

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date _____

REQUEST

Bill/Resolution No: HB 198
Title: An act relating to municipal assistance
Sponsor: G011
Requestor: House C&RA
Date of Request: 2/16/85

FISCAL DETAIL

Agency Affected: Revenue
Program Category Affected: General Government
BRU, Program of Subprogram(s) Affected: Shared Taxes - Municipal Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	-	0	-	-	-	-
200 TRAVEL	-	0	-	-	-	-
300 CONTRACTUAL	-	0	-	-	-	-
400 SUPPLIES	-	0	-	-	-	-
500 EQUIPMENT	-	0	-	-	-	-
600 LANDS & STRUCTURES	-	0	-	-	-	-
700 GRANTS, CLAIMS	-	0	-	-	-	-
800 MISCELLANEOUS	-	0	-	-	-	-
TOTAL OPERATING	-	0	-	-	-	-
CAPITAL	-	0	-	-	-	-
REVENUE	-	0	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	0	-	-	-	-
FEDERAL FUNDS	-	0	-	-	-	-
OTHER	-	0	-	-	-	-
TOTAL	-	0	-	-	-	-

POSITIONS:

FULL-TIME	-	0	-	-	-	-
PART-TIME	-	0	-	-	-	-
TEMPORARY	-	0	-	-	-	-

ANALYSIS: Attach a separate page if necessary.

There is no fiscal impact on the administration of the municipal assistance program. The addition of new communities, however, dilutes the sharing of municipal assistance, reducing the share for each of the other communities.

Prepared By: Ervin B. Jones, Director
Division: Administrative Services

Phone: 465-2313
Date: _____

Approved by Commissioner: [Signature]
Agency: Revenue

Date: 3/2/85

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor _____

Office of Management and Budget

Impacted Agency(ies)

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

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 Program Category Affected: _____
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	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<u>OPERATING</u>						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
<u>TOTAL OPERATING</u>	-	-	-	-	-	-
<u>CAPITAL</u>	-	-	-	-	-	-
<u>REVENUE</u>	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<u>TOTAL</u>	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page for analysis.

Prepared By: John Larson, Economist
 Division: Research Section

Phone: 465-2173
 Date: 1/28/85

Approved by Commissioner: [Signature]
 Agency: Revenue

Date: 3/2/85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Fiscal Note HB 198
Attachment

There is no fiscal impact on the state as the proposed bill does not change the statutory provision allowing the legislature to appropriate 30 percent or more of the oil and gas corporate income tax to the municipal assistance fund.

The addition of new communities under the proposed bill would dilute the sharing of municipal assistance, reducing the share for each of the other communities.

Introduced: 2/15/85
Referred: Community & Regional
Affairs, Judiciary and Finance

1 IN THE HOUSE

BY GOLL

2

HOUSE BILL NO. 198

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to municipal assistance for certain
7 municipalities organized under federal law; and
8 providing for an effective date."

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

10 * Section 1. AS 43.20.016(a) is amended to read:

11 (a) There is established within the department the municipal
12 assistance fund. The legislature may appropriate to the fund during
13 each fiscal year an amount equal to or greater than 30 percent of the
14 income tax revenue received by the state under AS 43.20.011(e) for the
15 previous fiscal year. The department shall distribute money from the
16 fund to each municipality [ORGANIZED BOROUGH AND EACH CITY OF ANY
17 CLASS] on an annual basis as provided in (b) and (c) of this section.
18 A municipality [BOROUGH OR CITY] may not receive payment under (b) or
19 (c) of this section until it submits to the department a resolution
20 approved by the governing body [OF THE MUNICIPALITY] that requests the
21 funds. Distribution of money from the fund to a municipality [CITY OR
22 ORGANIZED BOROUGH] with a fiscal year beginning on January 1 shall be
23 made on February 1 of the state fiscal year for which the appropri-
24 ation to the fund is made. Distribution of money from the fund to all
25 other municipalities [CITIES AND ORGANIZED BOROUGH] shall be made on
26 June 1 of the state fiscal year for which the appropriation to the
27 fund is made. A municipality [BOROUGH OR CITY] that incorporates
28 after December 31 of a state fiscal year is not eligible for a distri-
29 bution under this section until the following state fiscal year.

1 * Sec. 2. AS 43.20.016(b) is amended to read:

2 (b) The base amount to be distributed from the fund to each
3 borough and city for the fiscal year shall be the amount received by
4 the borough or city during fiscal year 1978 under AS 43.70.080; how-
5 ever, if the amount appropriated to the fund by the legislature under
6 (a) of this section is insufficient for distribution of the full base
7 amount, the department shall prorate the amount available for distri-
8 bution on the basis of amounts received during fiscal year 1978 under
9 AS 43.70.080. A city incorporated within an organized borough after
10 June 30, 1977 shall receive as a base amount a share of the amount
11 distributed to the borough in which it is located based on the ratio
12 of population in the city to the total population in the borough. A
13 city incorporated outside an organized borough after June 30, 1977
14 shall receive as a base amount the amount received by the city in the
15 state most closely approximating it in population at the time of its
16 incorporation. A borough incorporated after June 30, 1977 shall
17 receive as a base amount the amount received by the borough in the
18 state most closely approximating it in population at the time of its
19 incorporation. The base amount to be distributed to each municipality
20 organized under federal law shall be the amount received as a base
21 amount by the city most closely approximating that municipality in
22 population on June 30, 1977.

23 * Sec. 3. AS 43.20.016(c) is amended to read:

24 (c) If the amount in the fund at the time of distribution ex-
25 ceeds the base amount to be distributed under (b) of this section, the
26 excess amount shall be distributed to each municipality [BOROUGH AND
27 CITY] on the basis of population. For the purpose of this subsection,
28 the population of a city within an organized borough shall be deducted
29 from the population of the borough. Population, for the purpose of

1 this section, shall be as certified by the commissioner of community
2 and regional affairs.

3 * Sec. 4. AS 43.20.016 is amended by adding a new subsection to read:

4 (e) In this section "municipality" means a city, borough or
5 unified municipality organized under the laws of the state, or a
6 municipality organized under federal law as an Indian reserve that
7 existed before enactment of 43 U.S.C. 1618(a) and is continued in
8 existence under that subsection.

9 * Sec. 5. This Act takes effect July 1, 1985.

HOUSE JOURNAL

HOUSE FINANCE COMMITTEE

LETTER OF INTENT

FOR

HOUSE BILL 198

It is the intent of the Legislature that an elected municipal assistance committee be established in Metlakatla to determine the distribution of municipal assistance funds. Elections for the purpose of selecting the members of the committee shall be open to all residents of Metlakatla registered to vote under AS 15.05.010. Before funds are granted to Metlakatla, a signed waiver of sovereign immunity from possible legal action by the State of Alaska to collect all or portions of these funds must be filed with the Department of Revenue.



Al Adams, Chairman
House Finance Committee



Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

MEMORANDUM

DATE: MARCH 6, 1985

TO: MS. IRENE CASHEN
CHIEFCLERK
ALASKA HOUSE OF REPRESENTATIVES

FROM: REP. PETER GOLI *Peter Goli*
CHAIR
HOUSE COMMITTEE ON COMMUNITY AND REGIONAL AFFAIRS

SUBJECT: HOUSE BILL 198
LETTER OF INTENT
BY THE HOUSE COMMITTEE ON COMMUNITY AND REGIONAL AFFAIRS

LETTER OF INTENT
HOUSE BILL 198

It is the intent of the Legislature that an elected municipal assistance committee be established in Metlakatla to determine the distribution of municipal assistance funds. Elections for the purpose of selecting the members of the committee shall be open to all residents of Metlakatla registered to vote under AS 15.05.010.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 198

Title: "An act relating to municipal assistance for certain municipalities..."

Sponsor: Representative Goll

Requestor: House C&RA

Date of Request: _____

FISCAL DETAIL

Agency Affected: Community & Regional Affairs

Program Category Affected: _____

Community Development

BRU, Program or Subprogram(s) Affected: _____

BRU: Local Government Assistance

Component: Grants Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-		

CAPITAL						
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REVENUE						
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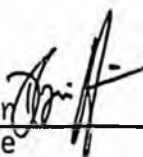
FUNDING: (Thousands of Dollars)

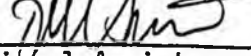
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-	-0-	-0-		

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary
Under HB 198, this Department would be required to annually certify the population of an additional community. This would not require any additional funding.

Prepared By: Doug Griffin, Deputy Director  Phone: 465-4750
Division: Municipal and Regional Assistance Date: 2/27/85

Approved by Commissioner:  Date: 2/27/85
Agency: Community and Regional Assistance

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

March 6, 1985

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

949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508
PHONE: (907) 563-1073

POSITION PAPER

RE: House Bill 198

SPONSOR: Representative Goll


Program Effects of Bill

This Act would extend payment of municipal assistance under AS 43.20.016 to certain municipalities organized under federal law as Indian reservations.

Comments

Municipal assistance is currently paid only to local governments organized under state law, i.e., cities and boroughs. This Act would extend payments to certain federal entities in the state. The definition proposed would include only Metlakatla (Annette Island Reserve).

Metlakatla functions very much like other municipalities recognized under State law by providing vital local services to its residents. As a functioning local government, the Department recognizes the validity of this bill which is designed to extend Municipal Assistance to Metlakatla to help offset the cost of these municipal services. The municipal assistance program is administered by the Department of Revenue. The only additional burden on this department, under existing law, is the minimal one of certification of population of Metlakatla pursuant to AS 43.20.016 (c).



Emily Izzi, Commissioner

from Metlakatla

SUMMARY STATEMENT
IN SUPPORT
OF HOUSE BILL 198

Existing Alaska state law makes substantial sums of state money available to local governments on an ongoing basis under several legislative programs, including the Municipal Assistance Fund, under 43.20.016.

At the present time, the Metlakatla Indian Community does not qualify to participate in this program because it is not a "municipality" as defined in this state statute. Although the Metlakatla Indian Community provides the same kinds of governmental services as other local governments in Alaska, it is organized under federal, rather than state law, and is therefore not a qualifying "subdivision" of the state. Although Metlakatla has received funds from the State of Alaska, these have been either through project-specific legislation or as an "unincorporated community." The money made available under the unincorporated communities programs, however, are substantially less than those made available to organized local governments, and certain programs like Municipal Assistance have not been extended to unincorporated communities at all.

The purpose of House Bill 198 is to extend the benefits of the state municipal assistance program to the Metlakatla Indian Community. Although Metlakatla is organized under federal law, it performs governmental functions that are

closely analogous to those performed by state municipalities, and the state citizens residing there should receive the same indirect benefits.

The Metlakatla Indian Community is a federally recognized community located on the Annette Islands Reserve, which is the only federal Indian reserve now existing in Alaska. Section 19(a) of the Alaska Native Claims Settlement Act abolished all Indian reserves in Alaska with the express exception of Metlakatla. Metlakatla's government is organized under the Indian Reorganization Act of 1934, 25 U.S.C. 476, which authorized Indian tribes to establish written constitutions to formally organize their governments. The Metlakatla Indian Community performs substantial local government functions for the Reserve. The Community provides police and fire protection, water, sewer, electrical services and garbage collection. Metlakatla's twelve man governing council passes civil and criminal ordinances governing the conduct of persons in the Reserve, has established a judicial program, and conducts various social programs for the benefit of the residents of the Annette Islands Reserve. Under federal law, the Metlakatla Indian Community is authorized to levy taxes for the support of the Community's government. In short, the Metlakatla Indian Community performs governmental functions closely resembling the functions of Alaska municipalities, the principal difference being that Metlakatla's authority arises pursuant to federal rather than state law.

The cost of providing these services to more than 1300 residents of the Annette Islands Reserve is very substantial. In fiscal 1984, for example, Metlakatla's budget was approximately \$1.8 million. In the past, substantial portions of this budget have been provided through grants and loans from the United States government. Under the Reagan administration, however, the cutbacks in the various federal programs extended to Indian tribes have been extraordinarily substantial, averaging 45% nation-wide. Metlakatla, like other Indian communities throughout the United States, has been substantially affected.

As a result of these cutbacks, and because of the general slowdown in the community's economy due to the downturn in the salmon market and because of the depressed timber industry, the Metlakatla Indian Community has substantial need for state municipal assistance. House Bill 198 would correct a serious inequity in state law by extending to the citizens residing on the Annette Islands Reserve, the same indirect benefits of state municipal assistance now enjoyed by other Alaska state citizens located in similar communities throughout the state. The Metlakatla Indian Community therefore respectfully requests the enactment of House Bill 198.

BILL SHEFFIELD, GOVERNOR

REPLY TO:

1031 W 4th AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501
PHONE: (907) 276-3550

1st NATIONAL CENTER
100 CUSHMAN ST.
SUITE 400
FAIRBANKS, ALASKA 99701
PHONE: (907) 452-1568

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

February 19, 1985

The Honorable Peter Goll
Alaska State House of Representatives
Pouch V
Juneau, AK 99811

Re: Municipal Assistance -- HB 198

Dear Representative Goll:

At your request we have reviewed HB 198, which amends the provisions of AS 43.20.016 concerning state aid to municipalities. Specifically, you ask whether the proposed revisions would have the effect of extending revenue sharing to the community of Metlakatla, but would not expand the program to other communities.

The clear answer is yes. The bill would add the term "municipality" to eligible local governments. Section 4 defines "municipality" to include municipalities "organized under federal law as an Indian reserve that existed before enactment of 43 U.S.C. § 1618(a) and is continued in existence under that subsection." The only community which meets that definition is Metlakatla, of the Annette Island Reserve. 43 U.S.C. § 1618(a) revoked the reserve status of all reserves in Alaska except Annette Island. Thus, only Metlakatla would be affected.

Sincerely,

NORMAN C. GORSUCH
ATTORNEY GENERAL

By: 

Douglas K. Mertz
Assistant Attorney General

DKM:d1m



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

January 11, 1985

MEMORANDUM

TO: Representative Peter Goll
FROM: Jay Livey, Legislative Analyst *JL*
RE: Metlakatla Revenues
Research Request 85-070

You asked us to determine the types of federal revenues currently received by the community of Metlakatla, particularly those revenues that are unrestricted in use. Additionally, you asked us to compare Metlakatla's revenues with revenues received by other comparable communities in Alaska.

Metlakatla is an Indian Reserve, and therefore is incorporated as a Federal Law City rather than under the Alaska Statutes. However, because it has an incorporated government, the community is eligible for federal revenue sharing as are all incorporated communities in the state. According to Fred Williams, Revenue Sharing Officer within the United States Treasury Department, Metlakatla's revenue sharing allocation for FY 85 is \$31,000. Mr. Williams claims that this amount is similar to allocations received by other Alaska communities of comparable size. He does note, however, that the Metlakatla's revenue sharing allocation is determined solely on population while revenue sharing allocations to other communities consider local tax efforts as well as population.

Because Metlakatla is an Indian Reserve, the local government provides a variety of services through contracts with the Bureau of Indian Affairs and the Indian Health Service. According to Burley Wellington, Metlakatla's finance officer, the community receives about \$1 million in contracts from these two federal agencies to fund social services, the court system, public safety, health programs, community resource management and alcohol and drug programs. It should be remembered, however, that these funds, unlike revenue sharing funds, are restricted revenues and can only be used for services specified by contract.

We also contacted the Bureau of Indian Affairs to determine if Metlakatla's status as an Indian Reserve qualified them for any revenue

Representative Goll
January 11, 1985
Page 2

sharing or municipal grant program not available to other communities. According to Patricia Simmons of the Office of Indian Services, Bureau of Indian Affairs there are no special revenue sharing programs designed for Indian Reserves.

In addition to federal money, Metlakatla receives a \$25,000 grant from the State under AS 29.89.050 (State aid to unincorporated communities) as well as State aid to volunteer fire departments in the unorganized borough (AS 29.89.040). Mr. Wellington also reported that Metlakatla received State funding for day care services and a senior citizens program.

I hope this information is helpful. If you desire additional research, please do not hesitate to contact us.

JL

Introduced: 2/15/85
Referred: Community & Regional
Affairs, Judiciary and Finance

1 IN THE HOUSE

BY GOLL

2

HOUSE BILL NO. 198

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to municipal assistance for certain
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8 providing for an effective date."

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15 previous fiscal year. The department shall distribute money from the
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17 CLASS] on an annual basis as provided in (b) and (c) of this section.
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1 * Sec. 2. AS 43.20.016(b) is amended to read:

2 (b) The base amount to be distributed from the fund to each
3 borough and city for the fiscal year shall be the amount received by
4 the borough or city during fiscal year 1978 under AS 43.70.080; how-
5 ever, if the amount appropriated to the fund by the legislature under
6 (a) of this section is insufficient for distribution of the full base
7 amount, the department shall prorate the amount available for distri-
8 bution on the basis of amounts received during fiscal year 1978 under
9 AS 43.70.080. A city incorporated within an organized borough after
10 June 30, 1977 shall receive as a base amount a share of the amount
11 distributed to the borough in which it is located based on the ratio
12 of population in the city to the total population in the borough. A
13 city incorporated outside an organized borough after June 30, 1977
14 shall receive as a base amount the amount received by the city in the
15 state most closely approximating it in population at the time of its
16 incorporation. A borough incorporated after June 30, 1977 shall
17 receive as a base amount the amount received by the borough in the
18 state most closely approximating it in population at the time of its
19 incorporation. The base amount to be distributed to each municipality
20 organized under federal law shall be the amount received as a base
21 amount by the city most closely approximating that municipality in
22 population on June 30, 1977.

23 * Sec. 3. AS 43.20.016(c) is amended to read:

24 (c) If the amount in the fund at the time of distribution ex-
25 ceeds the base amount to be distributed under (b) of this section, the
26 excess amount shall be distributed to each municipality [BOROUGH AND
27 CITY] on the basis of population. For the purpose of this subsection,
28 the population of a city within an organized borough shall be deducted
29 from the population of the borough. Population, for the purpose of

1 this section, shall be as certified by the commissioner of community
2 and regional affairs.

3 * Sec. 4. AS 43.20.016 is amended by adding a new subsection to read:

4 (e) In this section "municipality" means a city, borough or
5 unified municipality organized under the laws of the state, or a
6 municipality organized under federal law as an Indian reserve that
7 existed before enactment of 43 U.S.C. 1618(a) and is continued in
8 existence under that subsection.

9 * Sec. 5. This Act takes effect July 1, 1985.