 and December 2021. Source: Office of Management and Budget, Office of the Governor, State of Alaska; Alaska Department of Revenue, Tax Division.



Economic Development

Municipal Lands

- Entitled by law – AS 29.65.010, 020, 030
- Patented - deed secured
 - Local government can subdivide, sell, develop
- Approved = no deed but planning can begin

Barriers to development

- Survey costs + local capacity
- DNR capacity and focus

Municipality	Entitlement	Patented	Approved	Ownership
Aleutians East Borough	7,633	451	7,223	5.91%
Municipality of Anchorage	44,893	21,122	3,596	47.05%
City of Anderson	1,182	912	349	77.16%
City of Cordova	235	169	76	71.91%
Denali Borough	49,789	5,212	43,302	10.47%
Fairbanks North Star Borough	112,000	97,246	15,697	86.83%
Haines Borough	5,967	2,562	2,424	42.94%
City and Borough of Juneau	19,584	17,190	2,993	87.78%
Kenai Peninsula Borough	155,780	100,429	41,994	64.47%
Ketchikan Gateway Borough	11,593	9,606	2,080	82.86%
Kodiak Island Borough	56,500	21,033	10,426	37.23%
Lake and Peninsula Borough	125,000	1	99,785	0.00%
Mat Su Borough	355,210	271,903	79,722	76.55%
North Slope Borough	89,850	4,489	8,360	5.00%
Northwest Arctic Borough	285,438	45,815	233,850	16.05%
Petersburg	14,666	458		3.12%
Municipality of Skagway	7,977	4,358	3,536	54.63%
City and Borough of Sitka	10,500	7,464	2,526	71.09%
City of Valdez	7,593	6,182	1,492	81.42%
City and Borough of Wrangell	9,006	2,029	7,205	22.53%
City and Borough of Yakutat	21,500	366	22,298	1.70%

Workforce Recruitment and Retention

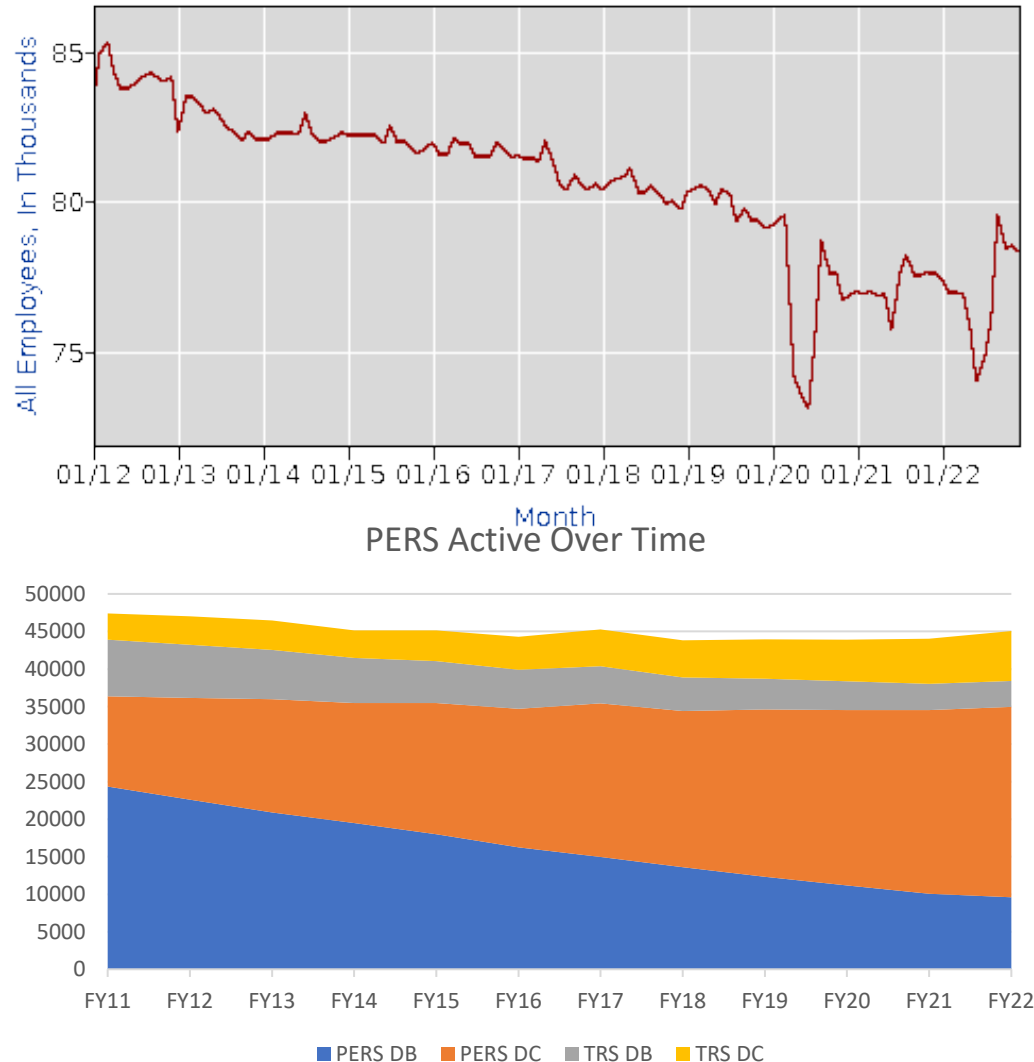


Figure 5. How Does Pay of State and Local Government Workers Compare With Pay in Private Industry?

(All resident wage and salary workers in private industry and state and local government, average 2009-2013)

On average for all occupations, government workers earn 8% less. But the higher average value of government benefits means there is no significant difference in total compensation.

-8% No significant difference in total compensation

In many lower- and mid-pay occupations, government wages are lower, but the higher value of benefits makes government compensation equal to or higher than private.

Personal care/service
wages much lower
in government

-49%

But no significant difference in total compensation

Installation and repair wages lower in government

-21%

But no significant difference in total compensation

Building and grounds maintenance wages not significantly
different in government and private

+49%

But total government
compensation higher

Office and admin wages not significantly different in
government and private

+16%

But total government compensation somewhat higher

Health-care support jobs are exceptions

Both government wages and total compensation much higher

+52%

+78%

In higher-paying occupations, both government pay and total compensation are considerably less than private pay and compensation.

Life, physical, social sciences

-39%

-36%

Management

-33%

-29%

Source: A Wage and Compensation Analysis of Alaska's Public Sector Employees, author's calculations, with data from American Community Survey, 2009-2013

Pension System Considerations

- Update to 2008 floor: move forward / rolling average
- Termination studies for State and by employee (+ evaluate vacancy rates)
- 22% a cap not a floor - \$10 million for 1% (non-State employers) - Increase additional state contribution
- Retiree hiring ability without accrued liability
- Exit strategy for small or stressed employers
- Five-year audit of terminated employer net pension liability
- Adjust high interest rate (11-15%) on past due payments
- Locked in net pension liability option, ability to pay down, and exit date

	PERS				TRS			
	FY24 PERS Total Payroll *		\$ 2,437,619,000		FY24 TRS Total Payroll		\$ 762,084,000	
	Preliminary	Contribution	Adopted	Contribution	Preliminary	Contribution	Adopted	Contribution
DB Pension Plan - Normal Cost	2.14%	52,165,000	2.14%	52,165,000	2.05%	15,623,000	2.05%	15,623,000
DB Pension Plan - Past Service Cost	16.33%	398,063,000	16.33%	398,063,000	16.44%	125,287,000	16.44%	125,287,000
DB Health Plan - Normal Cost	2.50%	60,940,000	→ 0.00%	-	2.41%	18,366,000	0.00%	-
DCR Plan	6.63%	161,614,000	6.63%	161,614,000	7.03%	53,575,000	7.03%	53,575,000
	→ 27.60%	672,782,000	25.10%	611,842,000	27.93%	212,851,000	25.52%	194,484,000
State Of Alaska Contributions	27.60%	334,978,000	25.10%	304,636,000				
Non-State Employer Contributions	22.00%	269,264,000	22.00%	269,264,000	→ 12.56%	95,718,000	12.56%	95,718,000
Additional State Contributions	→ 5.60%	68,540,000	3.10%	37,942,000	15.37%	117,132,000	12.96%	98,766,000

Defined Benefit

- AML members divided on question
- Real and valid concerns expressed by educators and public safety employees
- Resolution expressing concern about liability exposure
- If specific to employee group, opt in at employer level
- For employers it applies to, ringfence liability

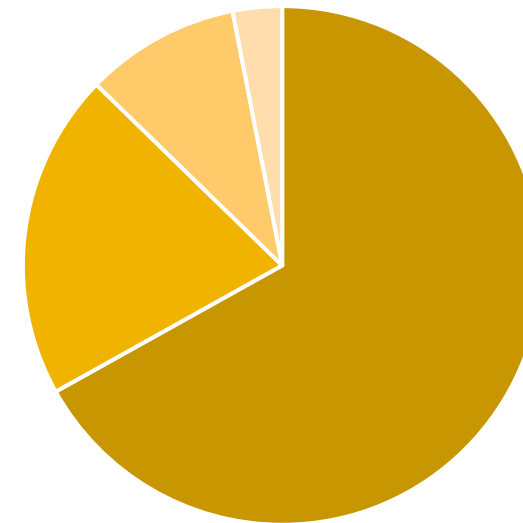
Fundamentally:

- Address systems issues
- Free up greater % of employer payrolls

AML - Salary Survey

Employers	67
Social Security	42
Deferred Comp	35

PERSentages



■ STATE OF ALASKA AND COMPONENT UNITS

■ SCHOOL DISTRICT SUBTOTAL

■ CITIES, BOROUGHES AND MUNICIPALITIES SUBTOTAL

■ OTHER SUBTOTAL

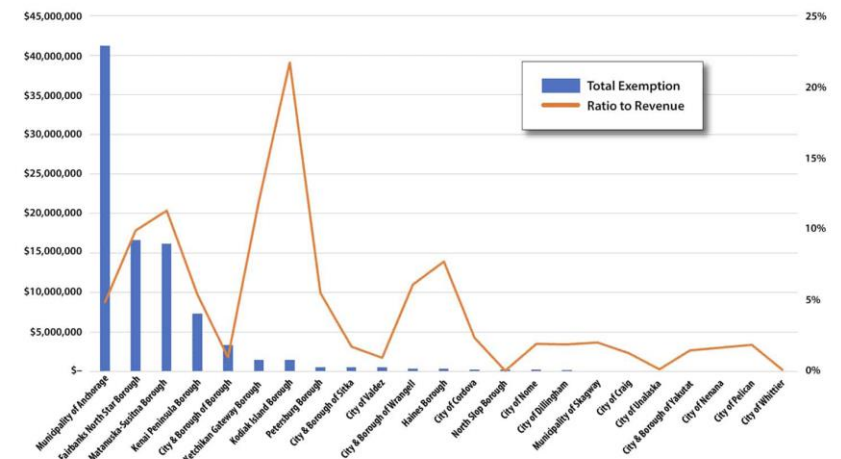
Fiscal Policy

Mandatory Exemptions

- Reimbursement according to statute, or -
- AARP (national) – “Property tax relief should be equitable, cost-effective, and targeted to homeowners with low and moderate incomes burdened by their property tax bill.”

Presumption Trust

- Unfunded State-level workers comp presumptions
- \$4.6 million in claims since 2011, premiums for which did not include or account for later presumptions.
- Provide State reimbursement fund



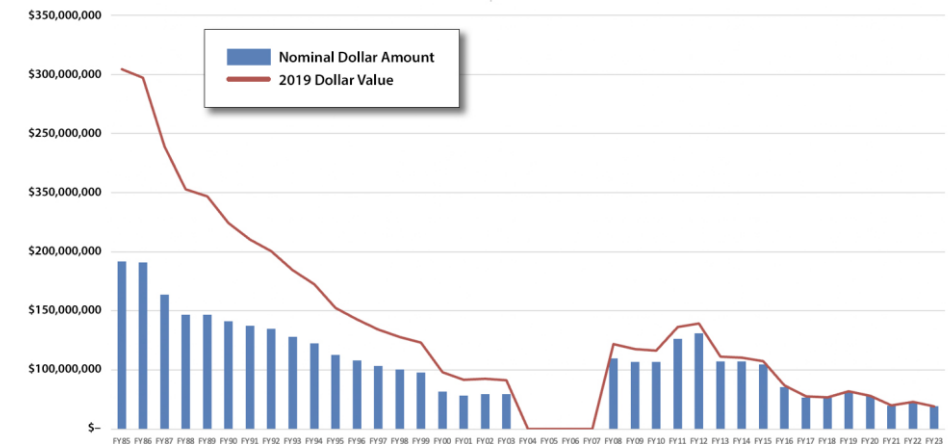
Fiscal Policy – Community Assistance

Ensure Sustainability of Community Assistance

- \$30 million shortfall for recapitalization minimum
- Allow Fund to accrue return on investments
- Provide for non-federal match access beyond formula

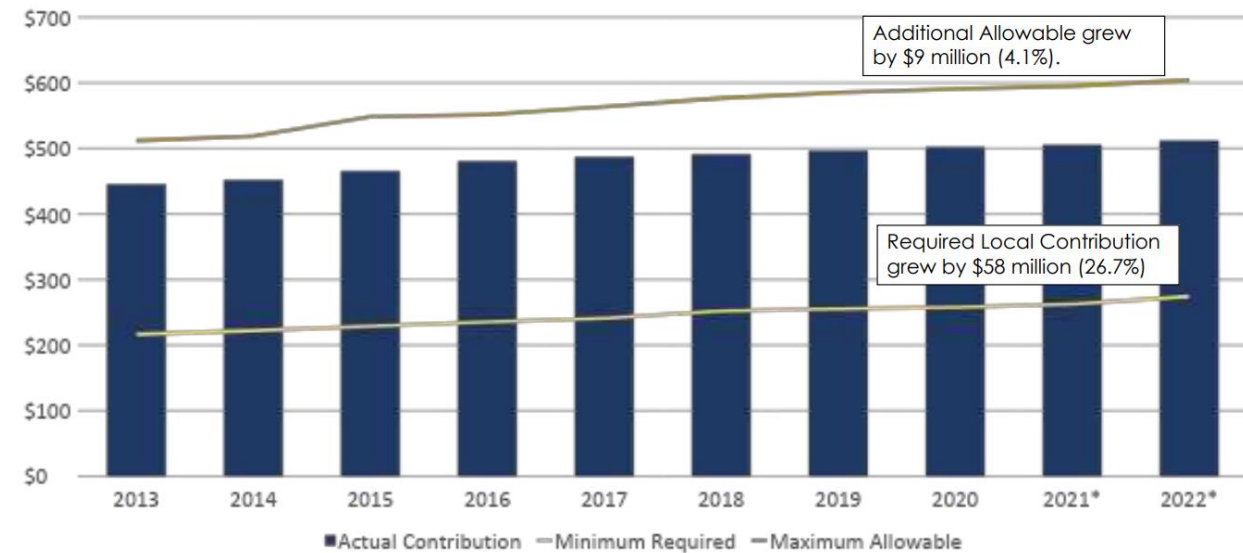
Failure to recapitalize

- Fund depleted to \$60 million in FY24
- A third distributed in FY25 = \$20 million, or reduction of \$10 million
- Mostly impacts those with high per capita
 - Anchorage reduced by 90%
 - Mat Su, KPB, FNSB, Fairbanks reduced by 70-85%
 - Juneau, Bethel, Kodiak, Homer, Kenai, Palmer, Soldotna, Unalaska, Utqiagvik, Valdez, reduced by 50%
 - Kotzebue, Nome reduced by 40%
 - Houston, North Pole, Sitka reduced by 25%



Education

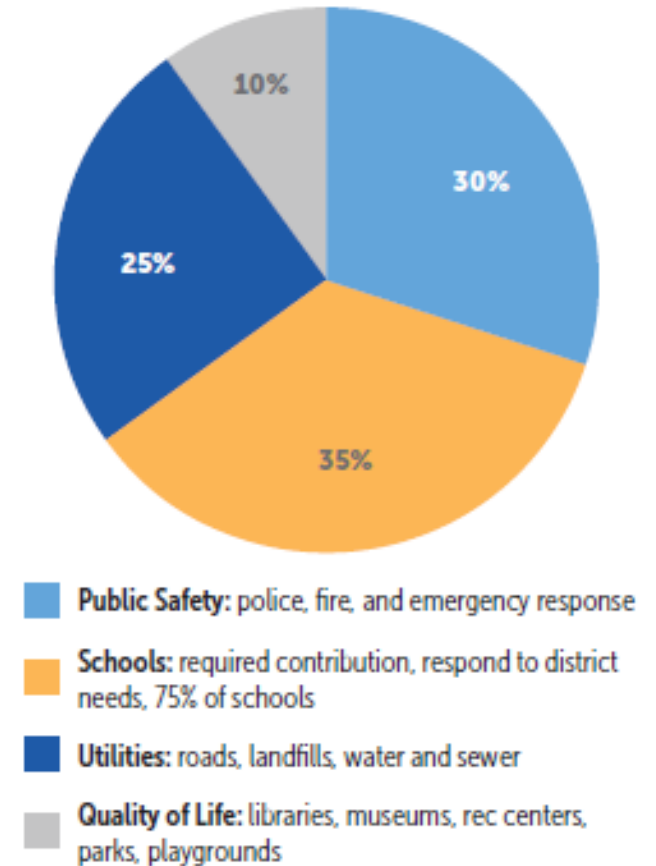
- Increase the BSA and adjust for inflation
- Evaluate statewide required local contribution
- Replace school bond debt reimbursement program
- Implement base allocation for school construction and major maintenance
- Support ability for districts to reduce number of schools without penalty



Transportation

1. Leverage local assets to reduce budget estimates higher than local planning
2. Negotiate transfer of ownership and maintenance requirements
3. Remove ICAP rates on transit pass-through
4. Increased need for higher contingency due to inflation pressures
5. Fund Municipal Harbor Facility Matching Grants
6. Amend statute to allow Regional Transportation Planning Organizations (RTPOs)

Local government spending falls into a few categories:



Energy

1. Renewable Energy Fund
 - Ensure adequately funded for community-level projects
2. PCE
 - Reimburse municipal investments that bring down cost below PCE subsidy threshold
3. Bulk Fuel Loan
 - Increasing cap and lowering rates
4. Grid Resilience
 - State funding from IIJA to support local utilities

Communities with
Bulk Fuel Loans
2021



QUICK FACTS

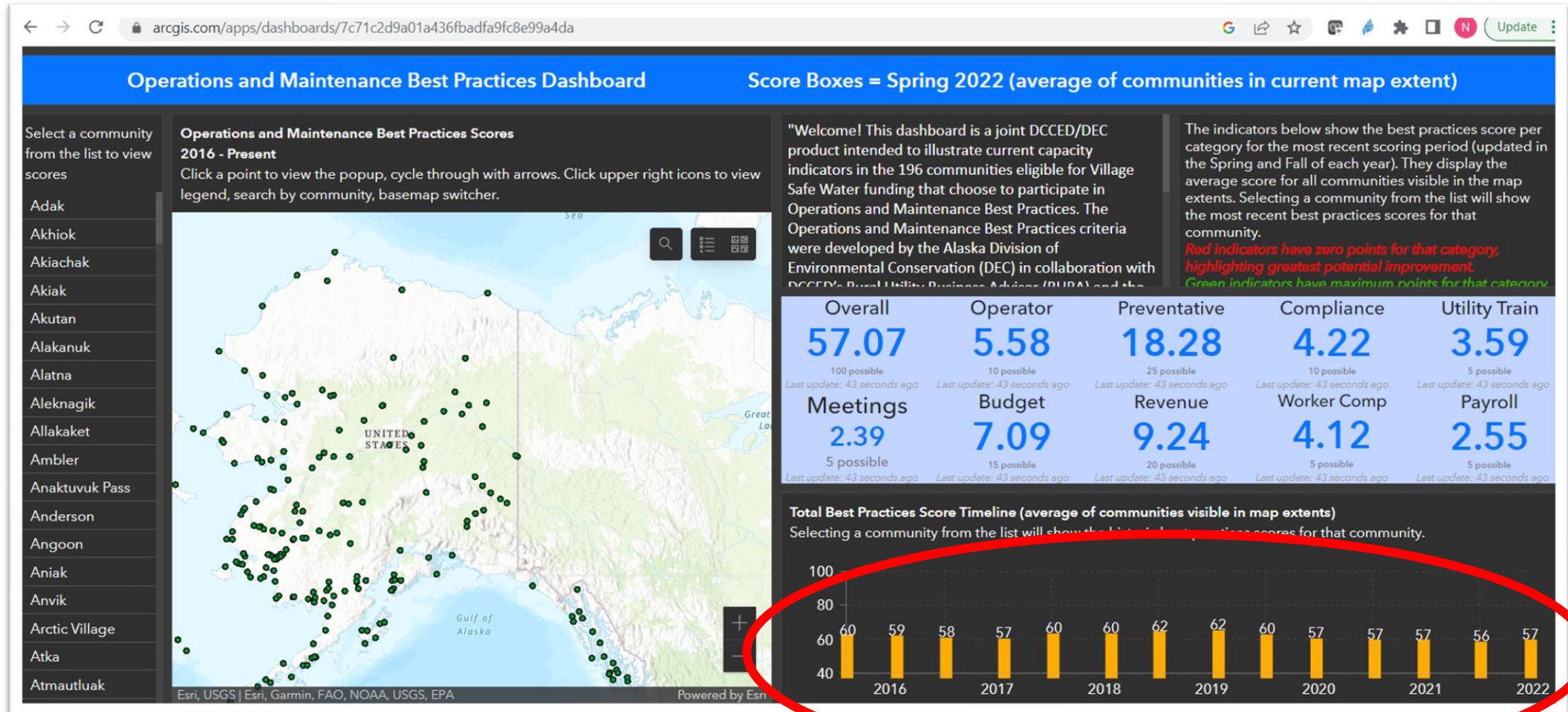
Over 100
operational REF
projects

REF
Legislative
Appropriations
to Date:
\$299 million

Projects
Currently in
Development:
44

Matching
Funds:
\$229 million

Strengthening Local Governments



AML – Pulling Together

- Increasing collaboration with State agencies:
 - Agreement in place to facilitate greater intergovernmental cooperation and benefits
 - DOT&PF planning – support implementation of regional planning organizations
- Investment into direct support for strengthening governance and financials
 - Build out model of providing shared services for communities
- More attention to revenue collection and compliance with local codes and law
 - Sales tax code updates and management, short term rentals, etc.
- Proactive support for funding needs of disadvantaged communities
 - Bundled applications for heavy equipment, public safety capital needs
 - Grant writing and technical assistance
- Shared procurement of services for project management, quality improvements
- Health insurance, retirement, investment, unemployment, leadership development, liquidity analysis, federal compliance, etc.



ALASKA
MUNICIPAL
LEAGUE

Questions or Follow up
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nils@akml.org