

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 248
 (S) Publish Date: 3/30/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
 Title Administrative Boroughs RDU Comm Assist & Ec Dev (405)
 Component Community Advocacy
 Sponsor Senate CRA
 Requester Senate CRA By Request Component No. 2703

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	120.0	120.0	120.0	60.0	0.0	0.0
Travel	27.5	27.5	27.5	9.0	0.0	0.0
Contractual	20.0	20.0	20.0	10.0	0.0	0.0
Supplies	2.0	2.0	2.0	1.0	0.0	0.0
Equipment	5.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	*	*	*	*	*	*
Miscellaneous						
TOTAL OPERATING	174.5	169.5	169.5	80.0	0.0	0.0

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	174.5	169.5	169.5	80.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	174.5	169.5	169.5	80.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary	2	2	2	1		

ANALYSIS: (Attach a separate page if necessary)

This legislation establishes a new class of borough government called an administrative borough. Administrative boroughs have the same powers and duties as other boroughs with three major exceptions: administrative boroughs will not be municipal school districts; will not have the power to levy and collect property taxes; and will exercise planning, platting, and land use regulation outside of cities within its boundaries that on the day of incorporation were providing for planning, platting, and land use regulation.

This legislation also establishes new borough grants for areas that incorporate within the four years of the effective date of the law of either \$12.5 million or \$15 million depending upon the amount of the borough's municipal land entitlement grant.

Prepared by: Mike Black, Director Phone 907.269-4578
 Division Community Advocacy Date/Time 3/10/06 9:40 AM
 Approved by: William C. Noll, Commissioner Date 3/10/2006
 Agency Commerce, Community, and Economic Development

ANALYSIS CONTINUATION

It is difficult to provide with a measure of confidence a defensible estimate of the number of areas within the unorganized borough that would take advantage of the incentives provided in this bill, how many of those areas would have their incorporation petitions approved by the Local Boundary Commission (LBC) and, ultimately, how many petitions would be approved by the voters residing within the area. Within the unorganized borough there are currently nineteen "model borough boundaries". The following fiscal impacts to the division assume that roughly half of these areas will pursue borough formation under this legislation.

Personal Services: Two Local Government Specialist IVs (long-term nonpermanent positions); salary and benefits for three years. After the third year, one of the positions will be eliminated. After the fourth year, the second position will be eliminated.

Staff are needed to provide technical assistance to regions that desire to petition for borough incorporation. Staff will also be needed to carry out the Department's extensive duties in processing petitions.

Travel: State law requires the department to conduct informational meetings in each region petitioning for borough incorporation. Additionally, the five member Local Boundary Commission is required by law to hold public hearings in each region.

Contractual: Funds will be needed to publish public notice of the filing of petitions, notice of informational meetings, notice of LBC hearings, notice of LBC decisional meetings, prepare hearing transcripts, and prepare preliminary and final staff reports and recommendations.

Supplies: Paper and supplies.

Equipment: Computers, desks, chairs for two staff.

Grants and Claims: For the reasons noted above and that fact that new borough grants are based on future, currently unknown municipal land entitlements of each borough, the amount of new borough grants that would be made under Section 21 of SB 248 is indeterminate.

The total maximum cost for each new borough would be \$15,750,000. If a borough receives a land entitlement of less than 15,000 acres, it would be entitled to a new borough monetary grant of \$15,000,000. If a borough receives a land entitlement of 15,000 acres or more, it would be entitled to a monetary grant of \$12,500,000. New borough grant funds could only be invested by the borough; the realized investment income would be available for any of its municipal purposes.

Additionally, each administrative borough would be entitled to an organization grant of \$750,000 payable at \$250,000 in each of the first three years of incorporation. Other incorporated boroughs would be entitled to an organization grant of \$600,000 payable at \$300,000, \$200,000, and \$100,000 over the first three years of incorporation.