

ALASKA STATE LEGISLATURE
HOUSE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

January 23, 2025

8:00 a.m.

MEMBERS PRESENT

Representative Rebecca Himschoot, Co-Chair
Representative Donna Mears, Co-Chair
Representative Carolyn Hall
Representative Ky Holland
Representative Justin Ruffridge

MEMBERS ABSENT

Representative Mike Prax

COMMITTEE CALENDAR

OVERVIEW: DIVISION OF COMMUNITY AND REGIONAL AFFAIRS

- HEARD

PRESENTATION(S): INTRODUCTION TO ALASKA'S LOCAL GOVERNMENTS

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

SANDRA MOLLER, Director
Division of Community and Regional Affairs
Department of Commerce, Community & Economic Development
Juneau, Alaska

POSITION STATEMENT: Presented an overview of the Division of Community and Regional Affairs.

NILS ANDREASSEN, Executive Director
Alaska Municipal League
Juneau, Alaska

POSITION STATEMENT: Presented an introduction to Alaska's Local Governments.

ACTION NARRATIVE

8:00:12 AM

CO-CHAIR HIMSCHOOT called the House Community and Regional Affairs Standing Committee meeting to order at 8:00 a.m. Representatives Mears, Hall, Holland, Ruffridge, and Himschoot were present at the call to order.

OVERVIEW: Division of Community and Regional Affairs

8:03:58 AM

CO-CHAIR HIMSCHOOT [announced that the first order of business would be an overview of the Division of Community and Regional Affairs].

8:04:56 AM

SANDRA MOLLER, Director, Division of Community and Regional Affairs, Department of Commerce, Community & Economic Development (DCCED), gave a PowerPoint presentation, titled "Division of Community and Regional Affairs (DCRA) Municipalities in Alaska," dated 1/23/25 [hard copy included in the committee packet]. She began by sharing DCRA and DCCED's mission and detailing the makeup of the division's four program groups: Mapping Analytics, and Data Resources; Grants and Funding; Local Government Assistance; and Commissions. She outlined the Local Boundary Commission (LBC), the Alaska Minerals Commission, and Serve Alaska, which is the state commission for volunteerism that leverages state funds to enhance programs to nonprofits with a large return on investment. In response to questions from committee members, she explained that the LBC provides local assistance by working with communities that are interested in redefining its boundaries or reclassification. She stated that community profile maps were created in the 1980s, which created the baseline for many projects.

8:22:20 AM

MS. MOLLER, in response to additional questions about grants and funding, called the committee's attention to slide 20, explaining that there are 22 grant programs within the division totaling \$1.2 billion. The division is considering receipt of six more programs, which would bring the total value to over \$2 billion. She spoke to several of the 22 programs in further detail, including the Community Development Block Grant (CDBG),

Payments in Lieu of Taxes (PILT), the Community Assistance Program, and others. Of the 12 grant administrator positions, 2 are vacant. She advocated for lean processes in addition to implementing checks and balances and leveraging strategic partnership within communities for disaster relief.

[8:35:24 AM](#)

MS. MOLLER resumed the presentation by describing the different categories of local governments and municipalities, as well as their powers and duties. She touched on the history of city formation in Alaska, starting with Skagway in 1900 and most recently, Whale Pass in 2017. Similarly, she summarized the history of borough formation, noting that in 1963, a number of mandatory boroughs were created by the legislature. Most recently, the LBC received a petition from Hoonah, which was approved by the commission and is currently in the reconsideration phase. She noted that the legislature acts as the assembly for the unorganized borough. After the census, DCRA coordinates with the Department of Education and Early Development (DEED) to readjust and reapportion the Regional Education Attendance Areas (REAA). In 2020, DCRA redrew the boundaries of the Yukon-Koyukuk School District and the Yukon Flats REAA. In response to a series of follow-up questions from Co-Chair Himschoot, she affirmed that in the process of redrawing the REAA boundaries, one school was placed in a new district.

[8:42:21 AM](#)

MS. MOLLER gave an overview of the Community Database Online (CDO), which, in partnership with other state departments and census information, offers data that can be used and extracted. The database also offers a number of interactive reports, such as fuel prices, as well as dashboards, maps, and community profiles. Community-driven data is also available with detailed storyMaps for over 400 communities and community profile maps with parcel, infrastructure, and utility data. She continued the presentation with a breakdown of DCRA's local government assistance, which includes elections, Title 29 compliance, Power Cost Equalization (PCE), and local alcohol availability laws, for example.

[8:46:15 AM](#)

MS. MOLLER, in response to a series of questions from Representative Himschoot, she reported that there are 17 local

government specialists (LGS) who are deployed across the state in field offices in Kotzebue, Nome, Bethel, Dillingham, Juneau, and Fairbanks. There are also specialists in Anchorage who work with communities on the road system. She highlighted their weekly training sessions as another way to reach communities. In response to a question from Representative Ruffridge about the Coronavirus Capital Project Grant, she explained that the program offered federal funding to the state through the governor's office. She acknowledged that DCRA administered the grant but was not involved with the selection process. Of the communities selected, Nenana was awarded the largest amount of money for a clinic and a fire hall. The division is partnering with the local Tribe and Tanana Chief's Conference (TCC) to get the project underway, and the funds must be spent by 2026. Lastly, she encouraged legislators to reach out with questions or concerns when they arise, which often alleviates extra work down the road.

[8:59:40 AM](#)

The committee took an at-ease from 8:59 a.m. to 9:01 a.m.

PRESENTATION(S): Introduction to Alaska's Local Governments

[9:01:26 AM](#)

CO-CHAIR HIMSCHOOT announced that the final order of business would be the Introduction to Alaska's Local Governments presentation.

[9:01:49 AM](#)

NILS ANDREASSEN, Executive Director, Alaska Municipal League (AML), gave a PowerPoint presentation, titled "Leaning Local Strengthening Local Governments Strengthening Alaska" [hard copy included in the committee packet]. He began by describing the economic and social impact of municipal government in Alaska and its priorities. Local governments are political subdivisions of the state and actively working on behalf of state government based on the classifications and authorities granted to them. Local governments have an obligation to tax and have incredible purchasing power with over \$2 billion in expendables in Fiscal Year 2021 (FY 21); they also fill the gaps between federal and state government and create a sense of community that attracts additional residents and supports a visitor industry to combat outmigration. In response to a question from Representative Himschoot regarding the function of a county and its revenue

impact, he said boroughs have the following 3 obligations: taxes for a portion of the state's obligation to fund public education, planning, and platting.

[9:10:29 AM](#)

MR. ANDREASSEN resumed the presentation with an explanation of Article 10 of the Constitution of the State of Alaska, which gives emphasis to the maximization of local self-government, and the statutory authorities provided in Title 29, which describes the classification, roles, and responsibilities of local governments. He elaborated on the difference between home rule - the authority to exercise any power not prohibited by statute - and general law and gave examples of each. He outlined the core principles of AML and emphasized the power in partnership between state and local government. He described local governments' contributions to its four categories of spending: safety, schools, utilities, and quality of life, all of which are investments in economic development.

[9:43:37 AM](#)

MR. ANDREASSEN, in response to a question from Co-Chair Himschoot regarding the difference between a unified city and borough and a city in a borough, he said city and boroughs administer city powers within one area and borough powers areawide. He identified four ways to strengthen local governments and highlighted a correlation between best practice scores and community assistance, explaining that revenue sharing was originally conceived as a way to share state resource wealth with local government. The community Assistance program has changed in numerous ways since its inception, and funding has been inconsistent after zeroing out in 2003; nevertheless, AML supports its continued inclusion in the budget and a baseline floor of \$60 million annually, as well as a long-term sustainable solution. He concluded the presentation by reflecting on the following considerations for PERS/TRS: the level of contribution by municipal employers and their recruitment, retention, and retirement packages. He emphasized the importance of fiscal policy so that the state can provide the services that local communities depend on.

[9:59:49 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 9:59 a.m.