

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSSB 48 (CRA)
 (S) Publish Date: 3/9/01

Revision Date/Time (Note if correction): 03/07/2001 11:36a.m. Dept. Affected: DCED
 Title: Municipalities:Incorporation/Property Valuation BRU: Comm. Asst & Econ. Dev
 Component: Community and Business Development
 Sponsor: Senator Wilken
 Requester: Senate CRA Component Number: 2486

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel	16.0					
Contractual	114.0	100.0	100.0	100.0	100.0	100.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims	0.0	300.0	500.0	600.0	600.0	600.0
Miscellaneous						
TOTAL OPERATING	130.0	400.0	600.0	700.0	700.0	700.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	130.0	400.0	600.0	700.0	700.0	700.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	130.0	400.0	600.0	700.0	700.0	700.0

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Assumptions.
 1. SB 48 will be enacted in 2001.
 2. Beginning in FY 2002, one petition for borough incorporation or annexation will initiated annually under the provisions of SB 48. Each petition initiated under SB 48 would not have otherwise been initiated under current law. (Of course, if no petition is initiated, there will be no expense).
 3. Each borough incorporation or annexation petition that is initiated under SB 48 will be approved by the Local Boundary Commission and the Legislature. The first such incorporation or annexation will occur in FY 2003. (Of course, if the Local Boundary Commission or Legislature disapprove the petition, there will be no cost for an organizational grant.)
 4. For each petition, a financial consultant with expertise in local government finance and property values will be utilized to prepare an independent analysis of the financial feasibility of the proposed borough.
 (continued on separate page)

Prepared by: Pat Poland, Director Phone 907-269-4580
 Division: Community and Business Development Date/Time 03/07/2001 11:36a.m.
 Approved by: Commissioner Deborah B. Sedwick Date 3/7/2001
 Agency: Department of Community & Economic Development

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Fiscal Note: SB 48 (#2) -- Additional Notes

Estimated costs.

Contractual Services. \$100.0 will be needed annually beginning in FY 2002. These funds are necessary to prepare and process a petition for incorporation or annexation. The funds will be used primarily to develop credible and thorough expenditure and revenue projections relating to each proposed borough incorporation or annexation. Detailed information will be needed regarding local revenue alternatives (e.g., property taxes, general sales taxes, bed taxes, alcohol taxes, tobacco taxes, fish taxes, and severance taxes) as well as State and Federal revenue sources. Additionally, it is important to the long-term interests of the State to obtain a thorough and credible estimate of the full and true value of each area proposed for incorporation or annexation.

Organization grants. Each borough incorporation and annexation will result in an entitlement to an organization grant under AS 29.05.190. Each grant entitlement is paid over three years (\$300.0 the first year, \$200.0 the second year, and \$100.0 the third year).

Year	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
Contractual Services	\$100.0	\$100.0	\$100.0	\$100.0	\$100.0	\$100.0
Grants	\$0.0	\$300.0	\$500.0	\$600.0	\$600.0	\$600.0
Total	\$100.0	\$400.0	\$600.0	\$700.0	\$700.0	\$700.0

Additional Fiscal Impacts as per CSSB 48 (CRA)

DCED estimates its fiscal impact of dividing the single unorganized borough into multiple unorganized boroughs in accordance with Section 6 of CSSB 48 (CRA) to be \$30.0. In particular, DCED estimates the following fiscal impacts for Fiscal Year 2002.

Action	Cost
Printing, publication, and mailing of initial informational materials to principal local service providers throughout the unorganized borough (114 cities, 19 REAAs, 4 CRSAs, 11 Native regional non-profit associations, approximately 65 unincorporated recipients of state revenue sharing, and approximately 150 federally recognized tribal entities)	\$8.0
Travel by DCED staff to ten regional centers to conduct public informational meetings	\$8.0
Publication and mailing of public notice of ten DCED informational meetings	\$1.0
Publication and distribution of report to the LBC	\$1.0
Publication and mailing of public notice of ten LBC hearings	\$1.0
Travel by LBC to ten regional centers to conduct public hearings (assumes that LBC will split into two groups to conduct hearings, with 2 or 3 commission members and 1 staff attending each hearing).	\$8.0
Long distance telephone charges for teleconference connections	\$2.0
Publication and distribution of LBC decisions.	\$1.0

Assumptions for Additional CSSB 48 (CRA) Fiscal Impacts

The foundation for the division of the single unorganized borough into multiple unorganized boroughs already exists in the form of the model borough boundaries established by the LBC between 1989 – 1992. The model borough boundaries project involved LBC hearings in 88 communities (in person or by teleconference). Thus, public informational meetings and hearings to divide the unorganized borough into unorganized boroughs as required by CSSB 48 would be limited to those relatively few unorganized areas where circumstances warrant further consideration of the suitability of model boundaries as boundaries of unorganized boroughs. DCED estimates that ten such areas exist. (continued on following page)

Fiscal Note: SB 48 (#2) -- Additional Notes (continued)

The fiscal impacts identified above do not include staff time since DCED's duties under existing law include serving as staff to the LBC. Moreover, DCED's duties include assisting local governments. DCED assumes that many communities will seek assistance from DCED on topics relating to CSSB 48. DCED is likely to include travel expenses and other expenses in that regard beyond the levels stated in the fiscal note. However, here again, such activities are consistent with the current duties and functions of DCED. Expenses incurred in such activities will be funded through DCED's normal operating funding.

