

H

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46

- charge

- hold hearings - proportionally
- policy theory local govts
or to org req't?
- p. 9 quote - transfer - assure
of providing? etc.

2-24-82

House CRA - HB 746 - SRS + Mun Asst

Richard Ahs -

- ~~Prop~~ ^{Hum. Assistance} based on 10% of corp. income
for collections - these are dropping & ∴
\$ to munic. is dropping -

^{taxes from}
- enterprises run by municipalities are not
plugged into formula & ∴ do not increase
revenues & don't increase R.S.

Gwilym Ch. Wood - All Louqua

As [- And. & assessed values went up? - tax bill ↑ or ↓?
- fiscal note - Dept of Rev.
- chart - what does it mean?



Official Business

Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

SUMMARY SHEET

SECTION 1

29.95.020 Qualification for Minimum Payment (Municipalities)

- (a) Under Municipal Aid and Revenue Sharing the minimum payment is raised from \$25,000 to \$100,000.
(1) Must spend at least half of the entitlement on 3 basic services defined in new section on page 3. (29.95.050)

SECTION 2

29.95.040 NEW SECTION

'Hold harmless clause' - For FY 84 and each following year, a municipal entitlement will not fall below the amount received under 2 (Revenue Sharing) and 29.89 (Municipal Aid) for FY 83.

Any excess amounts will first be used for the payment of entitlements for minimum payments under 29.95.020(a). Any further excess will be prorated through Municipal Aid and Revenue Sharing Accounts.

Section 3

29.95.500 - NEW SECTION

Definitions of "Basic Services"

Section 4

44.47.130(4) Powers and Duties - Rural Development

Extending statutory language for purposes of financing capital projects, operating expenses of such projects and services in the unincorporated communities and the unorganized borough.

SECTION 5

44.47.140 - Limitations

Applicant must submit application in writing to the department. Programs for each unincorporated community may not exceed \$100,000

SECTION 6

44.47.146 Grant Applications

Department shall review all applications and determine which will best meet the needs of the community. (44.47.140)

The Department may not accept an application from an Alaska Native village council, unless the Council waives any immunity from suit which it might have. The form will be provided by the Department of Law. Lines 17-18-19; disclaimer clause.

NEW SECTION

44.47.147 Accountability of Funds

Misuse of funds may result in a nonpayment of future funds to which the recipient is entitled for programs administered by the department.

NEW SECTION

44.47.148 Definition

"Unincorporated Communities" as it exists under Title 29

- 1) 25 persons or more
- 2) Unrestricted access by the public
- 3) Independent if it is contiguous to a municipality
- 4) Not composed totally of persons required to reside because of employment

SECTION 7

Legislative Intent

Appropriations to municipalities and other recipients under 29.88 - 29.95 for FY 84 and each following year will only be increased by the same percentage as the new "spending limit" of the Alaska Constitution. (Art. IX Sec.16 to be ratified by the voters in November of 1982.)

Other appropriations over and above those described will be reduced for FY 84 and for all following years by the percentage of increase determined for that fiscal year for state appropriations under the "spending limit" of the AK Constitution.

Section 8

29.89.050 and 43.20.016 repealed (attached)

SECTION 9-13 Effective dates

Sec. 29.95.010. Allocation and distribution. (a) Each year, the Department of Community and Regional Affairs shall allocate money appropriated to the accounts established in AS 29.88.010 — 29.88.045, 29.89.010 — 29.89.100, and 29.90.010 — 29.90.030 in the amounts determined by the legislature.

(b) Money in the miscellaneous services account established in AS 29.89.080 which exceeds the amount required to fully fund distributions authorized by AS 29.89.010 — 29.89.100 shall be reallocated to the tax equalization account established in AS 29.88.035 and distributed according to the provisions of AS 29.88.010 — 29.88.045.

(c) Money in the hospital construction assistance account established in AS 29.90.020 which exceeds the amount required to fully fund distributions authorized by AS 29.90.010 — 29.90.030 shall be reallocated to the tax equalization account established in AS 29.88.035 and distributed according to the provisions of AS 29.88.010 — 29.88.045. (§ 5 ch 155 SLA 1980)

✓ **Sec. 29.95.020. Qualification for minimum payment.** (a) A municipality qualifying for an entitlement under AS 29.88.010 — 29.88.045 or 29.89.010 — 29.89.100 shall receive a minimum payment of \$25,000 plus an area cost-of-living differential for each fiscal year if:

(1) the municipality has conducted a regular election under AS 29.28.010 — 29.28.050 during the fiscal year preceding the year for which payment of an entitlement is authorized by AS 29.88.010 — 29.88.045 or 29.89.010 — 29.89.100 and has reported the results of the election to the commissioner of the Department of Community and Regional Affairs;

(2) regular council meetings are held in the municipality in accordance with the requirements of AS 29.23.210 during the fiscal year preceding the year for which payment of an entitlement is authorized by AS 29.88.010 — 29.88.045 or 29.89.010 — 29.89.100 and a record of the proceedings is maintained;

(3) a municipal budget has been adopted for the fiscal year during which payment of an entitlement is authorized by AS 29.88.010 — 29.88.045 or 29.89.010 — 29.89.100 and an audit or financial statement for the preceding fiscal year has been prepared and furnished to the Department of Community and Regional Affairs in accordance with AS 29.23.560(a); and

(4) local ordinances adopted by the governing body of the municipality have been codified in accordance with AS 29.48.180.

(b) The area cost-of-living differential payable to each municipality under this section shall be determined annually by election district under the provisions of AS 39.27.030. Except as provided in AS 29.95.030, application of the area cost-of-living differential may not result in a payment which is less than the minimum payment deter-

mined under (a) of this section. Election districts used are the reapportionment and redistricting for the house of representatives, September 3, 1965.

(c) The Department of Community and Regional Affairs shall allocate to each municipality eligible to receive an amount equal to the payment determined under (a) the amount payable for the fiscal year 29.88.045 and AS 29.89.010.

(d) A payment under this section shall be made under AS 29.95.030.

(e) Payments under this section shall be allocated to the tax equalization account established by ch 155 SLA 1980.

Sec. 29.95.030. Prorated payment. Prorated payment under AS 29.95.020 and AS 29.88.010 — 29.88.045 shall be allocated to the tax equalization account in accordance with AS 29.95.010.

(b) Adjustments of payments under AS 29.88.010 — 29.88.045 by payments in equal proportion to payments under AS 29.95.010 shall be allocated to the tax equalization account established by ch 155 SLA 1980.

§ 29.95.020

§ 29.95.030

MUNICIPAL GOVERNMENT

§ 29.95.030

mined under (a) of this section. For purposes of this subsection, the election districts used are those designated by the proclamation of reapportionment and redistricting of December 7, 1961, and retained for the house of representatives by proclamation of the governor September 3, 1965.

(c) The Department of Community and Regional Affairs shall pay to each municipality eligible to receive a minimum payment under this section an amount equal to the difference between the minimum payment determined under (a) and (b) of this section and the sum of the amounts payable for the same fiscal year under AS 29.88.010 — 29.88.045 and AS 29.89.010 — 29.89.100.

(d) A payment under this section may be prorated and reduced under AS 29.95.030.

(e) Payments under this section shall be made from the money allocated to the tax equalization account established in AS 29.88.035. (§ 5 ch 155 SLA 1980)

Sec. 29.95.030. Proration of payments. (a) Payments under AS 29.95.020 and AS 29.88.010 — 29.88.045 shall equal the amount allocated to the tax equalization account (AS 29.88.035), adjusted in accordance with AS 29.95.010.

(b) Adjustments of payments shall be determined by prorating amounts payable under AS 29.95.020 and amounts payable under AS 29.88.010 — 29.88.045 by a factor which, when applied, reduces all payments in equal proportion so that payments under AS 29.95.020 and payments under AS 29.88.010 — 29.88.045 equal the amount allocated to the tax equalization account established in AS 29.88.035. (§ 5 ch 155 SLA 1980)

Title 26
Military Affairs
and Veterans

Title 26
Military Affairs
and Veterans

Article 4. Rural Development.

Section

130. Powers and duties
140. Limitations
145. Bulk fuel storage facilities grant fund

Section

150. Village land conveyed in trust
155. Loan information officers

Sec. 44.47.130. Powers and duties. To promote development of rural areas of the state, the department is authorized to

(1) investigate social and economic conditions of rural areas to determine the need to expand economic opportunities and improve living conditions;

(2) formulate a coordinated program to broaden and diversify the economic base of rural areas;

(3) coordinate administration of emergency relief, surplus food distribution, or other public assistance programs, except the regular relief and assistance programs of the federal government in rural areas;

(4) formulate and conduct a program of construction of basic facilities to improve health, welfare and economic security and provide employment and income in the rural areas;

(5) promote training and educational programs designed to expand employment opportunities for residents of rural areas;

(6) enter into agreements with other state agencies and departments to provide for the distribution in rural communities of surplus electrical power from state-owned power sources located in those communities and to expend funds for this purpose.

(7) make grants to communities for bulk fuel storage facilities;

(8) cooperate with the Department of Environmental Conservation and other agencies to provide technical assistance to communities in the installation, operation and management of bulk fuel storage facilities. (§ 2 ch 200 SLA 1972; am § 1 ch 183 SLA 1972; am § 38 ch 83 SLA 1980)

Revisor's note. — In ch 183, SLA 1972, AS 44.47.130(6) appeared as AS 44.19.610(12). Chapter 200, SLA 1972, repealed the sections on the Rural Development Agency, including AS 44.19.610, and replaced them with provisions in AS 44.47. The history of the

183 and 200 SLA 1972 suggest that the legislative intent of ch. 200 was not to repeal the amendments made in ch 183 and AS 44.19.610(12) has been appropriately renumbered.

Effect of amendment. — The 1980 amendment added paragraphs (7) and (8).

Sec. 44.47.140. Limitations. A program of the department under AS 44.47.130 in a rural area may not exceed \$40,000 in a cost a year, except that a grant of not more than \$60,000 may be made under AS 44.47.145 for a bulk fuel storage facility. (§ 1 ch 165 SLA 1972; am § 9 ch 200 SLA 1972; am § 1 ch 114 SLA 1978; am § 39 ch 83 SLA 1980)

Revisor's note. — In ch 165, SLA 1972, AS 44.47.140 appeared as AS 44.19.620.

Chapter 200, SLA 1972, repealed the sections on the Rural Development

Agency, including AS/ 44.19.620, and replaced them with provisions in AS 44.47. The history of chs. 165 and 200, SLA 1972 suggests that the legislative intent of ch. 200 was not to repeal the amendments made in ch. 165, and AS 44.19.620 has been appropriately renumbered.

Sec. 44.47.145. Bulk fuel storage is established in the Department the bulk fuel storage facilities grant department from this fund to a community bulk storage facilities

(b) Grants made under this installation of a bulk fuel storage community.

(c) If the governing body of two or their fuel requirements may be set facility, the communities may join install a single bulk fuel storage jointly under this subsection, the multiplied by the number of communities.

(d) Before a grant is made under the community is not incorporated in the community shall agree in writing bulk storage facility to be constructed (§ 40 ch 83 SLA 1980)

Sec. 44.47.150. Village land cosioner of the Department of Conservation designated to accept, administer, and state in trust by village corporation Native Claims Settlement Act (P purposes specified in that section.

(b) Transfer of land by sale, lease, including transfer of surface resources only after approval of an appropriate traditional council, a village meeting approval shall be by resolution filed

(c) Within one complete state fiscal municipality in the village or of a part of the village, land acquired without cost to the municipality, and all the entrusted interest in the land

(d) Separate accounts shall be maintained for the land, including the revenue from each village corporation under the close of each state fiscal year a

A resident individual is entitled to a tax credit equal to 16 percent of the tax credit claimed by the individual on his federal income tax return for household and dependent care services necessary for his full employment.

The commissioner of revenue shall pay the amount of a tax credit provided by this section to a resident individual who makes a return as provided in AS 43.20.012. A credit under this section shall be paid in the manner provided in AS 43.20.030(e) for the payment of refunds and interest may not be made without an appropriation for that purpose. (ch 1 SSSLA 1980; am § 9 ch 1 SSSLA 1980; § 2 ch 2 SSSLA 1980)

Text of amendments. — Section 9, SSSLA 1980 substituted "\$100" for "1" in the introductory language of subsection (a).

Effective dates. — Section 12 of ch. 1 provides that this section is retroactive to January 1, 1980, and § 10 of ch. 2, pro-

vides that this section is retroactive to January 1, 1979.

Editor's notes. — For legislative findings and purpose of the enacting legislation, see § 1, ch. 1, SSSLA 1980, and § 1, ch. 2, SSSLA 1980, in the 1980 Temporary and Special Acts and Resolves.

§ 43.20.015. Individual tax credit.

Repealed by § 10 ch 1 SSSLA 1980 and § 9 ch 2 SSSLA 1980.

Editor's notes. — The repealed section, as amended by § 1, ch. 144, SLA 1978, and § 10 of ch. 2, SSSLA 1980, provides legislative findings and purpose of

repealing acts, see § 1, ch. 1, SSSLA 1980, and § 1, ch. 2, SSSLA 1980, in the 1980 Temporary and Special Acts and Resolves.

§ 43.20.016. Sharing of corporate income tax revenue with municipalities. (a) There is established within the Department of Revenue the municipal assistance fund. The legislature may appropriate to the fund during each fiscal year an amount equal to or greater than 10 percent of the income tax revenue received by the state under AS 43.20.011(e) and AS 43.21.010 — 43.21.120 for the previous fiscal year. The Department of Revenue shall distribute money from the fund to each organized borough and each city of any class on an annual basis as provided in (b) and (c) of this section. A borough or city may not receive payment under (b) or (c) of this section until it submits to the Department of Revenue a resolution approved by the governing body of the municipality that requests the funds. Distribution of money from the fund to a city or organized borough with a fiscal year beginning on January 1 shall be made on February 1 of the state fiscal year for which the appropriation to the fund is made. Distribution of money from the fund to all other cities and organized boroughs shall be made on June 1 of the state fiscal year for which the appropriation to the fund is made. A borough or city that incorporates after December 31 of a state fiscal year is not eligible for a distribution under this section until the following state fiscal year.

The base amount to be distributed from the fund to each borough or city for the fiscal year shall be the amount received by the borough

Repealed By HB 746

Title 39
Public Officers
and Employees

Title 49
Public Services
and Revenue

Title 41
Public Revenue

Title 38
Public Lands

Introduced: 2/10/82
Referred: Community & Regional
Affairs and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 746

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state revenue sharing and municipal
7 assistance programs; establishing a program of aid for
8 unincorporated communities; and providing for an effective
9 date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. AS 29.95.020(a) is amended to read:

12 (a) A municipality qualifying for an entitlement under AS 29.88
13 [AS 29.88.010 -- 29.88.045] or AS 29.89 [29.89.010 -- 29.89.100] shall
14 receive a [MINIMUM] payment of at least \$100,000 [\$25,000] plus an area
15 cost-of-living differential for each fiscal year. To qualify for an en-
16 titlement under AS 29.88 or AS 29.89, a municipality shall annually [IF]

17 (1) conduct [THE MUNICIPALITY HAS CONDUCTED] a regular elec-
18 tion under AS 29.28.010 -- 29.28.050 during the fiscal year preceding
19 the year for which payment of an entitlement is authorized by AS 29.88
20 [AS 29.88.010 -- 29.88.045] or AS 29.89 [29.89.010 -- 29.89.100] and re-
21 port [HAS REPORTED] the results of the election to the commissioner of
22 the Department of Community and Regional Affairs;

23 (2) certify that regular council meetings are held in the mu-
24 nicipality in accordance with the requirements of AS 29.23.210 during
25 the fiscal year preceding the year for which payment of an entitlement
26 is authorized by AS 29.88 [AS 29.88.010 -- 29.88.045] or AS 29.89 [29.-
27 89.010 -- 29.89.100] and maintain a record of the proceedings [IS MAIN-
28 TAINED];

29 (3) adopt a municipal budget [HAS BEEN ADOPTED] for the

1 fiscal year during which payment of an entitlement is authorized by
2 AS 29.88 [AS 29.88.010 -- 29.88.045] or AS 29.89 [29.89.010 -- 29.89.-
3 100] and prepare and furnish to the Department of Community and Region-
4 al Affairs an audit or financial statement for the preceding fiscal year
5 [HAS BEEN PREPARED AND FURNISHED TO THE DEPARTMENT OF COMMUNITY AND
6 REGIONAL AFFAIRS] in accordance with AS 29.23.560(a); [AND]

7 (4) certify that local ordinances adopted by the governing
8 body of the municipality have been codified in accordance with AS 29.-
9 48.180; and

10 (5) spend at least 50 percent of the payment received under
11 this section for the previous fiscal year on at least three basic ser-
12 vices which the municipality has the power to provide.

13 * Sec. 2. AS 29.95 is amended by adding a new section to read:

14 Sec. 29.95.040. GUARANTEED MINIMUM ASSISTANCE. (a) For the fis-
15 cal year ending June 30, 1984 and in each fiscal year after that, a mu-
16 nicipality is entitled to receive at least the amount it received under
17 this chapter and AS 29.88 for the fiscal year ending June 30, 1983.

18 (b) If appropriations made to finance the programs under this
19 chapter and AS 29.88 exceed the amount necessary to satisfy the require-
20 ments of (a) of this section, the excess shall be allocated to insure
21 that the payment of entitlements for municipalities are made as required
22 by AS 29.95.020(a).

23 (c) If an appropriation made to finance the programs under this
24 chapter and AS 29.88 exceeds the amount necessary to satisfy the re-
25 quirements of (a) and (b) of this section, the excess shall be allocated
26 to the tax equalization account established in AS 29.88.035 unless oth-
27 erwise provided by law.

28 (d) In order to pay the amounts required by (a) of this section,
29 the allocations made by the Department of Community and Regional Affairs

1 to accounts established in AS 29.88.035, AS 29.89.080, and AS 29.90.020
2 shall be prorated by an amount which reduces the allocation to each ac-
3 count in equal proportion, and the prorated amounts shall be allocated
4 to those accounts.

5 * Sec. 3. AS 29.95 is amended by adding a new section to read:

6 Sec. 29.95.500. **DEFINITIONS.** In this chapter,

7 (1) "basic services" means

8 (A) municipal administration, finance, and planning;

9 (B) police protection;

10 (C) fire protection;

11 (D) environmental pollution control;

12 (E) solid waste collection and disposal;

13 (F) land use planning;

14 (G) parks and recreation;

15 (H) road and street maintenance;

16 (I) hospitals;

17 (J) health facilities;

18 (K) airports;

19 (L) ports; and

20 (M) small boat harbors; and

21 (2) "department" means the Department of Community and Re-
22 tional Affairs.

23 * Sec. 4. AS 44.47.130(4) is amended to read:

24 (4) formulate and conduct a program to finance capital proj-
25 ects, operating expenses of capital projects, and services in unincorpu-
26 rated communities in the unorganized borough ,OF CONSTRUCTION OF BASIC
27 FACILITIES] to improve health, welfare, and economic security and pro-
28 vide employment and income [in THE RURAL AREAS];

29 * Sec. 5. AS 44.47.140 is amended to read:

1 Sec. 44.47.140. LIMITATIONS. A program of the department under
2 AS 44.47.130 in a rural area may not exceed \$100,000 for each unincorpo-
3 rated community for each year. A project may be financed under AS 44.-
4 47.130 only if an applicant submits an application in writing to the de-
5 partment [IN COST A YEAR].

6 * Sec. 6. AS 44.47 is amended by adding new sections to read:

7 Sec. 44.47.146. GRANT APPLICATIONS. (a) If more than one appli-
8 cation for assistance under AS 44.47.130(4) is received from an unincor-
9 porated community, the department shall review all applications received
10 and determine which of them will best meet the needs of the community
11 within the limitations for assistance established in AS 44.47.140.

12 (b) The department may not accept an application for a grant under
13 this chapter from an Alaska Native village council, unless the council
14 waives any immunity from suit which it might have. The waiver must
15 apply to all claims arising out of the activities of the council under
16 the grant contract, and it must be on a standard form provided by the
17 Department of Law. Neither this subsection nor any action taken under
18 it enlarges or diminishes such governmental authority or jurisdiction as
19 the various Alaska Native village councils might have.

20 Sec. 44.47.147. ACCOUNTABILITY OF FUNDS. If the commissioner
21 finds that a recipient has used money for a purpose other than the pur-
22 pose set out in an application or other agreement which establishes the
23 purpose of the project under AS 44.47.130, the commissioner may withhold
24 the payment of any money to which the recipient is entitled for programs
25 administered by the department.

26 Sec. 44.47.148. DEFINITION. In this chapter, "unincorporated com-
27 munity" means a place in the unorganized borough which is not incorpo-
28 rated as a municipality under AS 29 and in which 25 or more persons re-
29 side as a social unit. The place must be open to unrestricted access by

1 the public, be independent if it is contiguous to a municipality, and
2 not be a place provided by an employer and composed totally of persons
3 who are required to reside there as a condition of their employment.

4 * Sec. 7. INTENT AS TO APPROPRIATIONS. (a) The legislature intends that
5 the total appropriation available for distribution to municipalities and
6 other recipients under AS 29.88 -- AS 29.95, for the fiscal year ending June
7 30, 1984 and for each fiscal year after that, be increased by the same per-
8 cent as the amount set out in art. IX, sec. 16, of the Alaska Constitution
9 increases for that fiscal year.

10 (b) The legislature intends that appropriations, other than as des-
11 cribed in (a) of this section of state money for basic services as defined in
12 AS 29.95.500(1), enacted in sec. 3 of this Act, be reduced for the fiscal
13 year ending June 30, 1984 and for each fiscal year after that by the per-
14 centage of increase determined for that fiscal year for state appropriations
15 under art. IX, sec. 16, of the Alaska Constitution.

16 * Sec. 8. AS 29.89.050 and AS 43.20.016 are repealed.

17 * Sec. 9. Section 7 of this Act is repealed.

18 * Sec. 10. Sections 1, 3 -- 6, and 8 of this Act take effect on the first
19 day of the fiscal year for which \$140,851,300 or more is appropriated for
20 distribution among AS 29.88.035, AS 29.89.080, and AS 29.90.020.

21 * Sec. 11. Section 2 of this Act takes effect July 1, 1982.

22 * Sec. 12. Section 7 of this Act takes effect July 1, 1983.

23 * Sec. 13. Section 9 of this Act takes effect July 1, 1987.



Box 1210 602 Railroad Avenue
Cordova, Alaska 99574
Phone: (907) 424-3237
or 424-3238

"The Friendly City"

March 18, 1982

James A. Poor
Mayor

Perry D. Lovett,
Manager

Donna M. Sherby,
Clerk / Treasurer

Council Members
Don Nerrance
Jay Iivium
Richard Groff
H.J. Kogchak
Garry Purvis
Joe Gunderson

Representative Patrick M. O'Connell
Chairman, Community & Regional Affairs
Pouch V
Juneau, AK 99811

RE: HB 746

Dear Representative O'Connell:

We have reviewed the subject bill and have a few comments.

1. Section 1(a) Question the increase from \$25,000 to \$100,000 as minimum entitlement. The per capita grant under the increased minimum is grossly out-of-balance for some very small communities.
2. Section 44.47.140 Limitations. Have the same argument based on per capita.

Philosophically, we question any municipal assistance to an unincorporated community. We believe that the expenditure of public funds should be done under the direction of an elected body such as a borough assembly or City Council. To permit public funds to be expended based on an application of a few people will eventually cause the legislature more problems than you really want to be exposed to. This opinion is formed from discussions with DOT/PF on the spending of Local Road and Trail Funds in the unincorporated areas of the unorganized boroughs.

To place up to \$100,000 per year in each unincorporated community would discourage any effort of the community to incorporate and have an elected representative government, whereas on the other hand, to eliminate funding of unincorporated areas would give those areas incentive to form organized governments.

We thank you for permitting us an opportunity to comment on HB 746.

Very truly yours,


Perry D. Lovett
City Manager

cc: Representative Bette Cato



CITY OF DILLINGHAM

MAR 22 RECD

P.O. BOX 191

DILLINGHAM, ALASKA 99576

TELEPHONE (907) 842-5211 or 842-5212

March 17, 1982

Rep. Patrick M. O'Connell
Chairman, Community & Regional Affairs
House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Rep. O'Connell:

Re: HB746

This is in reply to your letter addressed to the Mayor of Dillingham.

Page I HB746

The City of Dillingham has no real problems since it does have active governmental staffing.

Page II

Item (5) spending restrictions are a problem. This city reduced its tax mill rate 7 mills to be in compliance with legislators request that any increase in municipal aide should result in reduction of tax burden. Our tax revenues could be used for any services or capital projects desired. It seems unfair to now place restrictions on substitute revenues.

Sec. 29.95.040. Guaranteed Minimum Assistance should be based on amount received June 30, 1982. This city has tried to make everything possible pay its own way. This was distorted by increased municipal aide in 1983.

Page III A.S. 44.47.130(H)

As a manager I believe the state must be very careful in granting operation money for capital projects. It encourages capital projects which a city could not otherwise afford to operate. Should the state stop this leaves a "White Elephant". Example: New Senior Citizen Centers versus reduction elderly program funds.

Page IV Sec. 44.47.146

I only hope that any reviewing department would know what actually is needed by the community. Sometimes there appears to be a severe case

of breakdown in communication. I use as an example of this three 1982 Senate Bills introduced without knowledge of the governing board of this community.

Summary

My suggestion would be a meeting of the minds between fiscal expertise including small community, large community and state, statistical expertise involving Alaska Municipal League and Dept. Community & Regional Affairs along with Administrative expertise both State and local. Toss proposed bills around and listen to all sides. I can assure you communities are different, each one having various needs and viewpoints. Its unfair to set policy without overall view.

Thank you very much for your giving us this opportunity to comment.

Sincerely,

Laura M. Schroeder

Laura M. Schroeder
City Manager



CITY OF KENAI
"Oil Capital of Alaska"

P. O. BOX 580 KENAI, ALASKA 99611
TELEPHONE 283 - 7535

MAR 22 REC'D

March 15, 1982

Honorable Pat O'Connell
Representative, Alaska State House
Pouch V
Juneau, AK 99811

Dear Pat:

In response to your recent letter asking for comment on State Revenue Sharing and Municipal Assistance Funding, I am pleased to offer the enclosed "paper" which I presented to the Committee of Mayors working on this matter.

The key points are:

- I. State owns or has a prior position in control and taxation of our natural resources. Municipalities in Alaska do not have variety of tax mechanisms available to tax the natural resource wealth with the big exceptions being North Slope and Kenai Boroughs and the City of Valdez.
- II. State and Municipalities are sharing in providing of defined essential services through Revenue Sharing.
- III. Municipal Assistance at State and Municipal level should be reflective of increase and decrease in economic activity.
- IV. State Revenue (Service) Sharing should be permanent, determinable and grow with population and need for services and should therefore be distributed on per

TO: Rep. O'Connell

- 2 -

March 15, 1982

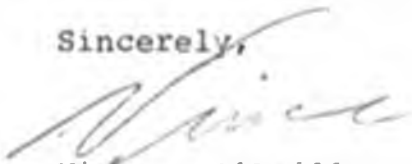
capita basis. Municipal Assistance should vary as to amount determined from economic activity base and should be distributed based on formula which reflects municipality's contribution to economic activity.

As you can see, I am not inclined to merge these two income streams into one. I am not in favor of a merger as to source nor as to method of distribution.

These are my views which have been reviewed by the City Council. The Conference of Mayors appear to lean toward a merger of the two.

I hope these thoughts assist in the deliberations.

Sincerely,



Vincent O'Reilly
Mayor

VOR:jw

Enclosure

City of Soldotna

BOX 409

PHONE 262-9107

SOLDOTNA, ALASKA 99669



CITY OF OPPORTUNITY

March 15, 1982

The Honorable Rep. Patrick M. O'Connell
Chairman
Community & Regional Affairs
Pouch V
State Capitol
Juneau, Alaska 99811

Dear Representative O'Connell:

Mayor Maile and I have very thoroughly reviewed HB746 with all its references to AS.29, etc.

We feel that after thorough study, HB746 is acceptable as introduced.

Sincerely,

Barbara Erickson
Administrative Assistant

BE/mjd



THE HEART OF THE MATANUSKA VALLEY

CITY OF PALMER

COUNCIL-MANAGER GOVERNMENT
P.O. BOX 1368 • PHONE (907) 745-3271
PALMER, ALASKA 99645

MAR 22 1982

March 15, 1982

The Honorable Patrick M. O'Connell
Chairman, Community and Regional Affairs
Pouch V
State Capitol
Juneau, Alaska 99811

RE: HB 746

Dear Representative O'Connell,

In reviewing HB 746, the City of Palmer concurs with the consolidation of all types of municipal assistance into one and at the same time establishing one formula for its distribution.

The present distribution of municipal assistance under various entitlements make the budgetary process difficult to say the least because of so many unknowns.

By requiring municipalities to provide three (3) basic services, this will help to ease the burden on state agencies now providing some of the services. In the present state of municipal assistance it is unequitable for those who tax themselves to continually receive a disproportionate share in relationship to services actually provided.

We encourage the adoption of HB 746 establishing a unified municipal assistance distribution and setting forth annual entitlement increases to be the same as the amount allowed by the Alaska Constitution.

Should you have any questions, please contact me.

Yours truly,

David L. Soulak
City Manager
City of Palmer

DLS/cac

cc: Representative Pat Carney
Senator Jalmar Kerttula



Matanuska-Susitna Borough

BOX B, PALMER, ALASKA 99645 • PHONE 745-3246

BOROUGH ATTORNEY'S OFFICE

February 23, 1982

Rep. Patrick M. O'Connell, Chairman
Community and Regional Affairs Committee
Pouch V, Mail Stop 3100
Juneau, Alaska 99811

Dear Rep. O'Connell:

COMMENTS ON HOUSE BILL 746

The following comments and concerns are the product of a brief review of HB746, introduced 2/10/82 and before CARRA Committee. It is hoped that these comments will be of help to others in reviewing this bill.

1. Section 1 of the bill increases the minimum annual entitlement of every municipal government in the State from \$25,000 to \$100,000, plus a cost-of-living differential. The effect of this increased allocation is to divide revenue sharing funds by government rather than by population served. With an estimated 140 boroughs and cities in Alaska, \$14 million would be divided without regard to population or to the tax base available to these municipalities. Any reduction in appropriations to municipal revenue sharing will be cut from the population formula entitlements first. Additional funding in future years would go first to meeting the \$100,000 minimum entitlement.

This formula would promote fragmentation of government and is a disincentive to unification of small local governments. This is contrary to the purpose of Article X of the Alaska Constitution "to provide for maximum local self-government with a minimum of local government units, and to prevent duplication of tax-levying jurisdictions." Current Municipal Assistance and revenue sharing disbursements are based primarily on population served and also on the wealth from which local taxes may be drawn. The proposed formula would emphasize instead assistance to the government and de-emphasize assistance to the residents of its jurisdiction.

2. Section 2 adds new section AS 29.95.040, which appears to guarantee no decrease in revenue sharing assistance to any municipality. In fact, since no commitment can be made for future legislatures to appropriate funds, the effect of this section is to lock in the proportional share of revenue sharing to which each government is entitled, regardless of future changes in relative population or tax base.

3. Because the bill repeals the municipal assistance program (AS 43.20.016), nearly all state aid to Local governments would appear to go through the formula in AS 29.88.010:

$$\text{Entitlement} = \text{Population} \times \frac{\text{Locally generated revenues}}{.001 \times \text{Local assessed value}}$$

This formula, based on local effort, is directly proportional to the mill rate because it include "locally generated revenues" in the formula. This formula is intended to aid those localities which are willing to help themselves, and it provides an incentive for local effort. However, the effect is to penalize greatly any local government which cuts its mill rate. This appears to be contrary to the intent of current AS 43.20.016(d) to promote reduction of tax levies.

Thank you for the opportunity to comment on this bill.

Very truly yours,



Steven H. Morrisett
Borough Attorney

ys

cc: Ginny Chitwood, Director, AML
Gary Thurlow, Borough Manager
MatanuskaSusitna Borough Assembly Members

HAINES BOROUGH

P.O. BOX H
HAINES, ALASKA 99827

March 11, 1982

The Honorable Patrick M. O'Connell, Chairman
Community and Regional Affairs
Pouch V
Juneau, Alaska 99811

Dear Representative O'Connell:

Thank you for your letter of 8 March concerning HB 746. I do find some difficulty in fitting my Third Class Borough within its present structure.

Section 1 (a)(5) requires that at least 50% of the payment received under this section for the previous fiscal year or at least three "basic services" which the municipality has the power to p

Section 3(1) gives the definitions of "basic services". Much of our funds are spent on "education". Not only do we supplement our school, but also support educational facilities such as library, museum, and the center for the arts. I believe other boroughs would also provide funds for education as a "basic service". I also feel that "taxation" is another basic service. We employ an assessor to assess all our real property; we maintain an office for the assessor, and he in turn maintains property maps which are available for public use.

I would thus like to see added:

Section 3 Definitions
(N) Education
(O) Taxation

I believe if this addition was to be made, we would have no problem with HB 746, but as it now stands we can only provide two of the listed "basic services", namely (A) and (C). The Third Class Borough does not have the power to provide any of the others in the list.

Sincerely yours,

R. E. Henderson
R. E. Henderson
Mayor

REN/alp

Municipality of Anchorage



POUCH 6-650
ANCHORAGE, ALASKA 99502-0650
(907) 264-4111

TONY KNOWLES,
MAYOR

DEPARTMENT OF MANAGEMENT & BUDGET

April 6, 1982

Representative Patrick M. O'Connell
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Dear Representative O'Connell:

Thank you for this opportunity to comment on HB746 relating to the State Revenue Sharing and Municipal Assistance programs.

With the elimination of most categorical entitlements when the State Revenue Sharing program was completely revamped in 1980, there is no reason to have a separate State Revenue Sharing program and a separate Municipal Assistance program.

The question then becomes as to how the two programs should be combined. HB746 would eliminate the Municipal Assistance program and fund the current State Revenue Sharing at a level commensurate with the combined total of the current two programs. SB797, on the other hand, would eliminate most of the State Revenue Sharing program and fund the current Municipal Assistance program (modified to add an area cost differential to the population distribution) at a level commensurate with the combined total of the current two programs.

While we feel that the basic intent of both HB746 and SB797 is good, there are a number of concerns which should be addressed in any legislative decision affecting State Revenue Sharing/Municipal Assistance. These include:

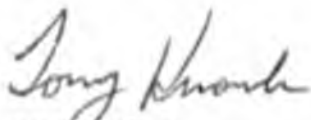
- o Adequate funding must be provided to Alaskan municipalities to prevent local tax increases and to maintain existing services.
- o The method of distribution must be fair.
- o Maximum local control must be maintained over how the funds are to be used.
- o Adequate transition measures must be taken to protect municipalities who might receive less under a new formula program.

Because of the complexities involved in formulating a new program to equitably distribute our State's wealth to Alaskan communities and the desire of the Legislature for early adjournment, this is not the time for such a major change. Instead of completely revamping the entire State Revenue Sharing and Municipal Assistance programs this session, the Legislature should postpone any action until 1983. In the interim we support the recommendation by the Alaskan Municipal League Legislative Committee to further examine these programs. Items which should be included in any such examination include:

- o Factors such as population, cost of living, tax effort, geography, ability to tax, which should be used to determine entitlements.
- o The extent to which the state should mandate particular applications and use of funds.
- o Means to ensure predictability of annual entitlements, such as through the creation of an endowment fund or basing it on certain state revenues (e.g., petroleum production revenues).
- o "Hold harmless" clauses to protect municipalities adversely affected by changes in law/adequate funding amounts.
- o Whether appropriation sources should be identified (e.g., XX% of petroleum production revenues).
- o Application of the programs to unincorporated, Native or traditional rural governments.
- o Relation of program to state mandated or municipal initiated local tax reductions.
- o Whether revenue sharing programs (roads & hospitals) should be eliminated and combined into a new program.

It is important that the concept of combining the two programs not be allowed to die. However, the best approach this year is to fund the existing Municipal Assistance and State Revenue Sharing programs at levels sufficient to maintain existing municipal programs and to avoid increases in local taxes.

Sincerely,



Tony Knowles
Mayor

jes

State Financial Assistance Programs Available to Municipalities and/or Unincorporated Communities

<u>Program</u>	<u>Operating (O) or Capital (C)</u>	<u>Dept.</u>	<u>AMOUNT</u> (In thousands of dollars)		
			<u>FY 80 Actual</u>	<u>FY 81 Actual</u>	<u>FY 82 Budgeted</u>
State Revenue Sharing	(O)	(C&RA)	\$26,899.6	\$52,601.3	\$55,707.6
Municipal Assistance	(O)	(Revenue)	11,400.0	56,500.0	87,400.0
Amusement & Gaming Shared Tax	(O)	(Revenue)	30.8	34.4	36.0
Aviation Fuel Shared Tax	(O)	(Revenue)	162.9	135.0	141.0
Electric & Telephone Coop. Shared Tax	(O)	(Revenue)	2,521.7	1,092.9	2,100.0
Liquor License Shared Tax	(O)	(Revenue)	588.7	770.3	900.0
Fisheries Shared Tax (Raw Fish Tax)	(O)	(Revenue)	3,893.8	3,279.5	5,907.0
Municipal Grants	(C)&(O)	(Admin.) New Program		208,255.9	281,389.0
Grants to Unincorporated Communities	(C)	(C&RA)	3,445.4	9,582.1	12,898.5
Municipal Aid Account (SB 168)	(C)	(Admin.) New Program			*200,000.0
Aid to Unincorporated Communities (SB 168)	(C)	(C&RA) New Program			*13,131.0
Basic State Aid to Education	(O)	(Education)	238,308.1	275,370.7	345,337.1
Supplemental Equalization	(O)	(Education) New Program**			
State Aid for Retirement of School Debt	(O)	(Education)	24,081.0	38,380.2	38,262.0

*\$95,000.0 planned for Municipal Aid and \$6,246.7 planned for Unincorporated Community Aid in FY 83.

**Funding contained in basic State Aid to Education

Note: This listing does not include discretionary or competitive grant programs (i.e., Village Safe Water-DEC; RDA, Community Legal Assistance, Bulk Fuel, etc.-C&RA; Local Service Roads and Trails-DOT/PF; etc.)

SUMMARY

During fiscal year 1982, over \$1 billion will be spent by four State agencies for 15 programs to provide financial assistance to localities in Alaska.

The Department of Community and Regional Affairs has examined all of these programs with particular emphasis on Revenue Sharing and Municipal Assistance and finds the following problems:

- 1) Revenue Sharing emphasizes tax effort and ability to raise taxes while Municipal Assistance emphasizes population and tax relief.
- 2) Municipal Assistance distributes funds according to outdated indicators and is linked to the declining corporate income tax collections.
- 3) Revenue Sharing, which was revised in 1980, contains a hold harmless provision that reduces the impact of the formula.
- 4) Localities are growing increasingly dependent on the State for funding of property tax relief and increased service provision at the same time as State revenues continue to fall and a Constitutional spending limit is considered by the voters of the State.
- 5) Municipal Assistance encourages municipal incorporation while Revenue Sharing does not.
- 6) The Revenue Sharing and Municipal Assistance Programs are administered by two different agencies and have different reporting and accountability requirements.

In order to address these problems, the Department proposes the following program:

- 1) The Municipal Assistance statute should be repealed and all funds for this purpose should be distributed through the Revenue Sharing program.
- 2) Each recipient should be required to spend 50% of its funds on 3 municipal services from among the following list:

Municipal Administration, Finance and Planning

Police Protection

Fire Protection

Environmental Pollution Control

Solid Waste Collection and Disposal

Land Use Planning

Parks and Recreation

Roads and Street Maintenance

Hospitals

Health Facilities

Airports

Marine Ports

Small Boat Harbors

3) The minimum entitlement for incorporated entities should be \$100,000. Unincorporated entities should be deleted from the program and treated separately.

4) In order to insure that no community receives less funding as a result of combining these programs, the Department proposes that all communities be held harmless at the fiscal year 1983 allocations. In order to let the formula take effect, the Department proposes that any additional appropriations be allocated to recipients using the revenue sharing formula with the proviso that first priority for additional funding go to communities that fall below the minimum entitlement level.

5) The entire program should be funded at a level no less than the proposed fiscal year 1983 appropriation of \$143,351,300. This amount should increase each year by the same percentage that the proposed Constitutional spending limit allows the State budget to increase. Further, the State should pledge to reduce expenditures for State services by a similar amount each year.

6) The existing Rural Development Assistance Program should be expanded to be a program of assistance to unincorporated communities that requires application on a competitive basis for grants up to \$100,000 for capital projects, operation and maintenance of capital projects and community services.

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ORIGINAL.



Matanuska-Susitna Borough

BOX 8, PALMER, ALASKA 99645 • PHONE 745-3266

BOROUGH ATTORNEY'S OFFICE

February 23, 1982

Rep. Patrick M. O'Connell, Chairman
Community and Regional Affairs Committee
Pouch V, Mail Stop 3100
Juneau, Alaska 99811

Dear Rep. O'Connell:

COMMENTS ON HOUSE BILL 746

The following comments and concerns are the product of a brief review of HB746, introduced 2/10/82 and before CERA Committee. It is hoped that these comments will be of help to others in reviewing this bill.

1. Section 1 of the bill increases the minimum annual entitlement of every municipal government in the State from \$25,000 to \$100,000, plus a cost-of-living differential. The effect of this increased allocation is to divide revenue sharing funds by government rather than by population served. With an estimated 140 boroughs and cities in Alaska, \$14 million would be divided without regard to population or to the tax base available to these municipalities. Any reduction in appropriations to municipal revenue sharing will be cut from the population formula entitlements first. Additional funding in future years would go first to meeting the \$100,000 minimum entitlement.

This formula would promote fragmentation of government and is a disincentive to unification of small local governments. This is contrary to the purpose of Article X of the Alaska Constitution "to provide for maximum local self-government with a minimum of local government units, and to prevent duplication of tax-levying jurisdictions." Current Municipal Assistance and revenue sharing disbursements are based primarily on population served and also on the wealth from which local taxes may be drawn. The proposed formula would emphasize instead assistance to the government and de-emphasize assistance to the residents of its jurisdiction.

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Thank you for the opportunity to comment on this bill.

Very truly yours,



Steven H. Morrisett
Borough Attorney

ys

cc: Ginny Chibbrood, Director, APL
Gary Thurlow, Borough Manager
Katanuska-Susitna Borough Assembly Members

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ORIGINAL.

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A UNIT IN THE ORIGINAL FILE.

JAY S. HAMMOND, Governor

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

February 4, 1982

The Honorable Jay S. Hammond
Governor, State of Alaska
Pouch A
Juneau, Alaska 99811

Dear Governor Hammond:

By this letter I am transmitting the report entitled REFORM OF FINANCIAL ASSISTANCE PROGRAMS FOR LOCALITIES IN ALASKA. This report is the product of the Task Force established by you to examine consolidation of the State Financial Aid Programs into one agency and to re-examine the policy objectives of those programs.

The Department looks forward to the introduction of your legislative package that will implement these recommendations.

Sincerely,

Lee McAnerney
Lee McAnerney
Commissioner

cc: The Honorable Terry Miller
Lieutenant Governor

The Honorable Bill Hudson
Commissioner, Dept. of Administration

The Honorable Tom Williams
Commissioner, Dept. of Revenue

REFORM OF FINANCIAL ASSISTANCE PROGRAMS FOR LOCALITIES
IN ALASKA

Recommendations for Action by the Governor

State of Alaska
Department of Community and
Regional Affairs

January 1982

SUMMARY

During fiscal year 1982, over \$1 billion will be spent by four State agencies for 15 programs to provide financial assistance to localities in Alaska.

The Department of Community and Regional Affairs has examined all of these programs with particular emphasis on Revenue Sharing and Municipal Assistance and finds the following problems:

- 1) Revenue Sharing emphasizes tax effort and ability to raise taxes while Municipal Assistance emphasizes population and tax relief.
- 2) Municipal Assistance distributes funds according to outdated indicators and is linked to the declining corporate income tax collections.
- 3) Revenue Sharing, which was revised in 1980, contains a hold harmless provision that reduces the impact of the formula.
- 4) Localities are growing increasingly dependent on the State for funding of property tax relief and increased service provision at the same time as State revenues continue to fall and a Constitutional spending limit is considered by the voters of the State.
- 5) Municipal Assistance encourages municipal incorporation while Revenue Sharing does not.
- 6) The Revenue Sharing and Municipal Assistance Programs are administered by two different agencies and have different reporting and accountability requirements.

In order to address these problems, the Department proposes the following program:

- 1) The Municipal Assistance statute should be repealed and all funds for this purpose should be distributed through the Revenue Sharing program.
- 2) Each recipient should be required to spend 50% of its funds on 3 municipal services from among the following list:

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Fire Protection

Environmental Pollution Control

Solid Waste Collection and Disposal

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Parks and Recreation

Roads and Street Maintenance

Hospitals

Health Facilities

Airports

Marine Ports

Small Boat Harbors

- 3) The minimum entitlement for incorporated entities should be \$100,000. Unincorporated entities should be deleted from the program and treated separately.
- 4) In order to insure that no community receives less funding as a result of combining these programs, the Department proposes that all communities be held harmless at the fiscal year 1983 allocations. In order to let the formula take effect, the Department proposes that any additional appropriations be allocated to recipients using the revenue sharing formula with the proviso that first priority for additional funding go to communities that fall below the minimum entitlement level.
- 5) The entire program should be funded at a level no less than the proposed fiscal year 1983 appropriation of \$143,351,300. This amount should increase each year by the same percentage that the proposed Constitutional spending limit allows the State budget to increase. Further, the State should pledge to reduce expenditures for State services by a similar amount each year.
- 6) The existing Rural Development Assistance Program should be expanded to be a program of assistance to unincorporated communities that requires application on a competitive basis for grants up to \$100,000 for capital projects, operation and maintenance of capital projects and community services.

TABLE OF CONTENTS

Summary.....i-ii

Report and Recommendations.....2-12

Appendix A: Results of survey conducted by
Department and Municipal League on use of
supplemental appropriations for revenue
sharing and municipal assistance.....13-18

Appendix B: Results of survey of State
Departments concerning services delivered
at State level that are more appropriate
for delivery at local level.....19-34

Appendix C: Draft Legislation.....35-40

REPORT AND RECOMMENDATIONS

On July 9, 1981 Governor Hammond appointed a Cabinet level Task Force to review existing municipal aid programs and develop recommendations for organizational and programmatic consolidation. The Task Force consisted of the following members:

Executive Assistant to the Governor
Special Assistant to the Governor for CRA Activities
Commissioner of Community and Regional Affairs
Commissioner of Administration
Commissioner of Revenue
Director of Budget and Management
Assistant Attorney General for Legislation

The Task Force met with Governor Hammond in September 1981 and agreed in principle to consolidate programs in the Department of Community and Regional Affairs.

The staff of the Department of Community and Regional Affairs (DCRA) then began a re-examination of the policy objectives of existing programs and developed a series of recommendations for action by the Governor.

This report provides the findings and recommendations of the Task Force and the DCRA staff.

Review of Existing Programs

The State of Alaska provides a wide variety of direct financial assistance programs to local governments and communities. The following chart shows that over \$1 billion will be spent in fiscal year 1982 among 15 programs administered by four different State agencies:

State Financial Assistance Programs Available to Municipalities and/or Unincorporated Communities

<u>Program</u>	<u>Operating (O) or Capital (C)</u>	<u>Dept.</u>	<u>AMOUNT</u> (In thousands of dollars)		
			<u>FY 80 Actual</u>	<u>FY 81 Actual</u>	<u>FY 82 Budgeted</u>
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Electric & Telephone Coop. Shared Tax	(O)	(Revenue)	2,521.7	1,092.9	2,100.0
Liquor License Shared Tax	(O)	(Revenue)	588.7	770.3	900.0
Fisheries Shared Tax (Ray Fish Tax)	(O)	(Revenue)	3,893.8	3,279.5	5,907.0
Municipal Grants	(C)&(O)	(Admin.)	New Program	208,255.9	281,389.0
Grants to Unincorporated Communities	(C)	(C&RA)	3,445.4	9,582.1	12,898.5
Municipal Aid Account (SB 168)	(C)	(Admin.)	New Program		*200,000.0
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Basic State Aid to Education	(O)	(Education)	238,308.1	275,300.7	345,337.3
Supplemental Equalization	(O)	(Education)	New Program**		
State Aid for Retirement of School Debt	(O)	(Education)	24,091.0	38,380.2	38,262.2

*\$95,000.0 planned for Municipal Aid and \$6,246.7 planned for Unincorporated Community Aid in FY 83.

**Funding contained in basic State Aid to Education.

Note: This listing does not include discretionary or competitive grant programs (i.e., Village Safe Water-DEC; RDA, Community Legal Assistance, Bulk Fuel, etc.-C&RA; Local Service Roads and Trails-DCI, PF; etc.)

The Task Force examined all of these programs for potential consolidation. Of the various operating budget programs, only State Revenue Sharing and Municipal Assistance are proposed for consolidation. The remaining programs are either "shared tax" programs which are simply tax collection and distribution programs and not tied to efforts to redistribute State wealth or education programs which are special purpose aid programs to fulfill the Constitutional commitment to State responsibility for education. No changes are proposed for these programs.

STATE REVENUE SHARING

This program distributes funding to incorporated and unincorporated entities on the basis of population and local tax effort as it relates to relative size of the tax base. Additional funds are shared on the basis of provision of road maintenance and health and hospital services. The program provides a minimum entitlement of \$25,000 plus cost of living adjustments for incorporated entities and \$25,000 for unincorporated entities.

In order to be eligible, applicants must meet the following requirements:

Cities & Boroughs Must:

1. Conduct regular elections
2. Hold council meetings
3. Adopt a municipal budget
4. Adopt a code of ordinances
5. Make application
6. Provide Department with an annual audit or certified financial statement

Unincorporated Communities Must:

1. Hold a public meeting
2. Submit budget
3. Make application

Recipients are free to use their funding for municipal purposes as they see fit.

MUNICIPAL ASSISTANCE

The Municipal Assistance Fund was established to replace the Gross Receipts Tax Law which was repealed January 1, 1979. The amount of this fund is established by the Legislature, which may appropriate to the fund an amount equal or greater than 10% of the Corporate Income Tax receipts for the prior fiscal year. These funds are provided only to

municipalities. The first \$10.6 million is allocated on the basis of the distribution of fiscal year 1978 Gross Business Receipts Taxes. The balance of the appropriation is distributed on a strictly per capita basis.

Prior to fiscal year 1982, the Department of Revenue simply mailed checks to recipients. In 1981 the Legislature added the requirement for submission of a resolution approved by the governing body of the municipality that requests funds.

These funds may be used for any purpose, but the statute encourages recipients to utilize the funds to reduce property taxes.

Problems With Current Structure

1. Revenue Sharing emphasizes tax effort and ability to raise taxes while Municipal Assistance emphasizes population and tax relief.

Formula programs that emphasize population ignore differences in cost of living and economies of scale in many parts of the State. Further, to the extent that Municipal Assistance funds are utilized to reduce local taxes, a reduction will occur in Revenue Sharing allocation as a result of the tax effort formula. However, the huge increase in funding over the past years for both programs has mitigated this impact.

2. Municipal Assistance program distributes funds according to outdated indicators and is linked to the corporate income tax.

Approximately \$10.6 million of the Municipal Assistance funding is distributed to recipients on the basis of 1978 distribution of Gross Business Receipts Tax. That distribution bears no relationship to the overall goal of equitable distribution of State wealth. The program is also loosely linked to corporate income tax receipts. Under new law, the receipts are likely to drop significantly in the next several years, creating uncertainty for local recipients.

3. Revenue Sharing, which was revised in 1980, contains a hold harmless provision that reduces the impact of the formula.

The 1980 amendments to the Revenue Sharing Program enacted a formula based on population and local tax effort. The legislation also contained a provision requiring all recipients to be held harmless at 125% of the 1980 allocation. This provision has not allowed the formula to reallocate resources among recipients and has continued to emphasize

population as the basic factor for distribution of funds.

4. Localities are growing increasingly dependent on the State for funding of property tax relief and increased service provision at the same time as State revenues continue to fall and a Constitutional spending limit is considered by the voters of the State.

The Legislature greatly expanded both the Revenue Sharing and Municipal Assistance programs in Chapter 6/SLA 81 with the clear intent that additional funds be utilized for local tax relief. A survey conducted by the Department, in conjunction with the Alaska Municipal League, indicated that nearly all property tax levying jurisdictions reduced taxes, with seven municipalities reducing local property taxes by 25% or more. Several municipalities lowered sales taxes in response to this appropriation. Eleven of the municipalities responding, mostly small rural cities, indicated that new services were provided with the additional funding. A copy of the results of the survey is attached as Appendix A.

At the same time the State budget increased by almost 400% from fiscal year 1980 to 1982. Although not all of the State budget goes to local service provision, a significant portion does. The Department of Community and Regional Affairs conducted a survey of all State agencies to determine which services delivered at the State level are more appropriate for local administration. A copy of the survey results is attached in Appendix B.

As the voters consider a Constitutional spending limit, the clash between demands for local tax relief and increased service provision will become more apparent.

5. Municipal Assistance encourages municipal incorporation while Revenue Sharing does not.

Municipal Assistance is available only to incorporated communities and hence, advances the Governor's desire to encourage incorporation without mandating it. Revenue Sharing is available to incorporated communities with a minimum entitlement of \$25,000 plus a cost of living adjustment and to unincorporated communities with a minimum entitlement of \$25,000. This approach offers practically no incentive for incorporation and the small amount of funding does little to enhance capacity for self-government.

6. The two programs are administered by two different agencies and have different reporting and accountability requirements.

As stated above, communities are confronted with two sets of conditions for receipt of funds and receive entitlements at various times throughout the year.

Proposed Policy Objectives

As a result of these problems, the Department proposes the following policy objectives to guide development of a reform program.

1. The distribution of funding should be equitable and consider the local tax base and local effort as well as population.
2. A portion of the funding should be utilized by recipients to provide services desired by local residents. Any requirements should be flexible enough to allow local decision-making and should provide a portion of funding for use as the recipient sees fit.
3. Any distribution scheme should provide incentives for incorporation without mandating incorporation and should provide a minimum entitlement sufficient to promote self-government at the local level.
4. The program funding level should be predictable and application requirements should be uniform and simple.

Proposed Program

The Department proposes the following program:

1. The Municipal Assistance statute should be repealed, and all funds for this purpose should be distributed through the Revenue Sharing program.

This change is proposed to preserve the concept of distributing funds on the basis of local tax effort and local tax base as well as population. This change will also simplify administration of the programs.

2. Each recipient should be required to spend 50% of its funds on 3 municipal services from among the following list:

Municipal Administration, Finance and Planning

Police Protection

Fire Protection

Environmental Pollution Control
Solid Waste Collection and Disposal
Land Use Planning
Parks and Recreation
Roads and Street Maintenance
Hospitals
Health Facilities
Airports
Marine Ports
Small Boat Harbors

Every recipient will be requested to submit a plan for expenditure of 50% of its funds on 3 of these services. The purpose is to increase responsibility for service provision at the local level. All municipalities should be capable of providing at least 3 of these services and should have little trouble demonstrating usage of a portion of their funds for these purposes. The Department intends that this requirement be as flexible as possible. The remaining 50% of the funds may be used for any purpose the recipient chooses, including tax relief.

3. The minimum entitlement for incorporated entities should be \$100,000. Unincorporated entities should be deleted from the program and treated separately as described later in this report.

The increased minimum entitlement is required to create functioning governmental structures at the local level. The current minimum entitlement does little to enhance the capacity for local government in small communities.

4. In order to insure that no community receives less funding as a result of combining these programs, the Department proposes that all communities be held harmless at the fiscal year 1983 allocations. In order to let the formula take effect, the Department proposes that any additional appropriations be allocated using the revenue sharing formula with the proviso that first priority for additional funding go to communities that fall below the minimum entitlement level.

5. The entire program should be funded at a level no

less than the proposed fiscal year 1983 appropriation of \$143,351,300. This amount should increase each year by the same percentage that the proposed Constitutional spending allows the State budget to increase. Further, the State should pledge to reduce expenditures for State services by a similar amount each year.

This final change will insure that municipalities receive program funding that will increase at a level which is predictable and which can be accommodated by the proposed Constitutional limit on State spending. The proposed reduction in expenditures for State services will control the growth of State government and encourage a gradual transfer of responsibility to the local level.

FUNDING FOR UNINCORPORATED COMMUNITIES

Funding for unincorporated communities has been an issue since 1980 when the newly enacted Revenue Sharing law contained a provision for funding for Native Village Governments. In 1981 a major program of capital funding for unincorporated communities was enacted as part of a larger capital project funding package.

On one hand, massive funding for unincorporated communities would seem to remove the incentive for incorporation. On the other hand, there is an important public policy interest in sharing Alaska's wealth with all Alaskans. It would be very difficult for the State to cut off funding for unincorporated communities after enacting several laws to provide substantial amounts of money to these communities. The Department recommends creation of a program of financial assistance to unincorporated communities that provides a reasonable level of funding and preserves incentives for incorporation.

The current law, which provides an entitlement of \$25,000 to each Native Village Government in Alaska, has caused a number of administrative problems and the Department has had to rely on a series of legal opinions which give guidance on implementation. The Department of Law has raised significant objections to programs that share exclusively with Native Village Governments on the grounds of violation of the "public purpose" and "equal protection" clauses of the Alaska Constitution. Law has ruled that these funds must be shared with all unincorporated communities. Objections have also been raised to programs which provide an entitlement to unincorporated entities. Law is concerned that a discretionary entitlement confers local government decision-making powers on unincorporated entities in

violation of the Alaska Constitution. However, Law has not strictly barred DCRA from dealing with existing entities for delivery of specific services.

While the Department has no objection to a program that encompasses all unincorporated communities, the Department is concerned that prohibitions on dealing with existing entities do nothing to enhance the concept of local self-government.

In order to provide a coherent program of assistance to unincorporated communities and meet some of the legal objections raised by the Department of Law, the Department recommends repealing the Statute providing revenue sharing to Native Village Governments and transferring the \$2.5 million funding for the program to a revised Rural Development Assistance (RDA) Grant program. The revised RDA program would be available exclusively for unincorporated communities to apply for grants up to \$100,000 on a competitive basis for capital projects, community service projects and funds for operation and maintenance of capital facilities. With \$3.3 million for the program proposed in the fiscal year 1983 budget, total program funding would be \$5.8 million for fiscal year 1983. (It should be noted that approximately 2/3 of the fiscal year 1981 RDA program appropriation was awarded to incorporated areas. It is expected that the increased minimum entitlement under the revenue sharing program would provide greater certainty of funding to these communities.) DCRA would propose to provide funding to existing entities in any unincorporated community and to conduct all grant funding on a contractual basis in order to insure that funds are spent in a manner consistent with the State Constitution and Laws. The Department further proposes to add a provision to law that would allow withholding of additional State funds if a finding is made that expenditure of funds was not consistent with those laws. The Department strongly feels that this approach is equitable, preserves incentives for incorporation and provides the greatest ease of administration.

Capital Programs

There are 4 basic programs of capital assistance to localities as follows:

Municipal Grants - Department of Administration

Municipal grants were formalized under AS 37.05.315, which set out a general process by which the Department of Admin-

istration disperses and administers specific legislative grants to municipalities. The Department is prohibited by this law from adopting regulations or procedures for administering those appropriations. The Division of Budget and Management indicates that many municipal grants will be considered part of the operating budget in the future.

Grants to Unincorporated Communities - DCRA

Specific legislative grants to unincorporated communities are also addressed under AS 37.05.315. The Department of Community and Regional Affairs is charged with administering these grants in a manner similar to Municipal Grants.

Municipal Aid Account - Department of Administration

Chapter 60, SLA 1981 created a program to provide one-time per capita funding to municipalities for capital improvements and/or social services. Cities with populations of less than 1,000 may also use funding for operating expenses of capital projects.

Aid to Unincorporated Communities - DCRA

Chapter 60, SLA 1981 also created the Unincorporated Communities Aid Account which provides a one time payment of \$1,000 per capita to unincorporated communities in the unorganized borough with a population of at least 25 persons. This program is administered by the Department of Community and Regional Affairs with payment going to the most qualified entity.

The Department had planned to recommend a program of planning for capital projects and a distribution of funds based on population and need. However, budgetary limitations have forestalled this effort. The Task Force did agree in principle, however, that future appropriations under these programs should be administered by the Department of Community and Regional Affairs. The Governor's Office has requested preparation of legislation to accomplish this purpose.

Conclusion

The Department of Community and Regional Affairs has drafted legislation to implement these recommendations (Appendix C).

The Task Force concurs with these recommendations to the extent that an organizational consolidation of programs occur. Other recommendations were prepared and submitted by the Department of Community and Regional Affairs.

The Department is submitting these recommendations in the belief that the State needs a coherent policy for sharing State wealth with localities. This proposed program attempts to alleviate a variety of existing administrative problems and enhance the Governor's policy objectives concerning local government.

MODEL - MUNICIPAL REVENUE SHARING ENTITLEMENTS

TOTAL APPROPRIATION = \$158,816,000

BASIC APPROP. PRORATION FACTOR = 1.0000000000000000

MINIMUM ENT. PRORATION FACTOR = 1.0000000000000000

CHAPTER 88 PRORATION FACTOR = 3.23533604175440

REV	NAME	POPULATION	MILL RATE EQV	BASIC ENTITLEMENT <i>Fy83</i>	MINIMUM ENTITLEMENT	CHAPTER 88 ENTITLEMENT	TOTAL ENTITLEMENT <i>Fy84</i>
BOROUGH							
010	ALBION BOROUGH A.M.	180,740	6.25	\$60,962,818	\$0	\$3,658,630	\$64,621,447
020	BRIARCLIFF BAY BOROUGH	1,182	26.97	\$495,408	\$0	\$103,155	\$598,563
030	FATDANKS BOROUGH	51,559	8.21	\$9,391,880	\$0	\$1,372,997	\$9,764,877
070	JAMES BOROUGH	1,712	5.85	\$205,188	\$0	\$52,420	\$240,608
090	JUNEAU BOROUGH A.M.	21,050	14.21	\$7,573,906	\$0	\$1,010,473	\$8,584,379
150	YENNY PENINSULA BOROUGH	26,520	4.01	\$4,597,144	\$0	\$344,226	\$4,941,370
020	PETCHIKOFF BOROUGH	11,373	9.12	\$1,420,524	\$0	\$335,652	\$1,756,176
040	RODNEY ISLAND BOROUGH	8,352	6.54	\$1,336,003	\$0	\$185,013	\$1,521,016
040	HEATHBOROUGH	19,123	7.42	\$5,319,130	\$0	\$459,548	\$5,778,678
050	NORTH SLOPE BOROUGH	4,504	9.71	\$1,838,230	\$0	\$141,620	\$1,979,850
070	STINA BOROUGH	7,927	13.53	\$2,645,231	\$0	\$343,478	\$2,988,709
BEST CLASS CITIES							
100	CAPE M	2,353	5.98	\$571,222	\$0	\$45,559	\$616,781
100	COVINA	2,223	33.80	\$1,191,991	\$0	\$243,126	\$1,435,117
100	CRALG	560	27.60	\$252,694	\$0	\$50,009	\$302,703
100	DELL BUSH	1,566	24.03	\$603,242	\$0	\$121,767	\$725,009
100	FATDANKS	25,568	17.13	\$10,317,907	\$0	\$1,417,047	\$11,734,954
100	GALE	805	23.62	\$236,893	\$0	\$51,535	\$288,428
100	HUNTS	1,017	23.97	\$391,410	\$0	\$78,876	\$470,286
100	INDY	2,588	20.00	\$621,251	\$0	\$167,538	\$788,789
100	INDY	799	5.76	\$229,449	\$0	\$14,892	\$244,341
100	INDY	355	4.79	\$75,423	\$3,577	\$5,528	\$105,528
100	INDY	523	17.95	\$187,911	\$0	\$33,274	\$221,185
100	INDY	4,558	23.72	\$1,801,326	\$0	\$344,890	\$2,146,216
100	INDY	7,200	32.09	\$3,185,758	\$0	\$77,534	\$3,263,292
100	INDY	513	22.87	\$185,245	\$0	\$37,971	\$223,216
100	INDY	389	3.11	\$102,688	\$0	\$3,918	\$106,606
100	INDY	4,678	19.51	\$1,916,642	\$0	\$295,401	\$2,212,043
100	INDY	454	21.76	\$201,983	\$0	\$31,968	\$233,951
100	INDY	3,039	29.01	\$1,376,908	\$0	\$285,255	\$1,662,163

MODEL - MUNICIPAL REVENUE SHARING ENTITLEMENTS

PAGE 2
FEB 1, 1982

TOTAL APPROPRIATION = \$158,816,000

BASIC APPROP. PRORATION FACTOR = 1.00000000000000

MINIMUM ENT. PRORATION FACTOR = 1.00000000000000

CHAPTER 88 PRORATION FACTOR = 3.23533604176440

KEY	NAME	POPULATION	M.L.L. RATE EQV	BASIC ENTITLEMENT FY83	MINIMUM ENTITLEMENT	CHAPTER 88 ENTITLEMENT	TOTAL ENTITLEMENT FY84
FIRST CLASS CITIES							
1150	NORTH POLE	928	9.14	\$288,162	\$0	\$27,448	\$315,610
1200	PALMER	2,094	19.11	\$1,020,583	\$0	\$129,528	\$1,150,111
1210	PELICAN	172	26.57	\$70,329	\$29,671	\$14,787	\$114,787
1220	PETERSBURG	3,001	27.98	\$1,333,818	\$0	\$271,753	\$1,605,581
1250	SAND POINT	697	26.61	\$267,868	\$0	\$60,007	\$327,875
1290	SANIT MARY'S	432	32.43	\$212,268	\$0	\$53,722	\$265,990
1350	SELDONIA	505	20.62	\$174,173	\$0	\$33,700	\$207,873
1360	SEWARD	1,943	22.73	\$1,057,506	\$0	\$142,939	\$1,200,445
1370	SKAWWAY	819	14.18	\$274,515	\$0	\$37,579	\$312,094
1380	SOLICITIA	2,445	20.15	\$570,833	\$0	\$159,446	\$730,279
1390	UNIONVILLE	1,944	61.84	\$936,046	\$0	\$328,945	\$1,324,991
1390	VALLEY	3,279	6.75	\$3,133,376	\$0	\$71,618	\$3,204,994
1390	WINDFALL	2,345	25.75	\$1,095,115	\$0	\$135,365	\$1,230,480
1390	WINDFALL	430	19.72	\$156,900	\$0	\$27,440	\$184,340
SECOND CLASS CITIES							
1400	ALBION	103	0.00	\$47,058	\$52,942	\$0	\$100,000
1410	ARMAHINE	435	3.78	\$125,276	\$0	\$5,329	\$130,605
1420	ARLAP	197	0.00	\$71,702	\$28,298	\$0	\$100,000
1430	ARLINGTON	635	5.03	\$256,950	\$0	\$10,350	\$267,300
1440	ARLINGTON	189	0.00	\$192,193	\$0	\$92,083	\$274,276
1450	ARLINGTON	534	6.68	\$193,092	\$0	\$28,821	\$221,913
1460	ARLINGTON	152	0.00	\$61,976	\$38,024	\$0	\$100,000
1470	ARLINGTON	158	0.00	\$65,195	\$34,804	\$0	\$100,000
1480	ARLINGTON	198	19.70	\$76,305	\$23,695	\$12,621	\$112,621
1490	ARLINGTON PARK	275	0.00	\$80,078	\$19,922	\$0	\$100,000
1490	ARLINGTON	500	4.38	\$134,014	\$0	\$7,097	\$141,111
1490	ARLINGTON	445	0.00	\$129,373	\$0	\$0	\$129,373
1490	ARLINGTON	338	6.17	\$173,740	\$0	\$6,757	\$180,497
1490	ARLINGTON	110	0.00	\$55,761	\$44,239	\$0	\$100,000
1490	ARLINGTON	226	1.32	\$80,991	\$19,009	\$972	\$100,972

MODEL - MUNICIPAL REVENUE SHARING ENTITLEMENTS

TOTAL APPROPRIATION \$158,816,000

BASIC APPROP. PRORATION FACTOR = 1.00000000000000
 MINIMUM ENT. PRORATION FACTOR = 1.00000000000000
 CHAPTER 88 PRORATION FACTOR = 3.23533604176440

KEY	NAME	POPULATION	MILL RATE EGV	BASIC ENTITLEMENT FY83	MINIMUM ENTITLEMENT	CHAPTER 88 ENTITLEMENT	TOTAL ENTITLEMENT FY84
SECOND CLASS CITIES							
0150	BETHEL	3,549	12.05	\$1,514,923	\$0	\$135,416	\$1,650,339
0160	BREVIN MISSION	149	7.18	\$63,512	\$36,488	\$3,462	\$103,462
0170	BUCKLAND	211	7.06	\$75,618	\$24,382	\$4,819	\$104,819
0180	CHEFORMAN	230	8.90	\$78,621	\$21,379	\$6,627	\$106,627
0190	CHEVAL	491	2.99	\$129,761	\$0	\$4,754	\$134,515
0200	CHUATHAULIE	104	6.69	\$59,219	\$40,781	\$2,252	\$102,252
0210	CLARK'S POINT	78	14.90	\$46,971	\$53,029	\$3,760	\$103,760
0220	DEER HILL	155	21.99	\$64,927	\$35,013	\$11,022	\$111,022
0230	DELTA JUNCTION	945	0.00	\$258,272	\$0	\$0	\$258,272
0240	DUNDEE	149	5.86	\$60,703	\$39,297	\$2,827	\$102,827
0250	EAGLE	186	2.47	\$65,675	\$34,325	\$1,431	\$101,431
0260	EGG	226	2.03	\$77,269	\$22,731	\$1,485	\$101,485
0270	EMM	77	2.23	\$46,345	\$53,655	\$56	\$100,560
0280	ELIH	228	4.72	\$79,430	\$20,570	\$3,483	\$103,483
0290	EMMONS	568	7.39	\$170,887	\$0	\$13,585	\$184,472
0300	EMM SUMON	599	12.71	\$206,938	\$0	\$24,631	\$231,610
0310	FORTUNE LEDGE	243	9.01	\$81,653	\$18,347	\$7,033	\$107,033
0320	GAMBELL	480	4.57	\$129,627	\$0	\$7,110	\$136,737
0330	GILGREN	94	8.10	\$53,150	\$40,850	\$2,465	\$102,465
0340	GOODRICH BAY	167	0.00	\$65,429	\$34,571	\$0	\$100,000
0350	GRANT HIG	209	0.00	\$73,879	\$26,121	\$0	\$100,000
0360	HOLY CROSS	241	1.78	\$81,186	\$18,814	\$1,395	\$101,395
0370	HOOVER BAY	674	2.86	\$157,803	\$0	\$5,790	\$163,593
0380	HORRIGAN	523	0.11	\$190,825	\$0	\$216	\$191,041
0390	HUGHES	71	2.66	\$47,755	\$52,245	\$613	\$100,613
0400	HURLEY	230	0.00	\$113,427	\$0	\$1	\$113,427
0410	HUTCHINS	425	2.41	\$110,208	\$0	\$3,324	\$113,532
0420	INDIANTO	201	0.30	\$74,330	\$25,670	\$197	\$100,197
0430	IRVING	247	0.00	\$80,762	\$19,238	\$0	\$100,000
0440	JACKSON	64	0.12	\$37,041	\$62,959	\$26	\$100,026
0450	KLINE	356	3.09	\$105,694	\$0	\$3,554	\$109,248

MODEL - MUNICIPAL REVENUE SHARING ENTITLEMENTS

TOTAL APPROPRIATION \$153,816,000

BASIC APPROP. PRORATION FACTOR = 1.0000000000000000

MINIMUM ENT. PRORATION FACTOR = 1.0000000000000000

CHAPTER 88 PRORATION FACTOR = 3.23532604176440

KEY	NAME	POPULATION	MILL RATE EQV	BASIC ENTITLEMENT <i>FY83</i>	MINIMUM ENTITLEMENT	CHAPTER 88 ENTITLEMENT	TOTAL ENTITLEMENT <i>FY84</i>
SECOND CLASS CITIES							
170	KIVAJA	249	4.85	\$82,859	\$17,141	\$3,921	\$103,921
180	KOBUK	64	3.48	\$46,323	\$53,677	\$721	\$100,721
190	KOTLIK	339	4.07	\$100,628	\$0	\$4,467	\$105,095
200	KOTZEBUE	2,250	17.15	\$730,161	\$0	\$124,851	\$855,027
210	KOVAK	203	6.31	\$74,417	\$25,583	\$4,149	\$104,149
220	KOVUUK	95	10.23	\$53,253	\$46,747	\$3,145	\$103,145
230	KUFFENDE	47	1.88	\$34,745	\$65,254	\$285	\$100,285
240	KUOTLIK	454	3.86	\$122,715	\$0	\$5,676	\$128,391
250	LARGEN BAY	167	0.00	\$58,902	\$41,098	\$0	\$100,000
255	LOWER PALSNAG	244	3.29	\$152,627	\$0	\$2,599	\$155,226
260	MARSHFIELD	290	1.51	\$89,056	\$10,944	\$1,421	\$101,421
270	MCCRATH	343	2.01	\$120,096	\$0	\$2,232	\$122,327
280	MEDFORD	160	14.19	\$67,664	\$32,336	\$7,349	\$107,349
290	MOUNTAIN VILLAGE	580	16.25	\$218,945	\$0	\$30,502	\$249,447
300	NARVAL	260	8.48	\$90,300	\$9,700	\$7,139	\$107,139
310	NARVAL LAKE	242	0.00	\$90,443	\$19,557	\$0	\$100,000
320	NORMLIN	135	1.40	\$58,379	\$41,621	\$612	\$100,612
330	NEW SUDANOR	327	0.00	\$36,362	\$3,632	\$0	\$100,000
340	NERTON	175	0.95	\$67,329	\$32,671	\$542	\$100,542
350	NICHOLITE	135	8.32	\$59,374	\$0,626	\$3,639	\$103,639
360	NINDAY	91	0.00	\$51,037	\$48,963	\$0	\$100,000
370	NORFOLTON	173	0.18	\$05,831	\$34,169	\$104	\$100,104
380	NORVIE	502	3.38	\$135,703	\$0	\$5,571	\$141,274
390	NORVING	333	2.42	\$101,820	\$0	\$2,655	\$104,475
400	NORVING	271	0.00	\$87,095	\$12,905	\$0	\$100,000
410	OLD HARBOR	244	0.21	\$92,508	\$7,492	\$235	\$100,235
420	OUTRIDGE	170	1.83	\$60,075	\$30,925	\$896	\$100,896
430	PACIFIC STATION	323	6.05	\$96,536	\$3,464	\$6,330	\$106,330
440	PLATON	55	0.00	\$43,822	\$56,178	\$0	\$100,000
450	POINT HORN	511	1.20	\$141,696	\$0	\$2,077	\$143,773
460	PORT ALEXANDER	90	3.02	\$43,090	\$56,910	\$680	\$100,680

MODEL - MUNICIPAL REVENUE SHARING ENTITLEMENTS

TOTAL APPROPRIATION - \$158,816,000

BASIC APPROP. PRORATION FACTOR = 1.0000000000000000

MINIMUM ENT. PRORATION FACTOR = 1.0000000000000000

CHAPTER 88 PRORATION FACTOR = 3.23533604176440

KEY	NAME	POPULATION	MILL RATE EQV	BASIC ENTITLEMENT <i>Fy83</i>	MINIMUM ENTITLEMENT	CHAPTER 88 ENTITLEMENT	TOTAL ENTITLEMENT <i>Fy84</i>
SECOND CLASS CITIES							
0770	PORT HEIDEN	91	1.26	\$108,124	\$0	\$373	\$108,497
0780	PORT LIONS	211	10.52	\$68,176	\$31,824	\$7,181	\$107,181
0790	QUINCY	409	3.52	\$114,138	\$0	\$4,662	\$118,800
0800	RUBY	190	0.70	\$71,845	\$28,155	\$42	\$100,042
0810	CHRISTIAN MISSION	169	1.81	\$65,606	\$34,394	\$992	\$100,992
0820	SAINTE MICHAEL	258	5.29	\$88,913	\$11,087	\$4,422	\$104,422
0830	SAINTE PAUL	591	9.88	\$259,082	\$0	\$12,901	\$277,983
0840	SANDONGA	530	7.71	\$140,719	\$0	\$13,229	\$153,948
0850	SAYBURN	275	0.00	\$79,462	\$20,538	\$0	\$100,000
0860	SCHIBON BAY	249	2.77	\$82,162	\$17,838	\$2,232	\$102,232
0870	SELAHAK	361	0.00	\$108,009	\$0	\$0	\$108,009
0880	SEVYER	127	1.06	\$59,049	\$40,351	\$444	\$100,444
0890	SHILOH TWP	177	3.37	\$34,502	\$5,498	\$1,230	\$101,930
0900	SHILOH POINT	103	6.64	\$53,165	\$46,835	\$7,213	\$107,213
0910	SHISHMARFF	425	3.52	\$118,541	\$0	\$7,926	\$126,467
0920	SILVERDALE	208	2.30	\$76,124	\$23,876	\$1,549	\$101,549
0930	STEBBINS	357	4.44	\$104,022	\$0	\$5,132	\$109,154
0940	TAPPAN	388	2.44	\$232,002	\$0	\$3,074	\$235,076
0950	TRILLER	229	8.78	\$79,549	\$20,451	\$6,510	\$106,510
0960	TRIMMER SPRINGS	132	2.72	\$52,869	\$47,131	\$1,164	\$101,164
0970	TUGLAK	511	0.73	\$136,524	\$0	\$1,221	\$137,745
0980	TOLSON BAY	331	7.58	\$98,860	\$1,140	\$8,127	\$108,127
0990	TROUSARD	234	3.42	\$170,124	\$0	\$2,596	\$172,720
1005	TROUSARD	301	2.25	\$92,244	\$7,756	\$2,198	\$102,198
1020	UNCLARK CT	672	7.44	\$202,974	\$0	\$16,197	\$219,171
1030	UNION LAKE	128	2.95	\$65,213	\$3,787	\$1,221	\$101,221
1040	UNION LAKE	410	0.00	\$114,838	\$0	\$0	\$114,838
1050	UNION	143	9.53	\$59,432	\$40,568	\$4,109	\$104,109
1060	UNION	1,928	0.33	\$562,063	\$0	\$2,045	\$564,108
1070	WHITE MOUNTAIN	125	10.10	\$58,346	\$41,654	\$4,088	\$104,088
1080	WILMOT	211	39.68	\$101,859	\$0	\$27,603	\$129,462
TOTAL				\$142,292,273	\$2,135,658	\$14,388,068	\$158,816,000

Appendix A

December 17, 1981

SB 125 (CH. 6 SLA 1981) CRA/AML QUESTIONNAIRE RESPONSES

MUNICIPALITY	WERE TAXES REDUCED?	1981 LEVEL	1982 LEVEL	EST 1982 LEVEL W/O FUNDING	REDUCTION OF FEES & CHARGES	WAS RATE OR FEE INCREASED?	NEW SERVICES PROVIDED?	IS FUNDING ADEQUATE?	LISTED IN BUDGET FOR FY 82	FY 83
Municipality of Anchorage	Yes	12.06 mills average	8.30 mills	12.06 mills*	No	Yes	No		1981	
Bristol Bay Borough	Yes	7.5 mills Areawide	6.5 mills Areawide	8.5 mills	N/A	No	Yes	No	Yes	
Fairbanks North Star Borough	NR									
Haines Borough	Yes	1.8 mills	1 mill?	3.5 mills	N/A	No	No	Yes	Yes	
City/Borough of Juneau	Yes	11.06 mills average	4.90 mills	11.73 mills	No	User fees	No	No		Yes
Kenai Peninsula Borough	Yes	2.5 mills	1.75 mills	2.63 mills	No	No	No	No		Yes
Ketchikan Gateway Borough	NR									
Kodiak Island Borough	Yes	7 mills	5.5 mills		No	No	No	Yes	Yes	
Kat-Su Borough	Yes	8.4 mills	6.7 mills	9.9 mills	No	No	Yes	No		Yes
North Slope Borough	NR									
City/Borough of Sitka	Yes	3.5 mills 4%	3.0 mills 4%	5.5 mills 4%	No	Yes	No	No	Yes*	

NR - No response

N/A - Not Applicable

* - response unclear, information estimated

MUNICIPALITY	WERE TAXES REDUCED?	1981 LEVEL	1982 LEVEL	EST 1982 LEVEL W/O FUNDING	REDUCTION OF FEES & CHARGES	WAS RATE OR FEE INCREASED?	NEW SERVICES PROVIDED?	IS FUNDING ADEQUATE?	LISTED IN BUDGET FOR	
									FY 82	FY 83
Cordova (Home rule)	Yes	15 mills 4%	1 mill 4%	15 mills 4%	No	No	No	Yes	Yes	
Craig	NR									
Dillingham	NR									
Galena (1st)	No	3%	3%	3%	No	Yes	Questionable	No	Yes	
Hoquah	NR									
Kake (1st)	No	3%	3%	3%	No	Yes	Yes	No	No	Yes*
King Cove	NR									
Kenai	NR									
Nome (1st)	Yes	15 mills 3%	9 mills 3%	12.5 mill 3%	Exempted Sales Tax on heating and utilities	No	Yes	No	Yes	
Pelican	Yes	5.5 mills 3%	5 mills 3%	7 mills 3%	No	No	No	Yes	Yes	
Petersburg	NR									
Sand Point	Yes	2%	2%	2%	No	No	No	Depends on fishing success	Yes	
Skagway (1st)	Yes	7 mills 4%	4 mills 3%	5 mills 3%	No	Yes	No	No	Scale	Must
Unalaska (1st)	Yes	13 mills 1%	13 mills 1%	Rates to Max.	No	No	In the process	Barely	Yes	
Valdez	NR									
Wrangell (Home rule)	Yes	12.9 mills	7.2 mills	12.9 mills	No	No	No	No	Yes	
Yakutat (1st)	No	13.7 mills 2%	13.7 mills 2%	Unknown	No	No	No	No	Yes	

NR - No response

NR/A - Not Applicable

* - Response unclear, information estimated

MUNICIPALITY	WERE TAXES REDUCED?	1981 LEVEL	1982 LEVEL	EST 1982 LEVEL W/O FUNDING	REDUCTION OF FEES & CHARGES	WAS RATE OR FEE INCREASED?	NEW SERVICES PROVIDED?	IS FUNDING ADEQUATE?	LISTED IN BUDGET FOR FY 82	FY 83
Aktachuk(2nd)	NR									
Alvat (2nd)	NR									
Amulikut(2nd)	NR									
Anutan(2nd)	NR									
Alakanak(2nd)	NR									
Allakaket	NR									
<hr/>										
Aabier (2nd)	No							No		
<hr/>										
Anderson	NR									
<hr/>										
Angoon (2nd)	No							Yes		
<hr/>										
Aniak	NR									
Ayik	NR									
<hr/>										
Atnautluk (2nd)	No							Yes		
<hr/>										
Bethel (2nd)	No							No		
<hr/>										
Brookly Mission	NR									
Luakland	NR									
<hr/>										
Chelornak (2nd)	No							No		
<hr/>										
Chesak (2nd)	No							No		
<hr/>										
Christiana	NR									
Clark's Point	NR									
Dooling	NR									
Delta Junction	NR									
Etivadu	NR									
Engle	NR							Yes		
Erb	NR									
EvieA	NR									
Flto	NR									
Freemak	NR									

NR - No Response
 N/A - Not Applicable

15

MUNICIPALITY	WERE TAXES REDUCED?	1981 LEVEL	1982 LEVEL	EST 1982 LEVEL W/O FUNDING	REDUCTION OF FEES & CHARGES	WAS RATE OR FEE INCREASED?	NEW SERVICES PROVIDED?	IS FUNDING ADEQUATE?	LISTED IN BUDGET FOR	
									FY 82	FY 83
Fort Yukon (2nd)	No						Yes			
Fortuna Ledge	NR									
Gaskell	NR									
Golevin	NR									
Gocanows Bay	NR									
Grayling	NR									
Holy Cross	NR									
Igonah	NR									
Honger Bay	NR									
Indies	NR									
Huslia	NR									
Hydaburg	NR									
Isenegak	NR									
Kave	NR									
Kaltag	NR									
Kasson	NR									
Kiana	NR									
Kivalina (2nd)	No						No			
Kluock	NR									
Kuluk	NR									
Kutik	NR									
Kutzow	NR									
Kuyuk	NR									
Kuyukuk	NR									
Kupreunof	NR									
Kuthluk	NR									
Larsen Bay	NR									
Lower Kalskag	NR									
Panokutak	NR									
Pearlth	NR									
Peluruk	NR									
Mountain Village	NR									
Napaklan (2nd)	No						No			
Napashok	NR									
New Stuyshok	NR									
Nukalen	NR									
Nutul	NR									

NR - no response
 N/A - not applicable

MUNICIPALITY	WERE TAXES REDUCED?	1981 LEVEL	1982 LEVEL	EST 1982 LEVEL W/O FUNDING	REDUCTION OF FEES & CHARGES	WAS RATE OR FEE INCREASED?	NEW SERVICES PROVIDED?	IS FUNDING ADEQUATE?	LISTED IN BUDGET FOR	
									FY 82	FY 83
Highgate	NR									
Nikolai	NR									
Nonsilton	NR									
Norvia	NR									
Nuqsut	NR									
Nulato	NR									
Old Harbor	NR									
Osziukie	NR									
Pilot Station	NR									
Platinum	NR									
Point Hope	NR									
Port Alexander	NR									
Port Dalton	NR									
Port Lions	NR									
<hr/>										
Quinnagak (2nd)	No						Yes			
<hr/>										
Riley	NR									
Russian Mission	NR									
Saint Michael	NR									
Saint Paul	NR									
Savonoga	NR									
Sixton	NR									
Seavon Bay	NR									
Solarik	NR									
Staple	NR									
St. Loulik	NR									
Stellan Point	NR									
<hr/>										
Shesmaref (2nd)	No						No			
<hr/>										
Shinguk	NR									
Stebbins	NR									
<hr/>										
Tarano (2nd)	No						Yes			
<hr/>										
Teller	NR									
<hr/>										
Tenakee Springs (2nd)	No						Yes			

NR - No response
 N/A - Not applicable

MUNICIPALITY	W/PE TAXES REDUCED?	1981 LEVEL	1982 LEVEL	EST 1982 LEVEL W/O FUNDING	REDUCTION OF FEES & CHARGES	WAS RATE OR FEE INCREASED?	NEW SERVICES PROVIDED?	IS FUNDING ADEQUATE?	LISTED IN BUDGET FOR FY 82 FY 83
Togiak	NR								
Toksook Bay	NR								
Tulksak	NR								
Tunarsuk	NR								
Unalakleet (2nd)	No						Yes		
Upper Kalskag	NR								
Wainwright	NR								
Wales	NR								
Wasilla	NR								
White Mountain	NR								
Whittier	NR								

NR - No Response
N/A - Not Applicable

Appendix B

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: All Commissioners

DATE: October 2, 1981

FILE NO

TELEPHONE NO

FROM: Lee McAnerney
Commissioner

SUBJECT: Inventory of "local
services" provided
by State agencies.

At the Cabinet meeting on September 21, Governor Hammond indicated that each State agency should identify any services currently provided by the State which might be more appropriately delivered by a local government. The purpose of this identification process would be to examine the potential for linking the provision of these services with the receipt of State revenue sharing and municipal assistance funds by local governments.

The Governor has already appointed a working group, which I chair, to reexamine the policy objectives of financial aid programs for local governments. One aspect of this reexamination involves exploring the concept advanced by the Governor. To assist in this effort, I would appreciate information from your agency on any programs or services delivered by state government which you feel should be delivered at the local level. While it is difficult to make a distinction between State and local responsibilities, I might suggest that "local services" include local public protection, streets and sidewalks, local utilities, local health clinics and hospitals, libraries, planning, platting and zoning, mass transit, ambulances, boat harbors and parks and recreation. However, please feel free to provide information on programs or services which are not listed that you feel are appropriately "local" in nature. I would appreciate a concise description of the program or service, where the program or service is provided, the level of funding for the program or service and the level of technical support provided in addition to direct program or service funds.

I would appreciate your response to my office no later than October 16, 1981.

Thank you for your cooperation.

MEMORANDUM

State of Alaska

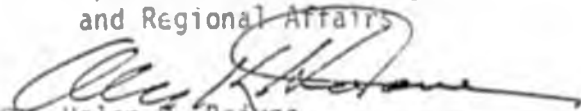
RECEIVED
DEC 17 1981

TO Lee McAnerney
Commissioner
Department of Community
and Regional Affairs

DATE December 17, 1981
OF COMMUNITY
AND REGIONAL AFFAIRS

FILE NO:

TELEPHONE NO:


FROM Helen D. Beirne
Commissioner
Department of Health and
Social Services

SUBJECT Inventory of "Local
Services" Provided by
State Agencies

I am sorry for the delay in responding to your memorandum of October 2. However, we find that the issue of what is more properly a local service as opposed to a state service is considerably more complicated than it originally appeared on the surface as evidenced in our efforts over the last two years to contract with local entities for the delivery of various types of health and social services. Those efforts have demonstrated that there are substantial legal problems. As I understand the various opinions and memoranda of advice which we have received from the Department of Law on this topic, there are legal impediments which restrain the state from relinquishing certain functions particularly in the area of discretionary functions and to some extent also in the area of ministerial functions. I presume that extensive statutory revisions would be required in order for the state to hand over certain functions to local government and also to permit local government to assume them regardless of the source of financing.

A second complicating factor is the problem of economies of scale. Many of our communities are of insufficient size to support full-time workers such as public health nurses, social workers, probation officers, etc. A move toward local services would require in many instances the formation of some type of local district combining several small units.

A third problem area would be definition of the state's role if any in setting standards to be met by locally delivered services. In some of the older revenue sharing legislation there were examples of standards such as qualifications of personnel, etc. to which a municipality had to agree in order to receive funds. Although the prevailing national mood seems to be anti-regulatory, it does appear that certain sensible minimum standards ought to be applied at least in certain areas such as hospital construction, etc.

Notwithstanding the reservations expressed above consideration could be given to a stronger local role using revenue sharing or municipal assistance funds for the following types of activities:

1. Municipal health centers: Anchorage operates the only health department in the state and the state contributes approximately half of the general public health program costs through an annual grant to the Municipality. Fairbanks has traditionally provided a great deal of support to the Fairbanks health center in the way of additions or remodeling, equipment.

etc. Relatively few other local governments make any substantial contribution to the health centers which serve their populations. In fact, there seems to have been a withdrawal of local support in some communities. Certainly some municipal revenue sharing funds could be used in communities such as Ketchikan, Sitka, Petersburg, Wrangell, Homer, Kenai, etc. to pay costs of space rental, equipment replacement, vehicles, etc. Where the health center serves both a municipality and a surrounding area, some adjustment presumably would have to be made depending upon the proportions of services provided within a municipality versus those outside.

2. Various programs serving developmentally disabled individuals could conceivably receive a portion of their support from revenue sharing funds. These might include infant learning programs, respite care services, etc.
3. Certain types of counseling and crisis intervention types of services such as those provided through Big Brothers/Big Sisters and various local contractors or grantees now receiving funds directly from the state could presumably appropriately be supported through use of revenue sharing funds. Many of the costs of community mental health centers and community alcoholism and drug abuse programs could be met through revenue sharing mechanisms.
4. Support for operational costs of local hospitals could also be met to some extent with revenue sharing mechanisms. It is doubtful that in the smaller communities if revenue sharing would be an adequate source of funds for major capital improvements to the hospital system.

In summary, theoretically almost all of the grant or contract programs currently operated by the Department could be handled through revenue sharing at the local level. I have attached material regarding the potential funding involved in these programs. A major question would be the state's obligation to assure that certain types of services such as alcohol or mental health are in fact available at the local level. Each governing statute would have to be researched to determine its compatibility with a local control approach.

Attachments

MEMORANDUM

State of Alaska

TO Debra Behr
 Special Assistant
 Office of the Commissioner
 Dept. of Health & Social Services

DATE December 14, 1981

FILE NO DG-29

TELEPHONE NO

FROM Joanne Clark *JCC*
 Acting Director
 Div. of Management and Budget
 Dept. of Health & Social Services

SUBJECT FY 82 Grantees

Attached is a compilation of FY83 Detail Budget form 18's showing the Department of Health and Social Services FY 82 Grantees and the amounts granted. A summary of these forms is as follows:

<u>Component</u>	<u>Number of Grants</u>	<u>Total FY 82 Authorized</u>
Alcoholism Grants	56	14,151.3
Drug Abuse Grants	8	1,573.6
HSA Grants	3	300.0
Community Services	18	4,549.4
Comm. MH Grants	23	4,178.4
Spec. Proj. and Grants	1	25.6
Handicapped Children	3	75.5
Nutrition	4	540.8
Spec. Education Grants	Numerous	1,400.0
Grants to Mun. of Anch.	1	939.1
Public Health Admin.	4	106.3
Anch. Prog./Handicapped	Various	620.9
Holistic Health	17	275.3
Health Clinics	9	942.0
EMS Administration	4	148.3
EMS Grants - Reg. Councils	4	1,365.0
TOTALS	155+	31,281.5

Attachments

MEMORANDUM

State of Alaska Department of Transportation & Public Facilities

TO: Lee McNerny
Commissioner
Department of Community
and Regional Affairs

DATE: December 14, 1981

FILE NO: 000H

TELEPHONE NO: 465-3900

FROM: Robert W. Ward
Commissioner
Department of Transportation
and Public Facilities

SUBJECT: Inventory of "Local
Services" provided
by State agencies.
(Memo 10-2-81)

State agencies

With a few exceptions the DOT/PF is the overall planning and construction agency for facilities of all types for the various Departments of the State's programs. DOT/PF, unless mandated otherwise by the legislature for specific programs, has three means to implement projects within municipalities: a) by means of transferring DOT/PF responsibilities to local governments, b) by means of granting or "passing through" funds to local governments, and c) by means of doing the work for municipalities.

The transfer of responsibilities agreement (TORA) is presently employed to varying degrees at the request of local government and by administrative determination by the Department.

Grants to political sub-divisions are still employed where federal funds or other Departments of the State funds are involved and are to be administered by DOT/PF. These grants funds are made available in varying degrees depending upon the recipient's ability to administer them.

A list of facilities programs with which DOT/PF is usually involved and for which the authority and responsibility to plan provide, operate and maintain, to some extent, could be shifted to the political sub-divisions, is as follows:

- Local Service Roads and Trails
- + Mass Transit
- Bicycle Paths
- Pedestrian Walkways
- Airports
- + Airport Terminals
- + Aircraft Parking
- + Airport Concessions
- + Ports - Under existing law the Alaska Port Development Act (AS 30.15) allows municipalities to receive grants from the state for port construction and improvement upon application and approval.

- + Small Boat Harbors - The costs of construction for small boat harbor projects are usually assumed by the State upon project approval by DOT/PF and after negotiation with the municipality. Traditionally, local interests assume the responsibilities for providing lands, easement, rights-of-way and operation and maintenance of these facilities.
- + Harbors of Refuge and Launching Ramp Facilities - These are usually small facilities with few amenities and are constructed and maintained by the State. In some cases these facilities are within the boundries of political sub-divisions with taxing or fee collecting authority.
- Buildings - The responsibilities for buildings of many types which are presently constructed, insured, maintained and operated solely by the State to satisfy the various Departments' programs could, in varying degrees, be shifted to the municipalities. In some cases, the public would obviously be better served under State operation as in the cases of Pioneers' Homes or remote highways maintenance facilities, for example. However, as in the case of school programs which to the greatest extent possible, are now administered by the political sub-divisions, there are numerous other facilities that could fall into this category of administration to different degrees. A partial list is as follows:

Office buildings, warehouses, storage facilities, repair facilities (vehicle, aircraft, marine), telecommunications facilities, utilities facilities, libraries, museums, hospitals, public meeting centers, gymnasiums, swimming pools, vocational rehabilitation centers, housing connected with numerous programs such as hatcheries, law enforcement, etc., courts, jails and other rehabilitation facilities and combined facilities that might serve both several state programs needs in addition to local programs.
- + Planning - More responsibility for both transportation and facilities planning could and should be vested with the political sub-divisions in anticipation of their greater involvement.

Cost for services and programs which are currently being provided by the state which might be more appropriately delivered by local government are identified as follows:

<u>Program</u>	<u>\$ Millions</u>
1. <u>Local Service Roads and Trails</u> - Construction (Including local streets, sidewalks and trails) Statewide - Rural Areas	7.0
2. <u>Local Roads and Street Maintenance</u> (Road repairs, grading, snow-ice removal) Statewide	16.0

<u>Program</u>	<u>\$ Millions</u>
3. Airports Maintenance Statewide	7.6
4. Mass Transit (Planning) Statewide	1.0
5. Bicycle Paths Statewide	2.0
6. Ports Statewide	10.0
7. Small Boat Harbors Statewide	20.0
8. Harbors or Refuge and Launching Ramp Facilities	<u>2.0</u>
	65.6

Buildings - These amounts can vary radically depending upon various agency programs requirements, Federal or other participation and community capability for contracting maintenance and operations. Also, much of the facilities financing is tied to previous bond measures which might lead to serious legal implications if contracting authority were changed.

MEMORANDUM

State of Alaska

TO Richard Aks
Deputy Commissioner
Department of Community
& Regional Affairs

DATE November 20, 1981

FILE NO

TELEPHONE NO

FROM Glenn Akins
Deputy Commissioner
Department of Environmental
Conservation

SUBJECT Inventory of Local
Services

As you know, this Department believes that many of our functions may, and should, be carried out by local governments. However, only the Municipality of Anchorage currently conducts a reasonably extensive local environmental management program. Fairbanks North Star Borough and the North Slope Borough have limited environmental programs and express interest in expanding them. Other communities seem to prefer to let the state perform all health and environmental protection functions.

As we have discussed with Senator Sturgulewski's Title 29 Review Commission, the main functions we believe should be delegated to locals are the following:

1. Subdivision Plan Review (approval of subdivisions' plans to assure adequate disposal of sewage). DEC regulations allow local administration. Anchorage has an excellent program.
2. On-Lot Water and Sewer Inspections DEC inspects homes for which bank loans are desired, to assure the bank that the property has safe and adequate water and waste disposal. Anchorage conducts this program locally.
3. Sanitation (Health) Inspections Restaurants, public facilities and institutions are inspected to assure protection of public health.
4. Surface Oiling Regulation of oil application to road surfaces.
5. Air Quality Local governments may establish air quality control programs, including permitting. The North Slope borough has expressed an interest in this program.

I would be happy to provide more detailed information and work with you further on this matter.

MEMORANDUM

State of Alaska

TO Lee McAnerney, Commissioner
Department of Community &
Regional Affairs

DATE October 16, 1981

FILE NO

TELEPHONE NO

FROM Charles R. Webber, Commissioner
Department of Commerce & Economic
Development

SUBJECT Inventory of Local Services
Provided by State Agencies

Your memorandum of October 2 requesting each state agency to identify services currently provided by the State which might be more appropriately delivered by a local government.

The Cultural Facilities Development Fund provides State assistance in the construction and development of cultural facilities within municipalities which actively provide support to the arts.

The facilities are for local use and are funded on an individual basis by the Legislature.

There is also an Advisory Council on Cultural Facilities to assist and review requests from municipalities. This council was funded for one year in the amount of \$37,500. Technical support is provided by the department.

Although capital funding was requested by the Advisory Council for FY '82, no appropriations were approved; \$10,000,000 will be requested for FY '83 but has not been approved by the Budget and Review Committee to date.

Attached is further information concerning this program.

CRM/cw#2511/wfs 5/9

Attachment

RECEIVED
OCT 20 1981
DEPT. OF COMMUNITY
AND REGIONAL AFFAIRS

MEMORANDUM

State of Alaska

TO Lee McAnerney, Commissioner
Department of Community and
Regional Affairs

DATE October 9, 1981

FILE NO

TELEPHONE NO 465-2700

FROM *Judy Knight for*
Edmund H. Orbeck, Commissioner
Department of Labor

SUBJECT Inventory of "Local
Services" Provided by
State Agencies

Pursuant to your memorandum of October 2, same subject, I have reviewed the services provided by this department with respect to those which might be handled by a local government.

The employment and unemployment services of the Department are delivered in a local area environment, but rely on the statewide labor market and service concept for full effectiveness. Our worker protection components also are aimed toward coverage in the local areas, but are quite technical in nature and considerable effectiveness is lost in fragmenting them. For example, authority for inspections is granted to local governments according to the statutes and the department provides technical assistance and training to local government building inspectors upon request in those few municipalities which have adopted codes and taken on that function. Even so, there are continuing requests for electrical and plumbing inspections in those locations from our State inspectors.

In summary, we do not believe there are programs or services currently provided by our department which should be delivered at the local level.

cc: Jay S. Hammond, Governor
Terry Miller, Lieutenant Governor

RECEIVED
OCT 14 1981
DEPT. OF COMMUNITY
AND REGIONAL AFFAIRS

MEMORANDUM

State of Alaska

TO Lee McAnerney
Commissioner
Department of Community
and Regional Affairs

DATE November 23, 1981

FILE NO

TELEPHONE NO 465-4322

FROM Will R. Nix
Commissioner
Public Safety

SUBJECT Inventory of Local
Services Department of

At the outset, please forgive this department for not responding, but your letter reflected that a response was necessary only on "any programs or services delivered by state government which you feel should be delivered at the local level." Since this department could not identify existing state programs that could be diversified for local government to assume responsibility, we did not respond.

Those programs which are conducive to local management have already been implemented. I speak of the Village Public Safety Officer Program, the Emergency Medical Services, with ambulances being provided by the Highway Safety Planning Agency, and limited incarceration at certain local jail facilities.

In each of the cited cases, the programs are not, and presently cannot be, autonomous local programs. They are, in fact, wholly or partially supported monetarily and monitored by the state because of existing law or because it is a more convenient mode of operation for the state with corresponding benefits to the local communities.

MEMORANDUM

State of Alaska

TO Lee McAnerney
Commissioner
Department of Community and Regional
Affairs

DATE November 25, 1981

FILE NO

TELEPHONE NO 465-2800

FROM Marshall L. Kind
Commissioner
Department of Education

SUBJECT Inventory of "Local Services"

I have received your "tickler" of November 19, 1981, concerning our lack of response to your earlier memo on the above referenced subject. In this case, our non-response was indeed a response. To my knowledge, all educational services under the jurisdiction of this department are delivered at the local level unless otherwise precluded by law.

MEMORANDUM

State of Alaska

TO: Lee McAnerney
Commissioner
Department of Community
and Regional Affairs

DATE November 19, 1981

FILE NO

TELEPHONE NO 465-3600

FROM: WILSON L. CONDON
ATTORNEY GENERAL

SUBJECT Inventory of "local services"

By:

Elizabeth Shaw
Assistant Attorney General
Department of Law

This department has not identified any services currently provided by our attorneys which would appropriately be delivered by local governments!

We hope that our delay in responding to your memorandum of October 2, 1981, has not inconvenienced you .

RECEIVED
NOV 22 1981
DEPT. OF COMMUNITY
AND REGIONAL AFFAIRS

MEMORANDUM

State of Alaska

TO: Lee McAnerney
Commissioner
Department of Community and
Regional Affairs

DATE 16 October 1981

FILE NO

TELEPHONE NO

FROM: Major General C.F. Neerason, ¹⁰¹¹
The Adjutant General
Department of Military Affairs

SUBJECT: Inventory of "local services"
Provided by State Agencies

We have examined the services provided by this agency and feel that they are best provided by us on a statewide basis. I do not feel that local governments could provide them adequately.

Thank you for the opportunity to comment on this matter.

RECEIVED
OCT 24 1981
DEPT. OF COMMUNITY
AND REGIONAL AFFAIRS

MEMORANDUM

State of Alaska

Department of Revenue

TO The Honorable Lee McAnerney
Commissioner
Department of Community
and Regional Affairs

DATE October 27, 1981

FILE NO

TELEPHONE NO

FROM Thomas K. Williams *TKW*
Commissioner
Department of Revenue

SUBJECT Investing of "local
services" provided by
state Agencies

We have reviewed the programs administered by the Department of Revenue considering which would be more appropriately administered by local government.

Several of our programs have aspects which could be effective at the local government level. However, these programs also have factors and conditions which effect the unincorporated areas of Alaska. These are primarily license and permit programs which require that continuity be maintained at the state-wide level. Re-direction of these programs is not a practical idea until such time as local administrative powers exist in the unincorporated areas.

TKW:PAW:mll

MEMORANDUM

State of Alaska

TO Lee McAnerney
Commissioner
Department of Community
& Regional Affairs

DATE December 1, 1981

FILE NO

TELEPHONE NO 465-4100

for
FROM Ronald O. Skoog
Commissioner
Department of Fish & Game

SUBJECT Inventory of "Local
Services" Provided
by State Agencies

Please accept my apologies for the delay in my response to your memo of October 2. To get right to the point, the type of responsibilities this Department has, which is dealing primarily with the public Fish and Wildlife Resource and their habitat, does not lend itself to being delegation to "local" government. Migratory habits of the animals and the degree of scientific and technical expertise required to manage the resource are two of the specific reasons that delegation of responsibilities to local government would not produce satisfactory results. The Department does engage in many cooperative programs at the local level, such as fish culture projects in the schools, habitat improvement and hunter safety programs. Our involvement, however, is limited to providing scientific and technical expertise and in the case of the hunter safety program to assist technically as well as administering the grant.

Therefore, I cannot recommend any of the programs in the Department of Fish and Game nor any of the services we provide as appropriate for delegation to local government.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. _____
 Title "An Act relating to the consolidation of State Revenue Sharing & Municipal
Requested by Rules Committee by request of the Governor Date 1-14-82 Assistance

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs
 Program Category Affected Development
 BRU, Program, Or Subprogram(s) Affected Local Govt. Assist.--Train. & Dev. & Rev. Snar. Adm:
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		139.3	149.1	159.5	170.6	
200 TRAVEL		29.4	32.0	34.9	38.1	
300 CONTRACTUAL		35.4	38.6	42.1	45.0	
400 COMMODITIES		3.7	1.3	1.4	1.6	
500 EQUIPMENT		2.4	-0-	-0-	-0-	
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		210.2	221.0	237.9	255.3	

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		210.2	221.0	237.9	255.3	
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

*No new positions are reflected as the Department proposes to merely fund existing vacant positions.

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		0*	0	0	0	
PART TIME		0*	0	0	0	
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

Breakdown of costs between the Training & Development & Revenue Sharing Administration components contained in the Local Government Assistance BRU and the Administration BRU:

	LGA BRU		ADMIN BRU	TOTAL
	T&D	RSA		
100 Personal Services	78.9	29.5	30.9	139.3
200 Travel	23.4	6.0	-0-	29.4
300 Contractual	15.1	16.2	4.1	35.4
400 Commodities	2.0	1.5	.2	3.7
500 Equipment	1.0	-0-	1.4	2.4
TOTAL	120.4	53.2	36.6	210.2

The breakdown above reflects FY 83 funding with proportionate increases over subsequent years to account for inflation at the following rates:

7% increase per year for personal services and 9% increases for all other categories. One time items in commodities and equipment are subtracted after the first year.

IV. DATE 1/14/82

PREPARED BY Doug Griffin
 AGENCY C&RA Local Government Assistance
 PHONE 465-4736

Original: Legislative Finance
 -- Budget and Management

FISCAL NOTE DETAIL

100 PERSONAL SERVICES

\$139,281

Local Gov't Specialist IV -	Rg. 19
Salary 3,623 X 12 =	\$ 43,476
Benefits	10,961
TOTAL	<u>54,437</u>
1/2 Clerk Typist III -	Rg. 8
Salary 1,726 X 6.4 =	\$ 11,047
Benefits	4,591
TOTAL	<u>15,638</u>
Local Gov't Specialist II existing position in Anchorage to be transferred - difference in Salary due to cost-of-living adjustment.	
Salary	\$ 7,212
Benefits	1,563
TOTAL	<u>8,775</u>
Local Gov't Specialist I -	Rg 13
Salary 1,370 X 12 =	\$ 22,440
Benefits	7,060
TOTAL	<u>29,500</u>
Accounting Techn. II	Rg 14
Salary 1,995 X 12	\$ 23,942
Benefits	6,991
TOTAL	<u>30,933</u>

200 TRAVEL

\$ 29,400

8 trips to Anchorage (including per diem)	
@ 550 per =	\$ 4,400
30 trips in area (including per diem)	
@ 400 per =	\$ 12,000
Moving expenses for new hires and/o' transfers =	\$7,000
Additional travel for State Revenue Sharing technical assistance and administration, 10 trips	
@ 600 per =	\$ 6,000

300 CONTRACTRAL SERVICES

\$ 35,430

Communications (Phone, LD, Postage)	\$ 2,750
Printing and Advertising	1,250
Office space rental	13,200
Copier costs	1,050
Word processing lease/purchase	1,680
Professional services(computer programing)	15,000
Other contractual costs	500

400 COMMODITIES

\$ 3,700

Statutes, office supplies & small equipment items
(equipment totaling \$2,500 is a one-time item)

500 EQUIPMENT

\$ 2,400

Office equipment and shipping

NARRATIVE

The attached bill provides for consolidation of the State Revenue Sharing program and the Municipal Assistance program. It also revises the State Revenue Sharing program to exclude unincorporated communities and amends the statute governing the Rural Developm.nt Assistance (RDA) program to make only unincorporated communities eligible for RDA funding on a competitive application basis.

The new positions and support funding for these positions are designed to meet two major impacts of this legislation. First, the "new" RDA program will require greater capability to provide technical assistance and training to unincorporated communities wishing to participate in the program. These communities will have to regularly submit an RDA application to provide continued community service programs which may have been initiated using SB 163 funds and may require extensive aid in managing RDA grants for capital improvement and/or community service programs. Traditionally the RDA program has been used as a tool to provide planning, grant writing, and grant administration skills and it is envisioned that to the greatest extent possible it should continue in this mode.

The second major aspect of this bill is the consolidation of the State Revenue Sharing (SRS) and Municipal Assistance programs and the increase in the minimum entitlement for municipalities from \$25,000 plus COLA to \$100,000. These two programs, though often confused, do provide a municipality with two opportunities to receive State funding to support the operation of the city. These funds are vital to most small cities as they have few local resources to provide locally desired services. With the consolidation of programs, a city

has one less opportunity to receive general funding for municipal services so it will become increasingly important to improve the degree of technical assistance and outreach provided to small cities. Twenty seven cities (18%) failed to qualify for SRS during FY 82 and it is hoped that this number could be greatly reduced with improved outreach and field capabilities. The positions in this fiscal note demonstrate the Department's commitment to improved technical assistance, training and outreach with local governments regarding the State Revenue Sharing program. The outreach and provision of publicity and information regarding SRS has long been neglected due to staff and budget limitations. A lack of adequate travel funding for Revenue Sharing administration has also hampered its effectiveness. The Department believes that additional efforts to include every eligible participant in the SRS program is important as it insures a more equitable distribution of the states wealth to Alaskans.

Finally, the transfer of the existing Accounting Technician II from the Department of Revenue to this Department will provide improved administration of the SRS program and allow quicker payment processing and distribution.

THE PRECEDING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

JAY S. HAMMOND
GOVERNOR



JB 746

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 10, 1982

The Honorable Joe L. Hayes
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which revises the revenue sharing and municipal assistance programs for municipalities and unincorporated communities in the state.

During fiscal year 1982, over \$140 million will be distributed to local governments under the revenue sharing and municipal assistance programs. The Department of Community and Regional Affairs has examined these programs and found that the following problems exist with both programs:

1. revenue sharing emphasizes tax effort and ability to raise taxes while municipal assistance emphasizes population and tax relief;

2. municipal assistance distributes money according to outdated indicators of business activity and is linked to the declining corporate income tax collections;

3. revenue sharing, which was revised in 1980, contains a provision that reduces the impact of the distribution formula by requiring that the amount of assistance be determined by the historical amount of appropriations;

4. localities are growing increasingly dependent on the state for the financing of property tax relief and increased local services at a time when state revenues continue to fall and a constitutional spending limit is being considered by the voters of the state;

5. municipal assistance encourages municipal incorporation while revenue sharing does not; and

6. the revenue sharing and municipal assistance programs are administered by two principal departments which have different reporting and accountability requirements.

To correct these problems, I am proposing legislation to consolidate revenue sharing and municipal assistance to provide one program of assistance to local governments. The consolidated program will have a level of funding that is at least equal to the proposed fiscal year 1983 level and will increase in future years at a reasonable rate that can be accommodated by the state budget.

Specifically, this bill repeals AS 43.20.016 which provides for the municipal assistance fund in the Department of Revenue and requires all assistance to be distributed under the revenue sharing program of the Department of Community and Regional Affairs. The bill provides that each recipient under the new program will receive at least the entitlement provided in fiscal year 1983. Any amounts appropriated to the program in excess of that required to meet this requirement must be distributed under the revenue sharing formula.

To promote local responsibility and accountability for service delivery, the bill requires that at least 50 percent of the assistance received by a municipality be dedicated to the provision of basic services. The remaining 50 percent could be used for any other lawful purpose determined by the municipality.

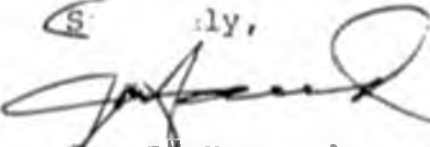
To facilitate local service delivery, I propose that the legislature adopt a statement of intent which clearly provides that future appropriations for assistance to local governments will increase at the same rate of increase established for the proposed constitutional spending limit amendment. As a corollary to this pledge, I believe that it is also appropriate for the legislature to pledge to "draw the line" on the amount of assistance provided through other appropriations to state agencies for basic municipal services. These appropriations should be annually reduced in the same manner as the assistance programs are increased.

The bill increases the minimum entitlement for each municipality to at least \$100,000. The current minimum entitlement is \$25,000 adjusted by an area cost-of-living differential. The higher amount is needed to promote capacity for self-government in small communities.

By this bill, I propose to create a separate program of financial assistance for unincorporated communities. The current revenue sharing program provides for a payment of \$25,000 to Alaska Native village governments. The Department of Law has concluded that this assistance must be

shared with all unincorporated communities and that all recipients must contract for specific service delivery rather than using state money for general administrative purposes. This bill deletes the current provision and amends the existing rural development assistance grant program (AS 44.47) to allow all unincorporated communities to apply for grants up to \$100,000 for capital projects, operation and maintenance expenses, or community services. The bill also allows the department to contract directly with Native village governments in unincorporated communities where that entity is the most appropriate service provider. However, these entities must remain accountable for their agreements to provide these services. Under this bill, a Native village government must waive its immunity from suit before it contracts with the state to provide services under a rural development assistance grant.

I believe that this legislation provides a simpler system of assistance to local governments and will result in a more equitable sharing of the state's financial resources.

(S) ly,

Jay S. Hammond
Governor

JAY S. HAMMOND
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 23, 1982

The Honorable Patrick O'Connell
Chairman
House Community & Regional
Affairs Committee
Pouch V
Juneau, AK 99811

Dear Representative O'Connell:

I understand the House Community & Regional Affairs Committee will be considering HB 746, a bill to consolidate and reform the Revenue Sharing and Municipal Assistance programs, during a hearing on February 24.

This legislation is the product of extensive research by the Department of Community and Regional Affairs and is a high priority of my Administration. Enactment of this bill will go a long way toward streamlining administration of local financial assistance programs and toward insuring that municipalities receive an equitable share of the current State wealth.

I appreciate your willingness to examine this legislation and urge you to consider favorable action in the coming weeks.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jay S. Hammond".

Jay S. Hammond
Governor

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST HB 746 . Page 1 of 4
 Bill/Resolution No. _____
 Title "An Act relating to the consolidation of State Revenue Sharing & Municipal
 Requested by Rules Committee by request of the Governor Date 1-14-82 Assistance

II. FISCAL DETAIL
 Agency Affected Department of Community and Regional Affairs
 Program Category Affected Development
 BRU, Program, Or Subprogram(s) Affected Local Govt. Assist.--Train. & Dev. & Rev.
 (Note: If more than one budget component is affected, separate line-item Shar. Adm
 amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		139.3	149.1	159.5	170.6	
200 TRAVEL		29.4	32.0	34.9	38.1	
300 CONTRACTUAL		35.4	38.6	42.1	45.0	
400 COMMODITIES		3.7	1.3	1.4	1.6	
500 EQUIPMENT		2.4	-0-	-0-	-0-	
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		210.2	221.0	237.9	255.3	

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		210.2	221.0	237.9	255.3	
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

*No new positions are reflected as the Department proposes to merely fund existing vacant positions.

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		0*	0	0	0	
PART TIME		0*	0	0	0	
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)
 Breakdown of costs between the Training & Development & Revenue Sharing Administration components contained in the Local Government Assistance BRU and the Administration BRU:

	LGA BRU		ADMIN BRU	TOTAL
	T&D	RSA		
100 Personal Services	78.9	29.5	30.9	139.3
200 Travel	23.4	6.0	-0-	29.4
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IV. DATE 1/14/82 PREPARED BY Doug Griffin
 AGENCY C&RA Local Government Assistance
 Original: Legislative Finance PHONE 465-4736
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

FISCAL NOTE DETAIL

HB 746

Page 2 of 4

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