

HB

1 (FILE 3) -

2d SSHB 1

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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POUCH Y. STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMFR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

HOUSE C+RA	1-29-88	3:00p.m.
	2-17-88	3:00p.m.
	2-24-88	3:00p.m.

Alaska State Legislature

DOH ✓ f/cra

Session Address:
STATE CAPITOL BUILDING
BOX V
JUNEAU, ALASKA 99811
(907) 485-3727



Interim Address:
BOX 53
PALMER, ALASKA 99645
(907) 745-3826 - Palmer
(907) 376-8828 - Wasilla

Representative Ronald L. Larson
District 16B

February 13, 1988

FEB 15 1988

The Honorable Henry Springer
House of Representatives
P.O. Box V
Juneau, Alaska 99811

Dear Representative Springer:

I wanted to extend my gratitude to you and your staff for the work you have done on House Bill 1. Had it not been for your efforts and your willingness to allow committee consideration, the issue represented by the bill would not have received the statewide attention that it has. I believe that attention has been important; I believe that it has moved many citizens of the Unorganized Borough to consider both the immediate and the long term future of the regions in which they live.

When I introduced the bill, I did so to renew the debate as to how this state is to be governed. That debate has begun, and I think it will continue. In the end, and in time, I think it will lead to decisions that will benefit citizens of all regions of the state.

I think back to this past summer, when the bill seemed to be floundering. It had received little attention, and little was being done on its behalf. I asked Larry to spend some time with David to discuss strategies as to how we should proceed. That seemed to be the spark that lit the fire. I think it was David's enthusiasm and efforts that has much to do with how far we have come on the bill today.

I also recognize the importance of your position on the bill. I know the pressures to kill the bill you, as a rural legislator, faced. Not only have you allowed consideration of the bill, so also have you provided a much needed perspective to citizens of the Unorganized Borough in your committee hearings, public hearings, and mayor conferences. I truly appreciate all that you have done.

Again, thank you, and please extend that thanks to your staff.

Sincerely,

A handwritten signature in cursive script that reads "Ron Larson".
Ronald L. Larson

Alaska State Legislature



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Representative Ronald L. Larson
District 16B

TO: House Community and Regional Affairs Committee
FROM: Representative Ron Larson, ^{R.L.} Sponsor
SUBJ: Bill Summary, 2nd SSHB 1
DATE: February 1, 1988

Following is a sectional analysis of 2nd SSHB 1:

Section 1: (a) Directs the Local Boundary Commission to complete a study to determine how the unorganized borough should be organized into new boroughs or annexed to existing boroughs and unified municipalities. Based on standards set out in AS 29.05.031 (statute setting out standards that must be met for a borough to organize), the commission shall deliver to the governor and the legislature a preliminary boundary proposal by December 31, 1989.

(b) The commission shall consult with municipalities within or bordering the unorganized borough, PFAAs, and coastal resource service areas (this could range from public hearings to simple informational letters asking for input) and shall conduct at least one public hearing in the area of each proposed new borough.

(c) The commission shall submit to the legislature any proposed annexation compatible with the preliminary proposal under AS 44.47.567 - 44.47.583. (The cited statutes mandate the powers and duties of the local boundary commission as well as the procedures the commission is to use in considering boundary changes. Included is the stipulation that the commission shall present proposed changes to the legislature within the first ten days of a regular session.)

(d) By March 31, 1990 the commission shall submit to the governor and the legislature a final boundary proposal for areas to be included in new home rule boroughs, exclusive of the annexed areas established in subsection c.

Section 2: (a) By March 31, 1990 the Department of Community and Regional Affairs shall deliver to the governor and the legislature a provisional home rule charter for the new boroughs. In preparing the charter, the department shall conduct at least one public hearing in each new borough. (This means that each new borough will start out with the same basic charter outlining the minimal requirements set out in law.)

(b) Voters of each new borough may petition the department for an amendment to the provisional charter. If 15 percent of the voters voting in the last general election sign the petition, the department shall submit the proposed amendment to the director of elections.

Section 3: An election of initial borough officials shall be held under AS 29.05.120 during or before the general election of 1990. Any proposed amendments to the provisional charter shall be considered by the voters during this election.

Section 4: (a) A new borough shall be incorporated as a home rule borough on the first Monday following the certification of the election held under section 3.

(b) AS 29.05.140 and 29.05.190 - 29.05.210 shall apply to the newly formed boroughs. (These statutes talk to the two year transition period; the assumption of rights, powers, duties, assets, and liabilities during that two year period; organization grants to newly formed boroughs; and transitional technical assistance to be provided by the Department of Community and Regional Affairs.)

Section 5: Directs the Division of Legal Services to prepare a bill making the technical changes to statute to conform to the changes made by this bill.

Section 6: Sets out an effective date.



Anchorage Daily News/100

Morning glory

A dragonfly sparkles in the sun as it warms up one morning last week. It had survived an overnight frost at Eagle River Flats

Rural communities consider creating new state boroughs

By DAVID HULEN
Daily News reporter

Jack Goddard, who lives in eastern Alaska 100 miles from the nearest incorporated town, put it simply.

"Most of the people who live out here," he said, "they just don't see much point in having a government close by.

"People from outside talk about this area's great tax base," said Goddard, a retired gas and fuel-oil distributor. Those people, he said, are usually talking about the trans-Alaska pipeline, which zig-zags underground and through the stunted spruce forests near his home in Copper Center. If there were a local government in the area, it could be worth millions of dollars a year.

"The thing is, we don't want a tax base. If we taxed that thing, we'd have to tax ourselves. That's one of the reasons people moved here. We don't go for planning and zoning and other garbage you people have in town. We don't think a government's really necessary here."

Like it or not, though, Goddard and his neighbors in the Copper River Valley have been talking increasingly in recent months about the pros and cons of creating a borough government. Their biggest concern isn't that they want new services or laws. What they want is to keep other governments, like the neighboring Matanuska-Sus-

itna Borough, from someday coming in and annexing land local residents think they should control.

"What it comes down to is defensive government," said Goddard, who heads up a citizens' committee set up by voters to study the issue.

People in the Copper River region aren't alone. A combination of dropping state aid to communities and talk by existing local governments of expanding their borders to increase their tax bases has set off a kind of borough-mania across rural Alaska.

People in nine regions of Alaska have recently asked state government to help them study the idea of setting up borough governments. In some places, it involves as little as the local school board trying to find a new source of money, a problem that had gone largely unnoticed by local residents.

But in several other places, it's resulting in increasingly loud debate. Villagers, homesteaders and others are asking if a local government, with or without taxes, could improve local schools, now supported entirely by the state. They're asking if it could provide more money for local services such as police, especially in light of continued cuts in state aid.

"There's a lot of talk right now," said

See Page B-2, **BOROUGH**S

Better than Children of island town

By SUE CROSS
The Associated Press

WRANGELL — A mayor's gift of a mountainside of garnets to the children of this remote island town has turned two generations of its youngsters into bargain-driving gem dealers.

Paper routes and lawn-mowing provide small change compared to the \$1,000 a Wrangell child can earn each summer by hawking garnets to cruise ship passengers and other tourists.

Almost every ship is met by a crowd of children at the Wrangell waterfront, carrying their gems in everything from muffin tins to Tupperware. Some stand shyly and depend on tourists' curiosity to draw customers, but most warble, "Wanna buy a garnet?"

Tourists pay a quarter for a pea-sized purple gem; \$20 or more for a golf-ball size garnet embedded in a chunk of the silvery schist from which it was chiseled.

The gar mountains: the Stikine mainland from Wrangell.

The prop the Boy Scouts 1962 by the for, a for or. Under gift, only 1 children o rights to : garnets.

In reality is a back-k ing, thumb that falls : parents.

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Good house-sitters know no guilt and lock

STATE OF ALASKA

DEPT. OF COMMUNITY AND REGIONAL AFFAIRS

MUNICIPAL AND REGIONAL ASSISTANCE DIVISION

Spr / CRA
STEVE COWPER, GOVERNOR

DCHL
good educational process
APR - 8 1988 *has taken place*

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April 4, 1988

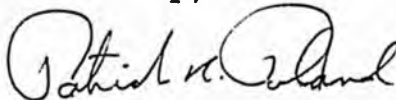
Dear Reviewer:

Enclosed you will find a copy of a recent letter sent to a leading organization in your area regarding development of a borough feasibility study for your region.

The Department has provided you with a copy of this correspondence for two reasons. First, we wish to facilitate the timely development of regional awareness and public dialogue regarding the subject proposal. Secondly, we feel that you may be able to provide valuable input regarding the viability of formation of a regional government in the study area.

Since this is the first in a series of anticipated mailings over the year long project, we will need to receive an indication of your continued interest in remaining on the distribution list. To confirm your interest in receiving copies of future correspondence, please contact the study coordinator noted on the last page of the enclosed letter. If we do not hear from you by April 22, 1988 we will assume that you no longer desire to remain on the mailing list.

Sincerely,



Patrick K. Poland
Acting Director

Enclosure w/attachments

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY AND REGIONAL AFFAIRS

MUNICIPAL AND REGIONAL ASSISTANCE DIVISION

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April 4, 1988

Mr. Lee A. Wyatt
City Manager
City of Galena
P.O. Box 149
Galena, AK 99741

Dear Mr. Wyatt:

This is to follow up your letter of February 9, in which you asked for assistance in determining the feasibility of borough formation in your region.

In your letter, you identified three proposed general sets of boundaries for a potential borough. These included

- ° the area in the immediate vicinity of Galena, (which does not appear to be large enough to satisfy requirements of state law relating to borough formation);
- ° an area conforming to the service area of the Yukon-Koyukuk Health Service area;
- ° an area conforming to the area served by the Yukon-Koyukuk REAA.

A number of other regions throughout the state have made similar requests of this agency. Interest in this topic stems from a variety of reasons but, in particular, seems to result from the mandatory borough bill pending in the legislature (2d SSHB 1) and the desire to increase the ability to generate revenues to support local public services.

In addition to your region, five areas of the state have expressed significant interest in further examining the formation of a borough. These areas consist of the following:

- ° Northwest Bristol Bay (Portions of REAA #s 4 & 6, including Goodnews Bay, Platinum, Togiak, Twin Hills, Manokotak, Clark's Point, Ekuk and Aleknagik);

Mr. Lee A. Wyatt
April 4, 1988
Page Two

- ° Copper River Basin (REAA #17);
- ° Delta-Greely Region (REAA #15);
- ° Bering Sea Region (Aleutian Region west of Akutan);
- ° A portion of the Chatham REAA #18 (including Hoonah and Angoon) and Kake (REAA #19)

As you can see, the interest in this topic is widespread. We have developed a proposal which we feel will allow us to respond to your needs and to the needs of the five other regions. The Department will prepare two "borough" publications. The first will provide general background information concerning borough government. It will contain such information as:

- ° what a borough is;
- ° borough powers and duties;
- ° alternative types of boroughs;
- ° typical sources of revenue;
- ° information concerning apportionment of the governing body; and
- ° procedures and standards for forming a borough.

The second publication will be written specifically for your region. It will examine the region to determine the feasibility of forming a borough in that particular area. This publication should contain no more than twelve pages and would address such matters as projected services, revenues, and expenditures; how communities might be represented by the borough assembly; and an estimate of the municipal land entitlements of the area. It will also address any special considerations which may apply to the region (e.g. unique boundary issues). A copy of this report outline is enclosed.

Also enclosed is a copy of the schedule for this project. Since we want to complete similar studies for the six regions at one time, we anticipate that it will take approximately one year to conclude the project. You will note from the timeline that we are asking each region to be an active participant in the study effort. We feel that full participation by the City of Galena and other interested parties in the region is essential to the success of your study.

In this respect we will assign a member of our regional office to assist you in gathering the requested information as well as to work with you in other aspects of the project. You will be

Mr. Lee Wyatt
April 4, 1988
Page Three

contacted by the regional staff person and asked to provide the information noted below. Don't be alarmed at the amount or the detail of the information we need. This individual will help to gather this data and information.

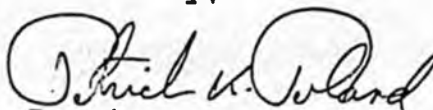
- ° City Council resolution indicating support of the study and expressing a desire to participate.
- ° The name of the prospective borough.
- ° A projected date for incorporation of the borough.
- ° A map clearly indicating the boundaries of the prospective borough.
- ° Information concerning the population of the proposed borough.
- ° A statement of which municipal powers it is anticipated the prospective borough will undertake and the schedule for same.
- ° Estimates of the level of services envisioned by the prospective borough.
- ° A statement of the means by which the prospective borough would likely raise locally generated revenues (e.g. sales taxes, use taxes, et cetera).
- ° A statement of any special consideration regarding the study area as those factors may relate to borough incorporation. This may include major economic development which could seriously impact local economies or lifestyles, transportation patterns unique to the area which constitute a significant issue relating to borough boundaries, et cetera.

As you will note from the enclosed project timeline, it is our intention that this information be provided to us by May 16. Again, you will be receiving complete assistance in this matter. Until then, Gene K. ne, a staff member of our Anchorage Office who is coordinating your study, will telephone you in approximately one week to confirm your participation in the study. Following this contact, you will be advised of the regional staff member assigned to work with you. This individual may meet with you in the study area several times throughout the project either to assist in gathering information for our report or to present/discuss the findings of the report.

Mr. Lee Wyatt
April 4, 1988
Page Four

In the interest of keeping others in the area informed of this matter, we have taken the liberty of sending copies of this letter to the individuals noted on the distribution list. We look forward to working with you and other communities in the region on this important project. At this point, if you have any questions on this matter, please contact Gene at 561-8586.

Sincerely,



Patrick K. Poland
Acting Director

enclosures:

Outline for borough feasibility report
Project Timeline
Distribution list

cc: Distribution List

Distribution List:

The Honorable Jack Coghill, Senator
Alaska State Senate
Pouch V
Juneau, AK

The Honorable John Binkley, Senator
Alaska State Senate
P.O. Box V
Juneau, AK 99811

The Honorable F. Kay Wallis, Representative
Alaska State House of Representatives
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The Honorable Richard Shultz, Representative
Alaska State House of Representatives
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The Honorable Heinrich Springer, Chair
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The Honorable Arliss Sturgulewski, Chair
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The Honorable Vernon A. White
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The Honorable Linda Swenson
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The Honorable Timothy A. Wolcott, Mayor
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The Honorable Victor Nicholas, Mayor
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Allakaket Village Council
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Allakaket, AK 99720

Hughes Traditional Council
General Delivery
Hughes, AK 99745

Huslia Traditional Council
General Delivery
Huslia, AK 99746

Kaltag Traditional Council
General Delivery
Kaltag, AK 99748

Bettles Traditional Council
General Delivery
Bettles, AK 99726

Manley Hot Springs Village Council
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Manley Hot Springs, AK 99756

Koyukuk Village Council
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Koyukuk, AK 99754

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Nulato, AK 99765

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Nenana, AK 99760

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Ruby, AK 99768

Tozitna, Limited
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Shirley Lee
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Mr. Stephen Yates, Superintendent
Nenana City Schools
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Nenana, AK 99760

Mr. Joe B. Cooper, Superintendent
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File: Yukon-Koyukuk Borough

BOROUGH FEASIBILITY STUDIES
PROJECT TIMELINE

<u>Dates</u>	<u>Tasks</u>
March 21 - 25	Adapt draft <u>Regional Government in Alaska</u> to project. Revise as needed to include: 1. transition of powers of cities and service areas to borough, 2. apportionment/assembly, composition, 3. alcohol regulation by borough, 4. additional revenue programs.
April 4	Letters drafted/sent to prospective incorporators.
April 11 - 13	Telephone contact (by Anchorage office) with prospective incorporators to confirm interest in study.
April 14 - May 13	One or two information and data gathering meetings in region by field staff.
May 16	Information returned to Anchorage from respondents (through field staff).
May 16 - September 30	Development/drafting of borough feasibility reports.
October 1 - December 31	Draft reports distributed for review.
January 1 '89	Comments on draft reports received by Anchorage office.
January 2 - January 31	Report comments reviewed, incorporated into final reports.
February 1 - 7	Final reports issued.
February 8 - April 8	Presentation of reports by field staff at regional meetings.

BOROUGH FEASIBILITY STUDIES
REGION REPORT OUTLINE

I. REPORT SUMMARY

II. HB 1 STUDY: PROFILE OF AREA

Introduction/Narrative

- a. Location map/size/seat of borough/name
- b. Population/number of registered voters within and outside home rule & first class cities
- c. Per capita income
- d. Unemployment rate
- e. Regional cost of living differential
- f. Municipal Land Entitlement

III. SERVICES/POWERS OF BOROUGH

Introduction/Narrative

- a. Tax assessment and collection
- b. Planning/Platting/Land Use Regulation
- c. Education
- d. Other

IV. BOROUGH EXPENDITURES

Introduction/Narrative

- a. Assembly
- b. Mayor's Office
- c. Finance and Administration
- d. Planning Department
- e. Education
- f. Other

V. BOROUGH REVENUES

Introduction/Narrative

- a. Natural Resources
- b. Locally Generated
 - real & personal property values/taxes
 - 225% tax limitation (AS 29.45.090(b)(2))
 - sales & use taxes
 - licenses/permits/charges for services
- c. Intergovernmental Transfers
 - State
 - State Revenue Sharing
 - Municipal Assistance
 - Shared Taxes
 - Amusement & Gaming
 - Aviation Fuel Taxes
 - Shared Taxes
 - Electric Telephone Cooperative
 - Raw Fish Taxes

BOROUGH FEASIBILITY STUDY
REPORT OUTLINE (continued)

- Liquor Taxes (continued)
- Cigarette Taxes
- Coastal Zone Management Grant
- Organizational Grant
- Public School Foundation Funding
- Federal
 - PL 874 education payment for federal properties
 - PL 97-35 Migrant Education
 - PL 94-565 payment for federal properties
 - National Forest Receipts Program
- d. Other

VI. BALANCING THE BUDGET

Introduction

- a. Comparison of Revenues/Expenditures

VII. SPECIAL CONSIDERATIONS
(as indicated)

Introduction

- a. Boundaries that do not conform to REAA's, etc.
- b. CRSA's
- c. Enclaves (voting in Adak)
- d. Pending development (Green's Creek Mine, Red Dog)
- e. Competing proposals (Juneau annexation v. Hoonah)
- f. Lack of conformance to standards (Yakutat)
- g. Alternative financing
 - AIDA
 - Municipal Bond Bank
 - CEIP
- h. Other

VIII. BOROUGH FEASIBILITY/CONCLUSION

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY AND REGIONAL AFFAIRS

MUNICIPAL AND REGIONAL ASSISTANCE DIVISION

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April 4, 1988

The Honorable Paul Fuhs
Mayor, City of Unalaska
P.O. Box 89
Unalaska, AK 99685

Dear Mayor Fuhs:

This is to follow up the Unalaska City Council Resolution #88-16 regarding a study on the feasibility of formation of a borough.

The referenced resolution identified four options for borough boundaries

- ° from Unalga Pass to Fenimore Pass;
- ° from Unalga Pass to Adak Strait;
- ° from Unalga Pass to Attu; and
- ° consideration of including the Pribiloff Islands in the boundaries of the proposed borough.

A number of other regions throughout the state have made similar requests of this agency. Interest in this topic stems from a variety of reasons but, in particular, seems to result from the mandatory borough bill pending in the legislature (2d SSHB 1) and the desire to increase the ability to generate revenues to support local public services.

In addition to the Bering Sea region, five areas of the state have expressed significant interest in further examining the formation of a borough. These areas consist of the following:

- ° Northwest Bristol Bay (Portions of REAA #s 4 & 6, including Goodnews Bay, Platinum, Togiak, Twin Hills, Manokotak, Clark's Point, Ekuk and Aleknagik);
- ° Copper River Basin (REAA #17);

The Honorable Paul Fuhs
April 4, 1988
Page Two

- ° Delta-Greely Region (REAA #15);
- ° Yukon-Koyukuk (REAA # 12, with separate consideration of smaller areas within the region)
- ° A portion of the Chatham REAA #18 (including Hoonah and Angoon) and Kake (REAA #19)

As you can see, the interest in this topic is widespread. We have developed a proposal which will allow us to respond to your needs and to the needs of the other regions concerning this matter. The Department intends to prepare two "borough" publications. The first will provide essential background information concerning borough government. It will contain such information as:

- ° what a borough is;
- ° borough powers and duties;
- ° alternative types of boroughs;
- ° typical sources of revenue;
- ° information concerning apportionment of the governing body; and
- ° procedures and standards for forming a borough.

The second publication would be written specifically for each region. It would examine each of the study areas to determine the feasibility of forming a borough in that particular area. This publication would address such matters as projected services, revenues, and expenditures; how communities might be represented by the borough assembly; and an estimate of the municipal land entitlements of the area. It would also address any special considerations which may apply to the region (e.g. unique boundary issues). A copy of this report outline is enclosed.

Also enclosed is a copy of the schedule for this project. Since we want to complete similar studies for the six regions at one time, we anticipate that it will take approximately one year to conclude the project. You will note from the timeline that we are asking each region to be an active participant in the study effort. We feel that full participation by the City of Unalaska and other interested parties in the region is essential to the success of your study.

In this respect we have assigned Christy Miller to assist you in gathering the requested information as well as to work with you in other aspects of the project. She will help you in obtaining the information requested on the following page.

The Honorable Paul Fuhs
April 4, 1988
Page Three

Don't be alarmed at the amount or the detail of the information we need. Ms. Miller will help to gather this data and information.

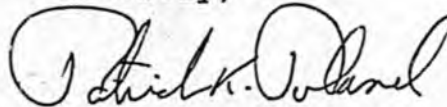
- ° The name of the prospective borough.
- ° A projected date for incorporation of the borough.
- ° Maps clearly indicating the alternative boundaries of the prospective borough.
- ° Information concerning the population of the proposed borough.
- ° A statement of which municipal powers it is anticipated the prospective borough will undertake and the schedule for same.
- ° Estimates of the level of services envisioned by the prospective borough.
- ° A statement of the means by which the prospective borough would likely raise locally generated revenues (e.g. sales taxes, use taxes, et cetera).
- ° A statement of any special consideration regarding the study area as those factors may relate to borough incorporation. This may include major economic development which could seriously impact local economies or lifestyles, transportation patterns unique to the area which constitute a significant issue relating to borough boundaries, et cetera.

As you will note from the enclosed project outline, it is our intention that this information be provided to us by May 16. Again, you will be receiving complete assistance in this matter. Gene Kane, a staff member of our Anchorage Office who is coordinating your study, will telephone you in approximately one week to review with you the information provided in this letter. Ms. Miller will then follow-up with one or more meetings in the study area either to assist in gathering information for our report or to present/discuss the findings of the report.

The Honorable Paul Fuhs
April 4, 1988
Page Four

In the interest of keeping others in the area informed of this matter, we have taken the liberty of sending copies of this letter to the individuals noted on the distribution list. We look forward to working with you and other communities in the region on this important project. At this point, if you have any questions or comments on this letter or the attached, please contact Gene at 561-8586.

Sincerely,

A handwritten signature in dark ink, appearing to read "Patrick K. Poland". The signature is fluid and cursive, with the first name "Patrick" being more prominent.

Patrick K. Poland
Acting Director

enclosures:

Outline for borough feasibility report
Project Timeline
Distribution list

cc: Distribution List

Distribution List:

The Honorable Fred Zharoff, Senator
Alaska State Senate
P.O. Box V
Juneau, AK 99811

The Honorable Adelheid Herrmann, Representative
Alaska State House of Representatives
P.O. Box V
Juneau, AK 99811

The Honorable Arliss Sturgulewski, Chair
Senate C & RA Committee
P.O. Box V
Juneau, AK 99811

The Honorable Heinrich Springer, Chair
House C & RA Committee
P.O. Box V
Juneau, AK 99811

Lamar Cotten, Administrator
Aleutians East Borough
1007 W. 3rd Avenue, suite 201
Anchorage, AK 99501

The Honorable Jacob Stepatin
Mayor of Akutan
General Delivery
Akutan, AK 99553

The Honorable Maxim Malavansky
Mayor of St. George
P.O. Box 929
St. George, AK 99660-9999

The Honorable Andrey Mandregan, Sr.
Mayor of St. Paul
Pouch 1
St. Paul Island, AK 99660

Ms. Julie Dirks
Atka IRA Council
Atka Rural Branch
Atka, AK 99502

Mr. Valentine Dushkin
Nikolski IRA Council
General Delivery
Nikolski, AK 99638-9999

Akutan IRA Council
General Delivery
Akutan, AK 99553

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City Manager
City of Unalaska
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Unalaska, Alaska 99685

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Aleutians West Coastal Resource
Service Area
P.O. Box 464
Dutch Harbor, AK 99692

Darcy Lockhart, Coordinator
Aleutians West Coastal Resource
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P.O. Box 104818
Anchorage, AK 99510-4818

Aleutian/Pribilof Island Assoc.
1689 "C" St.
Anchorage, AK 99501

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4000 Old Seward Hwy., Suite 300
Anchorage, AK 99503

Aleut Community of St. Paul
P.O. Box 86
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Chaluka Corporation
General Delivery
Nikolski, AK 99638

Akutan Corporation
P.O. Box 595
Akutan, AK 99503

Unalaska Aleut Development Corporation
P.O. Box 134
Unalaska, AK 99685

Ounalashka Corporation
P.O. Box 149
Unalaska, AK 99685

Atxam Corporation
General Delivery
Atka, AK 99695

Tanadgusix Corporation
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St. Paul Island, AK 99660

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720 3rd Ave., Suite 1603
Seattle, Washington 98104

Charles F. Bundrant, President
Trident Seafoods
5303 Shilshole Ave., NS
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John Boggs, President
Deep Sea Fisheries
4241 21st Ave. West, Suite 400
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Mr. Carlos Teniente, President
Adak Region School District
NAS Box 34
FPO Seattle, WA 98791-0005

Mr. LeRoy Key
Adak Region School District
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Adak Naval Station-Box 34
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Mr. Robert Mutch
Aleutian Region School District
1 Aleut Plaza
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Mr. Denver Bowen
Pribilof School District
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Mr. John Mercurief
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Commissioner David Hoffman
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Marty Rutherford, Acting Deputy Commissioner
Department of Community & Regional Affairs
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Juneau, AK 99811

bcc:

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Department of Community & Regional Affairs
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Ike Waits, Regional Offices Supervisor
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Nelda Warkentin, Program Manager
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Jim Sanders
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Gene Kane
Anchorage Regional Office
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Anchorage, AK 99508

File: Bering Sea Borough

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY AND REGIONAL AFFAIRS

MUNICIPAL AND REGIONAL ASSISTANCE DIVISION

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DILLINGHAM, ALASKA 99576-0041
PHONE: (907) 842-5135

☐ 1514 CUSHMAN STREET, ROOM 210
FAIRBANKS, ALASKA 99701-6286
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☐ P.O. BOX 8H
JUNEAU, ALASKA 99811-2110
PHONE: (907) 465-4750

☐ 710 MILL BAY ROAD
KODIAK, ALASKA 99615
PHONE: (907) 486-5736

☐ P.O. BOX 350
KOTZEBUE, ALASKA 99752-0280
PHONE: (907) 442-3696

☐ P.O. BOX 41
NOME, ALASKA 99762-0041
PHONE: (907) 443-5457

April 4, 1988

Mr. John Levy, City Administrator
City of Togiak
1007 W. 3rd Avenue, #201
Anchorage, AK 99501

Dear Mr. Levy:

In January of this year the Department received a letter from you reconfirming the City of Togiak's interest in having a borough feasibility study prepared for the area which includes Goodnews Bay, Platinum, Togiak, Twin Hills, Manokotak, Clark's Point and Ekuk. This area excludes Dillingham and may exclude Aleknagik.

A number of other regions throughout the state have made similar requests of this agency. As you know, interest in this topic stems from a variety of reasons but, in particular, seems to result from the mandatory borough bill pending in the legislature (2d SSHB 1) and the desire to increase the ability to generate revenues to support local public services..

In addition to your region, five areas of the state have expressed significant interest in further examining the formation of a borough. These areas consist of the following:

- ° Delta-Greely Region (REAA #15);
- ° Copper River Basin (REAA #17);
- ° Bering Sea Region (Aleutian Region west of Akutan);
- ° Yukon-Koyukuk (REAA # 12, with separate consideration of smaller areas within the region)
- ° A portion of the Chatham REAA #18 (Hoonah and Angoon) and Kake (REAA #19)

Mr. John Levy
April 4, 1988
Page Two

As a result of this widespread interest, we have developed a proposal which will allow us to respond to your needs and to the needs of the five other regions. The Department will prepare two "borough" publications. The first will provide general background information concerning borough government. It will contain such information as:

- ° what a borough is;
- ° borough powers and duties;
- ° alternative types of boroughs;
- ° typical sources of revenue;
- ° information concerning apportionment of the governing body; and
- ° procedures and standards for forming a borough.

The second publication will be written specifically for your region. It will examine the Northwest Bristol Bay Region to determine the feasibility of forming a borough in that particular area. This publication should contain no more than twelve pages and would address such matters as projected services, revenues, and expenditures; how communities might be represented by the borough assembly; and an estimate of the municipal land entitlements of the area. It will also address any special considerations which may apply to the region (e.g. unique boundary issues). A copy of this report outline is enclosed.

Also enclosed is a copy of the schedule for this project. Since we want to complete similar studies for the six regions at one time, we anticipate that it will take approximately one year to conclude the project. You will note from the timeline that we are asking each region to be an active participant in the study effort. We feel that full participation by the City of Togiak and other interested parties in the region is essential to the success of your study.

In this respect we will assign a member of our staff to assist you in gathering the requested information as well as to work with you in other aspects of the project. You will be contacted by our staff person assigned to the project and asked to provide the information noted on the following page. Don't be alarmed at the amount or the detail of the information we need. The assigned staff person will help to gather this data and information.

Mr. John Levy
April 4, 1988
Page Three

- ° City Council or other group resolution indicating support of the study and expressing a desire to participate.
- ° The name of the prospective borough.
- ° A projected date for incorporation of the borough.
- ° A map clearly indicating the boundaries of the prospective borough.
- ° Information concerning the population of the proposed borough.
- ° A statement of which municipal powers it is anticipated the prospective borough will undertake and the schedule for same.
- ° Estimates of the level of services envisioned by the prospective borough.
- ° A statement of the means by which the prospective borough would likely raise locally generated revenues (e.g. sales taxes, use taxes, et cetera).
- ° A statement of any special consideration regarding the study area as those factors may relate to borough incorporation. This may include major economic development which could seriously impact local economies or lifestyles, transportation patterns unique to the area which constitute a significant issue relating to borough boundaries, et cetera.

As you will note from the enclosed project timeline, it is our intention that this information be provided to us by May 16. Again, you will be receiving complete assistance in this matter. Carol Akerelrea, a staff member of our Anchorage Office who is coordinating your study, will telephone you in approximately one week to reconfirm your participation in the study. Following this contact, you will be advised of the staff member assigned to work with you. This individual may meet with you in the study area several times throughout the project either to assist in gathering information for our report or to present/discuss the findings of the report.

Mr. John Levy
April 4, 1988
Page Four

In the interest of keeping others in the area informed of this matter, we have taken the liberty of sending copies of this letter to the individuals noted on the distribution list. We look forward to working with you and other communities in the region on this important project. If you have any questions on this letter or the attached, please contact Ms. Akerelrea at 561-8586.

Sincerely,

A handwritten signature in dark ink, appearing to read "Patrick K. Poland". The signature is fluid and cursive, with the first and last names being more prominent than the middle initial.

Patrick K. Poland
Acting Director

Enclosures:

Outline for borough feasibility report
Project Timeline
Distribution list

cc: Distribution List

Distribution List:

The Honorable John Binkley, Senator
Alaska State Senate
P.O. Box V
Juneau, AK 99811

The Honorable Fred Zharoff, Senator
Alaska State Senate
P.O. Box V
Juneau, AK 99811

The Honorable Lyman Hoffman, Representative
Alaska State House of Representatives
P.O. Box V
Juneau, AK 99811

The Honorable Adelheid Herrmann, Representative
Alaska State House of Representatives
P.O. Box V
Juneau, AK 99811

The Honorable Arliss Sturgulewski, Chair
Senate C & RA Committee
P.O. Box V
Juneau, AK 99811

The Honorable Heinrich Springer, Chair
House C & RA Committee
P.O. V
Juneau, AK 99811

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P.O. Box 70
Goodnews Bay, AK 99589-0070

The Honorable Peter S. Samuels, Mayor
City of Platinum
General Delivery
Platinum, AK 99651

The Honorable Moses Toyukak, Sr., Mayor
City of Manokotak
P.O. Box 170
Manokotak, AK 99628

The Honorable Pat Aloysius, Sr., Mayor
City of Aleknagik
P.O. Box 33
Aleknagik, AK 99555

The Honorable Leon C. Braswell, Mayor
City of Dillingham
P.O. Box 889
Dillingham, AK 99576

The Honorable Joseph Clark, Mayor
City of Clark's Point
P.O. Box 7
Clark's Point, AK 99569

The Honorable Emma Ayojiak-Carlos, Mayor
City of Togiak
P.O. Box 99
Togiak, AK 99678

Arthur Sharp, President
Twin Hills Village Council
General Delivery
Twin Hills, AK 99576

Native Village of Ekuk
General Delivery
Ekuk, AK 99576

Mr. Lyle Larson, Manager
City of Dillingham
P.O. Box 889
Dillingham, AK 99576

Ms. Sue Hare, Superintendent
Lower Kuskokwim School District
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Mr. Robert R. Burkhardt, Coordinator
Southwest Region Schools
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Mr. Henry J. Kilmer, Superintendent
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Ms. Sue Flensburg
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Resource Service Area
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Dillingham, AK 99576

Ms. Anna Phillip
Cenaliuriit Coastal
Resource Service Area
P.O. Box 1169
Bethel, AK 99559

Calista Corporation
516 Denali Street
Anchorage, AK 99504

Bristol Bay Native Corporation
P.O. Box 100220
Anchorage, AK 99501

Choggiung Corporation
P.O. Box 247
Dillingham, AK 99576

Gene Peltola, President
Association of Village Council Presidents
P.O. Box 219
Bethel, AK 99559

Kiutsarak, Inc.
General Delivery
Goodnews Bay, AK 99620

Arviq, Inc.
P.O. Box 9
Platinum, AK 99651

Togiak Natives Limited
P.O. Box 109
Togiak, AK 99678

Twin Hills Native Corporation
General Delivery
Twin Hills, AK 99576

Manokotak Natives Ltd.
General Delivery
Manokotak, AK 99628

Saguyak, Inc.
General Delivery
Clark's Point, AK 99569

Commissioner William G. Demmert
Department of Education
P.O. Box F
Juneau, AK 99811

Mr. Steve Hole, Deputy Commissioner
Department of Education
P.O. Box F
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Mr. Gerald Mikesell
Department of Education
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Juneau, AK 99811

Commissioner David Hoffman
Department of Community and Regional Affairs
P.O. Box B
Juneau, AK 99811

Marty Rutherford, Acting Deputy Commissioner
Department of Community & Regional Affairs
P.O. Box BH
Juneau, AK 99811

bcc:

Pat Poland, Acting Director
Department of Community & Regional Affairs
Municipal & Regional Assistance Division
949 E. 36th Ave., Suite 400
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Ike Waits, Chief of Field Operations
Department of Community & Regional Affairs
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Dan Bockhorst, Local Government Specialist
Department of Community & Regional Affairs
Municipal & Regional Assistance Division
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Nelda Warkenton, Planner V
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Chow Taylor, Local Government Specialist
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Carol Akerelrea, Local Government Specialist
Department of Community & Regional Affairs
Municipal & Regional Assistance Division
949 E. 36th Ave., Suite 400
Anchorage, AK 99508

File: LBC: Northwest Bristol Bay

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY AND REGIONAL AFFAIRS

MUNICIPAL AND REGIONAL ASSISTANCE DIVISION

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KOTZEBUE, ALASKA 99752-0280
PHONE: (907) 442-3696

☐ P.O. BOX 41
NOME, ALASKA 99762-0041
PHONE: (907) 443-5457

April 4, 1988

Robert Packard
Concerned Citizens of Delta Junction
4852 Becky Lane
Delta Junction, AK 99737

Dear Mr. Packard:

In January of this year Governor Steve Cowper received a letter from you requesting that the State of Alaska allow the area encompassed by the Delta/Greely School District a chance to exercise self-determination in the selection of its local government structure.

Enclosed with that letter was a petition signed by over 500 area residents also petitioning for, among other things, "the funds to . . . study and implement a form of self government equally acceptable to the majority of the people living in the Delta/Greely School District, the State of Alaska, and the Constitution of the State of Alaska." This sentiment was reinforced by an advisory vote on February 16 in which 421 residents of the region registered their support of a task force to research or study a minimum form of self government, and 46 indicated otherwise. Clearly, there is sincere interest in exploring forms of government suitable to your area of the Unorganized Borough.

A number of other regions throughout the state have formally requested this agency to undertake studies of the viability of forming boroughs in their regions. As you know, interest in this topic stems from a variety of reasons but, in particular, seems to result from the mandatory borough bill pending in the legislature (2d SSHB 1) and the desire to increase the ability to generate revenues to support local public services.

In addition to the area defined by the Delta-Greely School District, five areas of the state have expressed significant interest in further examining the formation of regional

Mr. Robert Packard
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Page Two

government. In fact, all others have asked specifically for a study of the feasibility of borough formation. These areas consist of the following:

- ° Northwest Bristol Bay (Portions of REAA #s 4 & 6, including Goodnews Bay, Platinum, Togiak, Twin Hills, Manokotak, Clark's Point, Ekuk and Aleknagik);
- ° Copper River Basin (REAA #17);
- ° Bering Sea Region (Aleutian Region west of Akutan);
- ° Yukon-Koyukuk (REAA # 12, with separate consideration of smaller areas within the region)
- ° A portion of the Chatham REAA #18 (Hoonah and Angoon) and Kake (REAA #19)

As a result of this widespread interest, we have developed a proposal which we feel will allow us to respond to the needs of areas of the state interested in possibly forming a borough. Although we have no funds to offer you for study of your regional government situation at this time, the Department of Community and Regional Affairs would be able to provide you with an in-house study of the feasibility of borough formation in your area.

The feasibility study would contain two elements. First the Department would issue a booklet which would provide general background information concerning borough government. It would contain such information as:

- ° what a borough is;
- ° borough powers and duties;
- ° alternative types of boroughs;
- ° typical sources of revenue;
- ° information concerning apportionment of the governing body; and
- ° procedures and standards for forming a borough.

The second publication would be written specifically for your region. It would examine the Delta-Greely region to determine the feasibility of forming a borough in that particular area. This publication should contain no more than twelve pages and would address such matters as projected services, revenues, and expenditures; how communities might be represented by the borough assembly; and an estimate of the municipal land entitlements of the area. It would also address any special considerations which may apply to the region (e.g. unique boundary issues). A copy of this report outline is enclosed.

Mr. Robert Packard
April 4, 1988
Page Three

Also enclosed is a copy of the schedule for this project. Since we want to complete similar studies for the six regions at one time, we anticipate that it will take approximately one year to conclude the project. You will note from the timeline that we are asking each region to be an active participant in the study effort. We feel that full participation by the Concerned Citizens of Delta Junction and other interested parties in the region is essential to the success of your study.

If you wish to proceed with this project, we will assign a member of our regional office to assist you in gathering the requested information as well as to work with you in other aspects of the project. You will be contacted by the regional staff person and asked to provide the information noted below. Don't be alarmed at the amount or the detail of the information we need. This individual will help to gather this data and information.

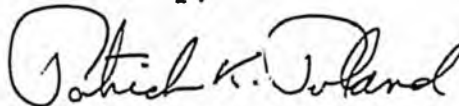
- ° The name of the prospective borough.
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- ° A statement of any special consideration regarding the study area as those factors may relate to borough incorporation. This may include major economic development which could seriously impact local economies or lifestyles, transportation patterns unique to the area which constitute a significant issue relating to borough boundaries, et cetera.

Mr. Robert Packard
April 4, 1988
Page Four

As you will see from the enclosed project timeline, it is our intention that this information be provided to us by May 16. Again, you will be receiving complete assistance in this matter. Until then, Carol Akerelrea, a staff member of our Anchorage Office who is coordinating your study, will telephone you in approximately one week to confirm your participation in the study. Following this contact, you will be advised of the regional staff member assigned to work with you. This individual may meet with you in the study area several times throughout the project either to assist in gathering information for our report or to present/discuss the findings of the report.

In the interest of keeping others in the area informed of this matter, we have taken the liberty of sending copies of this letter to the individuals noted on the distribution list. We look forward to working with you and other communities in the region on this important project if you decide to participate. If you have any questions on this letter or the attached, please contact your Ms. Akerelrea at 561-8586.

Sincerely,



Patrick K. Poland
Acting Director

Enclosures:

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Project Timeline
Distribution list

cc: Distribution List

Distribution List:

The Honorable Richard Shultz, Representative
Alaska State House of Representatives
P.O. Box V
Juneau, AK 99811

The Honorable Jack Coghill, Senator
Alaska State Senate
P.O. Box V
Juneau, AK 99811

The Honorable Heinrich Springer, Chair
House C & RA Committee
P.O. V
Juneau, AK 99811

The Honorable Arliss Sturgulewski, Chair
Senate C & RA Committee
P.O. Box V
Juneau, AK 99811

The Honorable Mary A. Leith Dowling, Mayor
City of Delta Junction
P.O. Box 229
Delta Junction, AK 99737

Mr. Francis W. Mandeville, Administrator
City of Delta Junction
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Mr. M. Bruce Slama, Superintendent
Delta/Greely School District
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Healy Lake Village Council
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Gary Lee
Mendas Cha-ag Native Corporation
c/o 457 Cindy Drive
Fairbanks, AK 99701

Doyon, Limited
P.O. Box 74240
Fairbanks, AK 99701

Tanana Chiefs Conference, Inc.
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File: LBC: Delta-Greely

STATE OF ALASKA

STEVE COWPER, GOVERNOR

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April 4, 1988

Mr. Duste E. Bonin
Co-Chairman
Copper Basin Borough Information Committee
P.O. Box 126
Copper Center, AK 99573

Dear Mr. Bonin:

This is to follow up several pending issues relating to your interest in considering the formation of a borough in the Copper River region.

As you know, on February 10 we requested information from the Department of Revenue concerning the current and prospective future valuations of oil and gas property within the Copper River REAA. Attached is a copy of the response to our request from the Department of Revenue.

We have yet to receive an opinion from the Department of Law concerning our December 9, 1987 inquiry on the prospect of levying a use tax on fuel used to operate Pump Station #12. We contacted the Department of Law last this week concerning the status of our request. We were advised that while some preliminary research has been conducted on the matter, other priorities of the Department of Law have not enabled them to fully respond to the issue. They expect it will be several weeks before they are able to prepare an opinion on the matter.

Even if the opinion concerning the use tax favors the prospective borough, we urge you to be careful about relying too greatly on such a tax as a source of revenue for the prospective borough. A favorable opinion from the Department of Law offers no guarantee that the levy of the tax will not be challenged, and perhaps successfully so, in court.

The last time you and Bob Niebrugge were in the office, you had a number of questions concerning the prospective borough. Those questions are repeated below along with our opinions.

Mr. Duste E. Bonin
April 4, 1988
Page Two

- Q. Can the assembly of a home rule borough serve as the planning commission?
- A. The law makes distinctions between the duties of a general law borough and a home rule borough in carrying out planning functions. First and second class boroughs are required to "provide for planning, platting and land use regulation in accordance with AS 29.40" [see AS 29.35.180(a)]. While, the law provides that a home rule borough "shall provide for planning, platting and land use regulation" it does not specify that it be done in accordance with AS 29.40 [see AS 29.35.180(b)]. Further, limitations on home rule boroughs with respect to planning exist only in regard to title to vacated areas (AS 29.40.160 (a)-(c)) and subdivisions of state land (AS 29.40.200) [see AS 29.10.200 (39)-(40)].

The statutes are quite specific for general law boroughs as to the composition and appointment of a planning commission which is separate from the Assembly, no similar provisions exist for home rule boroughs. Thus, we conclude that a home rule borough enjoys great flexibility in the manner in which it carries out its planning functions. We believe that this may include having the assembly assume the duties of a planning commission.

Notwithstanding, we feel that there are several practical considerations which should be carefully evaluated prior to structuring the planning functions in the manner anticipated by the question. Therefore, we would appreciate the opportunity to discuss the matter with you further at some future time.

- Q. Can provisions be made which require an amendment to a home rule charter to be approved by 2/3 or even 3/4 of the voters?
- A. Article X, Section 9 of the State Constitution states, in part, "All charters, or parts or amendments of charters shall be submitted to the qualified voters of the borough or city, and shall become effective if approved by a majority of those who vote on the specific question".

Thus, we believe that it is not permissible to require more than a simple majority for the approval of amendments to the charter.

- Q. Can restrictions be placed in the charter concerning the issuance of bonds?

Mr. Duste E. Bonin
April 4, 1988
Page Three

Y. It appears that a home rule borough enjoys considerable flexibility in its authority to limit indebtedness. General law governments are constrained in this respect by the provisions of AS 29.47. However, only two sections of AS 29.47 apply to home rule governments (security for bonds - AS 29.47.200(b) and construction - AS 29.47.260).

Q. Can an assembly of a home rule borough meet only once a year?

A. We are aware of no provisions in law which relate to the number of meetings which the assembly of a home rule borough must conduct. AS 29.20.160(b), which applies only to general law governments, states in part, "A governing body shall hold at least one regular meeting each month unless otherwise provided by ordinance."

Thus, we believe that it is permissible for a home rule borough assembly to meet only once a year.

Q. What are the stipulations for dissolving a borough?

The provisions of law concerning dissolution of boroughs apply to both home rule and general law boroughs [see AS 29.10.200(6)]. Standards and procedures for dissolution of boroughs are established in AS 29.06.450 - 530 and 19 AAC 10.260 - 280. A copy of the referenced regulations are enclosed for your information (you already have the statutes).

At this time we also wish to address the desire on the part of residents of the region for a formal study of the feasibility of forming a borough in the region. Late last year you submitted a letter to Marty Rutherford requesting that the State of Alaska conduct a borough feasibility study of REAA #17. Enclosed with that letter was a "resolution" signed by 90 residents of the area also petitioning for a study. We advised you at the time that we did not have the funds for the performance of the study by a private contractor. However, we did offer staff resources to assist you.

A number of other regions throughout the state have also requested our assistance in conducting borough feasibility studies. As you know, interest in this topic stems from a variety of reasons but, in particular, seems to result from the mandatory borough bill pending in the legislature (2d SSHB 1) and the desire to generate revenues to help support local services in an era of declining state revenues.

Mr. Duste E. Bonin
April 4, 1988
Page Four

In addition to the Copper River Basin, five areas of the state have expressed significant interest in further examining the formation of a borough. These areas consist of the following:

- ° Northwest Bristol Bay (Portions of REAA #s 4 & 6, including Goodnews Bay, Platinum, Togiak, Twin Hills, Manokotak, Clark's Point, Ekuk and Aleknagik);
- ° Delta-Greely Region (REAA #15);
- ° Bering Sea Region (Aleutian Region west of Akutan);
- ° Yukon-Koyukuk (REAA # 12, with separate consideration of smaller areas within the region)
- ° A portion of the Chatham REAA #18 (including Angoon and Hoonah) and Kake (REAA #19)

As a result of this widespread interest, we have developed a proposal which we feel will allow us to respond to your needs and to the needs of the five other regions. That is, the Department of Community and Regional Affairs will prepare two "borough" publications. The first will provide general background information concerning borough government. It will contain such information as:

- ° what a borough is;
- ° borough powers and duties;
- ° alternative types of boroughs;
- ° typical sources of revenue;
- ° information concerning apportionment of the governing body; and
- ° procedures and standards for forming a borough.

The second publication will be written specifically for each region. It will examine each of the study areas to determine the feasibility of forming a borough in that particular area. This publication should contain no more than twelve pages and will address such matters as projected services, revenues, and expenditures; how communities might be represented by the borough assembly; and an estimate of the municipal land entitlements of the area considered for incorporation. It will also address any special considerations which may apply to the region (e.g. unique boundary issues). A copy of this report outline is enclosed.

Mr. Duste E. Bonin
April 4, 1988
Page Five

Also enclosed is a copy of the schedule for this project. Since we want to complete studies for the six regions at one time, we anticipate that it will take approximately one year to conclude the project. You will note from the timeline that we are asking each region to be an active participant in the study effort. We feel that full participation by the Copper River Borough Information Committee and other interested parties in the region is essential to the success of your study.

In this respect, we have assigned Ms. Carol Akerelrea of our Anchorage office to assist you in gathering the requested information as well as to work with you in other aspects of the project. Once you have confirmed your interest in this study with her, you will be asked to provide the information listed below. Don't be alarmed at the amount or the detail of the information we need. Ms. Akerelrea will help to gather this data and information.

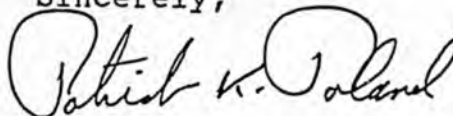
- ° The name of the prospective borough.
- ° A projected date for incorporation of the borough.
- ° A map clearly indicating the boundaries of the prospective borough.
- ° Information concerning the population of the proposed borough.
- ° A statement of which municipal powers it is anticipated the prospective borough will undertake and the schedule for same.
- ° Estimates of the level of services envisioned by the prospective borough.
- ° A statement of the means by which the prospective borough would likely raise locally generated revenues (e.g. sales taxes, use taxes, et cetera).
- ° A statement of any special consideration regarding the study area as those factors may relate to borough incorporation. This may include major economic development which could seriously impact local economies or lifestyles, transportation patterns unique to the area which constitute a significant issue relating to borough boundaries, et cetera.

Mr. Duste E. Bonin
April 4, 1988
Page Six

As you will note from the enclosed project timeline, it is our intention that this information be provided to us by May 16. Again, you will be receiving complete assistance in this matter. Ms. Akerelrea, who is coordinating your study, will telephone you in approximately one week to confirm your participation. Following this contact, she will plan to meet with you.

In the interest of keeping others in the area informed of this matter, we have taken the liberty of sending copies of this letter to the individuals noted on the distribution list. We look forward to working with you and other communities in the region on this important project. If you have any questions on this letter or the attached, please contact Ms. Akerelrea at 561-8586.

Sincerely,

A handwritten signature in dark ink, appearing to read "Patrick K. Poland". The signature is fluid and cursive, with the first and last names being more prominent.

Patrick K. Poland
Acting Director

Enclosures:

Outline for borough feasibility report
Project Timeline
Distribution list

cc: Distribution List

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File: Copper Basin Borough

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April 4, 1988

The Honorable Liv C. Gray
Mayor
City of Hoonah
P.O. Box 360
Hoonah, AK 99829

Dear Mayor Gray:

This is to follow up the letter of February 17 from Commissioner Hoffman in response to your recent request that we conduct a borough feasibility study for the region encompassing Hoonah.

We understand from discussions with Mike Tavoliero, the Hoonah City Manager, that it is intended the study area encompass the territory generally within the boundaries of the Chatham Regional Educational Attendance Area. Excluded from this would be territory in the REAA north of Dry Bay. Also, Mr. Tavoliero has expressed interest in including Excursion Inlet in the study area, an area which presently lies within the boundaries of the Haines Borough. Kake, which lies within the adjacent Southeast Island REAA, is also proposed to be included within the study area.

A number of other regions throughout the state have made similar requests of this agency. Interest in this topic stems from a variety of reasons but, in particular, seems to result from the mandatory borough bill pending in the legislature (2d SSHB 1) and the desire to increase the ability to generate revenues to support local public services.

In addition to your region, five areas of the state have expressed significant interest in examining the formation of a borough. These areas consist of the following:

- ° Northwest Bristol Bay (Portions of REAA #s 4 & 6, including Goodnews Bay, Platinum, Togiak, Twin Hills, Manokotak, Clark's Point, Ekuk and Aleknagik);

The Honorable Liv C. Gray
April 4, 1988
Page Two

- ° Copper River Basin (REAA #17);
- ° Delta-Greely Region (REAA #15);
- ° Bering Sea Region (Aleutian Region west of Akutan);
- ° Yukon-Koyukuk (REAA # 12, with separate consideration of smaller areas within the region)

As you can see, the interest in this topic is widespread. We have developed a proposal which we feel will allow us to respond to your needs and to the needs of the other regions concerning this matter. That is, the Department will prepare two "borough" publications. The first will provide general background information concerning borough government. It will contain such information as:

- ° what a borough is;
- ° borough powers and duties;
- ° alternative types of boroughs;
- ° typical sources of revenue;
- ° information concerning apportionment of the governing body; and
- ° procedures and standards for forming a borough.

The second publication would be written specifically for each region. It would examine each of the study areas to determine the feasibility of forming a borough in that particular area. This publication should contain no more than twelve pages and will address such matters as projected services, revenues, expenditures, how communities might be represented by the borough assembly and municipal land entitlements of the area considered for incorporation. It would also address any special considerations which might apply to the region (e.g. unique boundary issues). A copy of the report outline is enclosed.

Also enclosed is a copy of the schedule for this project. Since we want to complete similar studies for the six regions at one time, we anticipate that it will take approximately one year to conclude the project. You will note from the timeline that we are asking each region to be an active participant in the study effort. We feel that full participation by the City of Hoonah and other interested parties in the region is essential to the success of each study.

In this respect we will assign a member of our regional office to assist you in gathering information we will need to complete

The Honorable Liv C. Gray
April 4, 1988
Page Three

the study. You will be contacted by the regional staff person and asked to provide the information noted below. Don't be alarmed at the amount or the detail of the information we need. This individual will provide complete assistance in gathering this data and information.

- ° The name of the prospective borough.
- ° A projected date for incorporation of the borough.
- ° A map clearly indicating the boundaries of the prospective borough.
- ° Information concerning the population of the proposed borough.
- ° A statement of which municipal powers it is anticipated the prospective borough will undertake and the schedule for same.
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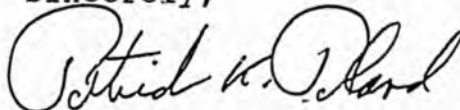
As you will note from the enclosed project timeline, it is our intention that this information be provided to us by May 16. Again, you will be receiving complete assistance in this matter. Gene Kane, a staff member of our Anchorage Office who is coordinating your study, will telephone you in approximately one week to confirm your participation in the study. Following this contact, you will be advised of the regional staff member assigned to work with you. This individual may meet with you in the study area several times throughout the project either to assist in gathering information for our report or to present/discuss the findings of the report.

The Honorable Liv C. Gray
April 4, 1988
Page Four

Because others will be vitally interested in this study effort, we have taken the liberty of sending copies of this letter to the individuals noted on the distribution list. We intend to coordinate our efforts in the matter fully with municipalities and unincorporated communities which have an interest in the study. These include the Haines Borough (due to the interest in detaching Excursion Inlet from the Haines Borough) and the City and Borough of Juneau (due to the competing interest in the Greens Creek Mine). Additionally the City of Yakutat has expressed interest in forming a Coastal Resource Service Area which encompasses a portion of the study area.

We look forward to working with you and other communities in the region on this important project. At this point, if you have any questions on this letter or the attached, please contact Gene at 561-8586.

Sincerely,

A handwritten signature in dark ink, appearing to read "Patrick K. Poland", written in a cursive style.

Patrick K. Poland
Acting Director

enclosures:

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File: Hoonah Borough



CITY OF MC GRATH

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Lina

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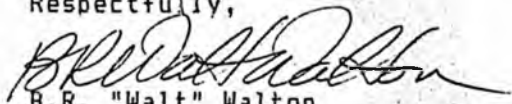
Senator John Binklev
Alaska State Legislature
P.O. Box V
Capitol, Room 516
Juneau, Ak. 99811

Subject: 2 SS for HB1

Dear Senator Binklev:

At a regular City Council meeting on February 16, 1988 the 2 SS for HB 1 was discussed. It was the consensus of the Council that the Mayor send a letter of opposition to passage of the bill. The Council also objected to using state monies to fund development of boundaries for the forming of new boroughs when there is no support in this area for additional levels of government.

Respectfully,


B.R. "Walt" Walton
Mayor

cc: Representative Kay Wallis

B

Boroughs bill draws heavy rural protest

By Robert Laurie
Times Juneau Bureau

JUNEAU — A legislative proposal that would create up to 20 new boroughs in the state, replacing 22 Rural Education Attendance Areas (REAA) and 19 small city school districts, is coming under fire from rural Alaskans.

It all boils down to a debate over higher taxes versus lower education costs, and increased local responsibility vs. more bureaucracy.

The bill's sponsor, Rep. Ron Larson, D-Palmer, concedes the bill is not likely to pass this session, but he says it's sparking a needed discussion on the merits of local government compared to state government.

He says his bill is simply a continuation of a process begun with statehood in 1959.

The state constitution gives local government powers to boroughs and cities. In 1963 the legislature passed the Mandatory

Borough Act establishing eight boroughs covering the most populated areas of the state. Five more boroughs have been established since then, the most recent being the Aleutians East Borough last fall.

Still, more than half the state's land area remains without an organized local government.

As in the boroughs, locally elected boards run the schools in the so-called unorganized borough, but the state pays 100 percent of the educational costs. In organized boroughs, local taxpayers split the costs with the state.

Larson said that's unfair.

"You can't have local control without local responsibility," he said.

He points to Department of Education figures that show the state spends 32 percent of its education budget for the roughly 18 percent of Alaska's school stu-

See Bill 1, page B-4

Bill 1: Local vs. state control

Continued from page B-1

dents in REAA's and small city schools.

Larson says administrative costs in rural Alaska are too high. He says there are too many superintendents and other administrators, and many are paid too much for their responsibilities.

"In my mind, the money should be spent for education, not administration," said Larson.

He said costs in rural areas have soared out of line because local school boards "didn't have to worry where the money is coming from." Their funds came from the state.

"They didn't have taxpayers looking over their shoulders," he said.

But a number of Alaskans testifying on the measure during a legislative teleconference fear the proposal could result in more government peering over their

shoulders and interfering in their lives.

"Leave us alone, just leave us alone," said Mike Coombs of Healy. "We don't need more bureaucrats in Alaska."

Calling from a pay phone in Nenana, A.P. McDonald said Larson's bill, House Bill 1, was "another case of Anchorage trying to tell rural Alaska what to do."

"Decency prevents me from expressing my dismay and disgust with House Bill 1," he added.

Rep. Kay Wallis, D-Fort Yukon, also opposes the measure.

"I hate it," she said, "because there's no tax base out there to support (a borough government)."

Jack Forness of Nenana asked "Why can't the school situation be solved by a school tax rather than form a new borough?"

Until it was repealed during the oil boom of the early 80's, a

school tax of \$10 per person was levied on every Alaskan. Forness said a \$100 per person school tax "wouldn't be out of line."

Larson claims that if his bill is adopted most rural Alaskans would not have to pay any higher taxes than they now do.

"Even if they don't raise much money, it will make those school boards more accountable," he said.

Several school boards and local governments passed resolutions opposing the measure.

Bob Weinstein, superintendent of the Southeast Islands School District said his board unanimously opposes the bill. He said such local governments cost more to operate than they generate in revenues.

Larson's home borough assembly, the Matanuska-Susitna borough, supports the measure. Mayor Dorothy Jones said it will make local government more accessible to the people.

2/19/88



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- *Standard Alaskans speak out*, Page 2

Tale of three cities

How local governments handled budget problems

Editor's Note: This article discusses how three principal Alaska local governments, each with their own unique circumstances, have reacted to state budget cuts and reductions in state revenue sharing to local government coffers.

By Mike Bradner

This is an article about three Alaska local governments — Fairbanks, Kenai and the Matanuska-Susitna Borough. Like all Alaska local governments, these three governments have been impacted by major state budget cuts over the last several years. Local governments have been forced to react, using up fund balances and cash reserves, imposing budget cuts of their own, increasing existing local tax levies, and debating the prospects of new taxes. This is how three governments are coping.

Changing Revenue Realities

Since statehood, and most certainly since the beginning of oil production in Cook Inlet, Alaska local governments were able to look to the state government for steadily increasing revenue support. This "rising revenue" expectation lasted until 1986.

Alaska's large oil revenues have meant local governments have had a steadily rising revenue curve for almost three decades. More significantly, for the last two decades local governments had the luxury of greatly increasing revenues, while at the same time being able to decrease their own tax loads.

In most state and local governments in this country, increasing spending while reducing individual taxes would be impossible, and in government theory, this is a contradiction. But among Alaska local governments this "contradiction" was a functioning reality.

Alaska local governments were not only able to lower taxes and increase spending at the same time, but during these years were even able to accrue considerable

Long term, gradual reduction

\$358 million budget savings?

How it can be done

Alaska's state operating budget could be reduced by \$275 million yearly in 10 years and as much as \$350 million in 15 years if current state loan and debt programs can be retired on the current schedules, and if state lawmakers can get one spending program — the Longevity Bonus — under control by adopting one of several spending modifications.

Savings could come under the following programs: State general obligation bond debt service, \$132 million less in 10 years and \$147 million less in 15; State school debt support payments, \$77 million less in 10 years, \$116 million less in 15; State student loan subsidies, \$45 million less in 10 years, \$54 million less in 15; Longevity Bonus program, assuming modifications are adopted, \$0-\$20 million savings in 10 years (depending on which proposal for modification is adopted) and \$40 million less in 15 years.

Debt service reductions are substantial, but it is likely that some new debt may be required, both on state and local levels, before 2005. This would require some amount of ongoing debt service, though at levels below those of today. However, potential savings in the student loan program and the Longevity Bonus program, if it is modified, are very likely.

State Debt Service

State general obligation debt — for bonds sold to finance public buildings, roads and other state services — cost the state \$147.9 million in debt service during the current fiscal year. These bonds are on a rapid payoff schedule tied to the decline in Prudhoe Bay production. Annual debt

service will be dropping fast in increments of \$12 to \$30 million over the next several years. By 1998, state general obligation debt service will have dropped to \$14.4 million, and zero by 2001. While zero debt service is technically possible, it is politically unlikely because by then the state will probably have initiated a modest capital program tied

Continued on page 6

1988 session convenes

Alaska legislators convened in Juneau on January 11 for the 1988 legislative session. Major issues before the Legislature this spring include possible major changes in the state workmens' compensation laws and "tort" reform, which involve changes in civil liability procedures.

Workmens' compensation insurance costs have soared for Alaskan businesses and have become a major problem for companies amid the state's current recession. Senate and House Labor and Commerce Chairmen Senator Tim L'elly and Representative Dave Donley, both of Anchorage, have developed proposed changes to the law that would, hopefully, lower insurance costs for Alaskan firms.

Continued on page 6

"savings." In addition, increasingly in the 1980s local governments focused on another "perk" — the annual competition for state dollars to fund municipal capital needs.

Now this trend is reversed. The outlook is for a decline in state shared revenue with local governments, both in the near term and the longer term perspective. The ultimate decline of the immense Prudhoe Bay field has always meant a period of "adjustment" in Alaska's future.

The problem both state and local governments face is

that the sizable oil production drop, inherent in Prudhoe Bay oilfield decline, is unlikely to be offset by production from existing marginal fields, or even by significant new discoveries. The luxury of the Prudhoe Bay field is its huge size, the curse is that the production stream is so large that decline cannot realistically be offset. This does not mean Prudhoe decline cannot at some point or time be offset, but only that prudent exploration expectations would appear to set high odds against such a find, or make the

Continued on page 3



Representative Randy Phillips (R)—Chugach-Eagle River and Representative Dave Pearce (R)—Anchorage, discuss legislation during a House floor recess.

Photo by Mike Bradner

How three boroughs handled lower revenues

Continued from page 1

"timing" of such a discovery outside the timeframe of the current problem.

This reversal in revenue outlook represents a fundamental change. This change will leave its mark on how state and local government politics are conducted in the future.

1986: The Watershed Year

1986 was the "watershed" year for state and local revenue relationships. The oil price collapse of July 1986 marked a point where local governments had to (1) increasingly expect proportionately less revenue from state government, and (2) rely more on their own spending and tax decisions.

The collapse of oil prices in mid-1986 forced former Governor Sheffield to impose emergency budget cuts across the board, through budget impoundments. These included 10% cuts for municipal and school support funds for local government. These cuts were a shock for Alaskan communities, not only because they were large, but also because they came after their own budgets were already adopted. This caught communities with their legal mill levies set for the year, and in the case of schools, their professional contracts generally "in place." The only choice left to many communities was to cut their already established budgets.

The three local government communities we will discuss are all regional borough governments, exercising municipal powers and school powers. Each has smaller cities of differing classes within their borders.

FAIRBANKS: The Toughest Situation

Among our three regions, Fairbanks may represent the most complex situation. During the past spring, summer, and fall, Fairbanks has been mired in a full-blown public policy debate over raising revenues, service levels, and layoffs, none of which the community preferred to do.

This period of turmoil in Fairbanks has seen both the Borough Assembly and City Council adopt sales taxes and has then seen both of those sales taxes rejected by public vote. This brought Fairbanks back to the budget table and put both governments, already four months into a budget year, up against the task of making serious budget cuts.

What happened in Fairbanks goes back to the Sheffield impoundments. The emergency impoundments caught the Fairbanks Borough government with its budgets in place, and its property tax mill levy set. However, the impoundments also caught the borough with no fund balance. A prior Borough administration had spent the "fund balance."

"... Fairbanks may represent the most complex situation; Fairbanks has been mired in a full-blown public policy debate over raising revenues ..."

In a climate of increasing revenue, an eroded fund balance would present no great crisis. However, such fund balances are maintained precisely to meet demands of fiscal emergencies. For Fairbanks, the "unexpected" happened, and Fairbanks was "caught short" with no balances to fall back on.

Complicating this situation was the fact that "by policy" the school district did not keep a fund balance of its own, but instead depended on the Borough's. Generally, this would be considered good public policy, since parent governments usually are not inclined to allow subsidiary units to maintain much of a margin of excess funds over cash flow.

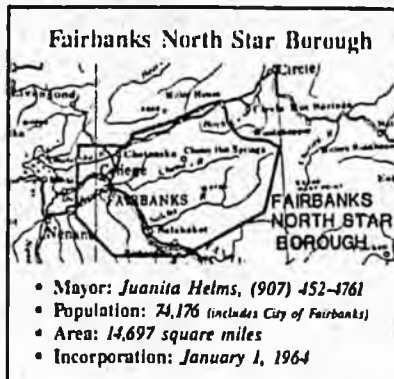
During the nine months prior to the Sheffield impoundments the Fairbanks Borough had been trying to rebuild its fund balance. After some considerable dialogue with the public, the Borough set aside some funds for a fund balance and had a goal of rebuilding an adequate surplus balance over a period of several years.

The Fairbanks School District, in the spring and summer of 1986, had problems of its own. The district had already gone through a tough spring of budget cuts and fine-tuning with the parent Borough assembly. This was due in part, to the Borough's poor cash position. Finally, with a budget "in-hand," and state revenues seemingly assured, the Borough and School District budgets were finalized and tax levies put in place.

However, there was an additional problem that plagued the Fairbanks School District. Litigation over a school busing contract had left the district with \$2.2 million unfunded, and uninsured, liability.

What all this meant was that in July 1986, when the Sheffield impoundments hit, the Fairbanks Borough and the School District were already "behind the eight-ball." They had no fund balances, no margin. These coupled with modest cuts and budget restructuring, might have temporarily "patched-up" the immediate budgets and buy time.

The Borough managed to patch its budget together, but the school district entered the 1986-87 school year with



projections that at times projected a deficit running to \$4 million. While Fairbanks had a strong case that its school problems were "special," state administrative relief was almost impossible. The problem was that the "legal foundation" of impoundment by the state rested in these impoundments being uniform. As soon as the state executive branch tried to pick, choose, and judge individual cases, it was in danger of appropriating — something the administrative branch clearly may not constitutionally do.

With tax levies set for the year, the Borough and School District had only two sources of relief to look to — the courts or the Legislature. The School District took both routes. The School District challenged the Sheffield emergency impoundments in court, and also sought legislative relief.

As the Legislature warmed up to its job in January 1987, the revenue outlook remained bleak. Facing an uncertain revenue future, the Legislature generally was in a "waiting mode" — waiting to see what the spring revenue forecasts would bring. The resulting environment in Juneau was such that Fairbanks could not easily come forward and plead some kind of "special case." However, during the 1987 session certain general supplemental funding actions did allow Fairbanks to regain some financial ground.

The district was also partially successful in its litigation challenging the Sheffield impoundments. But ironically this success did not help the district's financial situation. The court ruled the Sheffield impoundments unconstitutional, but found that the Legislature had remedied the situation by ratification of the impoundments.

In other words, the ratification action was tantamount to legal reappropriation of the funds by the Legislature.

The upshot was that as March rolled in the school district budget was still seriously in deficit. After a year's effort, the parent Borough government had accrued a marginal fund balance, but it also faced fiscal problems of its own going into the next year. What the borough did was bail out the school district with a sizable appropriation. This action wiped out its own effort to salvage a fund balance, but at least brought the fiscal problem down

squarely into the Borough's own court.

Before reviewing the play-by-play of Fairbanks futile effort to adopt a major new tax, a quick review of the Fairbanks budget is useful.

Fairbanks Profile

Like many other local areas, Fairbanks once had high taxes. In the late 1960s Fairbanks suffered a combined city/borough mill levy of as high as 24-mills plus 5% sales tax. State revenue sharing in the 1970s softened those taxes. In 1979, the combined Borough/city mill rate, which included the school levy, and was 15.6-mills, plus the 5% sales tax. However, with the "big oil money" of the early 1980s Fairbanks taxes dropped markedly. In 1981 both the Borough and city suspended their sales taxes (effective 1982), and the mill for the city in that year was "zero." The Borough mill levy that year was just 6-mills, of which 5-mills was the school levy.

In 1983 the city had a 1-mill levy, for a Borough city area combined, a mill levy of 7.7-mills. Since 1983, the city has held to a property tax mill levy of 2.5-2.8-mills. The Borough/School District in the mid-1980s was able to hold the mill levy to a modest rate, and in 1985 dropped to a 2.8-mill general levy — a tax-reducing action which helped erode the Borough's cash balances.

As the Fairbanks Borough government sought to put its budget together this year they were working with a \$66 million figure. The budget's main components were the local contribution for school support at \$24 million, debt service at \$16.5 million, and actual Borough operations at \$18 million.

Fairbanks debt almost equals operations, but in Fairbanks this debt is confined almost solely to school construction. This means that the debt appropriation is largely reimbursable by the state. However, this also means that any sizable state reduction in debt support suddenly shifts a sizable burden to local tax mills.

The Fairbanks Borough currently has 321 employees. Last year they reduced 39 authorized positions, and this year will cut more by the time the current budget settles down. However, last year many of these deletions were absorbed by attrition. This year actual employees will be laid off.

Fairbanks has also had a "wage freeze" in place for two years, and recently signed a contract continuing that freeze for three years. Despite the economic recession, the school district has not shown a decrease in students. The count this fiscal year is actually "up" by about 50 students, for a total of 13,903 students in this past October's count. However, in the past three years, teaching staff has dropped from 895 to 818, and classified staff from 425 to 355. Unions also took a wage freeze. The squeeze of the past few years has pushed the pupil teacher ratio upward from 22 to about 25:26.

We previously mentioned that with the benefits of large oil revenues, Alaska local governments could accomplish the seeming contradiction of increasing spending while lowering taxes. The opposite of that situation is the plight of facing "increasing" service demands, but with a "falling" revenue situation. The gradual impact of the incoming light infantry division to Fort Wainwright at Fairbanks may mean Fairbanks faces this latter situation. Larger school populations may mean rising school costs amidst eroding revenues.

While all governments had their excesses under the influence of the "big oil dollar" years of the 1980s, Fairbanks generally was not an extravagant case. The extra money that came to Fairbanks did not go for fancy new facilities that would permanently impact the municipal

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FAIRBANKS BUDGET DILEMMA — To address the problem of declining revenues, the Fairbanks Borough Assembly and City Council last year proposed reestablishing a sales tax; but area voters rejected those proposals.

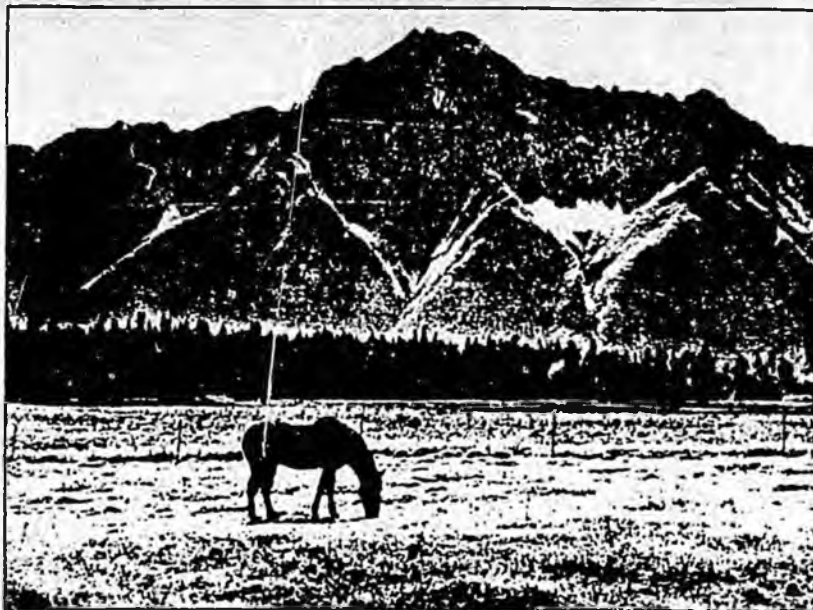


Photo courtesy of Anchorage Times

operating budget. Instead, in Fairbanks state funds generally went into roads, water and sewer, and other basic needs.

Basically what happened to Fairbanks is that the state revenue crisis just happened to "catch" the Borough when it was having a crisis of its own. This crisis was the combination of the Borough's fund balance situation, the shortfall of the School District, and the impact of the school bus litigation award.

The City of Fairbanks, as distinct from the North Star Borough, was a bit better off. They had socked away a \$5.5 million permanent fund, which cannot be used without voter approval, and built up a sizable fund balance in the early 1980s. However, this latter balance has been drawn down by the city in recent years, a route chosen by the city rather than raise taxes.

The Sales Tax Battle

Fairbanks was the first Alaska area to lead a major effort to institute new taxes. Both the Borough and city in 1987 sought to reimpose their sales taxes, which were suspended in 1981/82.

By March of last year the Fairbanks Borough was running out of time. The year-end deficit for the school district had to be dealt with if school final payrolls were to be met, and the Borough and School District had to have a new budget in place by mid-June. The budget clock was running out.

In early April the Borough assembly moved to reimpose the 2% sales tax, in suspension since 1981. The vote was almost unanimous. Almost at the same time the Fairbanks City Council acted to reimpose their former 3% sales tax. The City of Fairbanks mayor then vetoed the city tax, but in an unusual show of unity the council overrode the mayor's veto. For a brief time it seemed that Fairbanks had done the impossible, reimposing a major tax, and without great public turmoil.

"... resistance was mounting to both the Borough and city's sales tax actions."

The new Borough sales tax was to be effective June 1. This would allow a month of sales tax income to accrue in the current budget year, thus helping to resolve the Borough and School District's "year end" deficits. With the revenue issue seemingly resolved, the assembly appropriated \$2.2 million to the School District. This action resolved the district's pressing fiscal problem, but wiped out the Borough's partially restored fund balance. The Borough eventually moved the fiscal problem directly to its own arena, and armed with new revenue from the sales tax, proceeded to build a new budget.

However, resistance was mounting to both the Borough's and city's sales tax actions. As a result, in May the assembly reserved its sales tax action, suspending for one year, imposition of the new 2% sales tax. However, this action left the Borough administration with a seriously underfunded budget, which resulted in \$15 million in budget vetoes by Mayor Juanita Helms.

The Borough Assembly, confronted with the reality of budget vetoes and pressed against the June 15th deadline for setting the property tax levy, reserved its sales tax action again, reluctantly reinstating the 2% sales tax, this time with an effective date of August 1st. With the revenues back "in place," the Assembly then acted to override portions of Mayor Helms' vetoes. Finally, the Borough had a budget and revenues "in place."

However, by this time the Interior Alaska Taxpayers Association, a citizen group, was ready for action. The city 3% sales tax action came under attack by an initiative action, with the issue being squeezed onto a city special utilities bond election in the summer. The city sales tax went down to defeat, and at the same time language strengthening the cities "tax cap" ordinance was also adopted.

The Borough 2% sales tax also came under attack. An initiative was filed by the Taxpayer's Association to put the issue on the October 6th ballot. Then the taxpayers' group sought an injunction to stop beginning collection of the tax in August. The trial court sided with the Borough, but appeal to the Supreme Court halted collection of the tax until after the October 6th municipal elections.

This, of course, made new problems for the Borough. Even if their sales tax had been approved in October, there would be two months of revenues, anticipated by the Borough, that would be lost. In the meantime, a second city sales tax initiative had been mounted to put a reduced, and more narrowly based, city sales tax on the October 6th ballot. The hope was that both the city 2% tax measure and Borough 2% sales tax measure would be approved.

What happened was that neither measure carried. Voters rejected both the city 2% sales tax and the Borough 2% sales tax. This left the Borough in the budget "soup," so to speak. They were now four months into the budget year with a budget based on revenues the citizens had disallowed.

Both the city and Borough have now had to take serious budget steps to adjust their budget downward.

The lesson of the Fairbanks revenue and budget battles is that new taxes will not come easily, and likely not without the public being involved directly in the debate. Secondly, for the public to believe that taxes are needed, it appears that the public may have to personally experience the problems of lost service. In other words, budget sacrifice must be in "real terms" with which large segments of the public can identify. Third, for these conditions to be present there is the factor of "time." The issues, the public, and policymakers all need some reasonable period of "time" over which these conditions evolve.

Unfortunately, in the Fairbanks situation an eroded fund balance, and the sudden imposition of impoundments in 1986, meant that the community did not have "time," or the ingredients that could provide the "time." The result then was political turmoil.

THE MAT-SU BOROUGH

The Matanuska-Susitna Borough has fared considerably better than Fairbanks, although ultimately the Mat-Su Borough will also face the need to raise new local revenues.

The most fundamental difference between the Mat-Su Borough and the Fairbanks Borough is that the Mat-Su government went into the current period of revenue construction with a sizable "fund balance." This fund balance has allowed the Mat-Su to ease budget pressures. While the Mat-Su Borough will probably face difficult tax issues within the next two years, the ample fund balance will have allowed "time" for public debate and involvement, for functional adjustments within the government, and for Borough policymakers to work out the difficult choices.

This is not to suggest that Mat-Su Borough can avoid a fairly local political fight over taxes, but only that the community has the advantage of time.

There have already been difficult choices. One of these decisions will be glaringly apparent to the public. The new

Colony Senior High School and the new Colony Junior High School, built halfway between Wasilla and Palmer, will not be opened. The schools will be mothballed and maintained by the Borough for a cost-saving purpose.

Another situation facing the Borough may, oddly enough, be a school budget cut imposed by state law. The new school foundation act requires a 4-mill equivalent local school tax levy, but prohibits in the name of equal education across the state, a levy in excess of 6-mills. The catch for Mat-Su is that it is already nearly at a 6-mill equivalency, but falling property value assessments mean that next year this 6-mill equivalency will raise considerably less local dollars. The rub is that the Borough may have the same number of students, and still have additional fund balance monies, but be prevented by state law from acting to bolster the school budget.

The Mat-Su also has a very high debt service, largely for schools constructed to meet the skyrocketing Mat-Su school population growth of the 1980s. The Borough spends \$9.1 million for its everyday operations. In comparison, it spends \$24 million for its debt service. While the majority of this debt service figure is paid by the state under the school construction support program, the state's failure to fund the program fully in recent years poses a great uncertainty for high education-debt Boroughs. Of entitlement, then quite suddenly an additional 20% factor is shifted back to locally raised revenues. Since the Borough's operating budget is only \$14.9 million this year, clearly a 10%/20% shift of such a large debt service figure can have a potentially devastating wallop on a local government such as the Mat-Su Borough.

The Mat-Su Budget

The total Mat-Su Borough budget in FY '86 was \$88.1 million. In FY '87 it was \$98.9 million, and this year the total is \$91.8 million. These figures represent total appropriations — state and local school monies, debt service, and the Borough operating budget.

BOROUGH OPERATIONS: During these same last three years the Borough operating budget, the share devoted to general municipal services, has been \$15 million (FY '86), \$17 million (FY '87), and \$14.9 million for the current year.

Mat-Su Borough

- Mayor: Dorothy Jones, (907) 345-4801
- Population: 44,280
- Area: 20,544 square miles
- Incorporation: January 1, 1964

DEBT SERVICE: Over this same three-year time period, debt service went from \$16 million to \$24 million for the last two years. In the late 1970s and early 1980s the Mat-Su grew explosively as a bedroom community of Anchorage. As a result school debt to build needed schools grew dramatically.

SCHOOL BUDGET: The school budget in combined state/local funds for the last three years has run \$56.9 million (FY '83), \$57 million (FY '87), and \$52.2 million for the current year. The local revenue share of these figures was \$12.1 million (FY '86), \$17.9 million (FY '87), and currently \$19.4 million. However, it is worthy of note that between FY '85 to FY '86 the Mat-Su local outlay for schools jumped \$10.6 million to \$13.9, with the total school budget FY '85 to FY '86 jumping from \$42.7 million to \$49.5 million. These dramatic increases reflected the tremendous rate of school population growth in the valley region.

SCHOOL PERSONNEL: The Mat-Su School District has trimmed certified teaching staff from 587 in FY '86 to 550 and cut classified support staff from 342 to 304. In addition the Mat-Su School District is in the second year of a wage freeze.

PERSONNEL: To save labor costs the Borough has had in place a one-year wage freeze, and was able to negotiate an agreement that new employees would come into positions at 70% of the previously established wage level. The Borough has also trimmed employees from 134 to 118, since 1986.

TAXES: The basic mill levy for schools and general Borough services in the Mat-Su this year is 5.3-mills, and has remained at that level over the past three years. This levy goes largely for school needs. Borough residents, of course, pay a much higher rate, depending on the respective service areas within the Borough in which they live, and the levy imposed for those specific purposes. The Borough has no sales tax.

Continued on page 5

However, the big difference that sets Mat-Su off from Fairbanks has been its "fund balance."

This balance totalled \$27.9 million at the beginning of the current fiscal year. The fund balance has stayed fairly close to this level for the past three years. Borough policymakers, however, point out that about \$9 million of this figure they consider operational budget reserve — the reserve cash needed to float an annual budget. This means about \$19 million really represents "spendable" reserves, from their perspective.

It is these reserves that brought the Mat-Su Borough, and its school system, through the difficult period of the Sheffield impoundments, and it is the fund balance that has allowed the Mat-Su to keep its general Borough tax levy at 5.3-mills for the past three years. The Borough also does not levy a sales tax.

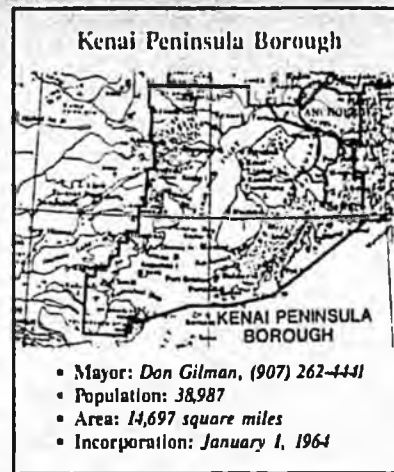
The budget adjustment clock is also ticking for the Mat-Su. This year the Borough budget will require a \$10 million drawdown on Borough reserves. This will mean the Borough will face increasingly difficult budget issues over the next two years. Ultimately, unless state revenue sharing suddenly increases, the Mat-Su will face the problem of further cuts, tax increases, or more likely — a combination of both. Such issues will not be easy in Mat-Su, famous for its stormy local politics. But with the advantage of "time" the Mat-Su may be able to hammer out a public consensus that permits a more sober public dialogue than occurred this year in Fairbanks.

The Mat-Su also has special problems that impact its budget and creates uncertainties in legislative funding sources. The Mat-Su Borough is a very large region, and therefore the Borough must bus school children long distances. The level of school bus cost is therefore a greater burden to the Mat-Su Borough than to other Boroughs. As a result, when the Legislature tinkers with state support for school bus support, Mat-Su officials get nervous.

Next, the Mat-Su has a significant school debt — \$24 million this year for a district of 8,627 students. This compares with \$18 million for Fairbanks for a district of 13,903. The difference is that Fairbanks schools have grown more slowly over a longer time period. The community has many schools "paid for." In contrast, Mat-Su experienced tremendous school population growth in the early 1980s, almost doubling in size within the decade. This has meant Mat-Su schools are new, were built under recent-year high costs, and under 1980's interest rates and terms.

But the real difficulty for school-debt burdened communities, such as the Mat-Su, is the level of state support for this school debt, and secondly, whether this support is "stable." If the Legislature opts to underfund the school debt support program, then funds are prorated among the districts. In the case of the Mat-Su this, depending on the situation, could shift an enormous obligation, in proportion to local revenue raising ability, to local revenue sources.

Like all boroughs struggling under the Alaska recession, Mat-Su is approaching another problem. Declining prop-



erty values will mean that next year Mat-Su will be forced (under state law) to recognize this depreciation of value in its assessments. This will mean that each mill taxed will raise less money. This accelerates the revenue problem.

Lastly, the Mat-Su suffered a tax base that is drained away to Anchorage. Mat-Su is a bedroom community. The Borough has "homes" to tax and children of those homes to support in school systems. But the "work place" of many of its citizens are untaxable, since many residents work in Anchorage or on the North Slope.

"One difference . . . Kenai kept a 2% sales tax, devoting the resources to its schools . . ."

KENAI PENINSULA BOROUGH

The Kenai Peninsula Borough, like Fairbanks and Mat-Su, has had to weather the fiscal storms that began with the Sheffield budget impoundments in July 1986. This Borough, like the Mat-Su, is a sprawling regional government including the entire Kenai Peninsula. The main business of the Borough is running schools, and next, the basic service areas, such as roads. Other functions are run by home rule and first class municipalities within the Borough, including the cities of Kenai, Soldotna, Homer, Seldovia, and Seward.

One Difference: A Sales Tax

One marked difference, however, between Kenai, Fairbanks and Mat-Su, is that through the "big money years" of the early 1980s Kenai kept in effect a 2% sales tax, devoting the resources of that tax to its schools. This may also ease Kenai's future political situation, since increasing local revenues will require increasing "in place" taxes, rather than imposing entirely new taxes. The public, at least, is conditioned to the taxes as traditional revenue sources.

The Kenai Borough Budget

The total Kenai Peninsula Borough budget in FY '86 was \$55.8 million, including both state and local school funds. In FY '87 the budget went to \$53.4 million, and then dropped to \$50.5 million. However, these totals did not really show Kenai budget cuts, since increasing debt and insurance costs pushed totals back up despite cut-backs. These figures include Borough operations, the local school contribution, and debt service, but do not include the state share of local school costs. Mat-Su and Fairbanks figures include state school funds, and therefore should not be compared to the Kenai total budget figure.

KENAI BOROUGH OPERATIONS: The total operating budget for municipal functions for the Kenai Borough for FY '86 was \$15.2 million, for FY '87 the budget was \$14.9 million, and in the current year the Borough budget for operations was \$13.1 million. The Kenai Borough carries school maintenance and insurance costs with its budget.

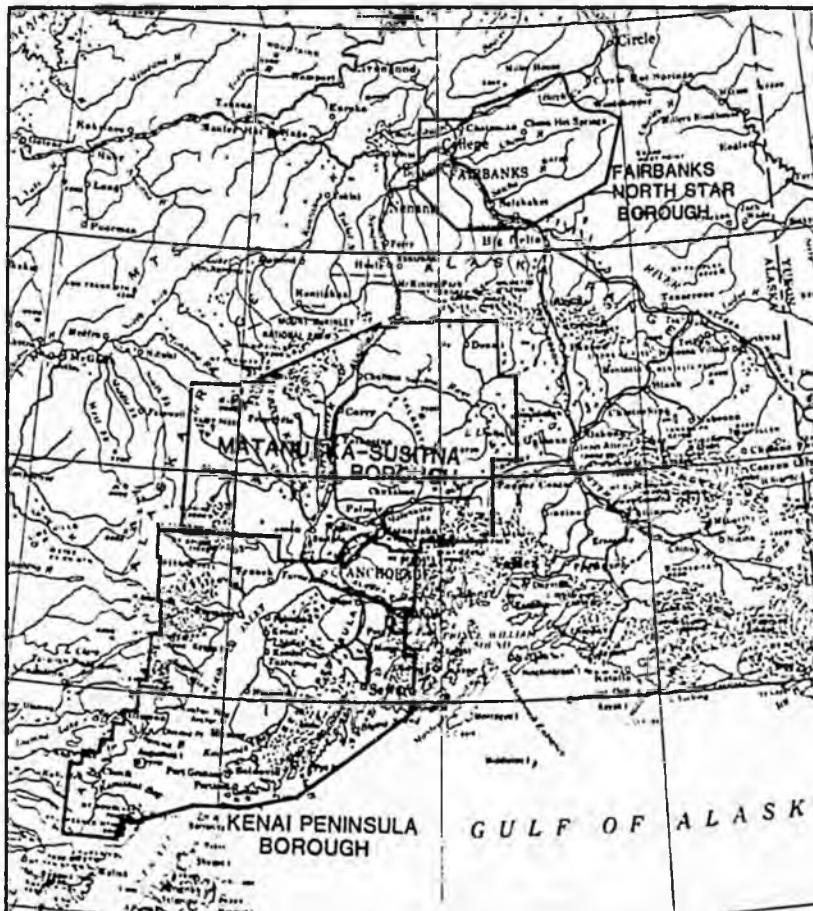
TAXES: As previously indicated Kenai has a 2% sales tax devoted to school support. This year property taxes were 5.75-mills for Borough general operations. In 1985 the Borough levy for administration was zero. However, Kenai also levies a personal property tax.

SCHOOL BUDGET: In FY '86 the Kenai school budget hit a high of \$55.8 million; the Sheffield impoundments in FY '87 resulted in a drop to \$53.4 million, and in the current year the budget has been pared to \$50.5 million. The Kenai local contribution for the past three years was \$18.5 million (FY '86), \$17.9 million (FY '87), and \$19.4 million this year. In the current year Kenai increased its local contribution by \$1.5 million while state support fell by \$2 million.

DEBT SERVICE: School debt is a big problem for the Kenai Borough government. Debt in FY '86 was \$17.5 million, but as debt came on line from school construction to meet the anticipated growth, costs went to \$26.1 million in FY '87. For the current year it is \$26.9 million. This debt load will continue into the early 1990s.

BOROUGH PERSONNEL: Kenai Borough employment has held fairly steady. In FY '86 the Borough had 178 employees, FY '87 174 employees, and currently Borough general government functions have 186 employees. Borough employees are now working under a three-year contract that provides for a freeze on both merit pay increases and cost of living.

Continued on page 6



\$358 million savings

Continued from page 1

to voter-approved general obligation bonding. Obligation bonding would entail a continuing, annual debt service requirement.

State school debt support — where the state of Alaska picks up the majority of local government debt issued to build schools — will also be falling fast. The state paid out \$118.1 million in the current fiscal year for local school debt support. If the current schedule is maintained, this will drop to \$41.1 million in 1998 and \$2.6 million in 2005. Again, if this program is continued by the Legislature, the approach toward zero debt payment in 2005 is unlikely because new schools and school improvements will have been made. But the amounts are likely to be well below current levels.

Student Loan Program

State payments to subsidize student loans, if current schedules prevail, will fall from \$56.7 million in the current year to \$11.8 million in 1998 and \$3.7 million in 2005. This schedule also assumes a rising level of annual student loans, increasing from \$82 million this year to \$113.5 million in 1998 and almost \$140 million in 2005.

What makes more loans possible with less state subsidy is the increasing amounts of annual repayments being made each year as more and more Alaska students complete their education and begin repayments. Elimination of student loan "forgiveness" (under which 40% of a student's loan was "forgiven" if the person remained in the state for five years) also gives a boost to incoming revenues to the program. In 10 years, this very successful state loan program should be almost self-supporting. This would occur sooner if the volume of loans does not grow as quickly as estimated by state education officials.

Under new legislation enacted last year, the Department of Revenue has the authority to issue revenue bonds for student loans, in effect refinancing the program. This could have the effect of lowering the near-term cost of the program. But it would increase the longer-term yearly subsidy needed by \$12-\$20 million over what is required if the program stays as it is now — using direct state appropriation to pay the subsidy. Rising interest rates may make the revenue bond option increasingly more costly in the long run.

Longevity Bonus Program

Alaska's Longevity Bonus program, which pays \$250/month to Alaska senior citizens, is one state entitlement program which is fast rising in cost. About \$55 million is needed to fund it in the current fiscal year, up from \$47.5 million last year. If the program stays as it is, its cost will have increased to \$76.1 million in 10 years, and to \$95 million in 15 years, due to a projected rising population of over-65 Alaskans.

State lawmakers could get this under control if they adopted one of several proposals for modifications put forth in the Legislature last year. But House action on a Senate-passed bill failed in the final hours of the 1987 session, and various bills are still before key House committees as the Legislature reconvenes in Juneau this spring.

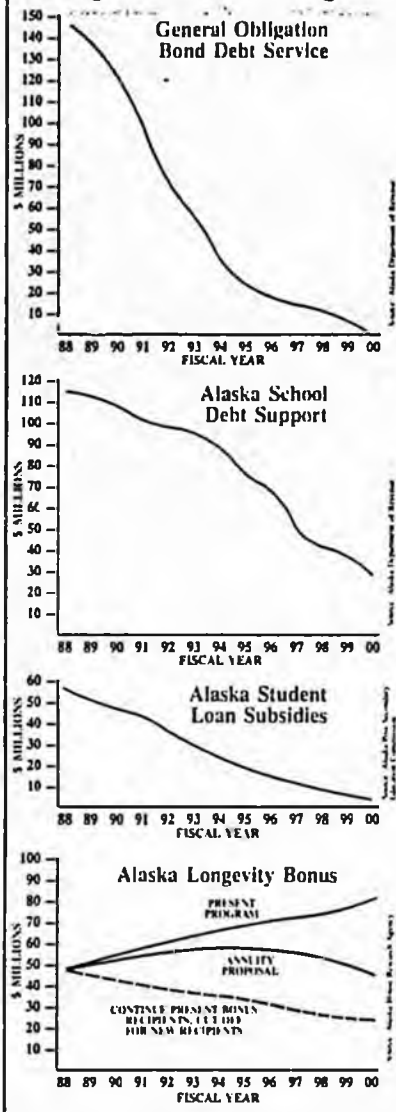
If a Senate-passed bill modifying the program, setting up an annuity financed by contributions of Permanent Fund dividends, were adopted by the House, cost of the program would be reduced to about \$15 million in 15 years, though

it would remain at about current levels for the next 10 years.

A flat cutoff — no new bonuses paid to people turning 65 after January 1, 1988 — proposed in the House would gradually reduce costs to \$28 million in 10 years and \$14 million in 15 years.

By Tim Brudner

Cutting Cost of State Programs



Tale of 3 Cities

Continued from page 3

SCHOOL PERSONNEL: Over the past two years classified school staff in the Kenai School District has been pared by 65 employees, and professional certified personnel (teachers) are down by 53. Personnel in the school system have also agreed to wage and benefit reductions, which included a step-increase freeze last year, with administrators and teachers this year taking a combined 5% wage and benefit decrease.

SCHOOL GROWTH: School population in the Kenai schools was 8,320 last year, and this year is 8,003. Projections call for 8,000 students next year.

Considerable debate has surrounded school issues on the Kenai Peninsula this year, ranging from opening the new school facilities, to budgeting for school activities. This year Kenai athletic team travel will largely have to be raised from community contributions.

The Kenai Borough shares with the Mat-Su the higher burdens of cost of school debt, school bussing, and the difficulty of a declining "value" in its residential tax base. On the other hand, the Kenai has the advantage of an industrial tax base, including Cook Inlet oil and gas facilities, and shore based industrial plants based on petroleum. As opposed to the Mat-Su, the Kenai Borough gets to tax a high value "workplace" of many of its residents.

The Conclusion

General conclusions are always difficult to apply to complex political situations. However, it does appear that Fairbanks is simply "first" in line along an inevitable path to the future. Sooner or later other local governments must walk the same path. Hopefully, those that walk the path later may find the way a bit easier.

Fairbanks was pressed into making decisions in a narrow time frame. The community was robbed of whatever benefit more "time" might have provided. The result was budget turmoil, a failed revenue effort, and possibly some damage to public services.

If there are lessons from the Fairbanks experience it is that: (1) "time" for tax decisions is needed, (2) the public needs real evidence that tough decisions are being made, have been made; and community needs time to digest this reality, and (3) that tax decisions are unlikely without considerable public debate and involvement. If there is a lack of time, then public involvement may take the form of a full blown tax brawl. But if there is "time," then public involvement may be more gradual, on individual issues spread over this period.

Both Kenai and Mat-Su Boroughs have the luxury of added "time," thanks to a sizable fund balance. Both Kenai and Mat-Su will face issues this year concerning the opening of recently completed school complexes. This, then, provides a source of community debate over a very real issue: Whether to open schools and pay more, or mothball the schools and pay less.

However, all these local governments share a critical problem in the coming years... a problem that accelerates their budget and revenue problems. This is the problem of a tax base declining in value. As the Alaska economic recession depreciates local property values, local governments (under state law) must recognize this depreciation. This means a tax mill next year may raise considerably less money than this year. The result is that communities may have to raise tax rates just to stay even.

Editor's Note: Mike Brudner is a long-time writer on Alaska policy and is former speaker of the Alaska House of Representatives.

1988 session convenes: Workmens' comp, tort reform are issues

Continued from page 1

Soaring insurance costs are also promoting another look at Alaska "tort," or civil damage, laws. Present laws allow large damage awards, which drive up liability insurance costs for many businesses in the state.

On the state budget, there's good news: Unless oil prices crash, and remain depressed for an extended period of time, there should be sufficient revenue for a "maintenance" operating budget, with no significant cuts for major state spending categories. Governor Steve Cowper has presented a \$2.1 billion Fiscal Year 1989 budget in the Legislature, to include \$1.83 billion in operating funds (including municipal and school revenue-sharing), \$147.3 million in debt service, \$20.6 million in loan subsidies and a \$70 million capital budget.

To pay for this, the Department of Revenue expects FY '89 revenues of about \$2.19 billion, mostly oil income from the North Slope. If prices fall below an average of \$17 barrel over the fiscal year (from July '88 to July '89), revenues could be lower, however.

One windfall is the receipt of \$321 million in disputed Beaufort Sea oil lease bonus payments held in federal escrow accounts, but now released to the State of Alaska. Although part of this will be paid into the Alaska Permanent Fund (state law requires part of lease bonuses, as well as royalties, to go to the Permanent Fund), at least \$150 to \$170 million will be available for additional spending, state revenue officials say. This could go to expanded capital spending, possibly including a proposed "jobs" bill advocated by Governor Cowper to help economically-distressed Southcentral and rural Alaska communities.



Senator Mitch Abbot (R)—Anchorage, makes a floor statement during last year's Legislative session.

Alaska State Legislature

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JUNEAU, ALASKA 99811
(907) 465-2828

DISTRICT 10
2600 Denali; Suite 501
ANCHORAGE, ALASKA 99503
(907) 276-7943



Representative Virginia M. Collins

MEMBER
Community and Regional
Affairs
Special Committee
on Telecommunications
Finance Sub-Committee
for Labor

Anchorage Caucus,
House Chair

March 5, 1988

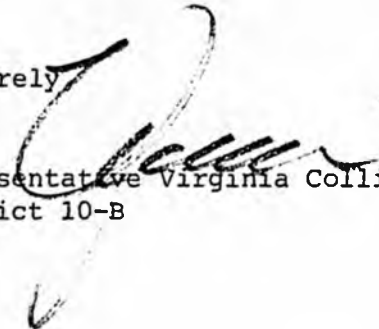
Bobby Jo Kramer
P.O. Box 435
Pilot Point, Alaska 99649

Dear Bobby Jo:

I received your written testimony for the House Community and Regional Affairs Committee, regarding borough formation, and have forwarded it to the chair of the committee, Representative Springer.

Thank you for your interest. In the future, you may wish to send your written testimony directly to the chair of the committee. It is a bit more expedient. His address is also P.O. Box V, Juneau, Alaska 99811.

Sincerely,


Representative Virginia Collins
District 10-B



FEB 26 1988

Alaska State Legislature

MAR -7 1988 CRA

Please enter into the record my testimony to the Community & Regional Affairs
committee name
committee on Borough Formation, dated 00000000
bill/subject

Our area did not receive fair notice of the Aleutians East Borough formation. Consequently, that borough was formed and the boundaries set which inadvertently took in some of our REAA's boundry. Because of this I feel there is an error of commissions which the Local Boundry Commission practises on a regular basis.

Studies on this matter should be through DCRA in the future. That agency is somewhat more accessible to rural people.

In either case, the Legislature should direct the agency handling borough formation studies to obtain more input from local entities such as school districts & village councils. This should be done in the drafting stage rather than after as we all know that printed drafts rarely have major changes made to them.

Thank you for this opportunity to let you know my thoughts.

Signed: _____

Testifier

Representing (Optional)

P.O. Box 435, Pilot Point, AK 99649

Address

(907) 797-2213

Phone No.

Board revises budget

By Nancy McGuire

The Bering Sea Lions Club donated \$20,000 to the Nome Public Schools athletic travel fund. This has eased its burden on the financially strapped school system.

The board revised the budget to allow funding for occupational therapy and work with the handicapped. This will allow special therapists to travel to Nome to work with our students.

The general fund was revised for adjustments in increased insurance costs. There were increases in unemployment insurance. Persons whose positions were eliminated last year are eligible for unemployment this year.

To adjust for some of the deficits the teachers' contract eliminates severance pay. This and any unused travel money and an additional \$35,000 would give the necessary money.

Boardmember Mary Knodel sought assurance that the money taken from the student travel fund wouldn't leave the students in dire straits. Shigley said the Lions Club donation has its own separate accounting set up.

Shigley also noted that there is increased revenue and attendance when home games are held at the Rec Center.

Shigley also pointed out that there is more cost for bussing students because the district goes beyond its obligation and busses students who live close to school. The board feels it is money well spent for the safety of children.

Shigley reported the district is fuel rich and money poor. Last year the system paid about \$1.26 per gallon, but this year Nome Joint Utilities ordered and stored 300,000 gallons of #2 diesel fuel for 96 cents a gallon plus 13.5 cents per gallon for transportation.

The district was stuck with a contract for #1 diesel fuel for the elementary school for \$1.06 per gallon for 50,000 gallons for seven months on a contract with Nome Native Community

Enterprises. Says Shigley, "I felt we had to honor the contract."

Since the district has more fuel than it needs it would have a substantial carry-over into next year.

Another budget item was the pay for lunch duty aides. It was not included in the budget and it was speculated that the former superintendent, Larry LaBelle never intended to hire any.

Nothing concrete was reported from the City on its share of school financing. The City hopes to generate revenue for the schools from ticket sales for an Iditarod Classic.

Art in Public Places funds are

proposed for the new school. Lots of ideas have been generated but no recommendations have yet been made.

Shigley said he was informed that the competition for money in Juneau is greater than has ever been seen. The proposal for Forward Funding is unlikely to pass because the economy is not stable enough for the state to make a two-year commitment.

The governor wants educational endowment from the Permanent Fund and Shigley says we rank number five in the Department of Education budget for capital improvement.

Says Shigley, "We operate by

the pork barrel method and we need someone to run

interference for us." He says Bill Thompson would probably be most effective because he's an "old barn rat" who knows the Juneau legislature in and out and could lobby in our behalf. Thompson is familiar with Nome's situation.

Elementary Principal Dave Newton said there is a continuing effort to support individual academics. There is a study hall after school five days per week and an academic corner during lunch hour. He noted few discipline problems. The school is also taking a more aggressive stance on attendance

problems and contacting parents when the need arises.

High School Principal Doug Walker has tackled truancy by

going to student's homes and talking with parents and social services.

June Wardle reported that "school is rolling" with activities such as the spelling bee practice.

Boardmembers Knodel and Tobak suggested the superintendent write a letter expressing opposition to HSB 101's concept of forced borothing.

Nancy Mendenhall chaired the meeting in the absence of board president Chuck Holmes.

HB 1

• Credit unions

Continued from page 3

the core of the local advisory committee will comprise most of the current BSFCU Board of Directors.

A local credit committee will review loan applications once weekly. However, members will have the option of having the Fairbanks credit committee review and act on applications. Nevertheless, Miller said that loans will be closed in the Nome branch.

Miller said that one of the first orders of business will be to look at ways to offer more competitive interest rates.

In closing, Haselberger said that the credit union has been served through the years by volunteers too numerous to mention, and as a result BSFCU has been able to accomplish this merger in order to expand services.

• Port Clarence

Continued from page 8

lighthouse purposes by President Coolidge in 1925, was ideally situated. The station was named Port Clarence to avoid confusion with the Coast Guard Light Station located at Cape Spencer in southeast Alaska.

A contract was awarded to Raber-Klef, Inc. and B-E-C-K Contractors for \$2.8 million on May 15, 1961 to construct the station buildings. A second contract was negotiated with Sperry Gyroscope Co. and Dresser-Idaco, Inc. to construct and erect the 1,350 foot transmitting tower. Construction of the station started in mid-June. Erection of the tower started on 30 September and was completed on December 15, amid freezing winds and icing conditions. On-air signal testing began in late December.

In 1981, the Coast Guard investigated the possibility of building a new station at Nome and decommissioning Port Clarence. After careful analysis of the costs involved, the decided it would be cheaper to overhaul and support the existing Port Clarence facilities. In 1982, the station received a 'facelift' of small maintenance projects designed to keep the station livable until major rehabilitation projects could be designed and contracted.

The first phase of the major rehab was completed this past November. A \$2.8 million contract was awarded to Cooper Construction of Anchorage, with

Alaska Mechanical, Inc. also of

Boys go to state

The Nome Nanooks were seeded third going into the regional 3-A tournament last weekend at Kotzebue. They took on the second seeded Bethel Warriors Friday night which was the fifth meeting between the teams for the season.

Each team had won two games against each other and were evenly matched for the most important game of the season.

Bethel came out and played a very aggressive man-to-man defense and kept the Nanook offense off-balance for most of the first half. Bethel picked up a lot of fouls in the first half and had a couple of players with three fouls by the end of the first half.

Nome trailed the warriors at half by a score of 35-32. Nome came out and went strong to the key hole for the entire second half and Bethel couldn't control the Nanooks' inside game.

Nome lead at the end of the third quarter by a score of 51-43.

During the 4th quarter Nome was able to finish off the

Warriors and took the game by a score of 77-58.

Duke McCormack had a strong second half and led the Nanooks with 20 points. Rose followed with 19 points and Jerry Verdim added 17 points to give the Nanooks a strong inside game. Scott Hicks added 13 points to round out the scoring for the Nanooks.

Nome met Dillingham for the Championship game, for the second year in a row. The defending champions had already beaten Nome twice during the season in Dillingham.

Nome had a hard time getting into the game Saturday night. Dillingham came out and played a very tight full court, man-to-man defense. Dillingham hadn't shown any man-to-man during the season, but had worked on it during the Anchorage Christian Tournament and caught the Nanooks by surprise.

Nome got the ball inside several times during the first

quarter, but the quick taller Wolverines were able to reject Nome's attempts and took away the confidence of the Nanooks. Nome only scored four points

during the first quarter and trailed by a score of 16-4. From that point on, the Nanooks couldn't make up the difference and lost the game by a score of 56-43.

Over-all it was one of the poorest showings by the Nanooks, since early in the season. McCormack was sick with the flu and had a far below normal performance, scoring four points for the game. Kirk Rose who had several shots

rejected got out of his game and failed to score a point for the Nanooks. Verdim and Hicks each added 14 points for the Nanooks, while Wrightman added 26 for Dillingham.

Playing as poorly as Nome did they should have been blown out by 30-40 points. The tournament showed the Nanooks that if they play well they can compete, but they can not have

Continued on page 11

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Alaska State Legislature

gn/CRA
FEB 26 1988

Please enter into the record my testimony to the Community & Regional Affairs
committee name

committee on House Bill 1, dated 2/24/88
bill/subject

I'm opposed to House Bill 1.

This proposal is a waste of state money.

many or all areas in unorganized boroughs
do not have the residents to exercise
enough revenue to maintain a responsibility
over local level affairs.

I believe we should and need to bring
back a school tax, which we had in
the past.

Thank you

Signed:

Ron Clark

Testifier

Box 326

~~Representing (Optional)~~

Healy, Alaska

99743

Address

683-2439

Phone No.



Alaska State Legislature

FEB 26 1988

Please enter into the record my testimony to the House Community and Regional Affairs
committee name

committee on H. B. 1, dated 2-24-88
bill/subject

I don't think REAA's should be
converted into 3rd class boroughs:

- 1) high-unemployment in rural areas
- 2.) low-income
- 3.) local people need to be involved
- 4.) mixed economy - how will the state tax
subsistence?

Signed: Oscar Frank, Jr
Testifier

Self
Representing (Optional)

320 2nd Ave. (Annex) Fbxs.
Address

452-8251
Phone No.

HYDABURG CITY SCHOOL DISTRICT
BOARD OF EDUCATION

put ✓ Sp. / CRA
FEB 29 1988

Resolution 88-1

OPPOSING SPONSOR SUBSTITUTE HOUSE BILL 1

WHEREAS, SSHB 1 does not differentiate between resource rich areas of Alaska and those who are resource poor with the result that wealthy and poor areas are treated the same; and,

WHEREAS SSHB 1 encourages the elimination of small REAA districts and small city districts; and would also eliminate the concept of local control of education as it exists today; and,

WHEREAS, SSHB 1 would directly lead to the imposing and collection of property and/or other kinds of taxes on residents within such forced third-class boroughs; and,

WHEREAS, the cost of employing tax collectors or tax administrators in many communities would likely result in very little revenue being left for other purposes; and,

WHEREAS, SSHB 1 does not address distinct cultural differences and methods of working within huge areas without access possibilities; and,

WHEREAS, SSHB 1 would not lead directly to either better local government or better schools; and,

WHEREAS, there is a very good possibility that SSHB 1 would result in poorer quality schools and local government in those parts of Alaska that are least able to afford such services;

THEREFORE BE IT RESOLVED, that the Hydaburg City School District Board of Education opposes SSHB 1.

Attested to by:

Peter F. Wisby
President
Board of Education

Christine R. Tolson
Secretary to the
Board of Education

Adopted on this day: 2-18-88

HYDBURG CITY SCHOOL DISTRICT
BOARD OF EDUCATION

1988 ✓

Resolution 88-2

SUPPORT FOR FORWARD FUNDING FOR PUBLIC EDUCATION

WHEREAS, early planning of programs, hiring of personnel and providing of supplies, equipment and maintenance are all required to provide our youth with quality education; and,

WHEREAS, the above are dependent upon a school district's and municipality's early knowledge of it's anticipated revenues for the following school year; and,

WHEREAS, school districts' revenues from the State Foundation formula are not traditionally known until May, and after the date budgets must be completed by school districts; and,

WHEREAS, finance systems do exist which will provide early knowledge of a school districts' revenues for the following fiscal year, and where necessary reductions or increases are made in future years and not the next fiscal year;

THEREFORE BE IT RESOLVED, that the Hydaburg City School District Board of Education supports legislation to provide knowledge of foundation revenues, municipal assistance and revenue sharing for the following fiscal year by February 15 of each year.

Attested to by:

Perry J. Fisher
President
Board of Education

Christine R. Tolson
Secretary to
Board of Education

Adopted on this day: 2-18-88

DutA ✓

HYDABURG CITY SCHOOL DISTRICT
BOARD OF EDUCATION

Resolution 88-3

REDEFINITION OF SCHOOL BUS ORDINANCES

WHEREAS, AS 28.15.046 (a) was developed and passed without knowledge of the impact on schools which use 15 passenger vans for student transportation other than to and from regular daily school; and,

WHEREAS, the impacted schools above, had no opportunity for input into deliberations preceding passage of this legislation; and,

WHEREAS, the impact upon these schools caused great inconvenience and cost, and in some cases near impossibility to live within the letter of the law; and,

WHEREAS, the intent of the legislation was to insure safety training for regular school bus drivers, not volunteer drivers of vans;

THEREFORE BE IT RESOLVED, that the Hydaburg City School District Board of Education supports changes in this legislation which will allow community and/or teacher volunteers to transport students to activities in 15 or less passenger vans without bus driver training as required of regular school bus drivers.

Attested to by:

Perry Finley
President
Board of Education

Christine R. Tolson
Secretary to
Board of Education

Adopted on this day: 2-18-88

Det/✓ Spr / CRA

COASTAL YUKON MAYORS' ASSOCIATION

RESOLUTION 88-2

A RESOLUTION REQUESTING THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS TO FUND THE INDEPENDENT AND OBJECTIVE STUDY OF POTENTIAL BOROUGH FORMATION FOR THE COASTAL YUKON AREA OF ALASKA.

WHEREAS, The Legislature of the State of Alaska, as well as various administrative programs within State government are placing an increasing emphasis upon Borough formation by unorganized areas of the State; and,

WHEREAS, The Coastal Yukon Mayors' Association has an abiding concern with the welfare and best interests of the people of the Coastal Yukon Area of Alaska; and,

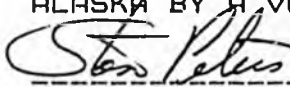
WHEREAS, Any decision about Borough formation must take into account the sense of common peoplehood felt by the residents of much of this area; and,

WHEREAS, The Coastal Yukon Mayors' Association does not feel it can make a decision based upon the information and analysis presented thus far by political subdivisions of the State; and,

WHEREAS, The Coastal Yukon Mayors' Association must develop a position on this current and important issue, based upon objective and impartial information on the relative costs and benefits of alternative forms of organization;

NOW THEREFORE BE IT RESOLVED THAT The Coastal Yukon Mayors' Association requests a grant in the amount of \$50,000 from the State of Alaska to fund the independent study and analysis of Borough formation by the people of the Coastal Yukon Area of Alaska.

PASSED THIS 27TH DAY OF FEBRUARY, 1988, AT MOUNTAIN VILLAGE, ALASKA BY A VOTE OF 14 YEAS AND 0 NAYS.



Stan Peters, President



Elizabeth Chikigak

Copy to Commr. Hoffmann ✓ 2/29

Sp/CRA

NOME PUBLIC SCHOOLS

Box 131, Nome, Alaska 99762 • Telephone (907) 443-2231

February 8, 1988



FEB 22 1988

Representative Heinrich Springer, Chairman
House Community & Regional Affairs Committee
P.O. Box V
Juneau, Alaska 99811

Dear Representative Springer:

SSHB1 as presently written would reverse a long trend toward increased local responsibility and control in Alaska. It would eliminate first class cities such as Nome and force them to join areas that are currently less organized and to be governed by those who have far less experience in managing public affairs. Nome is the oldest continuously operating school district in the State of Alaska. We are proud of our city government and independent school district. For over eighty-five years the people of this city have exercised local control and assumed the responsibilities of their status, taxing themselves, as needed, to make programs work.

We believe SSHB1 does not effectively differentiate between resource rich or wealthy areas of Alaska and those that are resource poor. This bill encourages the elimination of small REAA districts and small city districts, and it would eliminate the concept of local control of education as we know it today. We do not believe SSHB1 would lead to either better local government or better schools, but would result in poorer quality schools and local government in those parts of Alaska least able to afford such services.

The Nome Board of Education goes on record opposing SSHB1.

Respectfully Submitted By:

Charles W. Holmes
President
Board of Education

Nancy M. Hendrick
Secretary
Board of Education

[illegible]

(#) = Distributed, all files

(Ltr) = Master, Backup, Next Com. Files

File Contents

2dSSHB 1 - Organization of the Unorganized Borough

<u>No.</u>	<u>Description</u>
1.	Bill - 2dSSHB 1
2.	Staff Review
3.	Memo from Legal Services - Constitutionality
(IV).	POMs (4)
5.	Constitution - pertinent sections
6.	Position Paper - DCRA
7.	Fiscal Note - DCRA
VIII.	Letter-To Springer, From Nels Anderson
9.	Report - House Research Agency 88.154 2d SSHB 1
10a-g.	Newspaper articles, a-g.
XIa-j.	Responses, a-j.
12.	Rep. Larson's Letter on 2d SSHB 1.
13.	House Research Report 88-A, "A New Mandatory Borough Act: Local Education Costs and Potential Revenues of Newly Created Boroughs," February 1988.
XIV.	Responses, 1-4.
15.	Rep. Larson response to/City of Eagle Resolution.

1/20/8 John Dailey
 Mile 200 Parks Hwy
 Nealy, AK 99743
 (907) 6B3-2327

1 report
 a) Bill ✓
 wife Jenni Jensen

Jeff Smith, Spec. Asst to Mayor
 NW Arctic Borough
 Box 1160, OT2 99752
 442-2500

10/26/87
 1/22/89 [x 1/29]

CONTACTS:*****

Name	Organization Address	Phone Attend/Remarks	Date Contacted
Mary Lou Cooper	Capital Information Group 526 Main St. June 99801	586-1210 1/22 [x 1/24]; 2/6 mail IT	87 - SSM61- 1/5/88 - copy Paul Pratt + Larson etc 820 - Alaska 772-2361
Wm. Baumgartner	Whale Pass Homeowners Assoc. Gen. Del. Whale Pass, AK 99850	msg contact: Marine operator, Petersburg direct - 462 Bobt msg - Mariab Drake WKE 2011 Infer. of mtg (1/5/88) - no phone yet. Kilo Echo 1/22 [1/24] sent copy of file 2/6 mail (T)	
George Evers	AFN	274-3611 1/22 - [x 1/24] msg.	
Jim Stimpfle	Box 729 Nome AK 99762	443-5701 40 443-2002 wk } with msg phone 1/22 [1/24 - Becken] 2/6 mail IT	

Scott Burgess
 AML

a/c mail (T).

Cindy Reeves
 40 Box 211575
 Auke Bay, AK 99821

2/8/8 Just heard of HBI. Is son Prince of Wales, Holland.
 Send 24 SSM61, HCRN Rpt 12/10, (T), Larson etc, min 1/29.

1/28/8 John Dailey
 Mile 200 Parks Hwy
 Nealy, AK 99743
 (907) 683-2327

Direct
 a) Bill ✓
 wife Jennie Jensen

Jeff Smith, Spec. Asst to Mayor
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 Box 1160, PTZ 99752
 442-2500

10/26/87
 1/22/88 [* 1/29]

CONTACTS: *****

Name	Organization Address	Phone Attend/Remarks	Date Contacted
Mary Lou Cooper	Capital Information Group 526 Main St. June PFB01	586-1210 1/22 [1/29] 2/6 mail (T)	87-SSHB1 1/5/88-copy Paul Fort-Lassen etc 820 Alameda 112-8361
Wm. Baumgartner	Whole Pass Homeowners Assoc. Gen. Del. Whole Pass, AK 99950	may contact: Marine operator, Petersburg direct- 462 Bobt msg- Ineriah "Deh" WKE 2011	
George Evren	AFN	infor. of mtg (1/5/88) - no phone yet. Kilo Echo 1/22 [1/29] sent copy of bill 2/6 mail (D)	
Jim Stimpfle	Box 729 Nome AK 99762	274-3611 1/22 - [1/29] msg. 443-5701 to 443-2002 wk } both msg phone 1/22 [1/29] Becka 2/6 mail (T)	

Scott Burgess
 AM L

a/c mail (T).

Cindy Reeves
 40 Box 211575
 Auke Bay, AK 99821

2/8/8 Just heard of HBI. From Prince of Wales, Holland.
 Send 245546. HCRs Rpt 12/10, (T), Lassen Ltr, min 1/29.

BILL PREPARATION/ACTION*

Bill # 2d SSB 1 of Date Referred: 1/20/88 Out: 1/1
 Title: Organizing the Unorganized Borough
Amending the Unorganized Borough
 Referrals: CDA HESS FIN

CONTACTS:*****

Name	Organization Address	Phone	Date Contacted Attend/Remarks
<u>Larsen. Spens.</u>		<u>3727</u>	<u>1st time 1/29 (1/20)</u>
<u>Plasman.</u>	<u>DCRA</u>	<u>PP FN rep. 1/22</u>	<u>1st time 1/29 (1/20)</u>
		<u>2/10 mail (T);</u>	
<u>Goll</u>		<u>1/22 - [x 1/29]</u>	
<u>Schultz</u>		<u>1/22 - [x 1/29]</u>	
<u>See attached</u>	<u>1/22 - [x 1/29]</u>		
<u>Bockhorst</u>		<u>2/5 mail (T);</u>	
<u>Jenasi Jensen</u>	<u>(907) 683-2327 du</u>	<u>she called 1/20 [x 2/3];</u>	<u>2/10 mail (T);</u>
	<u>Mile 260 Parks Hwy Star Route/</u>	<u>card info LBC, Bill, min DCRA 1/16</u>	<u>1/20</u>
	<u>Nealy, AK 99743</u>	<u>and info LBC, Bill, min DCRA 1/16</u>	<u>1/20</u>
<u>Harry Purdy, Supt.</u>	<u>Galena City School Dist.</u>	<u>called 1/20 [x 4/3]</u>	<u>2/10 mail (T);</u>
<u>656-1685</u>	<u>Box 299, Galena 99741</u>	<u>send min 1/20 2/10;</u>	

REMARKS:

ANALYSIS: _____ Completed: _____

MEETINGS:*****

Date	Action
<u>* 1/29/88</u>	<u>testimony. Will have (D). send bill + explain out. 2/4/88 done</u>
<u>2/17/88</u>	<u>" T/C Eastern half of State</u>
<u>2/24/88</u>	<u>" T/C Western " " "</u>

*See other side for additional information.

CONTAC.TXT

To: Representative Henry Springer, Chairman
House Community and Regional Affairs Committee

From: David C. Harrison, Professional Assistant
House Community and Regional Affairs Committee

Date: January 29, 1988

Re: 2nd SSHB 1 " An Act providing for the incorporation or
annexation of all areas in the unorganized borough; and
providing for an effective date."

Sponsors: Larson, Menard and Donley

REVIEW:

Section 1(a): BOUNDARY PROPOSAL. (a) The local boundary commission shall study the unorganized borough to determine how the entire area should be organized into new home rule boroughs and unified municipalities.

Constitutional Alaska's Constitution on local government under Article X indicate the Standards: following conditions:

The purpose of sec. 1, is to provide for minimum of local self-government and that a liberal construction shall be given to the powers of local-government.

The purpose of sec. 2, requires that all local government powers shall be vested in boroughs and cities.

Section 3, states that the entire state shall be divided into boroughs and cities.

Constitutional standards for establishing boroughs within Alaska include population, geography, economy, transportation, and other factors.

Additionally, each borough shall embrace an area and population with common interests to the maximum degree possible.

Finally, under sec. 3, the legislature shall classify boroughs and prescribe their powers and functions.

Current Law: Under state law, additional standards for borough incorporation are required.

AS 29.05.031. Incorporation of a borough. (a) An area that meets the following standards may incorporate as a home rule, first class, or second class borough:

(1) the population of the area is interrelated and integrated as to its social, cultural, and economic activities, and is large and stable enough to support borough government;

(2) the boundaries of the proposed borough conform generally to natural geography and include all areas necessary for full development of municipal services;

(3) the economy of the area includes the human and financial resources capable of providing municipal services; evaluation of an area's economy includes land use, property values, total economic base, total personal income, resource and commercial development, anticipated functions, expenses, and income of proposed borough;

(4) land, water, and air transportation facilities allow the communication and exchange necessary for the development of integrated borough government.

(b) An area may not incorporate as a third class borough.
(4 ch 74 SLA 1985)

Court
Decisions:

Chapter 145, SLA 1974, by which the Eagle River-Chugiak Borough was organized, contravened the provisions of Alaska Constitution, Article II, Section 19, since it was special and local legislation creating a new local government without regard to the general statutory provisions that prescribe the method that otherwise governs the creation of new governmental entities from existing ones. *Abrams v. State*, Sup. Ct. Op. 1142 (File No. 2407), 534 P. 2d 91 (1975), decided under former, similar law.

Section 1(a):
(continued)

Local Boundary Commission shall deliver to the governor and the legislature a preliminary boundary proposal for the unorganized borough which includes the following:

(1) a designation of areas proposed for annexation to existing boroughs or unified municipalities; and

(2) proposed boundaries for new boroughs to be formed in the unorganized borough.

Section 1(b):

(b) In preparing the preliminary boundary proposal the commission shall consult with existing municipalities within or bordering the unorganized borough, regional educational attendance areas, and coastal resource service areas. The commission shall conduct at least one public hearing in the area of each proposed new borough.

Section 1(c):

(c) The commission may submit any proposed annexation compatible with preliminary boundary proposal to the legislature under AS 44.47.567 - 44.47.583.

Current Law: AS 44.47.567. Allows the commission to consider a local government boundary change requested of it by the legislature. Also, the local boundary commission has the power to recommend borough boundaries to the legislature. 1959 Op. Att'y Gen., No. 30.

AS 44.47.569. The chairman of the commission or the commissioner of community and regional affairs with the consent of the chairman may call a meeting or hearing of the local boundary commission. All meetings and hearings shall be public.

AS 44.47.571. The local boundary commission shall keep minutes of all meetings and hearings.

AS 44.47.573. Requirements of notice of public hearings or meetings to be held in the area should be given at least 15 days before the meeting. Other required notices are intended.

AS 44.47.575. Three members of the commission constitute a quorum to conduct business at the meeting. Two members for a hearing.

AS 44.47.577. Boundary change - A majority of the membership of the local boundary commission must vote in favor of a proposed boundary change before it may be presented to the legislature.

AS 44.47.579. Expenses - commission members may receive expenses and per diem - no pay.

AS 44.47.581. Hearings on boundary changes. A local government boundary change may not be proposed to the legislature unless a hearing on the change has been held in or near the vicinity of the area affected by the change.

AS 44.47.583. When boundary change takes effect. When a local government boundary change is proposed to the legislature during the first 10 days of any regular session, the change become effective 45 days after the presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house.

Section 1(d): (d) The commission shall by, March 31, 1990, submit to the governor and the legislature its final boundary proposal. The proposal must provide for the entire area of the unorganized borough, excluding areas annexed under (c) of this section, to be included within new home rule boroughs.

Section 2(a): PROVISIONAL HOME RULE CHARTERS. (a) By March 31, 1990, the Department of Community and Regional Affairs shall deliver to the governor and the legislature a provisional home rule charter for the new boroughs designated in the final boundary proposal. At least one public hearing in the area of each new borough shall be conducted. The charter shall provide that each new borough exercise only those powers a home rule borough must exercise by law.

Current Law: AS 29.35.150 Scope of areawide powers. A borough shall exercise the powers as specified and in the manner specified in AS 29.35.150 - 29.35.180 on an areawide basis. (10 ch 74 SLA 1985 which took effect January 1, 1986.)

AS 29.35.160. Education. (a) Each borough constitutes a borough school district and establishes, maintains, and operates a system of public schools on an areawide basis as provided in AS 14.14.060.

AS 29.35.170. Assessment and collection of taxes. (a) A borough shall assist and collect property, sales, and use taxes that are levied in its boundaries, subject to AS 29.45.

(b) Taxes levied by a city shall be collected by a borough and returned in full to the levying city. This applies to home rule borough. (10 ch 74 SLA 1985)

AS 29.35.180. Land use regulation. (b) A home rule borough shall provide for planning, platting, and land use regulations. (10 ch 74 SLA 1985).

Section 2(b): (b) The voters of an area designated as a new borough in the final boundary proposal may petition the department for an amendment to the provisional charter for that new borough. If the department determines that at least 15 percent of the voters who voted in the last general election in the area have signed the petition, the department shall submit the proposed amendment to the director of elections.

Current Law: AS 29.10.100. Municipal charter adoption. (a) A home rule charter may be amended as provided in the charter, except that no amendment is effective unless ratified by the voters.

Section 3: ELECTIONS. The director of elections shall schedule an election of initial borough officials to be held under AS 29.05.120 in each new borough designated in the final boundary proposal during or before the general election held in 1990. Any proposed amendments to the provisional charter of a new borough received by the director under sec. 2(b) of this Act shall be submitted to the voters at the election of the initial borough officials.

Current Law: AS 29.05.120 Election of initial officials. (a) Nominations for initial municipal officials are made by petition. The petition shall be in the form prescribed by the director of elections and shall include the name and address of the nominee and a statement of the nominee that the nominee is qualified under the provisions of this title for the office that is sought.

(e) The initial elected officials take office on the first Monday following certification of their election.

Section 4(a): INCORPORATION OF NEW BOROUGHES. (a) A new borough designated in the final boundary proposal is incorporated as a home rule borough on the first Monday following certification of the election held under sec. 3 of this Act. The provisional home rule charter prepared by the Department of Community and Regional Affairs under sec. 2 of this Act, together with any charter amendments approved by the voters, operates as the charter for the new borough.

Section 4(b): (b) AS 29.05.140 and 29.05.190 - 29.05.210 apply to boroughs incorporated under this section.

Current Law: AS 29.05.140. TRANSITION. (a) Powers and duties exercised by cities and services areas that are succeeded to by a newly incorporated municipality continue to be exercised by the cities and services areas until the new municipality assumes the powers and functions, which may not exceed two years after the date of incorporation. Ordinances, rules, resolutions, procedures, and orders in effect before the transfer remain in effect until superseded by the action of the new municipality.

It is noted that the new municipality shall be required to give written notice of its assumption of the rights, powers, duties, assets, and liabilities under this section and AS 29.05.130. It is noted that AS 29.05.130 provides integration of special and service areas into the new municipality within a two year period. (b) indicates that the new municipality may exercise in a former service area all of the rights and powers exercised by the service area at the time of integration, and as successor to the service area . . . (4 ch 74 SLA)

AS 29.05.190 refers to Organization grants to boroughs which provide incremental grants which total \$600,000.

AS 29.05.200 refers to establishing an Organization grant fund for boroughs.

AS 29.05.210 provides transitional assistance to boroughs of various kinds - mostly technical in nature.

Section 5: The division of legal services of the Legislative Affairs Agency shall prepare a bill conforming the Alaska Statutes to the changes made by this Act. The bill shall be presented to the House and Senate Rules Committees for introduction on the first day of the Second Session of the Sixteenth Legislature.

Section 6: This Act takes effect immediately under AS 01.10.070(c).

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 27, 1988

SUBJECT: Incorporation of the unorganized
borough (2d SSHB 1)

TO: Representative Heinrich Springer
Chairman, House Community & Regional Affairs
Committee

FROM: Tamara Brandt Cook *TBC*
Director
Division of Legal Services

This bill requires the Local Boundary Commission to study the unorganized borough and provide for the incorporation or annexation of all territory in the unorganized borough. You have asked whether the scheme poses constitutional questions.

Article X, sec. 3, Constitution of the State of Alaska, provides in pertinent part:

The entire State shall be divided into boroughs, organized or unorganized. They shall be established in a manner and according to standards provided by law

. . . .

Under this constitutional authority, it appears proper for the legislature to, by law as is done in this bill, direct the LBC or another agency to provide for the organization of new boroughs. The LBC is required to comply with standards provided by law, AS 29.05.031, in carrying out this responsibility.

A tougher question is posed as a result of the independence granted to the LBC in art. X, sec. 12, Constitution of the State of Alaska, which provides:

A local boundary commission or board shall be established by law in the executive branch of the state government. The commission or board may consider any

January 27, 1988

proposed local government boundary change. It may present proposed changes to the legislature during the first ten days of any regular session. The change shall become effective forty-five days after presentation or at the end of the session, which ever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house. The commission or board, subject to law, may establish procedures whereby boundaries may be adjusted by local action. (Emphasis added)

Under this bill, the LBC retains its discretion in presenting proposed boundary changes to the legislature. Under section 1(c) it is permitted, but not required, to present proposed annexations that are compatible with its obligation to include all areas of the unorganized borough within existing or new boroughs. The opportunity for legislative disapproval of these proposed annexations follows in accordance with art. X, sec. 12 of the constitution. With respect to the establishment of the new boroughs, the legislature is kept informed of the LBC actions, but the LBC is not required to submit these new boundaries for legislative approval, so no problem under art. X., sec. 12, is created regarding the LBC's discretion in submitting proposals to the legislature. (Sec. 1(d) and sec. 4 of 2d SSHB 1)

A question arises with respect to whether the legislature may require the LBC to consider a proposed local boundary change (by directing the commission to develop new borough boundaries), since that is a matter that may be discretionary under the language of art. X, sec. 12 underlined in this memorandum. So far as I know, the scope of the discretion of the LBC under that provision has not been considered by the Supreme Court. It may be that the court would find that the legislature may require the LBC to consider certain boundary changes if the LBC is not also required to present those changes to the legislature for approval. However, it cannot be determined with certainty how the court would react to this scheme.

This constitutional question could be avoided by modifying the bill to require the Department of Community and Regional Affairs to prepare the boundary proposal after consulting with the LBC. The department does not enjoy the special constitutional protection granted to the discretion exercised by the LBC. Please let me know if you would like a draft committee substitute accomplishing this.



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

17-a SSHB 1

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465 991

October 9, 1987

MEMORANDUM

TO: Representative Henry Springer

ATTN: David Harrison

FROM: Karen Oakley
Legislative Analyst

RE: Creation of Boroughs: Full Taxable Value and Effects on Public
School Finance
Research Request 88.041

You asked us to provide a rough estimate of the amount of property tax revenue that could, in theory, be generated within each third class borough proposed to be created under House Bill 1 and to determine how HB 1 would affect the financing of public schools within the new boroughs and within the state. You asked that we also discuss whether the amount of potential revenue justified the costs to collect the taxes and to evaluate the ability of residents in each new borough to pay such taxes.

In summary, we found:

- Under HB 1, 22 rural education attendance areas (REAs) and 21 city school districts would be reorganized into 20 third class boroughs. Of these new boroughs, 12 would be created from REAs alone, and eight would be created from combining city districts with their surrounding REA.

- The total taxable value of property in the proposed boroughs is about \$7.5 billion; the majority (78 percent) of this value is derived from the areas through which the TransAlaska Pipeline passes. In comparison, the taxable value of property in existing boroughs is \$48 billion.

- The "required local effort" for public education in the proposed boroughs would total \$19 million--given FY 88 basic need values. About \$11 million of this local effort would be generated by property in REAs that has not previously been taxed at the local level.

- Given FY 88 basic need values, "required local effort" in the proposed boroughs would result in a \$13.4 million reduction in the total amount of State foundation aid. This "savings" could be used to reduce the General Fund contribution to public education or could be used to increase the percentage of basic need funded by the State for all school districts.
- Because local property taxes are taken as a credit against State oil and gas property tax liability and because the TransAlaska oil pipeline accounts for over half of the taxable property value of the proposed boroughs, the net savings of General Fund moneys from requiring a local effort for education in the REAAs will be on the order of \$3 million.
- The costs to institute a conventional property tax in the proposed boroughs would most likely be prohibitive.
- The per capita personal income in the proposed boroughs is less than in the existing boroughs. More work is required to assess the ability of residents in the proposed boroughs to pay property taxes.

Background

Under Sponsor Substitute for House Bill 1, all regional education attendance areas would be converted into third class boroughs (attached). The REAAs are school districts within the unorganized borough. The legislature is responsible for provision of services within the unorganized borough, and the REAAs are "special service districts" (AS 29.03.020) created by the legislature in 1975 to "allow for maximum local participation and responsibility" for education in rural Alaska. The REAAs are distinguished from the two other kinds of school districts--city and borough districts--by their inability to levy taxes. City and borough school districts must raise money locally to help support their schools; this is generally done through the taxation of property. The REAAs cannot tax, thus, they cannot raise money locally to help support schools.

A third class borough is an unincorporated general law municipality that has area-wide power for education and tax assessment and collection; these are the only area-wide powers that a third class borough may exercise.¹ Currently, there is only one third class borough--the Haines Borough.

¹Third class boroughs may acquire other powers not prohibited by law, but the powers may be exercised only within a service area (AS 29.35.220).

House Bill 1 also provides that each city school district within the boundary of a REAA would become part of the new borough school district. Two or more REAAs would be allowed to combine to form a single borough. The initial assembly of each borough would consist of seven members elected at large and would provide for the form of representation, composition and apportionment of the assembly.²

House Bill 1 would require that residents of rural Alaska help pay for local schools in the same way that residents in cities and boroughs are required to do. There are essentially two formulas for determining the amount of State aid school districts receive--one which applies to city and borough districts and one which applies to REAAs. Each city and borough district must raise an amount equal to the lesser of a four millage rate tax on its full and true property value or 35 percent of its basic need; in public school parlance, this is known as the required local effort.³ The amount of State aid a district receives is determined by subtracting the required local effort (and 90 percent of its federal aid) from its basic need. Since REAAs are not required to make a local effort, the REAAs receive more of their basic need from the State than city and borough districts do. By requiring the rural districts to make a local contribution to the costs of education, HB 1 would affect both the total amount of State foundation aid and its distribution among districts.

Although the primary purpose of HB 1 relates to equity of public school finance within the state, HB 1 would have other important ramifications. The unorganized borough would be abolished, and the legislature would no longer have the responsibility to provide governmental services in these rural areas. In addition to the REAAs, the legislature has created coastal resource service areas and housing districts within the unorganized borough, and it is unclear at this point how the functions of these areas would be affected by HB 1. We will not discuss these issues further in this memorandum, but we want to point out that HB 1 will affect a broad range of issues related to local government in rural Alaska.

²Pursuant to AS 29.20.300(b), the assembly is the school board for a third class borough.

³The "basic need" of each school district is determined by multiplying the area cost differential by the number of instructional units by the instructional unit value.

Configuration of School Districts Under HB 1

Currently, Alaska is divided into 55 school districts: 12 borough districts, 21 city school districts and 22 REAAs. House Bill 1 would affect all 22 REAAs and all 21 city school districts. All of the REAAs would become a borough or be part of a borough, and all 21 of the city districts would be subsumed into a borough. Figure 1 shows the areas of the state that would be reorganized under HB 1. Table 1 shows a likely combination of REAAs and city districts under HB 1. The bill provides that the new boroughs will be formed based on the REAAs existing in 1982. The Kashunamuit and Yupiit REAAs were formed after 1982, thus we have assumed that these REAAs would be subsumed into their surrounding REAAs. Assuming that no REAAs choose to combine, there would then be 20 new third class borough school districts--eight of these would result from the combination of city districts and their surrounding REAAs and 12 would consist of former REAAs alone. Thus, under HB 1, Alaska would be divided into 32 school districts--all organized at the borough level.

Property Values in the Proposed Third Class Boroughs

The full value of taxable property in the proposed third class boroughs is listed in Table 2. The values are rough approximations determined by Mike Worley, State Assessor, Department of Community & Regional Affairs, in April 1987. Table 2 also compares the taxable values on a per student basis of the proposed boroughs to the per student values of the existing boroughs. Table 3 provides a breakdown of the taxable values of the boroughs that would be created by combining city districts with their surrounding REAAs. In Table 4, the values of the existing and proposed boroughs on a per student basis are ranked.

borough formed from a rural
education attendance area

borough formed from a combining
city school districts with their
surrounding rural education
attendance area



TABLE 1. PROBABLE CONFIGURATION OF RURAL EDUCATION ATTENDANCE AREAS (REAAS) AND CITY SCHOOL DISTRICTS
INTO THIRD CLASS BOROUGHs UNDER HOUSE BILL 1

REAAs with no city school districts within their boundaries	REAAs that will be combined with city school districts within their boundaries	
Adak	This REAA:	Will absorb these city districts:
Alaska Gateway		
Annette Island	Aleutian Region	Sand Point, King Cove, Unalaska
Copper River	Bering Strait	Nome
Delta Greeley	Chatham	Yakutat, Pelican, Hoonah, Skagway
Iditarod	Chugach	Cordova, Valdez
Kuspuk	Lower Yukon	St. Mary's, Kashunamiut REAA**
Lake and Peninsula	Southeast Island	ake, Petersburg, Wrangell, Klawock, Craig, Hydaburg
Lower Kuskokwim (and Yupiit)**	Southwest Region	Dillingham
Pribilof	Yukon-Koyukuk	Tanana, Galena, Nenana
Railbelt		
Yukon Flats		

** House Bill 1 provides that the REAAs in existence in 1982 will form the basis of the new third-class boroughs. We therefore assume that the two REAAs that were formed after 1982 will be absorbed into their surrounding REAAs. Thus, Lower Kuskokwim will absorb the Yupiit REAA, and the Lower Yukon will absorb the Kashunamiut REAA.

Prepared by the House Research Agency, October 1987, (88.041A; 08038703).

TABLE 2. PROPERTY VALUES OF PROPOSED THIRD CLASS BOROUGHs COMPARED TO VALUES OF EXISTING BOROUGHs

SCHOOL DISTRICT	FULL TAXABLE VALUE	AVERAGE DAILY MEMBERSHIP (ADM)	VALUE PER ADM
PROPOSED THIRD-CLASS BOROUGHs			
No City Districts Within			
Adak	\$ 0	602	\$ 0
Alaska Gateway	45,527,741	511	89,095
Annette Island	0	421	0
Copper River	1,198,725,880	561	2,135,766
Delta Greeley	813,113,635	1,019	797,953
Iditarod	23,481,360	384	61,149
Kuspuk	19,839,960	350	56,686
Lake and Peninsula	30,546,520	354	86,290
Lower Kuskowim	321,017,461	2,859	112,283
Pribilof	14,153,160	156	90,725
Railbelt	30,176,160	366	82,449
Yukon Flats	1,035,432,040	372	2,783,419
Sub-total	\$3,532,013,917	7,955	\$443,999
Combined with City Districts			
Aleutian Region	\$206,485,320	501	\$412,146
Bering Strait	240,477,297	2,006	119,879
Chatham	131,333,718	934	140,614
Chugach	1,841,524,122	1,257	1,465,015
Lower Yukon	89,378,063	1,587	56,319
Southeast Island	358,683,415	2,212	162,153
Southwest Region	157,571,260	933	168,887
Yukon-Koyukuk	934,498,200	984	949,693
Sub-total	\$3,959,951,395	10,414	\$380,253
TOTAL--PROPOSED BOROUGHs	\$7,491,965,312	18,369	\$407,859

TABLE 2. PROPERTY VALUES OF PROPOSED THIRD CLASS BOROUGH COMPARED TO VALUES OF EXISTING
BOROUGH
Continued

SCHOOL DISTRICT	FULL TAXABLE VALUE	AVERAGE DAILY MEMBERSHIP (ADM)	VALUE PER ADM
EXISTING BOROUGH			
Anchorage	19,343,356,800	39,748	486,650
Bristol Bay	101,541,000	219	464,081
Fairbanks	4,726,913,900	12,895	366,570
Haines	97,621,600	352	277,492
Juneau	1,688,992,300	4,609	366,447
Kenai	3,905,341,700	8,178	477,525
Ketchikan	904,384,100	2,474	365,585
Kodiak	552,447,400	2,253	245,216
Mat-Su	2,716,755,900	8,668	313,427
North Slope	13,570,786,300	1,152	11,785,312
Northwest Arctic	235,045,200	1,547	151,897
Sitka	441,175,000	1,590	277,469
TOTAL-EXISTING BOROUGH	\$48,284,361,200	83,685	\$576,981
TOTAL-ALL SCHOOL DISTRICTS	\$55,776,326,512	102,054	\$546,540

Notes:

1. Full taxable value determinations for the proposed boroughs were prepared by the State Assessor with the Department of Community and Regional Affairs, April 14, 1987. Values for existing boroughs are from Alaska Taxable 1986 (Volume XXVI).
2. Average daily membership is the number of students reported to be in attendance during the first count period in FY 87.

Prepared by the House Research Agency, October 1987, (88.041B; 08038703).

TABLE 3. PROPERTY VALUES OF PROPOSED THIRD CLASS BOROUGHS FORMED BY COMBINING CITY DISTRICTS
WITH THEIR SURROUNDING RURAL EDUCATION ATTENDANCE AREA (REAA)

PROPOSED BOROUGH	FULL TAXABLE VALUE	PERCENT OF TOTAL BOROUGH VALUE	AVERAGE DAILY MEMBERSHIP (ADM)	PERCENT OF TOTAL BOROUGH ADM	VALUE PER ADM
Aleutian Region					
Sand Point	\$74,641,100	36	118	24	\$632,552
King Cove	24,391,400	12	133	27	183,394
Unalaska	95,564,500	46	159	32	601,035
Area outside cities	11,888,320	6	91	18	130,641
Total	206,485,320		501		412,146
Bering Strait					
Nome	151,635,000	63	782	39	193,907
Area outside cities	88,842,297	37	1,224	61	72,584
Total	240,477,297		2,006		119,879
Chatham					
Yakutat	18,136,700	14	157	17	115,520
Pelican	14,987,400	11	54	6	277,544
Hoonah	29,237,500	22	234	25	124,947
Skagway	59,036,600	45	137	15	430,924
Area Outside Cities	9,935,518	8	352	38	28,226
Total	131,333,718		934		140,614
Chugach					
Valdez	1,693,326,700	92	695	55	2,436,441
Cordova	123,982,300	7	432	34	286,996
Area Outside Cities	24,215,122	1	130	10	186,270
Total	1,841,524,122		1,257		1,465,015
Lower Yukon					
St. Mary's	4,451,200	5	101	6	44,071
Kashunamiut REAA	9,445,343	11	172	11	54,915
Area Outside Cities	75,481,520	84	1,314	83	57,444
Total	89,378,063		1,587		56,319

TABLE 3. PROPERTY VALUES OF PROPOSED THIRD CLASS BOROUGHS FORMED BY COMBINING CITY DISTRICTS
WITH THEIR SURROUNDING RURAL EDUCATION ATTENDANCE AREA (REAA)
Continued

PROPOSED BOROUGH	FULL TAXABLE VALUE	PERCENT OF TOTAL BOROUGH VALUE	AVERAGE DAILY MEMBERSHIP (ADM)	PERCENT OF TOTAL BOROUGH ADM	VALUE PER ADM
Southeast Island					
Kake	12,108,400	3	196	9	61,778
Petersburg	135,355,400	38	601	27	225,217
Wrangell	108,670,500	30	494	22	219,981
Klawock	5,841,100	2	162	7	36,056
Craig	37,304,700	10	231	10	161,492
Hydaburg	13,417,700	4	107	5	125,399
Area Outside Cities	45,985,615	13	421	19	109,229
Total	358,683,415		2,212		162,153
Southwest Region					
Dillingham	107,515,700	68	461	49	233,223
Area Outside Cities	50,055,560	32	472	51	106,050
Total	157,571,260		933		168,887
Yukon-Koyukuk					
Tanana	11,755,200	1	81	8	145,126
Galena	20,106,900	2	167	17	120,401
Nenana	18,099,500	2	123	13	147,150
Area Outside Cities	884,536,600	95	613	62	1,442,963
Total	934,498,200		984		949,693
TOTAL--CITY DISTRICTS	\$2,713,579,885	69	5,204	50	521,441
TOTAL--AREA OUTSIDE CITIES (REAA's)	1,246,371,510	31	5,210	50	239,227
TOTAL--CITY/REAA BOROUGH'S	\$3,959,951,395		10,414		\$380,253

Notes:

1. Full taxable value determinations for the proposed boroughs were prepared by the State Department of Community and Regional Affairs, April 14, 1987.
2. Average daily membership is the number of students reported to be in attendance during the first count period in FY 87.

Prepared by the House Research Agency, October 1987, (88.041C; 08038703).

TABLE 4. EXISTING BOROUGHs AND PROPOSED THIRD CLASS BOROUGHs RANKED BY TAXABLE VALUE PER AVERAGE DAILY MEMBERSHIP (ADM)

SCHOOL DISTRICT	FULL TAXABLE VALUE	AVERAGE DAILY MEMBERSHIP (ADM)	VALUE PER ADM	BOROUGH TYPE UNDER HOUSE BILL 1
North Slope	\$13,570,786,300	1,152	\$11,785,312	Existing
Yukon Flats	1,035,432,040	372	2,783,419	3rd class--REAA only
Copper River	1,198,725,880	561	2,136,766	3rd class--REAA only
Chugach	1,841,524,122	1,257	1,465,015	3rd class--REAA and city districts combined
Yukon-Koyukuk	934,498,200	984	949,693	3rd class--REAA and city districts combined
Delta Greeley	813,113,635	1,019	797,953	3rd class--REAA only
Anchorage	19,343,356,800	39,748	486,650	Existing
Kenai	3,905,341,700	8,178	477,525	Existing
Bristol Bay	101,541,000	219	464,081	Existing
Aleutian Region	206,485,320	501	412,146	3rd class--REAA and city districts combined
Fairbanks	4,726,913,900	12,895	366,570	Existing
Juneau	1,688,992,300	4,609	366,447	Existing
Ketchikan	904,384,100	2,474	365,585	Existing
Mat-Su	2,716,755,900	8,638	313,427	Existing
Haines	97,621,600	352	277,492	Existing
Sitka	441,175,000	1,590	277,469	Existing
Kodiak	552,447,400	2,253	245,216	Existing
Southwest Region	157,571,260	933	168,887	3rd class--REAA and city districts combined
Southeast Island	353,683,415	2,212	162,153	3rd class--REAA and city districts combined
Northwest Arctic	235,045,200	1,547	151,897	Existing
Chatham	131,333,718	934	140,614	3rd class--REAA and city districts combined
Bering Strait	240,477,297	2,006	119,879	3rd class--REAA and city districts combined
Lower Kuskowim	321,017,461	2,859	112,283	3rd class--REAA only
Pribilof	14,153,160	156	90,725	3rd class--REAA only
Alaska Gateway	45,527,741	511	89,095	3rd class--REAA only
Lake and Peninsula	30,546,520	354	86,290	3rd class--REAA only
Railbelt	30,176,160	366	82,449	3rd class--REAA only
Lower Yukon	89,378,063	1,415	63,165	3rd class--REAA and city districts combined
Iditarod	23,481,360	384	61,149	3rd class--REAA only
Kuspuk	19,839,960	350	56,686	3rd class--REAA only
Annette Island	0	421	0	3rd class--REAA only
Adak	0	602	0	3rd class--REAA only

Notes:

1. Full taxable value determinations for the proposed boroughs were prepared by the State Assessor, Department of Community Affairs, April 14, 1987. Values for existing boroughs are from Alaska Taxable 1986 (Volume XXVI).
2. Average daily membership is the number of students reported to be in attendance during the first count period in FY 87.

Prepared by the House Research Agency, October 1987, (88.0410; 08038703).

The following comments can be made about the taxable property in the proposed boroughs:

- Two of the proposed boroughs--Adak and Annette Is'and--consist entirely of federal land and therefore have no taxable property.
- The total taxable value of property in the proposed boroughs is roughly \$7.5 billion. In comparison, the total taxable value of property in existing boroughs is \$48 billion.
- The per student taxable value for the five proposed boroughs through which the TransAlaska Pipeline travels compares favorably with the values of existing boroughs. Other proposed boroughs have less taxable value than existing boroughs.
- Approximately 70 percent of the taxable value of the boroughs formed by combining city districts and REAAs is derived from the city districts. In only two of the eight boroughs that would be formed in this manner--Lower Yukon and Yukon-Koyukuk--does the value of property in the REAA exceed the value in the affected city districts.

Public School Finance in the Proposed Boroughs

In 1987, the legislature enacted a new and relatively uncomplicated method to calculate the amount of State aid that school districts will receive. However, this new method will be gradually implemented during the next three fiscal years. For simplicity, we have chosen to use the formula that will be in effect after this transition period. Under this formula, State aid is equal to the basic need of the district minus required local effort and minus ninety percent of the federal aid received by the district under Public Law 81-874. Required local effort is whichever is less: the amount that would be raised by a four mill property tax or 35 percent of basic need.

Table 5 shows the calculation of State foundation aid for the proposed boroughs based on the property values discussed above and on the basic need and federal aid values for FY 88. Table 6 provides a breakdown of the finances of the boroughs that would be created by combining the REAAs and city districts. A four mill tax would raise a total of \$29.8 million from these proposed boroughs. However, the actual amount that would be paid by these boroughs in required local effort is only \$19 million, because for four of the five "pipeline" boroughs, 35 percent of basic need is less than the amount that could be generated by a four mill tax. Of the \$19 million that would be generated in local effort by the new boroughs, \$11.2 million would be generated by the previously untaxed property in the REAAs.

TABLE 5. FINANCES OF PROPOSED THIRD CLASS BOROUGH SCHOOL DISTRICTS

SCHOOL DISTRICT	REQUIRED LOCAL EFFORT			BASIC NEED IN FY 88	ELIGIBLE PL 81-874 (FY 88)	STATE FOUNDATION AID		CHANGE IN STATE AID	
	4 MILLS	35 PERCENT OF BASIC NEED	ACTUAL AMOUNT PAID			UNDER STATUS QUO	UNDER HOUSE BILL 1	IN DOLLARS	AS A PERCENTAGE OF AMOUNT RECEIVED BY THE REGION UNDER THE STATUS QUO
PROPOSED THIRD-CLASS BOROUGHES									
No City Districts Within									
Adak	\$0	\$1,395,870	\$0	\$3,988,200	\$1,792,632	\$2,374,831	\$2,374,831	\$0	0.0
Alaska Gateway	182,111	1,741,320	182,111	4,975,200	626,551	4,411,304	4,229,193	(182,111)	-4.1
Annette Island	0	887,040	0	2,534,400	1,406,836	1,268,248	1,268,248	0	0.0
Copper River	4,794,904	1,735,230	1,735,230	4,957,800	398,113	4,599,498	2,864,268	(1,735,230)	-37.7
Delta Greeley	3,252,455	2,059,470	2,059,470	5,884,200	1,042,286	4,946,143	2,886,673	(2,059,470)	-41.6
Iditarod	93,925	1,782,270	93,925	5,092,200	849,651	4,327,514	4,233,589	(93,925)	-2.2
Kuspuk	79,360	1,696,590	79,360	4,847,400	1,213,011	3,755,690	3,676,330	(79,360)	-2.1
Lake and Peninsula	122,186	2,014,740	122,186	5,756,400	1,036,848	4,823,237	4,701,051	(122,186)	-2.5
Lower Kuskowkim	1,284,070	12,535,320	1,284,070	35,815,200	6,976,279	29,536,549	28,252,479	(1,284,070)	-4.3
Pribilof	56,613	641,340	56,613	1,832,400	602,751	1,289,924	1,233,311	(56,613)	-4.4
Railbelt	120,705	1,130,850	120,705	3,231,000	116,468	3,126,179	3,005,474	(120,705)	-3.9
Yukon Flats	4,141,728	2,041,200	2,041,200	5,832,000	703,866	5,198,521	3,157,321	(2,041,200)	-39.3
Sub-total	14,128,056	28,265,370	7,774,869	80,758,200	14,972,660	69,657,637	61,882,768	(7,774,869)	-11.2
Combined with City Districts									
Aleutian Region	825,941	2,125,830	825,941	6,073,800	587,130	4,766,995	4,719,442	(47,553)	-1.0
Bering Strait	961,909	7,162,680	961,909	20,464,800	4,282,033	16,004,430	15,649,061	(355,369)	-2.2
Chatham	525,335	2,617,440	525,335	7,478,400	1,030,166	6,065,658	6,025,916	(39,742)	-0.7
Chugach	7,366,096	2,873,850	2,873,850	8,211,000	209,030	6,151,654	5,149,023	(1,002,631)	-16.3
Lower Yukon	357,512	6,148,590	357,512	17,567,400	5,195,221	12,836,115	12,534,189	(301,926)	-2.4
Southeast Island	1,434,734	5,680,290	1,434,734	16,229,400	1,227,515	13,873,845	13,689,903	(183,942)	-1.3
Southwest Region	630,285	3,415,860	630,285	9,759,600	2,097,021	7,442,218	7,241,996	(200,222)	-2.7
Yukon-Koyukuk	3,737,993	3,939,180	3,737,993	11,254,800	2,120,843	9,146,195	5,608,049	(3,538,147)	-38.7
Sub-total	15,742,240	33,963,720	11,347,559	97,039,200	16,748,959	76,287,110	70,617,578	(5,669,532)	-7.4
TOTAL--PROPOSED BOROUGHES	\$29,870,296		\$19,122,428		\$31,721,619	\$145,944,747	\$132,500,346	(\$13,444,401)	-9.2

Notes:

1. Calculation of revenue possible under a 4 mill property tax based on full taxable value determinations by the Department of Community and Regional Affairs, April 1987 (see Table 2).

2. Basic need and eligible PL 81-874 values are from the Department of Education for FY 88.

Prepared by the House Research Agency, October 1987, (88.041E; 08038703).

TABLE 6. FINANCES OF SCHOOL DISTRICTS FORMED BY COMBINING CITY DISTRICTS WITH THE SURROUNDING RURAL EDUCATION ATTENDANCE AREA

PROPOSED BOROUGH	REQUIRED LOCAL EFFORT		ACTUAL AMOUNT PAID	BASIC NEED IN FY 88	ELIGIBLE PL 81-874	STATE FOUNDATION AID		CHANGE IN STATE AID	
	4 MILLS	35 PERCENT OF BASIC NEED				UNOER STATUS QUO	UNDER HOUSE BILL 1	IN DOLLARS	AS A PERCENTAGE OF AMOUNT RECEIVED BY THE REGION UNDER STATUS QUO
Aleutian Region									
Sand Point	\$298,564	\$467,460	\$298,564	\$1,335,600	\$0	\$1,037,036			
King Cove	97,566	488,250	97,566	1,395,000	138,006	1,173,229			
Unalaska	382,258	544,740	382,258	1,556,400	154,473	1,035,116			
Area outside cities	47,553	625,380	47,553	1,706,800	294,651	1,521,614			
Total	825,941	2,125,830	825,941	6,073,800	587,130	4,766,995	4,719,442	(47,553)	-1.0
Bering Strait									
Nome	606,540	1,808,520	606,540	5,167,200	82,724	4,486,208			
Area outside cities	355,369	5,354,160	355,369	15,297,600	4,199,309	11,518,222			
Total	961,909	7,162,680	961,909	20,464,800	4,282,033	16,004,430	15,649,061	(355,369)	-2.2
Chatham									
Yakutat	72,547	420,000	72,547	1,200,000	56,386	1,076,706			
Pelican	59,950	232,470	59,950	664,200	0	604,250			
Hoonah	116,950	577,290	116,950	1,649,400	190,808	1,360,723			
Skagway	236,146	376,320	236,146	1,075,200	0	839,054			
Area Outside Cities	39,742	1,011,360	39,742	2,889,600	782,972	2,184,925			
Total	525,335	2,617,440	525,335	7,478,400	1,030,166	6,065,658	6,025,916	(39,742)	-0.7

TABLE 6. FINANCES OF SCHOOL DISTRICTS FORMED BY COMBINING CITY DISTRICTS WITH THE SURROUNDING RURAL EDUCATION ATTENDANCE AREA
Continued

PROPOSED BOROUGH	REQUIRED LOCAL EFFORT			BASIC NEED IN FY 88	ELIGIBLE PL 81-874	STATE FOUNDATION AID		CHANGE IN STATE AID	
	4 MILLS	35 PERCENT OF BASIC NEED	ACTUAL AMOUNT PAID			UNDER STATUS QUO	UNDER HOUSE BILL 1	IN DOLLARS	AS A PERCENTAGE OF AMOUNT RECEIVED BY THE REGION (UNDER STATUS QUO
Chugach									
Valdez	6,773,307	1,375,290	1,375,290	3,929,400	9,495	2,545,565			
Cordova	495,929	922,950	495,929	2,637,000	15,603	2,127,020			
Area Outside Cities	96,860	575,610	96,860	1,644,600	183,932	1,479,061			
Total	7,366,096	2,873,850	2,873,850	8,211,000	209,030	6,151,654	5,149,023	(1,002,631)	-16.3
Lower Yukon									
St. Mary's	17,805	476,280	17,805	1,360,800	62,613	1,286,644			
Kashunamiut REAA	37,781	681,450	37,781	1,947,000	498,907	1,460,202			
Area Outside Cities	301,926	4,990,860	301,926	14,259,600	4,633,701	10,089,269			
Total	357,512	6,148,590	357,512	17,567,400	5,195,221	12,836,115	12,534,189	(301,926)	-2.4
Southeast Island									
Kake	48,434	480,900	48,434	1,374,000	209,395	1,137,111			
Petersburg	541,422	1,133,370	541,422	3,238,200	8,155	2,689,439			
Wrangell	434,682	974,610	434,682	2,784,600	2,037	2,348,085			
Klawock	23,364	460,110	23,364	1,314,600	210,198	1,102,057			
Craig	149,219	506,940	149,219	1,448,400	32,973	1,269,506			
Hydaburg	53,671	360,150	53,671	1,029,000	0	975,329			
Area Outside Cities	183,942	1,764,210	183,942	5,040,600	764,757	4,352,319			
Total	1,434,734	5,680,290	1,434,734	16,229,400	1,227,515	13,873,845	13,689,903	(183,942)	-1.3

TABLE 6. FINANCES OF SCHOOL DISTRICTS FORMED BY COMBINING CITY DISTRICTS WITH THE SURROUNDING RURAL EDUCATION ATTENDANCE AREA
Continued

PROPOSED BOROUGH	REQUIRED LOCAL EFFORT			BASIC NEED IN FY 88	STATE FOUNDATION AID			CHANGE IN STATE AID	
	4 MILLS	35 PERCENT OF BASIC NEED	ACTUAL AMOUNT PAID		ELIGIBLE PL 81-874	UNDER STATUS QUO	UNDER HOUSE BILL 1	IN DOLLARS	AS A PERCENTAGE OF AMOUNT RECEIVED BY THE REGION UNDER STATUS QUO
Southwest Region									
Dillingham	430,063	1,143,240	430,063	3,266,400	354,651	2,517,151			
Area Outside Cities	200,222	2,272,620	200,222	6,493,200	1,742,370	4,925,067			
Total	630,285	3,415,860	630,285	9,759,600	2,097,021	7,442,218	7,241,996	(200,222)	-2.7
Yukon-Koyukuk									
Tanana	47,021	386,820	47,021	1,105,200	186,793	890,066			
Galena	80,428	535,290	80,428	1,529,400	443,016	1,050,258			
Kenana	72,398	606,270	72,398	1,732,200	6,566	1,653,893			
Area Outside Cities	3,538,146	2,410,800	2,410,800	6,888,000	1,484,468	5,551,979			
Total	3,737,993	3,939,180	3,737,993	11,254,800	2,120,843	9,146,195	5,608,049	(3,538,146)	-38.7
TOTAL--CITY DISTRICTS			7,243,299			30,687,301			
TOTAL--AREA OUTSIDE CITIES			4,104,260			45,599,810			
TOTAL--CITY/REAA BOROUGHS	\$15,839,806	\$33,963,720	\$11,347,559	\$97,039,200	\$16,748,959	\$76,287,110	\$70,617,578	(\$5,669,533)	-7.4

Notes:

1. Calculation of revenue possible under a 4 mill property tax based on full taxable value determinations by the Department of Community and Regional Affairs, April 1987.
2. Basic need and eligible PL 81-874 values are from the Department of Education for FY 88.

Under HB 1, the amount of State foundation aid--given FY 88 basic need--would be \$13.4 million less than under the status quo. For most of the new boroughs, the reductions in State aid are on the order of one to four percent, however, for the "pipeline" boroughs, the declines are much greater--on the order of 40 percent. Importantly, the total revenue available to each of the proposed boroughs for schools is the same under HB 1 and the status quo; the local effort merely replaces State aid.

The amount of State foundation aid "saved" by requiring the REAAs to make a local effort--in this scenario, \$13.4 million--could be used in two ways: The State could lower the amount appropriated to the foundation program--currently about \$440 million--by \$13.4 million, or the State could continue to fund the foundation program at the same level. The latter option would have the effect of increasing the value of an instructional unit and thereby the basic need of each district. The \$13.4 million "savings" would then be distributed among all districts as the State would be paying for a larger percentage of each district's basic need relative to the status quo.

Although HB 1 could reduce the amount of General Fund moneys required to run the foundation program, any savings will be offset by decreases in General Fund revenue from taxation of the TransAlaska Pipeline under Alaska Statute 43.56 (Oil and Gas Exploration, Production and Pipeline Transportation Property Taxes). Under AS 43.56.020(d), municipal property taxes are credited against the oil and gas property tax liability; thus, for each dollar raised locally from the pipeline, State General Fund revenue is reduced one dollar. The pipeline accounts for \$3.8 billion of the \$7.5 billion full taxable property value of the proposed boroughs, and required local effort in the five "pipeline" boroughs accounts for \$10.2 million of the \$13.4 reduction in State foundation aid that could occur under House Bill 1.⁴ Thus, the net savings for General Fund moneys would be on the order of \$3 million.

Costs of Property Tax Collection

The costs of property tax collection need to be broken into two categories: 1) start up costs; and 2) maintenance costs. To actually carry out the business of collecting a property tax requires a great deal of preliminary work: land parcels must be surveyed and mapped; title searches must be conducted; and property must be inventoried and its value assessed. This preliminary work is a massive undertaking and represents a major initial

⁴It should be noted that the potential revenue from the pipeline tax is expected to decline over the next few years based primarily on its depreciation schedule. As the assessed value of the pipeline declines, so will the potential revenue for these proposed boroughs.

hurdle to imposition of a property tax. The DCRA has not yet attempted to quantify the initial costs of a property tax in the unorganized borough relative to HB 1, but the department believes that the start up costs would be high and would probably not justify the imposition of a conventional property tax at this time.

Some of the start up costs could be born by the organizational grants to which new boroughs are entitled. Although the DCRA is not required by statute to provide more funding than that specified in AS 29.05.190, DCRA must assist a new borough in determining their initial property tax assessment roll. In this regard, DCRA staff typically assist the new borough in contracting for the actual assessment work. The DCRA did this most recently for the Northwest Arctic Borough and concluded that a property tax was not justified.

State Assessor Mike Worley has suggested that alternative means of taxation within the unorganized borough be considered. For example, the legislature could impose by statute a formula for taxing property in the unorganized borough. He noted that there are no other jurisdictions in the United States similar to rural Alaska, so there are no models after which a unconventional taxation plan could be fashioned. Unique solutions to the problem of local support of education and other governmental services in the unorganized borough will have to be sought.

Ability of Residents of the New Boroughs to Pay Property Taxes

The economies of many of the rural communities that would be affected by House Bill 1 are based on varying mixtures of subsistence and cash, and cash in such economies is often of limited availability. Because the cost-of-living in rural communities is high, what cash people have is in high demand to meet basic needs such as fuel and other utilities. There may also be high variability among residents in a community in the degree to which they participate in the cash economy. To determine the ability of the residents of each new borough to pay property taxes requires considerable study of regional economies, which we will not attempt here.

As a starting point, we compare per capita personal income of each of the proposed boroughs based on U.S. Bureau of Economic Analysis data for 1983 (see Table 7). These data show that per capita personal income is generally lower in the areas affected by HB 1 than in existing boroughs. These data also show that transfer payments comprise a higher percentage of total personal income in the regions that have the lowest per capita personal income. Although rudimentary, these data confirm that in rural economies based on a mixture of subsistence and cash, cash is less available and much of the available cash is derived outside of the region. Comparison of the "total personal income" (Table 7) to the "required local effort" (Table 5) for each proposed borough shows that there is, overall, enough cash within each district to meet the tax liability for public schools; however, we do not know--and have no way of finding out--whether the individuals who will have the property tax liability are the same individuals with cash to pay their taxes.

I hope you find this information useful. If we can provide any further information, please let me know.

Attachment

TABLE 7. PROPOSED AND EXISTING BOROUGHs RANKEd BY 1983 PER CAPITA PERSONAL INCOME

SCHOOL DISTRICT	TOTAL PERSONAL INCOME (\$1,000s)	POPULATION	PER CAPITA PERSONAL INCOME	TRANSFER PAYMENTS AS A PERCENTAGE OF TOTAL PERSONAL INCOME	SCHOOL DISTRICT TYPE UNDER HOUSE BILL 1
North Slope Borough	\$103,311	4,900	\$21,084	10.6	Existing
Juneau	472,684	23,500	20,127	7.3	Existing
Fairbanks	1,237,542	64,500	19,198	10.0	Existing
Anchorage	4,017,400	211,200	19,020	9.4	Existing
Ketchikan	227,852	12,800	17,786	12.4	Existing
Bristol Bay Borough	21,882	1,300	17,422	7.6	Existing
Chugach, Copper River**	150,853	9,000	16,761	12.3	3rd class borough
Kodiak	168,925	10,500	16,050	10.5	Existing
Southeast Island	176,987	11,500	15,390	14.0	3rd class borough
Sitka	121,954	8,000	15,269	13.1	Existing
Aleutian Region	120,223	8,000	15,067	8.3	3rd class borough
Kenai	408,405	27,600	14,814	12.8	Existing
Haines Borough	28,726	2,000	14,144	17.5	Existing
Yukon-Koyukuk, Railbelt**	80,483	5,800	13,982	16.5	3rd class borough
Chatham	51,392	3,700	13,890	17.1	3rd class borough
Mat-Su	360,393	26,900	13,395	13.6	Existing
Yukon Flats	21,755	1,800	12,229	21.4	3rd class borough
Bering Strait	85,754	7,300	11,779	18.4	3rd class borough
Southwest Region, Lake and Peninsula**	51,520	4,600	11,118	15.3	3rd class borough
Alaska Gateway, Railbelt**	65,256	5,900	11,001	16.1	3rd class borough
Northwest Arctic	56,471	5,300	10,716	20.7	Existing
Lower Kuskowim	105,141	10,900	9,666	20.3	3rd class borough
Iditarod, Kuspuk**	21,793	2,900	7,413	29.2	3rd class borough
Lower Yukon	31,524	5,200	6,017	32.0	3rd class borough

Source: U.S. Department of Commerce, Bureau of Economic Analysis, "Local Area Personal Income 1978-83. Vol. 9. Farwest Region, Alaska and Hawaii. June 1985.

**For these school districts, the census districts by which the income data were reported did not coincide with the individual school district boundaries. The income data reported are for the total area represented by the named districts.

Prepared by the House Research Agency, October 1987, (88.041G; 08038703).

1 IN THE HOUSE

BY LARSON AND MENARD

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 1

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act converting regional educational attendance
7 areas into third class boroughs; and providing for an
8 effective date."

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

10 * Section 1. THIRD CLASS BOROUGHs CREATED. (a) The areas within the
11 boundaries of the regional educational attendance areas formed under
12 AS 14.08.031 as of July 1, 1982, become third class boroughs effective
13 July 1, 1989. A city school district located within the boundary of a
14 borough formed under this section is part of that borough's school dis-
15 trict.

16 (b) Two or more regional educational attendance areas may combine to
17 form a third class borough under this section. The school boards of
18 regional educational attendance areas that decide to combine to form a
19 single borough under this subsection shall notify the lieutenant governor
20 of that decision as soon as possible.

21 (c) The lieutenant governor shall hold elections for initial assembly
22 members of boroughs formed under this section no later than June 1, 1989.
23 The initial assembly of a borough formed under this section shall consist
24 of seven members elected at large from the borough. The initial assembly
25 shall provide for the form of representation, composition, and apportion-
26 ment of the assembly under AS 29.20.060 - 29.20.110.

27 (d) This section does not apply to a regional educational attendance
28 area that organizes as a borough before the effective date of this Act.

29 * Sec. 2. TRANSITION. (a) The Department of Education shall oversee

1 and assist the transition from a regional educational attendance area to a
2 borough under this Act. On July 1, 1989,

3 (1) all property of the regional educational attendance area
4 becomes the property of the borough;

5 (2) the borough becomes the successor to all contracts and other
6 obligations, litigation, hearings, and other proceedings involving the
7 regional educational attendance area that are pending or in effect;

8 (3) faculty, staff, officers, and employees of the regional
9 educational attendance area are transferred to the borough.

10 (b) The term of office of a school board member from a regional
11 educational attendance area or a city school district described in sec. 1
12 of this Act ends on the date the election of the assembly members of the
13 third class borough formed from the regional educational attendance area is
14 certified.

15 * Sec. 3. The division of legal services of the Alaska Legislative
16 Affairs Agency shall prepare a bill conforming the Alaska Statutes to the
17 changes made by secs. 1 and 2 of this Act. The title of the bill shall be
18 "An Act relating to the unorganized borough, school districts, and third
19 class boroughs." The bill shall be presented to the House and Senate Rules
20 Committees for introduction on the first day of the Second Session of the
21 Fifteenth Alaska State Legislature.

22 * Sec. 4. Sections 1 and 2 of this Act take effect on the effective
23 date of a version of an Act passed by the legislature during the Second
24 Session of the Fifteenth Alaska State Legislature entitled "An Act relating
25 to the unorganized borough, school districts, and third class boroughs."

26 * Sec. 5. Section 3 of this Act takes effect immediately under AS 01.-
27 10.070(c).



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Clocks in #3

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

February 28, 1986

MEMORANDUM

TO: Representative Don Clocksin

ATTN: Bob Cole

FROM: Brad Pierce *BP*
Legislative Analyst

RE: Impact of State Grants, Loans, Municipal Assistance, Revenue
Sharing, Rents, Leases, Office Supplies, Food and Fuel Expenditures
Research Request 86-047

You requested this agency to provide an election district breakdown of the following categories of State expenditures during FY 85:

- State grants;
- State loans;
- Municipal Assistance;
- Revenue Sharing; and
- Rents, leases, office supplies, food and fuel.

We have been able to compile all but a portion of the final category (office supplies, food and fuel) into an election district format. Data on State expenditures for commodities are maintained by each individual department and are unavailable by election district at the present time. Commodity expenditures amounted to \$96.2 million statewide in FY 85, or approximately three percent of total operating expenditures. All departments have changed over to an automated accounting system for FY 86, which should enable us to compile this type of information on an election district basis in the future.

Table 1 summarizes the information you requested; it shows the distribution among election districts of \$1.056 billion in State grants; \$830 million in loan programs; \$60 million in Revenue Sharing; and \$90

million in Shared Taxes.¹ Together these programs disbursed \$2.25 billion in FY 85. The table shows that the North Slope-Kotzebue Election District (22) received the largest per capita share (\$6,364) while Anchorage (7-15) received the smallest (\$3,339). As individual programs are analyzed, the ratio between high and low per capita expenditures by district tend to diverge, i.e., the per capita loan expenditure for the Matanuska-Susitna district (16) was \$2,711 while the expenditure in the Interior Rivers district (24) was \$228 or a ratio of 11.89:1. This particular case can be explained by the relatively large number of AHFC and Agricultural loans in the Mat-Su area portrayed in Table 3. Each of the major expenditure categories you requested is broken out in as much detail as possible below.

State Grants

Table 1 lists FY 85 State expenditures for grants of all types. These represent the flow of State grant dollars to each election district, but do not include goods and services purchased for the direct administration or operation of State Government.²

We are unable to distinguish between capital and operating expenditures for State grants. This is because of the way individual grants are awarded and administered. For example, a grant to a school district may cover several different types of expenditures such as teacher training, purchase of specific pieces of equipment and/or construction of a school improvement. Another limitation of the GIS is that State and federal funds for specific grant programs are pooled in the State's general fund so that expenditures at the election district level are a mixture of State and federal funds.

¹Municipal Assistance is only one account of the Department of Revenue--Shared Taxes Program. Administration of the Municipal Assistance account was transferred to the Department of Community and Regional Affairs (DCRA) in November 1985. The DCRA maintains population estimates for Alaska communities which are a major factor in the Municipal Assistance formula.

²The Grants Information System (GIS) of the Office of Management and Budget (OMB) was used to compile these data. The GIS is an automated information system that monitors federal, State, and local funding of public services. [Information for each grant program in FY 86 will be collected through an interface with the Alaska Statewide Accounting System (AKSAS). Data for FY 85 were hand-entered into the system and may not be as accurate as the electronically transmitted information will be next year.] The purpose of the GIS is to provide an overview of how dollars are being allocated by grantor, location, purpose, or recipient.

TABLE 1

FY 85 BREAKDOWN OF STATE EXPENDITURES FOR GRANTS, LOANS, REVENUE SHARING AND SHARED TAXES BY ELECTION DISTRICT AND POPULATION SERVED

HOUSE ELECTION DISTRICT	DISTRICT NAME	FY 85 POPULATION	ELECTION DISTRICT		GRANTS		LOANS		REVENUE SHARING		SHARED TAXES	
			TOTAL	PER CAPITA	TOTAL	PER CAPITA	TOTAL	PER CAPITA	TOTAL	PER CAPITA	TOTAL	PER CAPITA
1	KETCHIKAN-WRANGL-PETRUSBC	18,609	\$63,615,675	\$3,404	\$36,211,880	\$1,938	\$20,192,918	\$1,080	\$3,347,985	\$179	\$3,862,892	\$207
2	INSIDE PASSAGE	10,240	39,817,534	3,888	32,172,924	3,142	5,392,920	527	896,054	88	1,355,634	132
3	BARANOF-CHICHAGOF	8,220	35,208,058	4,283	19,136,991	2,328	13,208,770	1,607	1,070,910	130	1,791,387	218
4	JUNEAU	23,729	110,032,806	4,637	50,794,119	2,141	48,708,053	2,053	6,136,544	259	4,394,890	185
5	KENAI-COOK INLET	32,202	116,672,070	3,623	51,170,474	1,589	54,352,482	1,688	5,207,008	162	5,942,106	185
6	PRINCE WILLIAM SOUND	10,357	44,535,164	4,300	19,749,196	1,907	20,067,972	1,938	2,268,285	219	2,449,711	237
7-15	ANCHORAGE	245,491	815,653,785	3,339	352,725,040	1,437	469,265,271	1,667	18,743,160	76	38,920,314	159
16	MATAMUSKA-SUSITNA	29,836	140,894,773	4,722	50,411,281	1,690	80,892,756	2,711	4,649,255	156	4,941,481	166
17	INTERIOR HIGHWAYS	10,313	37,273,939	3,614	24,293,182	2,356	11,876,017	1,152	725,451	70	379,289	37
18-21	FAIRBANKS	64,321	272,421,100	4,235	133,239,761	2,071	121,357,750	1,887	6,557,334	102	11,266,255	175
22	NORTH SLOPE-KOTZEBUE	11,051	70,331,749	6,364	61,453,471	5,561	3,793,340	343	1,798,280	163	3,286,658	297
23	MORTON SOUND	10,973	53,972,033	4,918	42,381,563	3,862	8,272,768	754	1,730,983	158	1,586,719	145
24	INTERIOR RIVERS	10,652	63,492,304	5,961	57,987,435	5,444	2,428,967	228	1,960,529	184	1,115,373	105
25	LOWER KUSKOKWIM	9,892	51,005,499	5,156	43,896,236	4,438	4,202,233	425	1,590,017	161	1,317,013	133
26	BRISTOL BAY-ALEUTIAN IS	14,069	60,455,402	4,297	46,584,937	3,311	8,479,860	603	1,855,784	132	3,534,821	251
27	KODIAK-EAST AK PENINSULA	12,873	57,530,268	4,469	34,768,407	2,701	17,517,403	1,361	1,807,814	140	3,436,644	267
TOTALS		522,910	\$2,036,912,159	\$3,895	\$1,056,976,897	\$2,021	\$830,009,480	\$1,587	\$60,345,393	\$115	\$89,580,389	\$171
GRAND TOTAL**			\$2,255,482,965				\$1,048,580,286					

*Actual expenditures.

**Includes \$215,433,159 in Alaska Industrial Authority (AIDA) loans approved during FY 85 which are not compiled by location as well as \$3,137,647 in Student Loans to nonresident addresses.

Prepared by the House Research Agency, February 1986.

Representative Clocksin
February 28, 1986
Page Four

Education grants, which comprise 54 percent of total State grant programs, are broken out by election district in Table 2. Foundation funding grants are apportioned to each school district on a formula basis and provide the major share (81 percent statewide) of school funding.³

School district receipts have been converted to a House election district format via the Grant Information System. Foundation grants received in each election district are also provided in Table 2. We have described the importance of education expenditures in terms of employment and payrolls for each election district in a previous memorandum (Research Request 86-039).

The GIS is designed to provide information on the number of persons directly employed through each grant program it monitors. However, OMB personnel who run the system have little confidence in the accuracy of the GIS employment data at this time. The GIS system should have most of the "bugs" worked out of it by next year, making this type of information readily available. Because of the ways in which individual grants may be administered and the current limitations of the GIS, we are unable to calculate the economic impact of State grants by election district in standard terms of employment, payrolls, income or total economic activity. At the present time, we are able to provide only direct State expenditures in each election district.

³The Foundation Funding formula is set by statute in AS 14.17.041 and AS 14.17.051. The formula is based on student attendance for various grades and types of instructional programs in each school district.

Table 2
FY 85 State Education Grants by Election District, Education Grant
Proportion of Total District Grant Receipts, and Foundation Grant Funding

<u>Election District</u>	<u>Total District Education Grants</u>	<u>Education Grants as a Percentage of Total District Grant Receipts</u>	<u>Foundation Grants</u>	<u>Foundation Grants % of Education Grant Receipts</u>
1 Ketch-Wrang-Ptsbg	\$ 19,140,696	48%	\$ 17,006,239	89%
2 Inside Passage	18,286,651	55	16,944,718	93
3 Baranof-Chichagof	9,543,775	47	8,185,261	86
4 Juneau	22,519,462	39	17,143,617	76
5 Kenai-Cook Inlet	34,936,036	62	31,543,512	90
6 Prince William Sound	7,061,582	32	5,979,460	85
7-15 Anchorage	195,827,236	53	138,048,445	70
16 Matanuska-Susitna	36,773,327	67	29,068,188	79
17 Interior Highways	15,648,873	63	13,897,777	89
18-21 Fairbanks	62,742,610	45	49,023,165	78
22 North Slope-Kotzebue	26,475,492	42	23,524,024	89
23 Norton Sound	19,534,685	44	18,019,869	92
24 Interior Rivers	38,154,801	64	36,665,030	96
25 Lower Kuskokwim	22,133,052	49	20,954,979	95
26 Bristol Bay-Aleutians	27,112,336	56	25,546,713	94
27 Kodiak-Ak Peninsula	14,850,650	41	12,791,628	86
Statewide Total	\$570,741,264	54%	\$464,342,625	81%

* * * * *

State Loans

We have been able to convert all of the currently active State loan programs into the election district format with the sole exception of Alaska Industrial Development Authority (AIDA) program, which amounts to about 21 percent of total FY 85 State loan activity.⁴ AIDA sells bonds in financial markets to support purchases of loans from commercial banks (250 loans in FY 85 worth \$215.4 million) to help offset

⁴For our purposes, active loan programs are those which presently make or service loans.

risk and encourage small business development and construction of multifamily housing. At the present time, AIDA does not keep track of the loans it purchases on a geographical basis.

Table 1 shows the distribution of all loans among election districts; Tables 3 and 4 provide details of each program. Several programs have independent bonding powers, and others are revolving funds which are supposed to become self-sufficient after initial State funding. The \$1.05 billion in loans granted during FY 85 includes funds from the sale of bonds and loan payments received by revolving funds. The amount of General Fund outlays on loan programs during FY 85 was far smaller--\$136 million--which are listed below:

FY 85 Appropriations to State Loan Programs
(in millions)

Department of Revenue (DOR)

Alaska Housing Finance Corporation	\$16

Department of Education (DOE)

Student Loan Program	60
Teacher Scholarships	0

Department of Commerce and Economic Development (DCED)

Commercial Fishing Loans	3.5
Alternative Technology/Energy Loans	1
Fisheries Enhancement Loans	5
Child Care Facility Loans	0
Historical District Loans	0
Residential Energy Conservation Loans	0
Alaska Power Authority	0

Department of Natural Resources (DNR)

Agricultural Revolving Loan Fund	5
Grain Reserve Loan Fund	.5

Department of Community and Regional Affairs (DCRA)

Housing Assistance Loan Fund	45

Total	\$136

Table 3
FY 85 State Loan Programs by Election District

<u>Election District</u>	<u>AHFC^a</u>	<u>Alternative Energy</u>	<u>Commercial Fishing</u>	<u>Fisheries Enhancement</u>	<u>Mining</u>	<u>Residential Energy</u>
1 Ketch-Wrang-Ptsbg	\$ 11,785,600	\$ 25,737	\$1,194,418	\$ 396,900	\$ 0	\$ 0
2 Inside Passage	0	0	1,020,825	66,780	0	0
3 Baranof-Chichagof	9,943,550	0	405,873	599,815	0	0
4 Juneau	43,160,432	77,527	256,686	66,500	0	6,890
5 Kenai-Cook Inlet	29,308,692	193,538	3,937,164	0	0	1,334
6 Prince William Sound	5,905,427	4,368	1,622,015	10,683,679	0	0
7-15 Anchorage	357,189,117	930,667	1,665,361	0	90,000	14,956
16 Matanuska-Susitna	70,627,963	333,424	262,800	0	0	27,794
17 Interior Highways	2,844,161	19,511	211,238	0	950,000	0
18-21 Fairbanks	105,029,436	295,536	78,400	0	249,375	375,803
22 North Slope-Kotzebue	243,563	0	5,794	0	0	0
23 Norton Sound	522,077	0	26,529	0	0	18,347
24 Interior Rivers	97,000	0	107,418	0	0	0
25 Lower Kuskokwim	26,000	14,980	371,078	0	0	0
26 Bristol Bay-Aleutians	346,200	54,810	2,795,024	0	0	0
27 Kodiak-AK Peninsula	8,129,851	33,220	1,596,764	100,000	0	0
Statewide Total	\$640,267,192 ^b	\$1,978,950	\$15,557,387	\$11,913,134	\$1,289,375	\$445,124

^aAHFC, AIDA and Alaska Municipal Bond Bank loans are primarily funded through bond sales (off budget programs) while all other State loan programs in this table are funded (at least initially) through State appropriations.

^bTotal includes a \$178,650 loan made in Chevy Chase, Maryland.

Table 3 (Continued)
FY 85 State Loan Programs by Election District

<u>Election District</u>	<u>DNR Ag. Loan Programs</u>	<u>AK. Muni Bond Bank^a</u>	<u>REA Loans</u>	<u>Bulk Fuel Loan Fund</u>	<u>Child Care Loan Fund</u>	<u>Housing Assistance Loans</u>
1 Ketch-Wrang-Ptsbg	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,404,900
2 Inside Passage	0	0	0	0	0	3,171,800
3 Baranof-Chichagof	0	0	0	0	0	917,650
4 Juneau	0	0	0	0	0	759,750
5 Kenai-Cook Inlet	260,924	0	0	0	50,000	16,119,675
6 Prince William Sound	0	0	0	45,666	50,000	413,500
7-15 Anchorage	1,845,676	9,405,000	0	0	226,185	2,426,200
16 Matanuska-Susitna	4,025,102	0	0	0	100,000	779,850
17 Interior Highways	4,036,313	0	0	0	0	2,723,250
18-21 Fairbanks	228,984	0	0	0	12,500	4,552,200
22 North Slope-Kotzebue	0	0	0	125,000	0	2,998,150
23 Norton Sound	0	1,000,000	687,285	296,408	0	5,231,900
24 Interior Rivers	0	0	0	500,980	0	1,036,450
25 Lower Kuskokwim	0	0	0	469,465	0	2,842,950
26 Bristol Bay-Aleutians	422,200	0	0	282,480	0	3,708,200
27 Kodiak-Ak. Peninsula	5,058	0	0	245,906	0	6,160,250
Statewide Total	\$10,824,257 ^c	\$10,405,000	\$687,285	\$1,965,905	\$438,685	\$58,246,675

^aAHFC, AIDA and Alaska Municipal Bond Bank loans are primarily funded through bond sales (off budget programs) while all other State loan programs in this table are funded, (at least initially) through State appropriations

^bTotal includes a \$178,650 loan made in Chevy Chase, Maryland.

^cIncludes Agricultural Revolving Loan Fund (\$10,042,469 statewide) and Grain Reserve Loan Fund (\$781,788 in the Delta Junction area).

Table 4
Alaska Student Loans by Election District

<u>Election District</u>	<u>Number of Loans</u>	<u>District Loan Amount</u>	<u>Percent of Total</u>
1 Ketch-Wrang-Ptsbg	599	\$ 2,385,363	3
2 Inside Passage	287	1,133,525	2
3 Baranof-Chichagof	324	1,341,882	2
4 Juneau	1,187	4,380,268	6
5 Kenai-Cook Inlet	1,080	4,481,155	6
6 Prince William Sound	340	1,343,317	2
7-15 Anchorage	8,143	35,472,109	48
16 Matanuska-Susitna	1,101	4,735,823	6
17 Interior Highways	278	1,091,544	1
18-21 Fairbanks	2,492	10,355,516	14
22 North Slope-Kotzebue	111	420,833	<1
23 Norton Sound	144	490,222	<1
24 Interior Rivers	188	687,119	<1
25 Lower Kuskokwim	153	477,760	<1
26 Bristol Bay-Aleutians	217	870,946	1
27 Kodiak-Ak. Peninsula	24	1,246,354	2
Statewide Total	16,668	\$70,913,736	96
Nonresident Address Total*	798	\$ 3,137,647	4
Grand Total	17,466	\$74,051,383	100

*Students with nonresident addresses are those who do not maintain a permanent Alaska residence while attending school. To be eligible for the Alaska Student Loan Program, each loan recipient must prove that he or she is a permanent state resident at the time of application.

About 67 percent of all State loans go to housing programs. The largest State lender by far is the Alaska Housing Finance Corporation (AHFC), which loaned \$640.1 million in FY 85 for home mortgages. The Department of Community and Regional Affairs loaned another \$58.2 million via its Housing Assistance Loan Fund programs. The Housing Assistance Loan Fund consists of three programs in the following proportions; Nonconforming Housing (16 percent), Rural Owner-occupied Housing (64 percent), and Rural Nonowner-occupied Housing (20 percent). AIDA multifamily housing loans worth \$1.15 million were also made in FY 85. State economic development loan programs accounted for \$253.9 million in FY 85, or about 24 percent of total State loans. Economic development loan programs for FY 85 include:

Agricultural Revolving Loan Fund	\$ 10.8 million
AIDA (except multi-family housing)	\$ 214.3 million
Alaska Grain Reserve Loan Fund	\$.8 million
Commercial Fishing Revolving Loan Fund	\$ 15.6 million
Fisheries Enhancement Revolving Loan Fund	\$ 11.9 million
Mining Loan Fund	\$ 1.3 million

Another major State loan category (7 percent of the FY 85 total) is Department of Education (DOE) student loans portrayed in Table 4. The Scholarship Revolving Loan Fund made 17,466 loans worth \$74.1 million in FY 85. The mean student loan amount was \$4,617 for undergraduates and \$5,656 for graduate students. Fifty-four percent of all student loans were made to students attending schools in Alaska (\$37.6 million), while \$37.4 million was loaned to students attending out-of-state schools.⁵ The Teacher Scholarship Loan Fund, also administered by DOE, was established by the Legislature in FY 85, but not funded.

Energy loans totaling \$3,111,359 were made during FY 85. Active State energy loan programs which made loans over the past fiscal year include: the Rural Electrification Revolving Loan Fund (\$687 thousand), the Alternative Technology and Energy Revolving Loan Fund (\$1.98 million), and the Residential Energy Conservation Loan Fund (\$445 thousand).

⁵In-state and out-of-state components do not add to the total due to rounding.

Municipal assistance loan programs (not to be confused with the Municipal Assistance account of the Shared Taxes Program) which were active in FY 85 were the Alaska Municipal Bond Bank Authority (\$10.4 million) and the Bulk Fuel Revolving Loan Fund (\$1.97 million). The programs accounted for about one percent of State loans. The Child Care Facility Revolving Loan Fund (\$438.7 thousand) was the only medical and child care loan program active in FY 85.

Economic Effects of Loan Programs

The economic effects of State loan programs are difficult to trace. Table 3 merely provides an indication of how the State has managed to geographically disperse wealth through the various loan programs. Another limitation is that the borrower's address used for location purposes, which may have little to do with where the loan money is actually spent.

A program like AHFC can finance an increase in the stock of local wealth through new home construction and can generate employment in the construction industry and further rounds of spending for materials, etc. In FY 85, 53 percent of AHFC loans were made for new home construction, which translates to approximately \$483.8 million statewide.⁶ An AHFC financed purchase of an existing home generates very little economic activity (except for banking fees) and merely facilitates the transfer of wealth between individuals.

A recent Institute of Social and Economic Research study makes the assumption that the net infusion of purchasing power to the economy of all State loan programs (including budgeted programs like the revolving loan funds as well as off-budget agencies such as AHFC and AIDA) is about 25 percent of the total value of loans made.⁷ This is probably the best estimate of the actual economic effect of loan programs that currently exists. Under this assumption, FY 85 State loan programs added about \$262 million to the statewide economy.

Other programs, such as loans for education outside of Alaska, facilitate direct leakages of State dollars out of the economy. One could argue that education loans are an investment in the state's stock of human capital for those students who return to live and work in Alaska

⁶Source: AHFC.

⁷Scott Goldsmith, "The Sustainable Level of Economic Activity in Alaska," Institute of Social and Economic Research, University of Alaska, Anchorage, February 28, 1985, p. 17.

and that the loans will be paid back eventually anyway. There is an opportunity cost associated with loans which are spent outside of Alaska however, as that money could have been spent locally for some other purpose which would generate further economic activity, or invested in a financial instrument (e.g. the Permanent Fund) that would provide a greater return than interest on the loan. In theory, the Scholarship Revolving Loan Fund (student loans), like the other revolving loan funds mentioned in this section, should eventually become self-sustaining. In practice this has not been the case and is not likely to happen anytime in the near future. We will discuss the State's loan programs in some detail in a later memorandum in this series (86-049) dealing with potential expenditure reductions.

Revenue Sharing

The Department of Community and Regional Affairs-Revenue Sharing program distributed \$60.35 million to eligible city and borough governments, unincorporated communities, and volunteer fire departments around the state in FY 85 (see Table 1). Funds are appropriated annually by the legislature to each of three Revenue Sharing accounts. These are: the Municipal Tax Resource Equalization Account (\$38.35 million), the Miscellaneous Services Account (\$20 million), and the Hospital Construction Account (\$1.6 million). The revenue sharing program distributes State funds according to each community's tax effort relative to its taxable wealth and other criteria such as the miles of public roads it maintains, number of hospital beds, and population served by volunteer fire departments. Unincorporated communities of over 25 permanent residents receive a flat entitlement of \$25,000 to encourage development of local government.

We have discussed the growth in local government employment and payrolls in recent years, particularly in the rural areas of the state in a previous memorandum (Research Memorandum 86-039). Much of this growth in the size of local governments can be directly attributed to State Revenue Sharing, Shared Taxes, and School Foundation Funding programs. These programs provide year-round jobs and create further rounds of economic activity at the local level.

To evaluate the proportion of local revenue received from State pass-through programs like Revenue Sharing and Shared Taxes and the economic impacts associated with them, it would be necessary to go through the separate audits and reports of all Alaska communities. At the present time, we are unable to trace the flow of State dollars as they are spent by local governments. Money received from the State is deposited in each community's general fund. First-class cities submit annual audits to DCRA. Second-class cities each submit a report listing their sources

of revenues, and unincorporated communities which receive federal money must submit annual budgets. Within the next year, the Office of Management and Budget plans to incorporate this information into the Grant Information System.

Shared Taxes

The Department of Revenue-Shared Taxes Program accounts are broken out by election district in Table 5. The Municipal Assistance account (\$81.31 million) distributes a portion of State corporate income tax revenues to local governments according to a formula which incorporates a base amount plus a population factor. Other shared taxes programs are distributed to the communities in which the various taxes were collected. For example, sixty percent of aviation fuel tax receipts are returned to the airports where they were collected (the remaining 40 percent are kept in the General Fund for administration).

Cigarette taxes (\$19.83 million in FY 85) are turned over to the Department of Education and applied to the bonded indebtedness of the school districts in which they were collected. We have attached a table from previous House Research Agency research which shows how cigarette taxes are distributed and which breaks out the amounts distributed to each election district.

Rents, Leases, Office Supplies, Food and Fuel Expenditures

Table 6 provides an estimate of State expenditures for leases by election district. As of June 13, 1985, there were 383 State leases. The Department of Administration, Division of General Services and Supply keeps track of the number and terms of State leases and pays the bills on 318 accounts. Individual departments pay the remainder. Because of the way the DOA lease accounts are set up, i.e., to pay bills on a specified date each month, we are forced to extrapolate from a single point in time (snapshot view) to make estimates of FY 85 lease expenditures (\$28.6 million statewide). In reality, the State lease picture is constantly changing as leases are cancelled and renewed, terms are negotiated, services added or deleted, etc.

Office supplies and food and fuel expenditures are accounted for by the individual departments and are buried within the commodities category (\$96.2 million) of the operating budget. We are unable to trace the amounts that each department spends on commodities to the locations where those commodities are actually used.

Table 5
FY 85 Shared Taxes Programs by Election District

<u>Election District</u>	<u>Amusement & Gaming Tax</u>	<u>Aviation Tax</u>	<u>Electric & Telephone Tax</u>	<u>Liquor License Tax</u>	<u>Fisheries Tax</u>	<u>Municipal Assistance</u>
1 Ketchikan-Pt Barrow	\$ 3,802	\$ 22,577	\$ 0	\$ 65,250	\$777,184	\$ 2,996,445
2 Inside Passage	936	0	0	38,325	225,118	964,365
3 Baranof-Chichagof	1,152	13,839	0	31,050	441,823	1,303,499
4 Juneau	2,959	47,162	9,342	30,550	42,488	4,261,590
5 Kenai-Cook Inlet	7,740	8,957	82,205	157,634	643,700	5,615,872
6 Prince William Sound	1,818	0	84,834	49,820	699,142	1,610,000
7-15 Anchorage	25,200	22,064	665,099	379,475	115,608	37,712,868
16 Matanuska-Susitna	1,894	0	432,484	14,050	451	4,786,527
17 Interior Highways	671	208	6,350	4,850	3,091	364,118
18-21 Fairbanks	12,050	0	151,717	98,950	53	11,003,485
22 North Slope-Kotzebue	1,312	0	119,488	8,350	14,423	3,143,086
23 Norton Sound	1,170	0	10,386	15,800	15,144	1,613,257
24 Interior Rivers	78	0	2,561	9,168	6,555	1,136,523
25 Lower Kuskokwim	4,057	0	1,924	0	71,029	1,276,867
26 Bristol Bay-Aleutians	811	0	77,634	27,275	2,038,451	1,390,350
27 Kodiak-AK Peninsula	816	6,713	28,560	21,900	1,408,856	2,001,056
Statewide Total	\$63,530	\$121,520	\$1,767,511	\$862,200	\$6,503,103	\$81,306,800

Prepared by the House Research Agency, February 1986.

Table 6
Estimated FY 85 State Leases by Election District^a

<u>Election District</u>	<u>Number of Active Leases^b</u>	<u>Lease Payments</u>
1 Ketch-Wrang-Ptsbg	27	\$ 429,480
2 Inside Passage	11	39,084
3 Baranof-Chichagof	9	115,992
4 Juneau	59	7,993,584
5 Kenai-Cook Inlet	21	853,344
6 Prince William Sound	15	1,006,848
7-15 Anchorage	75	14,431,536
16 Matanuska-Susitna	21	455,856
17 Interior Rivers	11	105,456
18-21 Fairbanks	34	1,553,688
22 North Slope-Kotzebue	21	307,920
23 Norton Sound	11	356,172
24 Interior Rivers	14	81,696
25 Lower Kuskokwim	16	384,228
26 Bristol Bay-Aleutians	14	11,096
27 Kodiak-Ak Peninsula	11	21,665
Statewide Total ^c	383	\$28,601,436

^aThese leases were estimated from a 6/12/85 Department of Administration Division of General Services and Supply printout of active and inactive leases by location, department and monthly lease amount. We simply multiplied the monthly lease agreement amount by 12 to estimate the yearly lease payment. The resulting election district totals can only be considered rough estimates as the terms and number of State leases is continually changing.

^bLeases are recorded individually by department so that one building housing multiple agencies will be counted as a lease by each department. Lease payments are computed on a square footage basis and are not double-counted.

^cThe total includes four leases in Seattle worth \$56,448, one lease in South Tacoma for \$6,726 and one lease in Washington D.C. for \$26,268.

Prepared by the House Research Agency, February 1986.

Representative Clocksin
February 28, 1986
Page Sixteen

As we mentioned previously, these data will become available next year when the AKSAS system will be fully operational for all State government departments. Much of the difficulty we have experienced in attempting to break down the operating budget by election district is because we are trying to superimpose location categories on data that are not organized on a location basis. The changeover from the old State accounting system with its budget component and object group accounting categories to the new AKSAS system with its more sophisticated location, purpose, and recipient coding will make this much easier. The old system was oriented toward a centralized means of paying the State's operating expenses without regard to where the money went or the purpose for which it was being spent. The new AKSAS system is much more adaptable to analysis, and components of the system like the GIS will become powerful analytical tools in the future. The present transition period between systems makes this type of analysis very difficult.

We hope we have at least provided some useful information on the patterns of State expenditures in the various election districts. We have all of the information in the preceding tables in computer files and can manipulate it any way you wish. In a future memorandum (86-049) we will attempt to recapitulate the work we have done so far in this series in terms of the current State operating budget accounting categories to show how much of the operating budget we have been able to capture in the election district format. Please feel free to call us if you have any question on the material contained in this memorandum.

BP

Attachment

TABLE 2
State of Alaska School Debt and Debt Service

		School Debt Outstanding				State and Local Shares of School District Debt Service FY 1979-1985									
House Election District	School District	School Debt Outstanding 6-30-84	Percent of School Debt Paid by State 6-30-84	School Debt Outstanding 6-30-85	% of Statewide School Debt Outstanding 6-30-85	Sum of FY 1979-1985 School Debt Service	Cigarette Tax	Percent of Debt Service Covered by Cigarette Tax	Calculated State Share Before Deducting Cig. Tax	Actual State Reimbursement (Cigarette Tax Deducted)		Calculated Local Share	Actual Local Share (Cig. Tax Deducted)		
										Amount	Percent		Amount	Amount	Percent
1 Kotchikan	Kotchikan	120,030,420	92%	131,000,000	41	113,492,049	\$1,091,044	71	113,733,090	112,642,054	82%	11,750,951	11,750,951	11%	
	Kotchikan	20,450,000	92	19,175,000	3	9,990,952	720,340	7	9,030,131	0,309,703	83	940,021	940,021	10	
	Petersburg	3,225,000	93	2,440,000	0	4,251,617	199,606	5	3,042,964	3,643,278	86	400,653	400,653	10	
	Wrangell	2,253,000	90	9,205,000	1	1,242,200	171,010	14	860,003	600,993	55	301,477	301,477	31	
2 Inside Passage		555,000	100	500,000	0	1,042,026	653,447	63	954,719	593,003	57	86,107	50,790	6	
	Craig	0	0	0	0	0	44,231	0	0	0	0	0	0	0	
	Palmas	555,000	100	500,000	0	663,092	158,662	24	623,330	464,668	76	40,562	40,562	6	
	Manak	0	0	0	0	0	75,059	0	0	0	0	0	0	0	
	Hydaburg	0	0	0	0	0	43,509	0	0	0	0	0	0	0	
	Kato	0	0	0	0	86,202	91,760	106	50,005	0	0	27,317	0	9	
	Klawock	0	0	0	0	0	39,292	0	0	0	0	0	0	0	
	Polacca	0	0	0	0	0	20,146	0	0	0	0	0	0	0	
	Slipway	0	0	0	0	209,175	89,116	43	199,303	110,107	53	9,072	9,072	5	
	Talutut	0	0	0	0	83,557	56,973	68	75,201	10,220	22	0,354	0,354	10	
3 Barrow-Chukotof District		2,129,000	100	2,052,250	0	4,793,276	500,294	10	4,249,059	3,740,765	70	544,217	544,217	11	
4 Juneau		41,406,350	60	42,009,010	6	20,490,073	1,144,604	6	10,304,610	17,242,014	84	2,111,455	2,111,455	10	
5-Koonak Inlet (Koonak)		104,615,000	94	100,000,000	12	60,149,260	7,660,454	3	51,735,313	50,093,039	83	0,393,755	0,393,755	14	
6 Prince of Wales Sound		24,305,000	92	22,153,000	3	17,034,662	454,760	3	16,207,760	15,753,000	80	1,626,962	1,626,962	9	
	Cordova	445,000	100	260,000	0	912,904	174,214	19	851,212	676,998	74	61,692	61,692	7	
	Valdez	23,940,000	93	21,905,000	3	16,921,750	280,546	2	15,354,340	15,076,002	89	1,565,210	1,565,210	9	
7-15 Anchorage		212,275,000	91	216,290,000	29	126,556,696	0,005,246	0	96,371,097	87,366,651	82	10,104,799	10,104,799	10	
16 Bar-Su		70,340,000	93	103,340,000	14	40,344,134	1,161,726	3	36,230,004	35,077,160	87	4,107,250	4,107,250	10	
17 Interior Highways (Hoonah)		0	0	190,000	0	214,376	80,974	42	107,932	90,970	46	26,424	26,424	12	
18-21 Fairbanks		82,115,516	94	134,731,120	10	40,063,430	2,410,022	5	44,497,756	42,004,934	86	4,365,674	4,365,674	9	
22 North Slope-Kato, Jr		143,022,000	91	67,900,000	9	76,921,075	441,674	1	67,646,412	67,204,730	87	9,274,663	9,274,663	12	
23 Norton Sound (Unalut)		0	0	0	0	97,475	239,095	246	81,230	0	0	16,245	0	0	
24 Interior Rivers		0	0	0	0	807,257	141,774	10	662,091	521,117	65	144,366	144,366	10	
	Galena	0	0	0	0	615,105	79,042	13	520,401	440,559	73	84,704	84,704	14	
	St. Mary's	0	0	0	0	192,152	61,932	32	134,490	72,550	30	57,662	57,662	20	
	Tanana	0	0	0	0	0	0	0	0	0	0	0	0	0	
26 Bristol Bay-Alutian Is		7,032,472	90	4,455,000	1	2,993,960	419,120	14	2,531,097	2,163,900	72	462,063	454,975	15	
	Bristol Bay	3,665,000	90	2,535,000	0	1,576,069	101,005	6	1,352,253	1,251,240	79	224,616	224,616	14	
	Billingham	0	0	0	0	870,604	139,639	16	717,324	577,003	64	161,160	161,160	10	
	King Cove	0	0	0	0	85,297	63,602	74	55,914	0	0	29,403	22,395	26	
	Sand Point	0	0	0	0	0	44,051	0	0	0	0	0	0	0	
	Unalaska	3,367,472	90	920,000	0	453,010	71,431	16	406,207	334,776	74	46,003	46,003	10	
27 Kodiak-E Al Peninsula		29,725,000	83	25,515,000	3	12,023,773	617,094	5	11,540,664	10,922,970	85	1,203,109	1,203,109	10	
Total		1754,420,344	90%	1750,754,203	100%	1409,435,132	119,032,336	5%	1365,049,152	1345,716,431	84%	144,305,900	144,325,320	11%	

Parts of the Koonak school district are in four different election districts. Because the majority of the school district is in election district five, we have attributed all Koonak school district debt to election district five.

Note: Election District 25 contains Rural Education Attendance Areas. There is no debt outstanding because construction costs are paid by the State.



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Clocks in #4

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

March 4, 1986

MEMORANDUM

TO: Representative Don Clocksin

ATTN: Bob Cole .

FROM: *G. Keiser*
Gretchen Keiser
Legislative Analyst

RE: State Expenditures for Welfare Programs and Unemployment Insurance
Research Request 86-046

You asked us to provide information about the distribution of State expenditures on several welfare programs. In addition, you requested an election district breakdown of State unemployment insurance payments. Finally, you asked us to discuss the spending patterns of welfare recipients and unemployment insurance claimants.

This memorandum summarizes the data which are available for these programs. Specifically, we provide a House election district breakdown of State FY 85 payments under the following programs:

- Adult Public Assistance
 - Old Age Assistance
 - Aid to the Blind
 - Aid to the Disabled
- Aid to Families with Dependent Children
- Medical Assistance
 - Medicaid
 - General Relief Medical
 - Catastrophic Illness
- Unemployment Insurance

Data Sources and Difficulties

Because you expressed interest in the general availability of and difficulties with the data required to address this request, this section briefly discusses the sources of data for this memorandum.

The FY 85 expenditures by House election district for Adult Public Assistance and Aid to Families with Dependent Children (AFDC) presented in this memorandum represent annualized estimates rather than actual expenditures. We estimated the annual expenditures based on representative monthly recipient data obtained from the Department of Health and Social Services (DHSS). General Relief program expenditures are available only on a statewide basis, as are actual FY 85 expenditures for all programs.

The Medical Assistance data were also obtained from DHSS. These FY 85 data present some difficulties because: 1) only those Medicaid and General Relief Medical (GRM) payments to hospitals and nursing homes (about 64 percent of total expenditures) are available at this time; and 2) federal funds for Medicaid payments are included in these FY 85 expenditures. At this time, it is virtually impossible to provide a breakdown of physician payments under these programs (12 percent of total spending) because the data are not available in a geographic format.

This memorandum also presents information on federal funding under the above-mentioned programs and similar public and medical assistance programs. These FY85 federal expenditures in Alaska are generally available only on a statewide basis; nevertheless, they provide a significant portion of the public and medical assistance to Alaska's needy persons.

The unemployment insurance data represent actual payments from the Unemployment Insurance Trust Fund during FY 85 and were provided on an census subarea basis by the Alaska Department of Labor. As with the employment and payroll data in our previous memorandum in this series (Research Memorandum 86-039), we converted Labor's unemployment compensation data into a House election district format. Also note that this memorandum includes estimates of Labor's FY 85 census area population figures which we converted to an election district format. Federal expenditures for unemployment compensation are provided on a statewide basis.

Data on the spending patterns of welfare recipients and unemployment insurance claimants are limited. The most recent analysis of the spending of public assistance--or transfer--payments was a study of AFDC assistance in the 1972 national economy.¹ Inquiries at State and federal public assistance agencies and the American Public Welfare Association did not yield any more recent studies. Our information about spending patterns of unemployment insurance claimants stems from the

¹"Industry Effects of Government Expenditures: An Input-Output Analysis". Survey of Current Business, May 1975.

above-mentioned study and a 1975-1978 study undertaken by the U.S. Department of Labor.²

Public Assistance Expenditures

The State of Alaska offers cash benefits to needy persons in order to bring their income up to minimum monthly standards set by statute. The State-funded Adult Public Assistance (APA) program provides monthly payments to the aged over 65 (Old Age Assistance), the blind over 18 (Aid to the Blind) and the disabled over 18 (Aid to the Disabled) who meet certain income and resource criteria. State and federal funds provide cash benefits for needy children under 18 through the Aid to Families with Dependent Children (AFDC) assistance program. The State-funded General Relief (GR) program provides payments to vendors for needy families requiring temporary emergency assistance in meeting rent, utility, etc. obligations.

Actual State expenditures for these programs during FY 85 were:

Adult Public Assistance	\$13.082 million
Aid to Families with Dependent Children (AFDC)	22.012 million (plus \$20.320 million in federal funds)
General Relief Assistance	0.517 million

Table 1 provides a House election district breakdown of annual estimated number of recipients and payments made by the State for the APA and AFDC programs during FY 85. These figures provide a reasonable estimate of the geographic distribution of public assistance payments during FY 85, based on representative monthly data, but should not be viewed as actual expenditures under these programs. It is important to note that the AFDC payments in Table 1 represent both the State and federal funds.³

²Changes in Spending Patterns Following Unemployment, U.S. Department of Labor, Employment and Training Administration Occasional Paper 81-3.

³Total AFDC funding is split roughly 52 percent State and 48 percent federal. The State funds a greater share because of a "hold harmless" provision whereby the State makes up for benefits which would otherwise be lost under federal regulations due to the Permanent Fund Dividend program.

PUBLIC AND MEDICAL ASSISTANCE PAYMENTS
BY THE STATE OF ALASKA DURING FISCAL YEAR 1985

HOUSE ELECTION DISTRICT	DISTRICT NAME	FY 85 POPULATION	-----ESTIMATED OLD AGE ASSISTANCE-----		ANNUAL AID TO THE BLIND-----		PUBLIC ASSISTANCE AID TO THE DISABLED-----		PAYMENTS----- AID FAMILIES/DEPEN CHLD-----		-----ACTUAL ANNUAL PAYMENTS----- MEDICAID AND GENERAL REL. MED ILLNESS-----	
			RECIPIENTS	DOLLARS	RECIPIENTS	DOLLARS	RECIPIENTS	DOLLARS	RECIPIENTS	DOLLARS	DOLLARS	DOLLARS
1	KETCHIK-WRANGL-PETRSC	18,689	154	1231,120	0	0	96	1218,940	246	11,895,559	14,122,106	163,197
2	INSIDE PASSAGE	10,240	92	233,664	4	9,396	44	112,872	167	1,276,938	0	0
3	BARANOF-CHICHAGOF	8,220	16	45,708	0	0	22	57,552	67	474,013	99,754	63,198
4	JUNEAU	23,729	100	170,028	0	0	60	142,680	204	1,440,867	2,186,209	47,398
5	KEMAI-COOK INLET	32,202	121	260,112	3	9,396	114	286,584	405	3,034,466	2,244,031	221,012
6	PRINCE WILLIAM SOUND	10,357	75	98,676	1	540	62	94,896	65	496,250	2,460,199	63,197
7-15	ANCHORAGE	245,491	649	1,352,496	23	63,864	1,163	2,616,504	2,141	16,122,862	26,639,468	2,004,622
16	NATAMUSKA-SUSITNA	29,836	62	149,004	1	3,132	123	299,568	342	2,639,645	1,209,711	284,120
17	INTERIOR HIGHWAYS	10,313	92	242,292	3	9,468	59	151,344	160	1,175,725	43,067	15,799
18-21	FAIRBANKS	64,321	192	378,324	7	17,400	339	765,984	683	5,094,841	6,849,373	284,120
22	NORTH SLOPE-KOTZEBUE	11,051	191	530,640	2	4,824	68	200,508	211	2,348,138	0	0
23	WORTON SOUND	10,975	289	756,264	5	11,196	144	417,948	380	2,625,245	847,759	0
24	INTERIOR RIVERS	10,652	307	849,276	3	10,800	135	385,788	341	2,399,021	0	0
25	LOWER KUSKOKWIM	9,892	324	913,908	9	27,240	196	563,640	303	2,077,644	0	0
26	BRISTOL BAY-ALEUTIAN IS	14,069	81	222,108	2	5,652	42	124,896	86	603,715	0	0
27	KODIAK-EAST AK PENINSULA	12,873	68	138,816	3	8,496	51	128,088	83	610,172	1,178,141	15,799
TOTALS		522,910	2,813	16,572,436	66	1181,404	2,718	16,567,792	5,884	144,315,100	147,879,018	13,062,462

NOTES Public assistance expenditures are annualized from representative monthly figures provided by the Departments of Health and Social Services.

Aid to Families with Dependent Children expenditures include both State (52 percent) and federal (48 percent) funding.

Medicaid and General Relief Medical figures include federal expenditures under the Medicaid program.

These expenditures represent about 64 percent of the final FY 85 approved budget for Medicaid and General Relief Medical--only those payments to in-state hospitals and nursing homes.

Prepared by the House Research Agency, March 1986.

According to the Department of Health and Social Services (DHSS), monthly Adult Public Assistance benefits statewide during FY 85 averaged \$216 (Old Age Assistance), \$238 (Aid to the Blind) and \$232 (Aid to the Disabled) to a monthly average of 4,862 clients. The actual FY 85 AFDC caseload averaged 6,373 households, for an average monthly payment of \$584. The DHSS estimates that about 15,200 needy Alaskans received AFDC assistance (average caseload times average household size of 2.5). About 68 percent of the AFDC cases were from urban areas, with the remaining 32 percent from rural areas. General Relief provided emergency assistance to about 365 clients monthly, with over 90 percent receiving up to the \$80 maximum allowable for nonburial services (e.g., food, clothing, rent, and utilities).⁴

Table 2 summarizes total public assistance payments and recipients for each election district. The number of welfare recipients as a percent of the election district population varies from a low of 1.3 percent (District 3: Baranof-Chichagof) to 8.4 percent (District 25: Lower Kuskokwim).⁵ The prevalence of recipients tends to be less than two percent of the population in the urban election districts and considerably higher in rural districts, particularly Norton Sound (23), Interior Rivers (24) and Lower Kuskokwim (25). However, some of the lowest rates occur in rural election districts 26 (Bristol Bay-Aleutian Islands) and 27 (Kodiak-East Alaska Peninsula) which we believe reflects the influence of the military and Coast Guard presence and the commercial fishing industry.

On a per capita basis, estimated annual FY 85 public assistance cash benefits ranged from \$68 in election district 26 (Bristol Bay-Aleutian Islands) to \$362 in district 25 (Lower Kuskokwim). As with the prevalence of recipients, the per capita value of benefits tends to be highest in rural election districts, particularly districts 22 - 25.

As a rough measure of the cash flow per recipient, we calculated an average annual benefit for each election district in Table 2. These annual benefits range between \$3,400 (Prince William Sound) and \$6,500 (North Slope-Kotzebue), with a statewide average of \$5,000. In actuality, average annual benefits vary between \$2,700 (Adult Public Assistance recipients) and \$7,000 (AFDC recipients). The election district variation in annual average benefit per recipient stems, to some extent, from the variable composition of recipients among the districts.

⁴The maximum allowable monthly General Relief assistance was increased to \$120 in FY 86.

⁵These figures underestimate the percentage of total population actually receiving benefits because we have counted AFDC cases whereas an individual case may, for example, have three recipients (i.e., a mother and two children).

TABLE 2
ESTIMATED ANNUAL PUBLIC ASSISTANCE PAYMENTS BY THE STATE OF ALASKA
DURING FISCAL YEAR 1983

HOUSE ELECTION DISTRICT	DISTRICT NAME	FY 83 POPULATION	OLD AGE ASSISTANCE		AID TO THE BLIND		AID TO THE DISABLED		AID FAMILIES/DEPEN CHILD		TOTAL PUBLIC ASSISTANCE				AVERAGE ANNUAL BENEFIT DOLLARS
			RECIPIENTS	DOLLARS 11,000 \$1	RECIPIENTS	DOLLARS 11,000 \$1	RECIPIENTS	DOLLARS 11,000 \$1	RECIPIENTS	DOLLARS 11,000 \$1	RECIPIENTS	PERCENT OF POPULATION	DOLLARS 11,000 \$1	PER CAPITA DOLLARS	
1	KETCHIKAN-WRANGEL-PETERSBURG	10,489	134	1231	0	10	96	1219	246	11,896	496	2.76	12,346	1125.51	14,729
2	INSIDE PASSAGE	10,246	92	234	4	9	44	113	167	1,277	367	3.6	1,633	159.46	5,319
3	BARANOF-CHICHAGOF	8,226	16	46	0	0	22	58	67	474	105	1.3	577	70.23	5,499
4	JOULEAU	23,729	100	170	0	0	60	143	204	1,441	364	1.5	1,754	73.98	4,817
5	KEAMU-COOL INLET	32,262	121	260	3	9	114	287	405	3,034	643	2.0	3,591	111.50	5,564
6	PRINCE WILLIAM SOUND	10,357	75	99	1	1	62	95	65	496	263	2.6	690	66.66	3,461
7-15	ANCHORAGE	245,491	649	1,352	23	64	1,163	2,617	2,141	16,123	3,976	1.6	20,156	82.10	5,869
16	NATAMUSITA-SUSITNA	29,836	62	149	1	3	123	300	342	2,640	520	1.8	3,091	103.61	5,852
17	INTERIOR HIGHWAYS	10,313	92	242	3	9	59	151	160	1,176	314	3.0	1,579	153.09	5,029
18-21	FAIRBANKS	64,321	192	370	7	17	339	716	683	5,095	1,221	1.9	6,256	97.27	5,121
22	NORTH SLOPE-KOTZEBUE	11,951	191	531	2	5	68	201	211	2,340	472	4.3	3,004	279.00	6,334
23	WORTH SOUND	10,975	289	756	5	11	144	410	300	2,625	810	7.5	3,011	347.21	6,459
24	INTERIOR RIVERS	10,652	307	849	3	11	135	306	341	2,399	706	7.4	3,645	342.10	6,437
25	LOWER KUSKOWENIA	9,892	324	914	9	27	196	564	333	2,970	832	8.4	3,502	362.15	6,394
26	BRISTOL BAY-ALEUTIAN IS	14,869	81	222	2	6	42	125	86	684	211	1.5	956	67.98	6,533
27	COOK-INLET AT PENINSULA	12,873	68	179	3	8	51	128	83	510	205	1.6	486	40.79	6,321
TOTALS		522,910	2,812	16,572	66	181	2,710	16,560	5,004	144,315	11,481	2.28	157,636	1110.22	15,821

NOTES: Public assistance payments are annualized from representative monthly data provided by the Department of Health and Social Services.

Aid to Families with Dependent Children expenditures include both State 152 percent and Federal 148 percent funding.

Prepared by the House Research Agency, February 1986

For example, the higher benefits to AFDC clients go to only 32 percent of the recipients in election district 6 (Prince William Sound), whereas AFDC recipients constitute about 45 percent of the estimated clientele in election district 22 (North Slope-Kotzebue).

Table 2 illustrates the economic importance of the public assistance benefits to various House election districts with respect to both the prevalence of welfare recipients and per capita value of the cash payments. Clearly, public assistance benefits are of greater value to a larger proportion of the population in several rural election districts than in the urban election districts. On an individual recipient basis, however, the monthly benefits are probably of roughly equal importance as a crucial source of cash income to any needy person regardless of where he lives in the state.

State dollars expended on public assistance payments enter the local economy without initial leakages to urban centers or outside the state. However, the importance of public assistance benefits to the local cash economy varies among rural villages. A study of the subsistence-based economies of four villages in southwest Alaska in 1982 provides some evidence of the importance of transfer payments to total village cash income.⁶ In 1982, transfer payments (i.e., public assistance, food stamps and energy assistance) varied from 3 to 13 percent of the estimated village cash income in the following villages:

<u>Village</u>	<u>Election District</u>	<u>Transfer Payments (Percent of Total Village Income)</u>	<u>Annual Per Capita Public Assistance</u>
Goodnews Bay	25	8.2	\$318
New Stuyahok	26	9.6	190
Quinhagak	25	13.4	338
Togiak	26	3.0	130

The village of Togiak, which received two-thirds of its 1982 cash income from commercial fishing, is much less dependent on transfer payments than the other three villages examined. The major form of

⁶Subsistence-Based Economies in Coastal Communities of Southwest Alaska, Robert Wolfe et. al. Prepared for the Division of Subsistence, (Alaska Department of Fish and Game) and the Minerals Management Service (U.S. Department of the Interior), 1984.

transfer payment to these villages was public assistance, with old age assistance providing the largest portion of the payments. The annual per capita public assistance reported in these villages in 1982 was similar, in a general sense, with those presented in Table 2 where the election district 25 per capita figure of \$362 was substantially higher than the \$68 figure for district 26.

Medical Assistance Expenditures

The State of Alaska also provides funds for the purchase of medical services and long-term nursing care for needy persons. The joint federal-State funded Medicaid program pays medical providers for hospital, physician, nursing home and other medical services given to eligible clients. Anyone who qualifies for Adult Public Assistance, AFDC or federal Supplemental Security Income automatically becomes eligible for Medicaid coverage. The State-funded General Relief Medical program pays for similar medical services for individuals who need routine or emergency care and are unable to obtain other medical assistance. The State-funded Catastrophic Illness program provides financial assistance to Alaskans who suffer a serious illness or injury which results in unpaid medical expenses of over \$1,000 (during a 12-month period) after all other sources of insurance and third-party payments have been exhausted.

According to the Division of Medical Assistance in the Department of Health and Social Services, payments to hospitals and long-term care facilities account for 60 percent of the division's budget.⁷ State FY 85 expenditures for these medical assistance programs were:⁸

Medicaid	\$63.127 million (which includes about \$28.2 million in federal funds)
General Relief Medical	11.304 million
Catastrophic Illness	3.157 million

Table 1 presents a House election district breakdown of most expenditures under these three medical assistance programs during FY 85. The Medicaid and General Relief Medical figures by election district

⁷The FY 87 Medical Assistance Budget Request Unit prepared by Rod Betit, Director of the Division of Medical Assistance.

⁸These represent final approved FY 85 budget figures obtained from the Division of Medical Assistance.

include only expenditures to in-state nursing homes and hospitals (excluding Indian Health Service facilities)--about 64 percent of total FY 85 funds. The balance of the expenditures is not available on a geographic basis and cover payments for physicians (12 percent), Native facilities (six percent), other services (16 percent), and out-of-state facilities (two percent). Table 1 accounts for all expenditures under the Catastrophic Illness program except about \$95,000 (three percent of the total) for payments to out-of-state facilities during FY 85.

The medical assistance expenditures provided in Table 1 present a breakdown of State payments by election district, rather than location of recipients. In contrast to public assistance payments, State medical assistance dollars flow to the election districts where health facilities occur. For example, 56 percent (\$26.6 million) of the Medicaid/General Relief Medical (GRM) FY 85 expenditures we can account for were paid to Anchorage area hospitals and nursing homes. On the other hand, there were no FY 85 State payments to five rural election districts (Inside Passage, North Slope-Kotzebue, Interior Rivers, Lower Kuskokwim, and Bristol Bay-Aleutian Islands). If we were able to include payments for physician services, it appears likely that the total State Medicaid and GRM funds would be more widely distributed.

The concentration of State expenditures under the Catastrophic Illness program is even more pronounced because serious illnesses or injuries are more likely to be referred to the state's most advanced urban health facilities. About 65 percent of the FY 85 Catastrophic Illness payments went to Anchorage hospitals. If we examine the location of approved applicants during FY 85, it becomes apparent that the vast majority of the program beneficiaries reside in urban areas. In fact, about 87 percent of the FY 85 approved applicants lived in Anchorage, Fairbanks, Juneau, Palmer/Wasilla, Kenai or Sitka. This urban concentration of beneficiaries may reflect: 1) better knowledge of or referral to the program; 2) greater accessibility to facilities by urban residents; or 3) potential access to Indian Health Service assistance by rural residents.

Federal Assistance Programs for Needy Alaskans

The federal government also provides considerable assistance to Alaska's needy persons, as indicated previously for the AFDC and Medicaid programs. Federal funding of \$81 million in FY 85 for several welfare programs, including AFDC, Medicaid, Food Stamps, Energy Assistance, Special Supplemental Food (Women, Infants and Children), and Supplemental Security Income for the elderly is summarized below. In comparison, the State public and medical assistance FY 85 funding previously mentioned in this memorandum totaled about \$78 million.

<u>Federal Welfare Program</u>	<u>FY 85 Statewide Assistance</u>
Aid to Families with Dependent Children	\$20.3 million
Medicaid	28.2 "
Food Stamps	5.2 "
Low Income Home Energy Assistance	11.8 "
Special Supplemental Food for Women, Infants and Children	2.7 "
Supplemental Security Income	<u>12.7 "</u>
STATEWIDE TOTAL	\$80.9 million

Sources: Grants Information System, Office of Management and Budget and individual program managers.

* * *

With the exception of Medicaid, federal welfare provides cash or cash equivalent stamps or vendor payments directly to recipients and their local economy. On the basis of total welfare expenditures in Alaska, federal funding is clearly as important as State funding. Although there is currently considerable uncertainty regarding the future federal budget under the Gramm-Rudman-Hollings (GRH) amendment of the Emergency Deficit Control Act of 1985, it appears that federal welfare funding to Alaska will remain largely intact. Furthermore, federal assistance to needy Alaskans appears to fare well under the President's proposed FY 87 budget.⁹

Unemployment Insurance Expenditures

State and federal unemployment insurance benefits are paid to Alaskan workers during periods of involuntary unemployment. The various benefits available and the State and federal expenditures during the State's 1985 fiscal year are as follows:

⁹Ray Paddock, Budget Analyst, Office of Management and Budget, Office of the Governor, personal communication, February 28, 1986.

<u>Benefit Program</u>	<u>State</u>	<u>Federal</u>
Regular Benefits	\$112.1 million	-0-
Supplemental Benefits		
Extended Benefits	4.2 million	\$4.2 million
Supplemental Compensation	-0-	9.5 million
Supplemental Interim Benefits	<u>0.2 million</u>	<u>-0-</u>
TOTAL	\$116.5 million	\$13.7 million

Source: Alaska Department of Labor.

* * *

The State's portion of the unemployment benefits are paid out of the Unemployment Insurance Trust Fund. The Unemployment Insurance Trust Fund is a dedicated fund, which receives most of its revenues through employer and employee tax contributions. During Calendar Year 1985, the trust fund maintained a monthly average balance of \$142.3 million and averaged monthly benefit payments of \$7.4 million. The State of Alaska reimburses the fund for unemployment benefits paid to former State employees because the State is not a regular taxpayer into the fund.

Table 3 provides an election district breakdown of the unemployment insurance payments made during FY 85. The \$89.1 million in State-funded benefits represents 76 percent of total State benefits; the remaining \$27.4 million in State benefits leaked to out-of-state claimants. Similarly, federal benefits paid in-state (\$9.9 million) represents 73 percent of total federal payments, with another \$3.8 million going to claimants outside Alaska.

On a per capita basis, unemployment compensation during FY 85 ranged between \$61 in election district 26 (Bristol Bay-Aleutians) and \$361 in district 16 (Matanuska-Susitna). Generally, the per capita values tend to be lower in coastal election districts (Baranof-Chichagof, Prince William Sound, Bristol Bay-Aleutians, and Kodiak-East Alaska Peninsula) where fishermen (who are not taxed or eligible for unemployment compensation) make up a significant portion of the work force. In addition, per capita values are relatively low in the urban districts of Juneau and Anchorage where seasonal employees receiving unemployment benefits are dwarfed by the year-round work force and total district population.

UNEMPLOYMENT INSURANCE BENEFITS PAID IN ALASKA
DURING FY 1985

HOUSE ELECTION DISTRICT	DISTRICT NAME	FY 85 POPULATION	-----UNEMPLOYMENT-----		INSURANCE-----	
			STATE \$	FEDERAL \$	TOTAL \$	PER CAPITA \$
1	KEICHUK-WRANGL-PETRSG	18,689	64,798,321	1734,289	15,432,610	1290.68
2	INSIDE PASSAGE	10,240	2,719,827	413,909	3,130,736	305.74
3	BARANOF-CHICHAGOF	8,220	1,295,087	141,775	1,436,862	174.80
4	JUNEAU	23,729	3,862,112	389,734	4,251,846	179.18
5	KENAI-COOK INLET	32,202	6,562,683	883,256	7,445,939	231.23
6	PRINCE WILLIAM SOUND	10,357	1,306,174	192,670	1,498,844	144.72
7-15	ANCHORAGE	245,491	32,968,096	2,949,685	35,917,781	146.31
16	KATAMUSKA-SUSITNA	29,836	9,663,422	1,093,508	10,756,930	360.54
17	INTERIOR HIGHWAYS	10,313	2,149,541	401,025	2,550,566	247.32
18-21	FAIRBANKS	64,321	14,716,474	1,827,869	16,544,343	257.22
22	NORTH SLOPE-KOTZEBUE	11,051	1,471,282	174,817	1,646,099	148.95
23	MORTON SOUND	10,975	1,828,447	181,629	2,010,076	183.15
24	INTERIOR RIVERS	10,652	1,937,534	308,533	2,246,067	210.86
25	LOWER KUSKOKWIM	9,892	1,212,570	156,005	1,368,585	138.35
26	BRISTOL BAY-ALEUTIAN IS	14,069	778,556	80,408	858,964	61.05
27	KODIAK-EAST AK PENINSULA	12,873	1,866,098	96,447	1,962,545	152.45
TOTAL		522,910	189,136,224	19,922,569	199,058,793	1189.44

NOTE: State unemployment insurance benefits paid out of the U.I. Trust Fund
Federal benefits administered by the Alaska Department of Labor.

SOURCE: Alaska Department of Labor

Prepared by the House Research Agency, March 1986

Some rural election districts have lower per capita unemployment compensation values because of fewer employment opportunities (which qualify workers for unemployment benefits) relative to the district population (North Slope-Kotzebue, Norton Sound, and Lower Kuskokwim). On the other hand, several districts had relatively higher per capita values which reflect: 1) the downturn in the timber industry (Ketchikan-Wrangell-Petersburg and Inside Passage); and 2) a mobile, seasonal work force (Kenai-Cook Inlet, Mat-Su, Interior Highways and Fairbanks).

According to an analysis of unemployment compensation in Alaska during the federal 1985 fiscal year (October 1984 - September 1985), weekly benefits averaged \$151 for an average duration of 15.3 weeks.¹⁰ On average, an individual received about \$2,300 in FY 85. Two major trends were noted in this analysis: 1) the percent of total nonfederal regular benefits going out-of-state declined to its lowest level since 1972; and 2) the portion of in-state benefits going to residents in the Anchorage and Matanuska-Susitna area has increased. According to Table 3, about 47 percent of State and federal expenditures to in-state claimants (\$46.7 million) were mailed to persons in those districts. Nevertheless, the Anchorage and Mat-Su election districts constitute about 53 percent of the state's population.

The intent of unemployment compensation is to assist individuals during periods of involuntary unemployment. The individual impact of the monthly benefits is to enable these unemployed workers to maintain, to some extent, their spending habits or purchasing power. With a state-wide average monthly wage of roughly \$2,400 in CY 84, however, the average weekly benefit of \$151 provides a claimant only about 25 percent of the purchasing power of an employed worker.¹¹ The degree of income security provided by unemployment benefits is generally limited by the cost of providing benefits and the potential disincentives to return to work which could occur with higher benefits.

Unemployment benefits tend to ameliorate the effects of seasonal swings in total statewide employment and payrolls--thereby stabilizing the state's economy. However, roughly one-quarter of the unemployment benefits are mailed to claimants outside Alaska and have no beneficial impact on the state's economy. In the next section, we consider the spending patterns of unemployment insurance claimants as well as those of welfare recipients in order to provide a better understanding of the impact of these government expenditures on Alaska's economy.

¹⁰"Unemployment Compensation: Where Does the Money Go?" Alaska Economic Trends. Alaska Department of Labor, November 1985.

¹¹Statistical Quarterly 2nd Quarter 1985, Alaska Department of Labor.

Spending Patterns of Welfare Recipients and Unemployment Insurance Claimants

A detailed study of the national economy in 1972 by the U.S. Department of Commerce provides the most recent analysis of welfare spending patterns we were able to locate. Table 4 compares the spending of federal government transfers (AFDC, federal civilian pensions, and unemployment insurance) with nontransfer personal consumption expenditures in 1972. According to Table 4, food, wholesale/retail purchases and real estate (i.e., rent) accounted for 59 cents of each dollar spent by AFDC recipients. In other words, industries in the food, wholesale/retail and real estate business were the primary beneficiaries of welfare spending. The most noticeable differences between welfare recipient spending and that of the general populace were: 1) considerably more spent on food; 2) somewhat more spent on wholesale/retail goods; 3) somewhat less spent on real estate; and 4) no medical expenditures recorded (presumably because the AFDC recipients' medical expenses were covered under Medicaid).

TABLE 4
DIRECT EFFECTS ON INDUSTRY OUTPUT OF SELECTED
GOVERNMENT TRANSFERS (1972)

(¢ of \$ of transfers)

<u>Industry</u>	<u>AFDC</u>	<u>Federal Civilian Pensions</u>	<u>Unemployment Insurance</u>	<u>Nontransfer Personal Consumption Expenditures</u>
Other Agricultural	.01	--	--	--
Food	.23	.14	.13	.13
Tobacco	.03	.01	.01	.01
Apparel	.04	.03	.04	.04
Cleaning Articles	.01	--	--	--
Motor Vehicles	.02	.03	.04	.04
Footwear	.01	--	--	--
Communication except Radio/TV	--	.02	.01	.01
Appliances	.01	--	--	--
Utilities	.04	.04	.03	.03
Wholesale and Retail Trade	.26	.21	.22	.22
Finance	--	--	--	.03
Insurance	.01	.02	.02	.02
Real Estate	.10	.16	.14	.14
Medical	--	.06	.05	.05
Education	.01	.04	.03	.03
All others < 1¢				

SOURCE: "Industry Effects of Government Expenditures: An Input-Output Analysis." Survey of Current Business, May 1975, Tables 3-4, pages 9-23.

In contrast, the spending pattern of unemployment insurance claimants reported in the same study was similar to that of the general populace. Unemployment compensation appears to be treated like other income by individuals. A more recent study, undertaken during the period 1975 - 1978, analyzed the adjustments in household spending following 13 weeks of unemployment in order to assess the adequacy of unemployment insurance benefits.¹² Results of the study indicate:

- although monthly gross household income declined about 43 percent, during the period of unemployment, mean household consumption spending declined only 15 percent;
- nearly half of the households used savings to help maintain spending or drew upon other sources of cash (personal loans or sale of personal property);
- other members of the household worked longer hours, began working, or began looking for work;
- the categories which exhibited the greatest reduction in spending were: services/other (45 percent reduction); travel/entertainment (43%); clothing (40%); education (28%); medical (21%); and the support of outside persons (20%);
- housing, loans and food--the major household expense categories--also witnessed spending reductions ranging from six to 15 percent;
- the degree of spending reductions depended upon the adequacy of the unemployment insurance benefit for individual households; and
- 71 percent of the households made some reductions in consumption during the period of unemployment under study.

* * * * *

We hope this information is useful to you. Please call if you have any questions.

GK

¹²Changes in Spending Patterns Following Unemployment. Unemployment Insurance Occasional Paper 81-3, U.S. Department of Labor, Employment and Training Administration, 1981.

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January 28, 1988

All Legislators of Alaska
P. O. Box V
Juneau, AK 99811

To All the Legislators of the State of Alaska:

As a member of the rural constituency of Alaska I support and ask that you support SCR 36 or HCR 33. As an advocate of these resolutions, I oppose 2nd SSHB-1 and ask that you do likewise. The following are some of my reasons for supporting the resolutions and opposing the house bill.

1. Mandatory or voluntary formation or annexation of boroughs must be studied prior to and not after boundary decisions are made in order to determine residents desires, educational needs, resource and economic capabilities, usefulness to residents, etc.
2. The Local Boundary Commission wields more power over Alaskan residents then it should. We need to investigate this department to ensure it openly approaches the people of this state.
3. Lesser classifications of local government must be considered and presented to the people.
4. Present monstrously oversized boroughs that do not represent or service ALL of their residents should not be allowed any further annexation of land, people, and businesses until they can prove to the State of Alaska that they are meeting the needs of every person, place and business within their present boundaries. (ie Mat-Su Borough). Inequities occur daily within these gigantic local government entities. I honestly believe the boroughs should not be allowed to get any larger but should be limited in size.

5. The creator of 2nd SSHB-1 stated in a letter to the Railbelt School District that "an area covering 2/3's of the state (is) operating under a complex...confusing system of...governments, and service areas...". This refers to land mass and not population density. The Regional Government Study states that of a total state population of 553,880 only 56,650 people (10% of the total population) live in unorganized areas with 40,516 of these people residing in 1st class, 2nd class or home rule cities. That leaves a mere 12,934 (2% of the total population) taking care of themselves and their neighbors in the unorganized areas. This leads me to conclude that the creator of 2nd SSHB-1 is not concerned with the people of rural Alaska, but rather with the number of dollars that he can garner off of such projects as the pipeline. It is therefore the land mass and not the people that the boroughs and their supporting urban legislators are lusting after.

6. Department of Community and Regional Affairs was instituted to oversee the needs and services of the people in the unorganized, rural areas. It has not been discharging these duties satisfactorily for some time. The fact that D.C.R.A. produced the Regional Government Study in an extremely one-sided manner is proof of its disloyalty to rural residents. This also warrants investigation.

Many other arguments in favor of the Alaskan rural people and their lifestyle could be presented during the course of comparing all of the reports, letters, and bill revisions that have been introduced. I will settle for the six that I have set forth in this letter as I'm sure other rural Alaskans have submitted these and other points of contention. Interest in being

forced into a new borough or annexed into an existing borough is not as preeminent as urban legislators and borough assembly people would have every one believe.

I reiterate my request for your support of SCR 36 or HCR 33 as the proposed movement to total government must be studied to a maximum before any drastic measures are taken.

Sincerely yours,

Armeda A. Bulard

Armeda A. Bulard
P. O. Box 87
Cantwell, AK 99729

January 8, 1988

The Honorable Henry Springer
Pouch V
Juneau, Alaska 99811

Dear Representative Springer,

I am writing you to comment further on HB1, specifically relating to some of the conclusions that were presented to you in the memorandum of October 9, 1987, from Legislative Analyst Karen Oakley of the House Research Agency.

I believe that this report shows that HB1, stripped of the sponsors' lofty rhetoric, is basically unworkable, of considerable detriment to the boroughs that would be compulsorily formed, and of no significant value to the already formed boroughs. Rather than simply reiterate Ms. Oakley's concise and negative analysis, I wish to share with you my experience in the rural areas of Central and Western Alaska during the past 7 years, as an interviewer for the U.S. Census Bureau (my observations are of a personal nature and are of course not an official position of the U.S. Bureau of the Census.).

The memorandum states that, "More work is required to assess the ability of residents in the proposed boroughs to pay property taxes." (page 2) This is a terrific understatement. The memorandum further states that "The economies of many of the rural communities...are based on varying mixtures of subsistence and cash, and cash in such economies is often of limited availability." (page 18) As an example, a man I talked with last month, who was living in a regional housing authority house in a small village on the Lower Yukon, mentioned to me that he was "supposed to be paying \$19.00/month" toward the purchase of this home, but that he had "not made any payments for the last two years," and, "I don't know, if they come and take it away, I'll just move out on the trapline I guess..." Nothing about his lifestyle belied this inability to pay; his was a typical financial picture for a rural resident in these areas: that of a family living a subsistence existence, trapping some in the winter, and firefighting in the summer for a few weeks. Some of the cities such as Galena and Fort Yukon have a secondary structure of store owners and service industry businesses, such as small general stores, snow machine /outboard motor repair shops, for example. Most of a typical family's cash income goes toward the purchase of food and clothing, often by mail order. The imposition of a sales tax would have the effect of further discouraging local businesses, which must already compete with cheap freight in the form of subsidized U.S. mail delivery.

The memorandum states that "State Assessor Mike Worley has sug-

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David Acknowledges
Receipt
Thank him for
unique insight
JAN 19 1988

gested that alternative means of taxation within the unorganized borough be considered. For example, the legislature could impose by statute a formula for taxing property in the unorganized borough." (page 18) Since any "formula", no matter how complex, would most certainly contain many inequities, I see nothing ahead but a morass of lawsuits resulting from this "unique" approach.

Frankly, we must acknowledge that as long as the rural areas in the unorganized borough do not meet the standards specified in the Article X of the Constitution, ie., population, geography, economy, transportation, etc., there is no alternative to supporting education in these areas from the general revenues of the State (to which rural residents are also, of course, entitled).

Although the memorandum estimates that the net savings to the general fund would be on the order of (an insignificant) \$3 million (page 2), I believe that even this estimate is unrealistically high, that the newly formed boroughs would cause a net drain on the general fund for years to come. For the Lower Yukon REAA, for instance, the Report's figures show that the total generation of revenue at a 4 mill tax rate would be \$357,512 (table 5). It is obvious that this amount would barely cover the cost of collection, and as mentioned above, the imposition of a higher tax rate would be impossible.

Representative Springer, as a family, we are very interested in the status of our educational system (my wife is currently serving on the Railbelt REAA school board). Considering HBI's devastating effect on rural education, I must urge that your Committee give this bill a "thumbs-down". For Rep. Larsen, a former educator, to have introduced this legislation at all, leads me to question whether he has a sincere interest in the education of all Alaskans, or if so, whether he has done his homework by researching this legislation adequately. I ask you whether a net revenue increase of \$3 million that would theoretically be available at some future date from this bill, it worth the dissension, legal ensnarment, and certainly high start-up costs.

It appears that a far better piece of legislation is Senator J. Kertulla's new SB314, which by having the State assume the responsibility for school debt retirement in all areas, would significantly lower the tax liability of current borough residents. Specifically, Mr. Ted Beilman, Sen. Kertulla's aide, estimated during his telephone conversation with me today that the average taxpayer's burden would be reduced by about 60%. With State revenue forecasts uncertain, but almost certainly necessitating a retrenchment in State spending, it seems that we must at all costs protect funding for the schooling of our young people, even if we must sacrifice capital spending projects, for example, to do so. It appears that SB314 would enable the State's Organized Borough residents to decide to what degree they wish to support the librarys, swimming pools, service districts, etc., which they desire,

page 3

while allowing those of us in the rural areas to do without these benefits, but enjoy the lifestyle unregulated, untaxed, self-sufficient lifestyle that we so cherish.

Sincerely,

A handwritten signature in dark ink, appearing to read "John Dailey". The signature is fluid and cursive, with the first name "John" and last name "Dailey" clearly distinguishable.

John Dailey
Mile 260 Parks Highway
Healy, AK 99743



Alaska State Legislature

House of Representatives

Committee on
Community & Regional Affairs

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

January 20, 1988

Mr. John Dailey
Mile 260 Parks Highway
Healy, Alaska 99743

Dear Mr. Dailey:

Let me acknowledge receipt of your letter of January 8, 1988. Your unique insights and thoughts shared in the letter are very much appreciated.

Your letter of January 8, 1988 will be on file as testimony.

Sincerely,

A handwritten signature in cursive script that reads "Henry Springer".

Representative Henry Springer, Chairman
Community and Regional Affairs Committee

P.S. I try to get down there 4. Febr. Meeting.

Alaska State Legislature

(XI-d)

Jr / CRA

FEB - 8 1988

Session Address:
STATE CAPITOL BUILDING
BOX V
JUNEAU, ALASKA 99811
(907) 485-3727



Interim Address:
BOX 53
PALMER, ALASKA 99645
(907) 745-3828 - Palmer
(907) 378-8828 - Wasilla

Representative Ronald L. Larson
District 16B

TO: All Legislators

FROM: Representative Ronald L. Larson

SUBJ: Response to a recent letter regarding SCR 36, HCR 33,
and 2nd SSHB 1

DATE: February 8, 1988

Attached is a letter sent to all legislators regarding SCR 36, HCR 33, and 2nd SSHB 1, as well as our response to the letter. I believe the letter raises some legitimate concerns. I hope I have addressed them adequately. Please feel free to give me a call if you have questions.

Alaska State Legislature



Session Address:
STATE CAPITOL BUILDING
BOX V
JUNEAU, ALASKA 99811
(907) 465-3727

Interim Address:
BOX 53
PALMER, ALASKA 99645
(907) 745-3828 - Palmer
(907) 376-8828 - Wasilla

Representative Ronald L. Larson
District 16B

February 5, 1988

Armeda A. Bulard
P.O. Box 87
Cantwell, Alaska 99729

Dear Armeda:

Thank you for your letter regarding SCR 36, HCR 33 and 2nd SSHB 1. As prime sponsor to the last, I thought it important that I respond.

I agree with the first point you make. I have no problem with SCR 36 and HCR 33. An 18 month moratorium on borough annexation would have no effect on the process outlined in my bill. More importantly, I think a halt to all annexation attempts, so that regions being threatened can examine the formation of a borough on their own, would be a good thing. There is nothing I would like more than to see various regions of the state form their own boroughs on their own terms-- with the boundaries they choose and with a form of government that would best meet their needs. In fact, one of my underlying motivations in introducing H31 was to encourage this very thing. You hit it on the nose: Citizens of various regions in the state should assess their educational needs, their resource and economic capabilities, the effects borough government would have (both the pros and the cons), and then proceed accordingly.

As to your concern about the power wielded by the Local Boundary Commission, let me say this: The commission was purposely set up to be independent from the legislature and from any state agency. Moreover, it is made up of five citizens from around the state. I believe that it is appropriate that such an apolitical commission study and make recommendations to the legislature regarding municipal boundaries. If it were otherwise, I'm afraid, boundary decisions would likely be the result of political battles based on emotion and self interest.

You make the point that lesser classifications of local government should be considered. I disagree. In 1972 the legislature eliminated all Fourth Class Boroughs. In 1986 the legislature passed legislation mandating that no more Third Class Boroughs could be formed. I believe that in both instances legislative discussion pointed out the many problems associated with Third and Fourth Class Boroughs. I don't believe we have to debate the issue again, and I believe that to reverse the legislative decisions already made would be a mistake. Most

importantly, I believe the type of borough government called for in my current bill, that of Home Rule Boroughs, offers the most flexible and adaptable form of government available. Citizens of a region can literally mold their Home Rule Charter to their own circumstances and needs.

Even though I represent the Mat-Su Borough, I pretty much agree with your fourth point. There is some inequity in the provision of services to different areas within current boroughs. I believe it the responsibility of each Borough Assembly to eliminate that inequity as much as it can. I also agree that unless there are very unusual circumstances most boroughs should not add to their present boundaries. I would say that the Bristol Bay and the Ketchikan Boroughs might be exceptions.

You present several arguments in your fifth point. Part of your argument is very similar to one I make in favor of borough formation. You are right, of the 56,000 people living in the Unorganized Borough, almost 80 percent of them live in some form of municipality right now. That is one of the primary arguments for borough formation: People are already familiar with, and part of, municipal government; the adjustment to borough government should not be difficult. As to the 13,000 not living in municipalities, little will change. They can continue their rural life style and continue to take care of themselves and their neighbors.

You end your fifth point by talking about the dollars I "can garner off such projects as the pipeline." I want you to know that I stand to garner nothing from borough formation--other than the satisfaction of making this state a better and a more effectively functioning one. As to the pipeline itself, you should know that the state now garners all the revenue from taxes on the pipeline in the Unorganized Borough (taxed at a 20 mills). With borough formation, each borough could tax the pipeline up to the 20 mill rate to use for its own purposes, and the state would receive only what remained short of 20 mills.

Finally, in your sixth point you castigate the Department of Community and Regional Affairs for authoring the Regional Government Study. You accuse the department for "its disloyalty to rural residents." I think you are wrong. I think the department is very much an advocate of rural Alaska. Each year it oversees and provides millions of dollars of programs and services to rural citizens.

In regards to HB 1 itself, the department has officially taken a stand against the bill as it is currently written. Though it strongly endorses the concept of borough formation across the state as a whole,

page 3

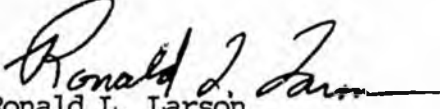
it has taken the stand that the process should be slowed and that an educational effort aimed at rural Alaska is necessary. I can agree with both. There is nothing magical about the year 1992. I can agree that there are some areas that will need a longer time to form as boroughs--or need a large ongoing subsidy from the state. However, I also believe there are other areas that should have long ago formed as boroughs (and taken on some of the responsibilities now shouldered by the state). As to an educational effort, right now I am attempting to get funding for such an effort. It is important for the people who will be affected by borough formation to understand it, to know the pros and cons of it, and therefore be able to make an informed decision.

Armeda, I could go on to argue the merits of borough formation, but I won't. I will only say that there are many advantages, both to each region that would be organized and to the state as a whole. I won't deny that there is a "flip side to the coin," however. I have attended a number of public hearings on the issue; I will continue to do so. I have received and responded to several letters like your own. I have discussed the issue with many a rural legislator. I have listened, I have noted the problems that have been raised, and I have searched for solutions to those problems. I will continue to do the same.

Let me assure you, though. In the end--it may be 5 years, 10 years, or 20--the state as a whole will be organized into boroughs. In the end, all people of the state must have equal access to programs and services; all people of the state must share in local responsibility for those programs and services; and all people of the state must take local control of their affairs.

Again, thank you for writing.

Sincerely,


Ronald L. Larson
Representative

January 28, 1988

All Legislators of Alaska
P. O. Box V
Juneau, AK 99811

To All the Legislators of the State of Alaska:

As a member of the rural constituency of Alaska I support and ask that you support SCR 36 or HCR 33. As an advocate of these resolutions, I oppose 2nd SSHB-1 and ask that you do likewise. The following are some of my reasons for supporting the resolutions and opposing the house bill.

1. Mandatory or voluntary formation or annexation of boroughs must be studied prior to and not after boundary decisions are made in order to determine residents desires, educational needs, resource and economic capabilities, usefulness to residents, etc.
2. The Local Boundary Commission wields more power over Alaskan residents then it should. We need to investigate this department to ensure it openly approaches the people of this state.
3. Lesser classifications of local government must be considered and presented to the people.
4. Present monstrosly oversized boroughs that do not represent or service ALL of their residents should not be allowed any further annexation of land, people, and businesses until they can prove to the State of Alaska that they are meeting the needs of every person, place and business within their present boundaries (ie Mat-Su Borough). Inequities occur daily within these gigantic local government entities. I honestly believe the boroughs should not be allowed to get any larger but should be limited in size.

5. The creator of 2nd SSHB-1 stated in a letter to the Railbelt School District that "an area covering 2/3's of the state (is) operating under a complex...confusing system of...governments, and service areas...". This refers to land mass and not population density. The Regional Government Study states that of a total state population of 553,880 only 56,650 people (10% of the total population) live in unorganized areas with 40,516 of these people residing in 1st class, 2nd class or home rule cities. That leaves a mere 12,934 (2% of the total population) taking care of themselves and their neighbors in the unorganized areas. This leads me to conclude that the creator of 2nd SSHB-1 is not concerned with the people of rural Alaska, but rather with the number of dollars that he can garner off of such projects as the pipeline. It is therefore the land mass and not the people that the boroughs and their supporting urban legislators are lusting after.

6. Department of Community and Regional Affairs was instituted to oversee the needs and services of the people in the unorganized, rural areas. It has not been discharging these duties satisfactorily for some time. The fact that D.C.R.A. produced the Regional Government Study in an extremely one-sided manner is proof of its disloyalty to rural residents. This also warrants investigation.

Many other arguments in favor of the Alaskan rural people and their lifestyle could be presented during the course of comparing all of the reports, letters, and bill revisions that have been introduced. I will settle for the six that I have set forth in this letter as I'm sure other rural Alaskans have submitted these and other points of contention. Interest in being

forced into a new borough or annexed into an existing borough is not as preeminent as urban legislators and borough assembly people would have every one believe.

I reiterate my request for your support of SCR 36 or HCR 33 as the proposed movement to total government must be studied to a maximum before any drastic measures are taken.

Sincerely yours,

Armeda A. Bulard

Armeda A. Bulard
P. O. Box 87
Cantwell, AK 99729

XI-e.1

2/5/88

Henry,

Jim Filip, City Mgr for City of Yakutat, called on 2/5/88.
(Box 6, City of Yakutat, Yakutat, AK 99689, 784-3323)

He is opposed to HB 1. He is also opposed to the obvious lockout of communities in the unorganized borough to at least listening access to Committee hearings on HB 1 (mentioned Yakutat, Fort Yukon and Galena). He found it interesting that all the teleconference (T/C) sites chosen for our hearings just happened to be in organized boroughs. (Another plot against the unorganized areas.) He requested that we open hearings up to at least "listen only" capabilities in all areas (unorganized borough) that would be affected. He also suggested televised coverage of the hearing. He wanted to know exactly what was being said by the Committee. He has requested copies of the transcripts of T/C and tape copies.

John Daryl:

1/3/88

Don't need borough.

" " to go thru the process.



(Jenasi Jensen)

1:15 P.

683-2327

XI-e.2

FEB 10 1988



CITY of YAKUTAT

P.O. Box 6

YAKUTAT, ALASKA 99689

(907) 784-3323

February 9, 1988

Representative Henry Springer, Chairman
Community and Regional Affairs Committee
P.O. Box V
Juneau, Alaska 99811

Dear Representative Springer:

I would like to take this opportunity to object to the proposed procedure for taking public oral testimony on 2d SSHB 1.

The basis for my objection is that as it is arranged, individuals such as myself cannot listen to the entire hearing on a real-time basis without travelling to a Legislative Information Office.

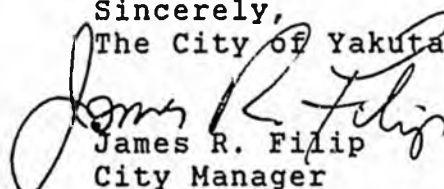
Since the work you are doing is important, and since I feel you have an obligation to provide the broadest possible access to these hearings, I hope you will provide access on a listen-only basis to all volunteer teleconference sites as well.

Alternatively, I think someone on your staff should investigate using the Rural Alaska Television Network to broadcast the audio portion of the hearings which would reach areas which are directly affected by this legislation.

For our record I am requesting copies of typed minutes as they are available, and I am enclosing six 90-minute cassette tapes, for your use in making copies of the verbal record, and to be returned to me as promptly as possible.

Thank you for making this service available.

Sincerely,
The City of Yakutat


James R. Filip
City Manager

cc: Senator Dick Eliason w/o Encl.
Representative Peter Goll w/o Encl.
Representative Larson w/o Encl.

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

SN / CRA
XI-f
FEB - 9 1988

February 5, 1988

Mr. Carl Bandy
P.O. Box 944
Delta Junction, AK 99737

Dear Mr. Bandy:

Thank you for your recent letter expressing your concerns about proposed legislation regarding the formation of borough government where boroughs currently do not exist.

As you may know, the Department of Community and Regional Affairs has just completed a study of regional government in Alaska. A forty-five page report on the study, as well as an additional booklet titled "Regional Government in Alaska" (still in draft form), have resulted from this effort. I have enclosed a copy of each for your information.

You raised several interesting points regarding the limitations of borough formation in the Delta Junction area. Although your assessment of taxation was not entirely accurate, your alarm over project property tax revenues is understandable. You have stated that property taxes would not exceed five mills in the borough. However, the fact is that the authority of boroughs to tax real and personal property is generally limited to thirty mills or three percent of the full and true value of the property. Please see discussion on page 20 of "Regional Government in Alaska."

You may find the report and booklet to be of additional interest since they discuss an array of possible financing opportunities and constraints for all areas of the Unorganized Borough. You also made mention of the effects of the Matanuska-Susitna Borough's annexation of the Delta Junction area. While the report and booklet do not deal specifically with borough annexations, they do provide insight in the operation of borough government.

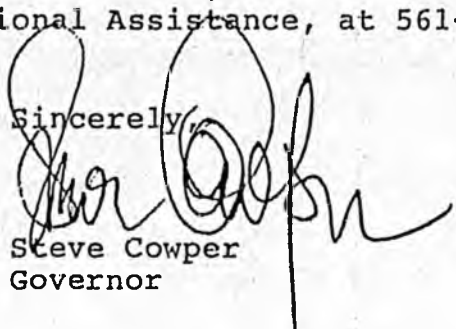
Mr. Carl Bandy

- 2 -

February 5, 1988

Once again, I appreciate hearing your concerns. If you have questions or wish to share additional ideas please do not hesitate to contact Ms. Marty Rutherford, Director of the Division of Municipal and Regional Assistance, at 561-8586 in Anchorage.

Sincerely,



Steve Cowper
Governor

Enclosures

cc: Commissioner Hoffman
Marty Rutherford
Director, MRAD
DCRA

Alaska State Legislature

AZH

for CRA for

P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-2828

DISTRICT 10
2600 Denali, Suite 501
ANCHORAGE, ALASKA 99503
(907) 276-7943



XI-9

MEMBER
Community and Regional
Affairs
Special Committee
on Telecommunications
Finance Sub-Committee
for Labor

Anchorage Caucus,
House Chair

Representative Virginia M. Collins

February 6, 1988

Representative Heinrich Springer
House Community and Regional Affairs Committee Chair
Court Bldg., Room 601
P.O. Box V
Juneau, Alaska 99811

Dear Representative Springer:

Enclosed please find a copy of a letter, with attachments, which I received from Thomas A. Mays from Copper Center, Alaska. His letter expresses concerns about the Department of Community and Regional Affairs report, "Regional Government Study," regarding borough formation.

I felt you would be interested in his comments and thought you would like to include this in the file for 2D SSHB 1.

Cordially,

Representative Virginia Collins
District 10-B

enc.

Same letter
as XI-C

January 30, 1988

HC 60 Box 303

Copper Center, AK 99573

Representative Virginia M. Collins
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, Alaska 99811

Dear Representative Collins:

I am enclosing a copy of my letter to Senator Stungulewski for your information. Since you serve on the Community and Regional Affairs Committee, I would appreciate hearing from you on this subject. In particular I would like to know where you stand on this issue and what you can do to stop the DCRRA from spending public money to support borough formation and taxation. It is not right for DCRRA to take sides in this issue as the state government should represent all the people of Alaska.

As a final comment I must advise you that I have a letter from Aktna Inc. voicing their strong opposition to any borough formation. If you would like a copy of this letter please let me know.

Sincerely,



Thomas A. Mays

Jan 30, 1988
HC 60 Box 303
Copper Center, Alaska
99573

Senator Arliss Stungulewski
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, Alaska 99811

Dear Senator Stungulewski,

I am writing to express my emphatic opposition to the forced formation of a borough government in the Copper River Basin, and to comment on the misleading, deceptive and slanted report produced by the Department of Community and Regional Affairs for the State Legislature. The report is entitled "Regional Government Study".

This report which DCRA calls a study is nothing more than a support document for a political agenda which seeks to encumber the unorganized areas of Alaska with a form of government the local people do not desire, and in many cases find repugnant.

One of my main criticisms of this report is its misleading and deceptive use of data to support the goal of increased government and taxation in rural Alaska.

In section I page 3, the report indicates that 80% of the population of the unorganized borough already live within a municipal government structure, inferring wide range acceptance and support for local government. While the numbers may be correct, they are absolutely not representative

of the Copper River Basin on the Copper River Rural Education Attendance Area (CREAA). To my knowledge there is not one incorporated Home Rule, First class, or Second class city in the Copper River Basin. The more logical conclusion here is that the people do not desire any local government, taxation or associated services.

In section II the report references 9 tables in support of its agenda. In these tables the information base and on area is adjusted to suit the author's (DCRA) purpose by including areas that are not geographically, socially, or economically connected to the Copper River Basin. For example in tables 4, 5, 6, and 8, the Copper River Basin is included in the Valdez-Condova Census area. This inclusion dramatically distorts the figures such as per capita income, average monthly wage, unemployment rates, and racial composition. Naturally these figures are meant to project an affluent area well able to financially support local government. Nothing could be farther from the truth. I also take exception with table 1, which shows the Copper River REAA with fully taxable property in the amount of 1.2 billion dollars. This figure must either include the Valdez Pipeline terminal or a gold mine which has yet to be discovered. I would suspect that 95% of this figure is Trans Alaska Pipeline property which is already taxed by the State of Alaska.

Section III of this report which supposedly deals with "Options for Decision Makers" is a broad based attack on the current school funding system. While completely ignoring the cost differential of providing education facilities, transportation, and utilities in a school district like the CREAA which covers such a large geographical area, this report focuses on a so called inequity based solely on the amount of state money received per student.

Finally, this document goes on to state that we may be in violation of the State Constitution because we don't have

a local government. This is absolutely preposterous. The Constitution of the State of Alaska in Article X, Section 3 specifically states, "The entire State shall be divided into boroughs, organized or unorganized". It gives equal emphasis to both.

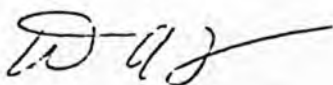
Further, in Section 6 the Constitution reads, "The legislature shall provide for the performance of services it deems necessary or advisable in unorganized boroughs, allowing for maximum local participation and responsibility."

Based on the State Constitution then, we have as much right to remain an unorganized borough as other areas have to remain organized. In fact some concern has been expressed that the DCRA orchestrated plan to force borough government on unorganized areas is unconstitutional.

The final kicker in this report is a statement on page 17 and I quote "While the Department does not advocate any particular course of action in this regard, this report would not be considered complete without the following final comments.". This statement is an outright falsehood. Any person of reasonable intelligence who reads and studies this document can see that the DCRA is advocating the elimination of unorganized boroughs to accomplish its political agenda which is the TAXATION of all privately held property in the state of Alaska.

This report by the DCRA is biased, misleading, and insulting to the intelligence of the people of Alaska. As a State Senator I hope that you will support our constitutional right to remain an unorganized borough and hold DCRA accountable for its obvious misuse of public funds in support of a particular political agenda.

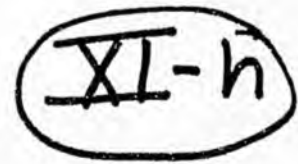
Sincerely,



Thomas H. Hartz



FEB -8 1988



PETITION

AGAINST FORMATION OF A BOROUGH

WE, the undersigned, wish to go on record as opposing House Bill #1
and the formation of an organized borough in our area.

SIGNATURE

PRINT NAME

ADDRESS

<i>Jeff Oslund</i>	JEFF OSLUND	P.O. BOX 627 DEAL, AK
<i>Mark S. von Morrison</i>	MARK S. VON MORRISON	Box 105 Healy AK
<i>Steven C. Love</i>	STEVEN C. LOVE	P.O. BOX 260, HEALY, AK
<i>Michael S. Graham</i>	MICHAEL S. GRAHAM	Box 193 Healy AK.
<i>Tina A. Graham</i>	TINA A. GRAHAM	Box 193 Healy AK.
<i>Noni E. Kocher</i>	NONI E. KOCHER	Box 61 Healy, AK
<i>Scott S. Stowell</i>	SCOTT S. STOWELL	Box 346 Healy, AK
<i>Evelyn Hartman</i>	EVELYN HARTMAN	Box 83, HEALY, AK
<i>Charles L. Williams</i>	CHARLES L. WILLIAMS	Box 43, HEALY, AK
<i>Tom Young</i>	TOM YOUNG	4720 DRAKE FBX AK



PETITION

AGAINST FORMATION OF A BOROUGH

WE, the undersigned, wish to go on record as opposing House Bill #1
and the formation of an organized borough in our area.

SIGNATURE

PRINT NAME

ADDRESS

<i>James W Sharp</i>	JAMES W SHARP	Box 8 Healy, AK 99744
<i>Kenneth B. Wilbert</i>	KENNETH B. WILBERT	Box 128 McKinley Park AK 99755
<i>George McClure</i>	GEORGES MCCLURE	Box 37 HEALY, AK 99743
<i>Cindy Macfarlin</i>	Cindy Macfarlin	Box 114 Healy AK
<i>Beth Milliken</i>	Beth Milliken	Box 29 Healy AK
<i>Jeffrey J. Crall</i>	JEFFREY J. CRALL	Box 201 McKinley 99755
<i>James E. Dezur</i>	JAMES E. DEZUR	Box 178 McKinley 99755
<i>Kenneth L. Snyder</i>	Kenneth L. Snyder	Box 106 Healy AK 99743
<i>Bruce Thompson</i>	BRUCE THOMPSON	Box 335 HEALY AK 99743
<i>Cherie Talerico</i>	Cherie Talerico	Box 178 Healy AK 99743
<i>Heidi McIsaac Shuford</i>	Heidi McIsaac Shuford	Box 52 Healy AK 99744
<i>Gabriel L. Jacobs</i>	GABRIEL L. JACOBS	Box 3 " " "
<i>R. J. Blakeway Jr</i>	R. J. Blakeway JR	SRT 1 mile 261 Healy AK 99744
<i>Ronald D. O'Connor</i>	Ronald D. O'Connor	P.O. Box 18, Healy AK 99744
<i>Deville McKinnis</i>	Deville McKinnis	P.O. Box 123 Healy
<i>Steve Gubut</i>	Steve P Gubut	Box 173 Healy 99743
<i>Nancy J. Blakeway</i>	Nancy J. Blakeway	St. Rt. 1 mile 261 PkSHNY HEALY 99743



PETITION

AGAINST FORMATION OF A BOROUGH

WE, the undersigned, wish to go on record as opposing House Bill #1
and the formation of an organized borough in our area.

SIGNATURE

PRINT NAME

ADDRESS

Robert Kohlsdorf
Melvin E. E. E.
Larry Haddock
Verissa A. Haddock

Robert Kohlsdorf
Melvin E. E. E.
Larry Haddock
Verissa Haddock

Box 3040 Anderson, IA
Box 316 " " "
Box 304 Menard
Box 304 Denver



PETITION

AGAINST FORMATION OF A BOROUGH

WE, the undersigned, wish to go on record as opposing House Bill #1
and the formation of an organized borough in our area.

<u>SIGNATURE</u>	<u>PRINT NAME</u>	<u>ADDRESS</u>
<i>Donald F. Merrill</i>	Donald F. Merrill	Box 128 Nenana AK 99766
<i>Jack T. Forness</i>	JACK T. FORNESS	Box 215 NENANA
<i>David H. Shan</i>	David H. Shan	Box 377 Valdez 99766
<i>Laura B. Larsen</i>	LAURA B. LARSEN	P.O. Box 40052 Cheyenne 99709
<i>Rita Duke</i>	RITA DUKE	Ft. 657
<i>Wayne H. Walters</i>	Wayne H. Walters	Box 326 Wenatchee
<i>Beth Westphal</i>	BETH WESTPHAL	Box 45 Healy
<i>Lyle E. Westphal</i>	Lyle E. Westphal	Box 45 Healy
<i>Jean D. Truett</i>	JOAN D. TRUETT	Box 132 Healy
<i>Linda K. Truett</i>	Linda K. Truett	Box 132 Healy
<i>Thelma L. Johnson</i>	Thelma L. Johnson	Box 44 Healy
<i>Gail E. Shuford</i>	Gail E. Shuford	Box 52 Healy AK
<i>Heidi M. Shuford</i>	HEIDI M. SHUFORD	Box 52 Healy AK
<i>Terry Hinman</i>	Terry Hinman	S.R. #1 Healy AK.
<i>Rick Mitchell</i>	RICK MITCHELL	Box 354 Healy AK
<i>Patrick O'Connor</i>	Patrick O'Connor	Box 58 McKinley 99755



PETITION

AGAINST FORMATION OF A BOROUGH

WE, the undersigned, wish to go on record as opposing House Bill #1
and the formation of an organized borough in our area.

SIGNATURE

PRINT NAME

ADDRESS

Gerald Rosnick
Nick Herman

CAROL RESNICK

CANTWELL, LAK
Cantwell, AK

Gale Andersen
Paul Miller

Gale Andersen
Paul Miller

Cantwell, AK
Cantwell, AK

Bud J Carlson

BUD J CARLSON

CANTWELL AK 99729

Edna M. Carlson

EDNA M. CARLSON

CANTWELL, AK 99729

Mike W Roub

Mike W Roub

Cantwell AK

George Blanchard

GEORGE BLANCHARD

CANTWELL, AK.

Kenneth E. Edwards

KENNETH E. EDWARDS

CANTWELL AK. 99729

Mike Bugbee

Mike Bugbee

Cantwell AK. 99729

Steven C. Sullivan

STEVEN C. SULLIVAN

CANTWELL, AK 99729

Jody A. Roub

Jody A. Roub

CANTWELL, AK 99729

Vernon Wickham

Vernon Wickham

Cantwell AK 99729

Shirley S. Wickham

SHIRLEY S. WICKHAM

Cantwell, AK 99729

Vernon J. Carlson

VERNON J. CARLSON

" " "

Loann Smith

LOANN SMITH

CANTWELL, AK. 99729

Kim Flanigan

KIM FLANIGAN

Cantwell AK 99729

Gordon S. Blanchard

GORDON S. BLANCHARD

CANTWELL AK 99729

Paul Costello

PAUL ECOSTELLO

CANTWELL 99729

Theresa E. Philbrick

THERESA E. PHILBRICK

CANTWELL, AK 99729



PETITION

AGAINST FORMATION OF A BOROUGH

WE, the undersigned, wish to go on record as opposing House Bill #1
and the formation of an organized borough in our area.

<u>SIGNATURE</u>	<u>PRINT NAME</u>	<u>ADDRESS</u>
<i>Leslie D. Mortenson</i>	LESLIE D. MORTENSON	Box 459 CLEAR, AK. 99704
<i>Howard C. Vaughn</i>	HOWARD C. VAUGHN	Box 3084 Anderson AK 99744
<i>Paddy Tatum</i>	PADDY TATUM	Star Rt. 2 Nenana AK 99761
<i>Andrew J. Soldatov</i>	Andrew J. Soldatov	Box 43, Clear 997
<i>Carl H. Larsen</i>	CARL H. LARSEN	POB 40052 CLEAR
<i>Carol A. Shields</i>	CAROL A. SHIELDS	P.O. Box 40123 CLEAR 997
<i>Elaine Marcille</i>	Elaine Marcille	P.O. Box 40005 CLEAR
<i>Leo F. Moran</i>	LEO F. MORAN	Box 599 CLEAR 99704
<i>Terry N. Waldhoff</i>	Terry N. Waldhoff	Box 3121 Anderson 99704
<i>William Lee</i>	Wm. Lee	P.O. box 526 Clear
<i>Debra M. Schoeneman</i>	Debra Schoeneman	Box 574 CLEAR 99704
<i>Sidney W. Michaelis</i>	Sidney W. Michaelis	Box 40045, CLEAR 99704
<i>Daniel C. Marcoux</i>	Daniel C. Marcoux	Box 40004, Clear 99704
<i>Richard M. Fournier</i>	Richard M. Fournier	Box 612 CLEAR 9970
<i>Richard C. Boddy</i>	RICHARD C. BODDY	Box 675 CLEAR 99704
<i>Dianne Nelson</i>	DIANNE NELSON	Box 3063 Anderson 997
<i>Ronald W. Foster</i>	Ronald Foster	Box 4418 Nenana 99761
<i>Donald L. Mackey</i>	Donald L. Mackey	Box 422 Clear 9970
<i>Ross S. Wynott</i>	Ross S. Wynott	RT2 MILE 276 PARKSH NENANA, AK 99760
<i>Jackie L. Wynott</i>	Jackie L. Wynott	RT2 MILE 276 PARKSH NENANA, AK 99760



PETITION

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WE, the undersigned, wish to go on record as opposing House Bill #1
and the formation of an organized borough in our area.

SIGNATURE

PRINT NAME

ADDRESS

Harvey Young	Harvey Young	BOX 5 Healy AK
Jacob Wm. S. Towers	Jacob Wm. S. Towers	Box 198 Healy, AK 99743
Michael D. Graham	MICHAEL D. GRAHAM	Box 33 Healy, AK
Maggie McPherson	Maggie McPherson	Box 195 - Healy AK
Victor Hughes	Victor Hughes	231 Flight St North Pole
Barbara A. Coombs	BARBARA COOMBS	PO BOX 377 HEALY 99743
James N. Brannen Jr	James N. Brannen JR	Box 37 Healy AK 99743
Lark R Long	LARK R LONG	GEN DEL
Winndell Speer	WINDELL SPEER	BOX 50 HEALY 99743
Albert H Rivers	Albert H Rivers	Box 139 Healy 9974
Pete Johnson	Pete Johnson	P.O. Box 85 Healy 9974
Loann Smith	LOANN SMITH	P.O. BOX 86 Cantwell AK
Gina Oyant	GINA OYANT	P.O. Box 141 99729
Raymond D Goble	Raymond D Goble	Box 2 Cantwell 99724
Christine A Miller	Christine Miller	P.O. BOX 33 Healy 9974
Anthony J Hoffman	Anthony J Hoffman	PO Box 108 Healy 99743
Roger D Speer	Roger D Speer	Box 303 Healy 99743
Carol Kleckner	CAROL KLECKNER	Box 106 Denali Park 99755
Larry Keith	Larry Keith	Box 609 Denali pk
Karen Keith	Karen Keith	Box 609 Denali PK.



PETITION

AGAINST FORMATION OF A BOROUGH

WE, the undersigned, wish to go on record as opposing House Bill #1
and the formation of an organized borough in our area.

<u>SIGNATURE</u>	<u>PRINT NAME</u>	<u>ADDRESS</u>
Cheryl Jenechuk	Cheryl Jenechuk	Coal St. Healy, AK 9975
Charlotte Snyder	Charlotte Snyder	Box 147 Healy, AK
James N. Brannen	JAMES N. BRANNEN	Healy 169 Healy, AK
Ronald H. Holladay	Ronald H. Holladay	mi. 231.1 Healy
Gregory W. Zumbuhl	Gregory W. Zumbuhl	Box 136 Healy
David Dixon	David Dixon	Box 552 Denali
Jeanne Sawatzky	JEANNE SAWATZKY	Box 371 Healy, AK 9975
Brent Keith	BRENT KEITH	Box 609 Denali PL.
Stephen R. Casper	Stephen R. Casper	P.O. 98 Healy AK
Daniel M. Caspell	DANIEL M. CASPELL	P.O. Box 312 Healy AK
William J. Bailey	William J. Bailey	P.O. Box 358 Healy AK
Anthony J. Mueller	Anthony J. Mueller	Box 152 Healy
Linda J. English	Linda J. English	P.O. Box 315 Healy
Dave P. Baker	DAVE P. BAKER	Box 166 Healy AK 9975
Donald W. Widich	DONALD WIDICH	Box 47 Healy, AK 9975
Gail E. Shuford	Gail E. Shuford	Box 52 Healy AK 9975
Dan Connor	DAN CONNOR	Box 175 Healy
Mark Vacurn	MARK VACURN	Box 36 Healy
Donna Ziegler	DONNA ZIEGLER	Box 33 Healy
Kenneth R. Wilkerson	Kenneth R. Wilkerson	St 1st. MP. 266.2 Healy



PETITION

AGAINST FORMATION OF A BOROUGH

WE, the undersigned, wish to go on record as opposing House Bill #1
and the formation of an organized borough in our area.

SIGNATURE

PRINT NAME

ADDRESS

Roger Smith	Roger Smith	Cantwell AK.
Jeffrey R. Fisher	Jeffrey R. Fisher	Cantwell AK
Debbie Carlson	DEBBIE CARLSON	" "
Larry Bischoff	Larry Bischoff	" "
Keith L. Buland	KEITH L. Buland	Cantwell AK
Jeff R. Burney	JEFF BURNEL	Cantwell AK
Dean Phillips	DEAN PHILLIPS	Cantwell AK
Tricia Booth	TRICIA BOOTH	Cantwell AK
Carol E. Desnoyers	CAROL E. DESNOYERS	Cantwell, AK.
Ronald E. Dane	RONALD E. DANE	Cantwell, AK 99729
Everett D. Dasher	Everett D. Dasher	Cantwell, AK, 99729
Mike Van Bibber	Mike Van Bibber	Cantwell AK 99729
Rocky Murrell	Rocky Murrell	Wasilla AK 99687
Mark C. Bertson	MARK C. BERTSON	FBKS AK 99701
Joella Blanchard	Joella Blanchard	Cantwell Alaska 99729
Henry Peters	HENRY PETERS	Cantwell AK Box 4 99729
Sheri Walsh	Sheri Walsh	Box 1 Cantwell AK
Sandra L. Phillips	Sandra L. Phillips	Box 195 Cantwell, AK 99729



PETITION

AGAINST FORMATION OF A BOROUGH

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<u>SIGNATURE</u>	<u>PRINT NAME</u>	<u>ADDRESS</u>
<i>B. Tony Cascio</i>	TONY CASCIO	250 PKS HWY
<i>Mark A. Cosson</i>	MARK A. COSSON	269.9 PKS HWY
<i>Hanes W. Hall</i>	HANES W. HALL	P.O. Box 373 Healy AK
<i>Teresa L. Hall</i>	TERESA L. HALL	PO Box 373 Healy AK
<i>Mary McClure</i>	Mary McClure	Box 37 Healy AK
<i>Tommy Claspill</i>	Tommy Claspill	Box 312 Healy AK
<i>Shelley Evans</i>	Shelley EVANS	Box 23 Healy AK
<i>Donavon K. Lee</i>	Donavon K. Lee	Box 601 Denali PK, AK
<i>Joyce Greenslade</i>	Joyce GREENSLADE	Box 386 CLEAR AK
<i>Kurt Isern</i>	Kurt Isern	Box 81 Cantwell, AK
<i>Jenasy V. Jensen</i>	Jenasy V. Jensen	Mile 260 Parks Healy AK
<i>Lester E. Zambelli</i>	Lester E. Zambelli	Box 27 Healy AK
<i>Monson Nicklie</i>	Monson Nicklie	Box 145 Cantwell, AK

We the undersigned, of the Clearsky Area
Homestead. Feel that becoming a borough would
not be beneficial for the area in question.

We Moved to this Area not to have the
Normal Utilities, of town's or city's.
we are shur, thier are other's that share
our views of boroughism. there for we
say No to the Motion of becoming a
borough

Thank You

~~Donald Whitney~~
Mark Cassin

Betty J Whitney

Paul Spence

Thomas M. Gilman

Jane Senaun

Erica Bednabke



PETITION

AGAINST FORMATION OF A BOROUGH

WE, the undersigned, wish to go on record as opposing House Bill #1
and the formation of an organized borough in our area.

SIGNATURE

PRINT NAME

ADDRESS

[Handwritten signatures]
Mark A. Nichols
Tom Fort Lamer
Donna L. Lamer
Michael Roberts
Lorie L. Hamel
Pete D. Maydole
Lois M. Alice
Lawrence Alice
Richard D. Buswell
John Kocher
Linda Albert
Wayne La Chappelle
Gail E. Shuford
David Kresh
Mike Schnoor
Steve Barb
Todd Hayes
Al Busby

[Printed names]
Michael Hanks
Nock A. Hanks
P.O. Box 277
P.O. Box 278
Donna L. Lamer
Michael D. Roberts
LORIE L. HAMMEL
Pete Maydole
LOIS ALICE
LAWRENCE ALICE
Richard D. Buswell
JOHN KOCHER
LINDA ALBERT
WAYNE LACHAPPELLE
GAIL E SHUFORD
DAVID KRESH
MIKE SCHNOOR
STEVE BARB
Todd Hayes
AL BUSBY

[Addresses]
Mi. 230 RKS Hwy
Box 4 Healy, AK 99744
HEALY, AK 99744
P.O. Box 277
Box 106 Healy
Box 353 Healy 99744
P.O. Box 322 Healy
P.O. Box 37 McKinley
P.O. Box 37 McKinley
P.O. 9 Healy 2, 3 Stampede Rd.
Box 61 HEALY
Box 112 HEALY AK
Box 112 HEALY AK
Box 52 HEALY AK
Box 68 HEALY
Box 186 McKinley Park
Healy, AK
Healy, AK
P.O. Box 64 Denali



Meeting Feb 4

7 PM

Healy Community
Center

PETITION AGAINST FORMATION OF A BOROUGH

WE, the undersigned, wish to go on record as opposing House Bill #1
and the formation of an organized borough in our area.

SIGNATURE

PRINT NAME

ADDRESS

Scott P. Mayo
Vivian L. Mayo
Matt H. Catter
John W. Goldsberry
~~Henry P. Peters~~
Armeda A. Buziaris

Scott P. Mayo Box 83, Cantwell, A.K.
Vivian L. Mayo Box 83, Cantwell, AK.
Matt H. Catter Box 66 Cantwell AK.
JOHN W. GOLDSBERRY BOX 61, CANTWELL, AK.
HENRY P. PETERS Box 4, Cantwell, AK.
ARMEDA A. BUZIARIS Box 87 Cantwell AK.



PETITION

AGAINST FORMATION OF A BOROUGH

WE, the undersigned, wish to go on record as opposing House Bill #1
and the formation of an organized borough in our area.

SIGNATURE

PRINT NAME

ADDRESS

[Signature]

Yvette Courchain

Box 73, Healy

[Signature]

PATRICK W. TOWERS

Box 142, HEALY

[Signature]

Nick Limon

266 PARKS Hwy

[Signature]

DAVID W MYERS

Box 7 HEALY

[Signature]

Betty P. Cotter

Box 102 Healy

[Signature]

Timothy P. Kelahan

Box 174 Denali PK.

[Signature]

Lisa L. Leasure

P.O. Box 175, Healy

[Signature]

Jeanette M. Leamy

P.O. Box 188, Denali 99751

[Signature]

Angela Carter

Box 48 Healy 9974

[Signature]

Astrid Lovee Nancarrow

Box 86, Denali Park AK 99751

[Signature]

William J. Nancarrow

Box 86, Denali Park AK 99751



PETITION

AGAINST FORMATION OF A BOROUGH

WE, the undersigned, wish to go on record as opposing House Bill #1
and the formation of an organized borough in our area.

SIGNATURE

PRINT NAME

ADDRESS

Debra E. Killian
Aaron M. Underwood
Julie A. Boselli
Alan R. Greenlake
Alice Anderson

DEBRA E. KILLIAN
Aaron M. Underwood
Julie A. Boselli
Alan R. Greenlake
Alice ANDERSON

Box 344 - Healy
Box 821 Denali Nat Park
Box 821 Denali Nat Park
Box 386 Clear, AK
Box 103 HEALY AK

January 29, 1988

for / CRA free

XI-k

FEB - 9 1988

Mr. and Mrs. Mike Coombs
P.O. Box 325
Nenana, AK 99760

Dear Mr. and Mrs. Coombs:

Thank you for your recent letter and public petition concerning House Bill 1 (HB 1) and the recently completed "Regional Government in Alaska Study" by the Department of Community and Regional Affairs.

Your petition has raised a very interesting point regarding HB 1. That is, the petitioners have taken the position that "public hearings should be held in all affected areas of SSHB-1 by the bill sponsors and local representatives." You will be interested to know that a sponsor-substitute for House Bill No. 1 was introduced in the legislature on January 20, 1988. This version provides in part that the Local Boundary Commission "shall conduct at least one public hearing in the area of each proposed new borough" [Section 1 (b)]. The new version of the bill would still mandate the formation of boroughs. However, the substance of the bill has changed considerably from the former version. A copy of the current version of the bill is enclosed for your review.

Your additional comments regarding the background study of regional government in Alaska are also appreciated. It was hoped that this report would generate discussion and awareness of borough government in Alaska. Judging from your interest in this subject, it appears that the report has been successful in this regard.

pls refer to item [26 SSHB 1]
III (4)
for copy of petitions

Mr. and Mrs. Coombs

-2-

January 29, 1988

Your comments will be forwarded to the appropriate departmental staff and legislative committees. In the meantime, if you have questions or wish to share additional ideas regarding borough government please do not hesitate to contact Ms. Marty Rutherford, Director of the Division of Municipal and Regional Assistance, in the Department of Community and Regional Affairs in Anchorage at 561-8586.

Sincerely,

Steve Cowper
Governor

Enclosure as stated

cc: (w/ copy of Coombs letter and petition)

Senator Sturgulewski

Representative Springer
Alaska State Legislature

David G. Hoffman, Commissioner
Marty Rutherford, Director
Department of Community
and Regional Affairs
Municipal and Regional
Assistance Division

RECEIVED

JAN 14 1988

Mike and Barbara Coombs

P.O. Box 325

Nenana, AK 99760

GOVERNOR'S OFFICE

Hon. Governor Steve Cowper

Pouch A

Juneau, AK 99811

January 12, 1988

Dear Governor Cowper,

These petitions that we are sending you are in protest of both House Bill #1 and the move on the part of the Department of Community and Regional Affairs to create new boroughs in the unorganized borough. We feel that the manner in which such an important issue is being pursued is not in our best interests, nor in the best interest of the state as a whole.

The forming of boroughs in the unorganized borough ranks as one of the largest political moves since statehood. It will have a dramatic effect on our way of life. So far, we who will be effected the most have had the least to say on this issue.

We protest the short time period in which to submit comments on the Boundary Commission's draft report on the subject. The report was not made available to all interested parties, and the time period given for comments, over the Christmas holidays, was set to the greatest disadvantage for any in depth study of the report. Such an important matter as this should not be conducted in a closed door manner, as it has been so far.

Article 10, Section 12, of the State Constitution gives the vehicle, and Section 4, Paragraph 4, of the Regional Government Study by the Department of Community and Regional Affairs shows the intent by which certain people would force this upon us. This is not the democratic process at work, rather a dictatorial one. Refer once more to our State Constitution: Article 1, Section 2: Source of Government. This says it all precisely, and mandatory formation of boroughs goes absolutely contrary to the law of our land.

We appeal to you to use your good offices to ensure that we in the effected areas have a say in any effort to make changes in the unorganized borough and our future.

Sincerely,

Mike Coombs
Barbara Coombs

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY AND REGIONAL AFFAIRS

MUNICIPAL AND REGIONAL ASSISTANCE DIVISION

☐ 849 EAST 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 561-8586

☐ P.O. BOX 348
BETHEL, ALASKA 99559-0348
PHONE: (907) 543-3475

☐ P.O. BOX 285
DILLINGHAM, ALASKA 99576-0041
PHONE: (907) 842-5135

☐ 114 CUSHMAN STREET, ROOM 210
FAIRBANKS, ALASKA 99701-8288
PHONE: (907) 452-7126

☐ P.O. BOX 8H
JUNEAU, ALASKA 99811-2110
PHONE: (907) 465-4750

☐ 710 MILL BAY ROAD
KODIAK, ALASKA 99815
PHONE: (907) 486-5738

☐ P.O. BOX 350
KOTZEBUE, ALASKA 99752-0280
PHONE: (907) 442-3696

☐ P.O. BOX 41
NOME, ALASKA 99762-0041
PHONE: (907) 443-5457

December 3, 1987

Dear Reviewer:

In 1987, the Alaska Legislature directed the Department of Community and Regional Affairs to "examine the issues of forming regional municipal governments in the Unorganized Borough and report back to the legislature by January 1, 1988."

Presented here is our DRAFT report to the Legislature on the topic. Nearly 400 copies of this draft are being circulated to interested parties for review and comment. Included in this distribution are all municipal governments in the state, unincorporated communities in the Unorganized Borough, members of the House and Senate Community and Regional Affairs Committees, superintendents/boards of all Regional Educational Attendance Areas, boards of all Coastal Resource Service Areas, State Legislators and State Departments who have been involved in these issues or have expressed interest in them, and other interested parties such as the Institute of Social and Economic Research and the Alaska Municipal League.

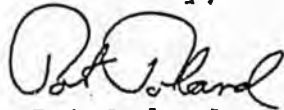
I stress that this document is a draft report. Revisions may be made after comments are received by this office. We ask that you submit any comments no later than December 28, 1987. You may offer them in writing or over the phone. If you provide written comments, please address them to:

Local Boundary Commission Component
Municipal and Regional Assistance Division
949 East 36th Ave., Suite 404
Anchorage, AK 99508

Or you may contact component staff at our Anchorage office by calling 561-8586.

Thank you for participating in this review effort. We appreciate your input.

Sincerely,



Pat Poland
Deputy Director

REC'D DEC 7 1987

The Department would add to this list the benefit that establishment of boroughs throughout Alaska could convert a fractionalized system of delivering services into one which is uniform and potentially far more efficient.

3. To be welcome, a regional government must serve useful functions as defined by its residents and the state. It must also be of a form which is considered acceptable to its residents. To this end, the Department believes that a home rule borough is the best vehicle to address the needs of the state and regions.

4. Ideally, residents of unincorporated regions would seek to form boroughs on their own initiative. However, reality indicates that this is not likely to happen. Nearly 96% of all the Alaskans who live in boroughs today, live in boroughs which were mandated to be formed by the legislature in 1963 - 1964. Only four boroughs have incorporated since 1964. Without some compulsory action, it is unlikely that many unincorporated regions of the state will form boroughs in the foreseeable future.

5. Many of the residents of the Unorganized Borough already live within a local government structure similar to a borough. More than 36% of the residents of the Unorganized Borough live within home rule and first class cities -- organizations whose powers and duties are virtually identical to boroughs. Further, 43 percent of the residents of the Unorganized Borough live within second class cities -- organizations which, in many respects, are identical to boroughs. Thus, nearly 80% of the population of the Unorganized Borough lives within a structure similar to or identical to a borough.)

6. Clearly, the "natural resources" of the state -- whether they be fishing, minerals, timber or property used in oil and gas exploration, production and transportation -- are not located so as to promote equitable distribution of the benefits of those resources. It is apparent that some unincorporated regions presently have the resources to support a borough government. In fact, some would seem to have far greater resources than many existing boroughs. Other regions, however, have much more limited resources and may not be able to support a borough under the present formulas for funding public services.

7. In many cases, the boundaries of regional educational attendance areas would serve as poor boundaries for prospective boroughs.

SECTION V FINAL COMMENTS

The role of the Department in this matter was simply to examine and report on issues relating to regional government in the Unorganized Borough as directed by the

<u>Name</u>	<u>address</u>	<u>physical address:</u>
Julie Boselli	Box 821 Denali	Mile 224 Parks
AL Busby	Po Box 614 Denali	mile 224 Parks
Patrick W. Towers	P.O. BOX 142, HEALY, AK 99743	Mile 248 1/2 Parks, Hwy
Jacob Wm. S. Towers	Box 198 Healy, AK, 99743	mile 245 Parks, Hwy.
Dan M. Jr	Box 7 HEALY 99743	OTTO LAKE
Mark S. Spurr	Box 146 Healy, AK- 99743	
Raymond D. Noble	Box 2 Cantwell 99729	132.5 Degaul Highway
Christy M. Collins	Danville Healy	
J. J. J. J. J.	P.O. Box 311 Healy	Waugyenne Village
J. J. J. J. J.	P.O. Box 311 Healy	Waugyenne Village
J. J. J. J. J.	P.O. Box 311 Healy	Waugyenne Village
Carol E. Desnoyers	P.O. Box 126 Cantwell	Behind Sresyn
Mike Desnoyers	" " " "	" " "
Mike Desnoyers	P.O. Box 40 Healy	Hester Rd.
Frank J.	P.O. Box 376 HEALY	LIGNITE RD
Tim C. ANDRAN	P.O. Box 181 Healy	1.4 Lignite RD.

January, 1988

Governor Steve Cowper
Office of the Governor
P. O. Box A
Juneau, Alaska 99811-0101

Dear Governor Cowper:

We the undersigned, in the interest of good representation and public information, believe public hearings should be held in all affected areas of SSHB-1 by the bill sponsors and local representatives.

Sincerely,

NAME	MAILING ADDRESS	PHYSICAL ADDRESS
Chris Miller	PO BOX 33 Healy 99743	^{Park} Hwy. Mile 24.5
Donna Ziegler	PO Box 33 Healy 99743	Healy Access & Carl St
Kathy Speer	Box 303 Healy 99743	Lot 50 Block 5
James Ross	Box 316 Healy 99743	24.5 Parks Highway
Charlotta Snyder	Box 147 Healy AK	Lot 37 Block 5
Joseph R. Welch	Box 204 Denali Pl.	Mile 230 Parks Hwy.
Patrick J. Wilk	Box 124 HEALY AK	1.2 Cignite Rd
James J. Brannon II	Box 59 Healy AK	Brannen's Hill
Shirley Hamel	Box 105, Healy, AK 99743	Mile 248.5 Parks Hwy
Kay W. Dunham	Box 313 Healy 99743	Hilltop Lane
Eric Hoffman	Box 174 Healy 99743	Lot 43 Healy Sub.
~~James J. Brannon~~	~~Box 169 Healy AK~~	~~Brannen's Hill~~
Vern Skays	Box 8 Healy AK 99743	Hilltop Lane
Jean Sawatzky	Box 371 Healy, AK ⁹⁹⁷⁴³	Lot 2 Arly Dr
Dwice Carter	Box 48 Healy AK	Tri-Valley Subd.
Joan Kocher	Box 61 Healy, AK	Block 1 Lot 2 TV Sub.
John Richards	Kobe Co. Area - Lot 29	^{SE 1/4} Box 815 B Anch 99515
Quinn Richards	" " " 32	" " "
Tim Keenan	Box 174 Denali PK 99755	
Cindy Mott	Box 114 Healy AK	99743
Kenée Dunbar	Box 258 Healy AK	99743

Cheri L. Jalepen	Box 178 Healy AK	683-2565
Dave P. Baker	Box 166 Healy	683 12508
James J. Murreman	Box 91 Healy	683 2587
Jeffrey Craig	Box 201 McKinley Park	M. 24 STAMPED [®]
Lance P. Martin	Box 114 Healy	3-2620
Vicki R. Trueman	Box 127 Healy	3-2792
Mary D. Pearson	Box 199 McKinley Park 99755	M.P. 238 ^{Park} Hwy
Bill Allen	Box 191 McKinley 99755	M.P. 238 ^{Park} Hwy 683-2702

January, 1988

Governor Steve Cowper
Office of the Governor
P. O. Box A
Juneau, Alaska 99811-0101

Dear Governor Cowper:

We the undersigned, in the interest of good representation and public information, believe public hearings should be held in all affected areas of SSHB-1 by the bill sponsors and local representatives.

Sincerely,

NAME	MAILING ADDRESS	PHYSICAL ADDRESS
Borden Gregory J.	Box 300 Healy, AK	229 Parks Highway
David H. Shaw	Box 371 Nenana 99760	300 PARKS
Joan J. Truett	Box 132 Healy, AK 99743	Tri-Valley Subd. Lot 6 BK 6
Helen L. Hall	P.O. Box 373 Healy, AK 99743	TRI-Valley Subd.
Teressa Hall	P.O. Box 373 Healy	
William R. Spill	P.O. Box 191 Healy	Tri Valley Subd.
Geannette Leary	Box 188 Denali AK	M.P. 238
Chase Elmore	Rt. 1 Healy 99743	M.P. 253 Parks Hwy
David J. Graham	Box 38 Healy	TVS Division
Scott Howell	Box 346 Healy	Panguingue Sub.
Elonna A. Hagar	Box 125 Healy	McPherson A.J.
Robert Thum	Box 325 Healy	249 mi. Parks
Daniel W. Berg	P.O. Box 65 Healy AK	249.4 PARKS Hwy
Bill D.	mile 260 Parks Hwy, Healy	mi. 372
Peter Gilliam	Box 161 Healy, AK 99743	mile 261 Parks
William William	Box 111 Healy, AK 99743	mi. 261 Pks.
Tom Pharo	SA mile 261 Healy AK 99743	mi. 261 Pk Hwy
Linda Franklin	mile 261 Healy 99743	mile 261 Parks Hwy.

January, 1988

Governor Steve Cowper
Office of the Governor
P. O. Box A
Juneau, Alaska 99811-0101

Dear Governor Cowper:

We the undersigned, in the interest of good representation and public information, believe public hearings should be held in all affected areas of SSHB-1 by the bill sponsors and local representatives.

Sincerely,

NAME	MAILING ADDRESS	PHYSICAL ADDRESS
James J. (James)	Box 357 Healy	Coal Street
Jerry Boland	Box 340 Healy	Mile 248.5 Parks
Barbara Chappell	Box 312 Healy	Stampede Rd
Ed Fenchel	STAR Kowak Hwy Mile 26.0 Parks Hwy	Ferry
Elaine Fallock	Box 117 Healy	99743 Coal Street
Jerry Paavola	" "	" "
Jack Tideman	Box 148 Healy	6/10 M. 11 Skelly Spur
Robert Longman	" " "	" " "
Michael A. Pearson	Box 409 Clear AK	248 Tamarack Anderson
Bob J. Macphail	Box 415 Healy 99743	Otto Lake
Richard C. M. H.	Box 144 Healy 99743	DRY CREEK
Heidi McSae Simpd	Box 52 Healy 99743	Dry Creek
Don Ken Ken	Box 40239 Clear	Mile 276.6 Parks
Land Kennd	Box 40239 Clear	Mile 276.6 Parks
Kenneth A. P. L. Villenon	St Rt. M.P. 266.2	Healy AK.
Dorson K. Lee	P.O. Box 601 McKenty Park	Wagaman Village Healy
Paula Tatum	R.P. #2 Nemanak	99740
Steve Canfield	Box 374 Healy	99743 3.4 mi Stampede

January, 1988

Governor Steve Cowper
Office of the Governor
P. O. Box A
Juneau, Alaska 99811-0101

Dear Governor Cowper:

We the undersigned, in the interest of good representation and public information, believe public hearings should be held in all affected areas of SSHB-1 by the bill sponsors and local representatives.

Sincerely,

NAME	MAILING ADDRESS	PHYSICAL ADDRESS
John Enora	2535 Parkside Highway	
Dana Russell	PO Box 343 99755	Mile 1.5 Lignite Rd
James Russell	" " "	" " " "
Russell F. Grys	P.O. Box 21	Healy AK
Edgar P. Gaborian	Box 62 Healy 99743	Lignite Rd Healy
Ella W. Jewett	Box 318 Healy 99743	Mile 249 1/2 Parks Hwy
Constance Maell	Box 66 Healy	Calcopyute Lane
Angus L. Loh	" "	" "
Margaret McPherson	Box 195	Lot 11 OTT, Lignite
Greg Duke	S.R. 1	M.P. 260 PARKS HEALY, AK 99743
Carl H. Larsen	POB 40052 CHINA AK	276.6 PARKS Highway
Carol B. Larsen	POB 40052 CHINA AK	Mile 276.6 PARKS Highway
Gail E. Shubert	Box 52 Healy AK	Dry Creek
Rita Duke	S.R. 1 Healy	Ferry
James J. Jensen	S.R. 1, Healy	Ferry
Barbara Jensen	Box 377, Healy	AK
Gene Himmerson	S.R. 1 Healy, AK 99743	M.P. 260 Parks Highway
Mike Jensen	Box 377 Healy	

January, 1988

Governor Steve Cowper
Office of the Governor
P. O. Box A
Juneau, Alaska 99811-0101

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Sincerely,

NAME	MAILING ADDRESS	PHYSICAL ADDRESS
Ernst Siemoneit	Box 375 Healy 99743	Park Lane, Healy
Joyce Greenslade	Box 386 Clear 99704	276.8 Parks Hwy
Alan R. Greenslade	Box 386 Clear 99704	Mi. 276.8 Parks Hwy
Ronald J. Clark	Box 326 Healy 99743	Park Lane, Healy
Patrick O'Connor	Box 58 ⁹⁹⁷⁵⁵ McIntire	Parks Hwy 230
Mark R Menke	Box 134 Healy 99743	1.5 Hill Top Street
Margaret A Menke	"	"
A. Kaiue Law	Box 100 Cantwell, ⁹⁹⁷²⁹ AK	MP 229 Parks Hwy.
Ronald E. Dano	Cantwell, AK 99729	Mile 229 Parks Hwy.
Arleta O'Connor	Box 58 McKinley Park	mile 230 Parks Hwy
Larry Keith	Box 609 Denali AK	Denali Park Hotel
Karen Keith	Box 609 Denali AK	Healy Subdivision
Peter Tubbes	Box 366 Denali AK	Denali Park Hotel
Sharon L. King	Box 65 Healy AK	Healy Subdivision
Elizabeth Schenk	SP #1 Healy	MP 260 Parks Hwy
Steve Ziegler	Box 167 Healy AK	Tri Valley Sub Division
Donna Blonck	Box 167 Healy AK	Tri Valley Sub Division

January, 1988

Governor Steve Cowper
Office of the Governor
P. O. Box A
Juneau, Alaska 99811-0101

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Sincerely,

NAME	MAILING ADDRESS	PHYSICAL ADDRESS
Don L. Shaw	Box 00371 Nenana, Ak	mile 300 Parks Hwy. AK 174 SPRUCE ST
Margaret P. Dial	Box 690 Nenana	ANDERSON AK
Nancy J. Shaw	Box 00377 Nenana AK 99760	mile 300 PARKS
Jerry Dwyer	Box 298 Nenana AK 99760	2 mi + N
Steve Lind	Box 3044 Anderson AK 99744	EST 132
Ronald G. Brown	Box 707 Clear AK 99704	mile 290 PARKS
William C. Brown	Box 707 Clear AK 99704	mile 290 PARKS
Richard	Box 00287 Nenana AK 99760	
Mike Conner	Box 467 Newtok AK	mile 297 Parks
Lee R. Hall	Box 173 Nenana AK	mile 297 Parks
Howard Helmer	Box 16 Nenana AK	

January, 1988

Representative Henry Springer
House of Representatives
P. O. Box V
Juneau, Alaska 99811

Dear Representative Springer:

We the undersigned, in the interest of good representation and public information, believe public hearings should be held in all affected areas of SSHB-1 by the bill sponsors and local representatives.

Sincerely,

NAME	MAILING ADDRESS	PHYSICAL ADDRESS
Borden Gregory M	Box 300 Healy, AK	229 Parks Highway
Imma A. Decker	SR. 1 M.P. 260 Healy AK	
Franklin E. Decker	M 260 Parks Highway, AK	260 Parks Hwy
James D. Evers	PO Box 209 Healy AK	260 Parks Hwy
Joan J. Truett	Box 132 Healy, AK 99743	Tri-Valley Subd. Lot 6, Box 6
Louise Decker	SR#1 M.P. 260 Parks Hwy	Healy AK 99743
Joe Pearson	P.O. Box 175 Healy 99743	Stampede Rd
Nancy Russell	Box 343 99755	1.5 X Igniter Rd
Lolita Valco	261 Parks Hwy	Healy 99743
Carl H. Tarsen	POB 40052 CLEAR AK	Mile 276.6 PARKS HWY
Paula B. Tarsen	PO Box 40053 CLEAR	Mile 276.6 PARKS HWY
Ellen Kue	Box 40239 CLEAR	MILE 276 PARKS HWY
Robert Chubb	Box 40239 CLEAR	MILE 276 PARKS HWY
Paul E. Shuford	Box 52 Healy AK	Dry Creek
Rita Decker	S.K. 1 Healy	Terry
James Tarsen	SR 1 Healy	Fish
Barbara Camos	Box 377	Healy AK
Paddy Tatum	ST. 212 Nenana, AK	99760

January, 1988

Representative Henry Springer
House of Representatives
P. O. Box V
Juneau, Alaska 99811

Dear Representative Springer:

We the undersigned, in the interest of good representation and public information, believe public hearings should be held in all affected areas of SSHB-1 by the bill sponsors and local representatives.

Sincerely,

NAME

MAILING ADDRESS

PHYSICAL ADDRESS

Patrick O'Connor	Box 58 McKinley	99755 Mile 230 Parks Hwy
Arlita O'Connor	BOX 58 McKinley Park	99755 mile 230 Parks Hwy
MARGARET MENKE	Box 134 Healy	99743 1.5 Hill Top Rd
Mark R Menke	"	"
PETER CURRY	BOX 366 DENALI PARK	DENALI PARK HOTEL
Larry Kreith	Box 609 Denali pk	Alaska
Shirley Butler	Box 301 Healy	AK 99743
Piley Gilliam	Box 161 Healy	AK 99743 mile 261 Parks
June William	Box 161 Healy	AK 99743 mi 261 Pks Hwy
Tom Plaso	Box 161 Healy	AK 99743 MI 261 Pks
Linda Franklin	Mile 261 Healy	99743 mile 261 Parks Hwy
Glynneth Scheen	SR #1 Healy	99743 MP 260 Parks Hwy
Charles K. Glouch	Box 167 Healy	AK Tri Valley Subdivision
Steve Zee	Box 167 Healy	AK Tri Valley Subdivision

Representative Henry Springer
House of Representatives
P. O. Box V
Juneau, Alaska 99811

We the undersigned, in the interest of good representation and public information, believe public hearings should be held in all affected areas of SSHB-1 by the bill sponsors and local representatives:

Ernst Siemann	Box 375 Healy	Park Lane Healy
Wm. Norman	Box 175 HEALY	STANLEY ST HEALY
W. Scott Keith	Box 341 Healy 99743	Mile 250 Park Hwy
TERRI PARDINI	Box 156 Healy 99743	TRI-VALLEY SUBDIVISION
Jack (Furman)	" 330 DENALI PK	Mile Post 230 th Park Hwy
Karen Keith	Box 609 Denali PK	Healy Subdivision ^{Hwy}
Daniel A. Berg	P.O. Box 65 Healy, Ak	249.4 Parks Hwy
Dee Himmaman	S.R. #1 Healy, Ak. 99743	260. Park Hwy.

Representative Henry Springer
House of Representatives
P. O. Box V
Juneau, Alaska 99811

We the undersigned, in the interest of good representation and public information, believe public hearings should be held in all affected areas of SSB-1 by the bill sponsors and local representatives.

NAME	MAILING ADDRESS	PHYSICAL ADDRESS
John A. Brown	Box 215 Nenana 99760	mile 300 Parks Hwy
Alan L. Shaw	Box 371 Nenana, AK	mile 300 Parks Hwy. 174 Spruce St.
Margaret L. Deal	Box 690 Clear AK	Anderson AK.
Jerry Durick	Box 298 Nenana AK 99760	2nd + D
Sh. Kuhl	Box 3044 ANDRASE AK. 99744	E St 132
Nancy Shaw	Box 00377 NENANA AK 99760	mi 300 PARKS
Ronald A. Brown	Box 707 CLEAR AK 99704	MILE 290 PARKS
Maria C. Brown	Box 707 Clear AK 99704	mile 290 Parks
Des. Daniel	Box 12854 NENANA AK 99760	
MARE GROVE	Box 467 NENANA AK 99760	MILE 29 7/8 PARKS
Leslie A. Fox	Box 173 Nenana AK	mile 29 7/8 PARKS
Howard D. Halbert	Box 6 Nenana AK	

January, 1988

Representative Henry Springer
House of Representatives
P. O. Box V
Juneau, Alaska 99311

Dear Representative Springer:

We the undersigned, in the interest of good representation and public information, believe public hearings should be held in all affected areas of SSHB-1 by the bill sponsors and local representatives.

Sincerely,

(NAME)	MAILING ADDRESS	PHYSICAL ADDRESS
<i>Y. J. Lund</i>	Box 343 Deval. Pt.	mile 1.5 Lignite Rd
<i>William A. Hager</i>	Box 125 Healy	McPherson
<i>Rich. J. MacShimp</i>	Box 52 Healy 99743	Dry Creek
<i>Ray J. McPhail</i>	Box 45 Healy 99743	St. Lawrence
<i>Sharon A. Berg</i>	Box 65 Healy 99743	Center Rd
<i>John D. ...</i>	mile 26.0 Park 14th	mile 372 AK RR
<i>Mike ...</i>	Box 371 Healy	McPherson

January, 1988

Representative Henry Springer
House of Representatives
P. O. Box V
Juneau, Alaska 99811

Dear Representative Springer:

We the undersigned, in the interest of good representation and public information, believe public hearings should be held in all affected areas of SSHB-1 by the bill sponsors and local representatives.

Sincerely,

	MAILING ADDRESS
Chris Miller	PO BOX 33, Healy 99743 Hwy. Mile 24.5
Bonnie Ziegler	10 1/2 S. Hwy. 1003 No. 4, Westport AK
Kathy Soper	Box 303 Healy 99743 Lot 50 block 5
James Ross	Box 316 Healy 99743 248.5 Parks Hwy
Christina Snyder	Box 147 Healy 99743 Lot 31 Block 5
Joseph R. Welton	Box 204 Denali Park Mile 230 Parks Hwy.
John J. Wilner	Box 124 Healy AK 1.2 Egnite Rd.
James R. Brannon II	Box 39 Healy AK Brannon's Hill
Shirley Hamer	Box 105 Healy, AK 99743 Hwy 248.5 Parks Hwy.
Ken W. Dyrkorn	Box 313 Healy Hilltop Lane
James R. Brannon	Dracum 169 Healy AK Brannon's Hill
Rae Hoffman	Box 174 Healy 99743 Lot 43 Healy Sub.
John Sharp	Box 8 Healy 99743 Hilltop Lane
Stanley Dawatzky	Box 371 Healy AK 99743 Lot 2 Andy Drive
Norm Kocken	Box 601 Healy, AK Block 1 Lot 2
Jack K. Kander	Kobayashi Line Lot 29 and address 99515
Guspa	

Jim Kelachuk	Box 174 Denali PK AK 99755
Beth Miller	Box 51 Healy AK 99743
L. Monte Lamer	P.O. Box 277 Healy AK 99743
Bruce Carter	Box 48 Healy AK 99743

SSHB 1

Clare L. Sabien	Box 178 Nealy	683-2565
Dave Baker	Box 166 Nealy	683-2508
James H. Wynn	Box 91 Nealy	683-2587
Jeffrey Craig	Box 201 McKinley Park	M2.4 STAMPED RD.
Walter A. Furlan	Box 127 Nealy	3-2782

January, 1988

Representative Henry Springer
House of Representatives
P. O. Box V
Juneau, Alaska 99811

Dear Representative Springer:

We the undersigned, in the interest of good representation and public information, believe public hearings should be held in all affected areas of SSHB-1 by the bill sponsors and local representatives.

Sincerely,

NAME	MAILING ADDRESS	PHYSICAL ADDRESS
~~Ronald H. Rane~~	~~Cantwell, AK 99729~~	~~Mile 229 Parks Hwy.~~
~~A. Kaitua Lane~~	~~Cantwell, AK 99729~~	~~MP 229 Parks Hwy.~~
Debbie L Stratton	Box 67 Healy 99743	Tri-Valley Sub
Thomas J. Stratton	" " " "	" " " "
Tyler J. Stratton	Box 10 Healy AK 99743	Tri-Valley Sub
Ronald J. Clark	Box 326 Healy 99743	Park Lane, Healy
Helen and Alice Trilla	Box 351 Healy	Subdiv.
Harvey Young	PO Box 5	Healy AK 99743
Bob Crowder	PO Box 77 Healy 99743	Tri-Valley Sub-division
Betty Collins	P.O. Box 102 Healy	Tri-Valley Subdivision
Michael Nielsen	P.O. Box 106 Healy	Tri-Valley Subdivision
John Cates	P.O. Box 199 Healy	Tri-Valley Sub Div.
Quinn W.	Spur Box 60 Healy	
Charmelle Anderson	Box 103	Healy Alaska 99743
Alice Anderson	Box 103	Healy AK 99743
Charmelle Williams	Box 43	Healy, AK 99743
Kenneth M. Atwood	AK	Healy AK 99743
Terrie L. Hamel	Box 353	Healy AK 99743

<u>NAME</u>	<u>address</u>	<u>physical address</u>
Julie Bosell	Box 821 Denali	Mile 224 Parks Hwy
Al Busby	Po Box 614 Denali	Mile 224 Parks Hwy
TRICK W. T. CLORES	P.O. Box 1412, HEALY, AK 99743	Mile 248 1/2 Parks Hwy
Robt. Wm. S. Townsend	Box 198 Healy, AK 99743	Mile 245 Parks Hwy
David W. W. Lewis	Box 7 Healy 99743	CITY LAKE
Kathy Colburn	Box 322 Healy 99743	The Valley Sub Div
Carol E. Desnoyers	P.O. Box 126 Cantwell	Behind Canyon
Mike Desnoyers	" " " "	" "
W. A. Quinn	P.O. Box 40 Healy	Leather RD.
Sam Spay	PO BOX 376 HEALY	LIGNITE RD.
Tim Candran	P.O. Box 181 HEALY	1.4 Lignite RD.

Introduced: 1/20/88
Referred: Community & Regional
Affairs, Health, Education &
Social Services and Finance

5-0166N

1 IN THE HOUSE

BY LARSON, MENARD
AND DONLEY

2 2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 1

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the incorporation or annexation
7 of all areas in the unorganized borough; and provid-
8 ing for an effective date.

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

10 * Section 1. BOUNDARY PROPOSAL. (a) The local boundary commission
11 shall study the unorganized borough to determine how the entire area should
12 be organized into new home rule boroughs or annexed to existing boroughs
13 and unified municipalities. Based upon the standards set out in
14 AS 29.05.031, by December 31, 1989, the commission shall deliver to the
15 governor and the legislature a preliminary boundary proposal for the unor-
16 ganized borough. The proposal must include

17 (1) a designation of areas proposed for annexation to existing
18 boroughs or unified municipalities; and

19 (2) proposed boundaries for new boroughs to be formed in the
20 unorganized borough.

21 (b) In preparing the preliminary boundary proposal the commission
22 shall consult with existing municipalities within or bordering the unor-
23 ganized borough, regional educational attendance areas, and coastal re-
24 source service areas. The commission shall conduct at least one public
25 hearing in the area of each proposed new borough.

26 (c) The commission may submit any proposed annexation compatible with
27 the preliminary boundary proposal to the legislature under
28 AS 44.47.567 - 44.47.583.

29 (d) The commission shall, by March 31, 1990, submit to the governor

1 the new borough.

2 (b) AS 29.05.140 and 29.05.190 - 29.05.210 apply to boroughs incor-
3 porated under this section.

4 * Sec. 5. The division of legal services of the Legislative Affairs
5 Agency shall prepare a bill conforming the Alaska Statutes to the changes
6 made by this Act. The bill shall be presented to the House and Senate
7 Rules Committees for introduction on the first day of Second Session of the
8 Sixteenth Legislature.

9 * Sec. 6. This Act takes effect immediately under AS 01.10.070(c).

XI-1

TOM TAGGART
Box 150
Hyder, Alaska 99923
20 January, 1988

DAVID C. HARRISON
c/o Rep. Heinrich Springer
Alaska State Legislature
Box V
Juneau, Alaska 99811

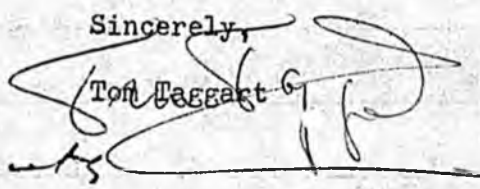
re: SSHB1

Dear Mr. Harrison:

I'm interested in obtaining a copy of the (draft) Regional Government Study dated January, 1988, covered by a memorandum from Rep. Springer dated December 10, 1987, which cites yourself as the staff member who did the work on it. The copy we have here now is in general circulation among many people, and I only had 5 minutes or so to look at it, but am indeed interested in the subject. The copy I've seen had about 20 pages, including your effort thru Rep. Springer. If you could run me off a copy of this and send it through the mails I'd be very appreciative.

Hope to hear from you soon.

Sincerely,


Tom Taggart

MADE SEVERAL COMMENTS

1. 2ND SSHB 1 WAS BEFORE HURA
2. Hearing 1-29-88. etc

DTA

Sent SSHB1 & 2ND SSHB1 1-29-88
DTA

Feb. 02/88

FEB 10 1988
in Cook.

SUE GULLEFSON, MGR.

L.I.O. - L.A.A.

Box Y

IVINS, ALASKA 99811

Dear SUE G - - -

I'd like to see a copy of all
the input to LEGISLATION ON SSHB1.

(✓) This includes at least 17 responses
(enumerated on pages 19-20 of Dec 10/87
memo from H.C.R.A. COMMITTEE CHAIR,
HENRY SPRINGER, TO ALL LEGISLATION).

There may be additional responses by
now, since Dec 10/87. I know our
VILLAGE PASSED A RESOLUTION AGAINST IT.

Hope to hear from you soon, and
Thanks in advance

Martha:

As I promised per
telephone call to you
on 2/9/88. Thank!

Becky/LIO

TOM TAGGARD
HYDRA. ALASKA
99923-0150
Tom Taggard

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

MUNICIPAL & REGIONAL ASSISTANCE DIVISION

6 2d SSHB/1
STEVE COWPER, GOVERNOR

☐ 949 E. 36th AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 561-8588

☐ P.O. BOX 348
BETHEL, ALASKA 99559-0348
PHONE: (907) 543-3475

☐ P.O. BOX 10041
DILLINGHAM, ALASKA 99576-1041
PHONE: (907) 842-5135

☐ 1514 CUSHMAN STREET, ROOM 210
FAIRBANKS, ALASKA 99701-8288
PHONE: (907) 452-7126

☐ P.O. BOX BH
JUNEAU, ALASKA 99811-2110
PHONE: (907) 485-4750

☐ 710 MILL BAY RD.
KODIAK, ALASKA 99615-6340
PHONE: (907) 486-5736

☐ P.O. BOX 350
KOTZEBUE, ALASKA 99752-0350
PHONE: (907) 442-3696

☐ P.O. BOX 41
NOME, ALASKA 99762-0041
PHONE: (907) 443-5457

January 28, 1988

POSITION PAPER

RE: 2d Sponsor Substitute for House Bill 1

SPONSORS: Representatives Larson, Menard and Donley

EFFECTS OF THE BILL:

This bill provides that all areas of the Unorganized Borough shall be annexed to existing boroughs or incorporated as new boroughs. By December 31, 1989, the Local Boundary Commission is to initially determine which areas should be annexed to existing boroughs and what the boundaries of the new boroughs should be.

COMMENTS:

The Department of Community and Regional Affairs supports the establishment of regional municipal governments throughout Alaska. However, in order to be most effective and useful, such governments must be both economically viable and supported by their citizens. Therein lies a formidable dilemma with this legislation.

While the bill would extend regional municipal governments throughout Alaska, it would do so without consideration of their financial viability. As the Department noted in its recently completed Regional Government Study, a number of regions in the Unorganized Borough clearly appear to have capabilities to support borough government -- some of which are vastly superior to existing boroughs. However, it is equally clear that a number of other regions lack the capabilities to support borough government. Before any measure such as the one proposed by 2d SSHB 1 can be successful, it would seem necessary that programs for the distribution of state aid to municipalities be restructured to accommodate the vast disparities in financial capabilities of the different regions in Alaska.

The bill would also mandate the creation of boroughs. Such action could be expected to significantly diminish the level of support that citizens of those boroughs would have for their governments. The Department believes that residents would be far more supportive of boroughs formed through local initiative than those imposed upon them by the state. However, the Department also recognizes that substantial incentives presently exist for regions in the Unorganized Borough to remain unincorporated. Thus, it is unlikely under the present laws that many new boroughs will be formed under local initiative.

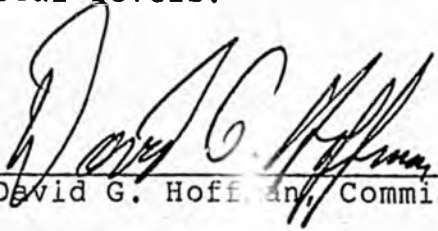
However, we believe that locally initiated regional governments would perhaps be the most efficient and effective providers of all types of governmental services. In addition to those typically associated with a borough, such as education, we believe that boroughs could be very effective in dealing with social problems throughout Alaska. For example, boroughs have the capacity, upon voter approval, to enact local option liquor laws under the provisions of AS 04.

In addition, boroughs have the potential, as regional entities, to offer services to individual communities which may not be presently feasible. For example, small villages may not be able to afford skilled mechanics to properly maintain equipment or they may not be able to hire critical administrative support to operate services (e.g. accountants, managers, etc.). However, because of economies of scale, a borough could employ the services of such employees to serve a number of communities in the region on an efficient scale.

As an alternative to the proposal offered by 2d SSHB 1, the Department feels that efforts should first be made to:

- Identify and address the disincentives to forming a borough;
- Fully identify and address the inequities in the financial capabilities to support local government both within existing boroughs and in unincorporated regions.
- Fully and carefully identify the costs and benefits associated with the extension of regional municipal governments throughout Alaska.
- Educate and inform residents of the Unorganized Borough concerning matters pertaining to regional government.
- Learn from residents of the Unorganized Borough what boundaries may serve as appropriate boundaries for future boroughs.

In conclusion, while the Department supports the goal of developing regional governments, we feel that adoption of legislation requiring mandatory boroughs is premature until all disincentives to borough formation have been identified and substantially addressed, thereby promoting regional government initiatives at the local levels.



David G. Hoffman, Commissioner

STATE OF ALASKA
1988 LEGISLATIVE SESSION

72d SSHB/1
BILL VERSION: 2d SSHB. 1
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An act..incorporation or annexation
..unorganized borough..effective date."
Sponsor: Larson, Menard & Donley
Requestor: _____

Agency Affected: Community & Regional Affairs
BRU: Local Government Assistance and
Community Assistance Grants
Components: Training & Development,
Organizational Grants, Local Boundary Comm.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL		64.	32.	25.	25.	
CONTRACTUAL		40.	70.	50.		
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES				6,000.	4,000.	2,000.
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		104.	102.	6,075.	4,025.	2,000.

CAPITAL						

REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		104.	102.	6,075.	4,025.	2,000.
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Jim Plasman, Deputy Director
Division: Municipal & Regional Assistance

Phone: 465-4750

Date: 1-24-88

Approved by Commissioner: David C. Hoffman
Agency: Community & Regional Affairs

Date: 1-24-88

Distribution (by preparer):

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

STATE OF ALASKA 1988 - 15TH LEGISLATURE
SECOND SESSION
FISCAL NOTE

Bill/Resolution No.: 2d SSHB 1

Title: "An Act providing for the incorporation or
annexation ..areas..unorganized borough..effective date."

ANALYSIS:

Assumptions:

20 boroughs would be formed under the provisions of 2d SSHB 1

All boroughs would be incorporated during FY 91

That the provisions of SB 292, providing compensation to the LBC are approved

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

Organizational grants:

FY 91 = \$6,000,000
FY 92 = \$4,000,000
FY 93 = \$2,000,000

LBC/Staff travel and per diem

FY 89 = \$64,000
FY 90 = \$32,000

NOTE: travel calculated as 5 LBC and 1 Staff traveling to 20 prospective boroughs and 10 prospective areas for annexation and 2 trips to Juneau to address the legislature. A total of 32 trips X 6 individuals X \$500 (\$300 travel and \$200 per diem) travel/per diem per trip = \$96,000. Assumed that two-thirds of the work would be done during FY 89 and the remainder in FY 90 prior to December 31, 1989.

LBC Compensation (Contractual line item)

FY 89 = 40,000
FY 90 = 20,000

LBC compensation calculated as 2.5 days per meeting x 5 members X \$150 (assumes passage of SB 292) x 32 meetings = \$60,000. Assumed that two-thirds of the work would be done during FY 89 and the remainder in FY 90 prior to December 31, 1989.

Technical Assistance Requirements

FY 90 \$ 50,000 (contractual services)
FY 91 \$ 75,000 (\$25,000 travel & \$50,000 contractual)
FY 92 \$ 25,000 (travel)

NOTE: It is assumed that technical assistance will be provided by existing staff on a relatively short term basis and that the focus of the TA efforts will be establishing the initial administrative apparatus necessary to operate the boroughs. Projected costs are based on five trips to each of 20 new boroughs at a cost of \$500 per trip, allocated between FY 91 and FY 92.

\$100,000 has been allocated for development and printing of training and support materials for such subjects as codes of ordinances, accounting systems, assembly operating procedures, conducting elections, etc., and is allocated between FY 90 and FY 91.

JAN 20 1988

January 14, 1988

Representative Henry Springer
Pouch V
Juneau, Alaska 99811

Dear Representative Springer:

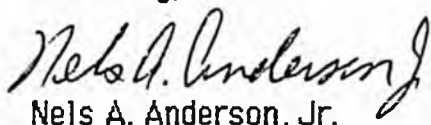
I have been looking at SSHB 1 and would like you to consider several suggestions that you may find worthwhile. I am not sure that the transition amount of \$600,000.00 for funding newly formed boroughs for the purpose of defraying the cost of transition to borough government is realistic today.

I am not sure when that figure was adopted but it seems fair to request that a more appropriate amount would be \$1,200,000.00 after looking at the time that has passed and the erosion of the value of the dollar. I believe that the amount of \$600,000.00 in the sixties was a huge amount but is not much today. You also have to remember that most of the unorganized borough is in rural Alaska which has a higher cost of doing business than urban areas.

I believe that an increase to \$1,200,000.00 would create more of an incentive to form new boroughs and it would help if the three period of assistance be increased as well. The larger amount of transition funds would be in line with the real costs of setting up a borough. A longer transition time frame would make it clear that the State was not abandoning the newly formed boroughs.

Finally, it would make me feel more comfortable if you could expand the scope of the powers of the boroughs formed under this bill to include all the powers that are available to boroughs under State law. It would be more acceptable if you gave the Unorganized Borough an expanded set of options to choose from rather than the most expensive burden of providing funds for education.

Sincerely,



Nels A. Anderson, Jr.

cc: Rep. Herrmann. Sen. Zharoff, Rep. Larson



P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

⑨ 2d SSB1

February 2, 1988

MEMORANDUM

TO: Representative Heinrich Springer
ATTN: David Harrison
FROM: Karen Oakley *ko*
Legislative Analyst
RE: Second Sponsor Substitute For House Bill 1
Research Request 88.154

You asked us to prepare a brief description and analysis of the Second Sponsor Substitute for House Bill 1 (SSSHB1) (Attachment A). All versions of House Bill 1 mandate the formation of boroughs from the unorganized borough. The first Sponsor Substitute for House Bill 1 (SSHB1) mandated that all areas within the unorganized borough not incorporated by local initiative by July 1, 1989 would become third class boroughs by default. Unless changed by local initiative, the boundaries of the Rural Educational Attendance Areas in 1982 would serve as the boundaries of the new boroughs.

The SSSHB1 changes the deadline for borough formation, the boundaries that will be used, and the class of boroughs that will be formed. Briefly, the changes are:

- (1) the deadline for borough formation is moved back one year to 1990;
- (2) the boundaries for the new boroughs will be based on a study conducted by the Local Boundary Commission; and
- (3) the new boroughs will be home rule boroughs.

Table 1 compares the two sponsor substitutes. In Table 2, the schedule of events leading to borough formation under SSSHB1 is laid out, and the roles that the Local Boundary Commission, Department of Community and Regional Affairs (DCRA), Legislature and the citizens of the unorganized borough will play in those events are described. In the following section, the home rule borough is described. The memorandum concludes with a brief analysis of the bill.

The Home Rule Borough

A home rule borough has powers, duties and procedures which are set forth in a charter adopted by the voters of the borough. To become a home rule borough, the voters of the area must first elect a charter commission of seven members. Over the course of one year, this charter commission must prepare a proposed charter for submittal to the voters. The charter must define the powers, duties and procedures of the borough government. Except as specifically limited by the State Municipal Code, the charter may prescribe any powers, duties and procedures for the borough government.

There are 48 provisions in the Municipal Code that apply to, and thereby limit, the powers of a home rule government.¹ Among these provisions are the open meetings and conflict of interest laws and other laws which the legislature thought should apply to all forms of boroughs, for example, laws governing boundary changes, elections, property taxation and the like. Other than these very specific limits, the citizens of a home rule borough are free to govern themselves--through adoption of a charter--in the manner they see fit.

Home rule boroughs are required to exercise three powers on an areawide basis. These powers are education, taxation and land use planning. In this regard, home rule boroughs are no different from first class and second class boroughs. They also must exercise these three powers on an areawide basis. A home rule borough has, however, much more discretion in how these powers are exercised. For example, first class and second class boroughs may levy a sales tax up to six percent. A home rule borough may also levy a sales tax but could set a higher rate.

One of the biggest differences between the home rule borough and the other kinds of boroughs is in how the land use planning power is exercised. First class and second class boroughs must follow the conditions set forth in AS 29.40 in land use planning. AS 29.40 requires the borough to establish a planning commission which must prepare a comprehensive land use plan. Once adopted by the borough assembly, land use must be regulated in accordance with this plan. A home rule borough must exercise the land use planning power but is not bound by the requirements of AS 29.40. A home rule borough is free to specify the means of land use planning, platting and land use regulation.

¹Limitations on home rule power are set forth in AS 29.10.200.

Analysis of SSSHBI

As did its predecessors, the SSSHBI sets a deadline for borough formation. As sponsor Representative Ron Larson has testified, he is not wedded to the date specified in the bill; what is most important is the decision that within the next few years all areas of the state will be organized at the regional level. This policy signals the end of the unorganized borough and is the single most important feature of the bill. The other features of the bill simply address the means by which this policy will be implemented, and it is in regard to these implementing features that SSSHBI is the most different from its predecessors.

The first sponsor substitute was analogous to the Mandatory Borough Act of 1963 in that a deadline was set and those areas not incorporating prior to that deadline became boroughs by default. The Mandatory Borough Act gave the citizens of the unorganized borough a period of time in which to organize on their own. Clearly, the legislature wanted to give citizens a chance to form boroughs by local initiative. The first sponsor substitute contained this same policy: organize on your own now or we will organize you, on our terms, later.

The second sponsor substitute does not give citizens of the unorganized borough a clear chance to organize on their own prior to becoming a borough by default. While there is nothing in the bill that explicitly prohibits citizens from organizing, the bill does not encourage local initiative in the same way that the first sponsor substitute or the Mandatory Borough Act did. The bill appears to discourage local initiative by mandating a study process in which the State government, rather than the citizens of the unorganized borough, has the primary responsibility. The Local Boundary Commission and the Department of Community and Regional Affairs are given the lead roles; the boundary commission is mandated to define borough boundaries, and the DCRA is mandated to devise a charter for use by the boroughs. The only clear opportunity that citizens have to influence either borough boundaries or the provisional borough charter is to testify at hearings held by the Local Boundary Commission and the DCRA, and the bill requires that only one hearing be held in the area of each new borough. Were the boroughs to form through local initiative, the citizens of each area would be more actively involved in defining the borough boundaries and in choosing the type of borough to be formed, and meetings would probably be held in many of the communities within each new borough.

Apparently, the mandate that the new boroughs be home rule boroughs arose from public comment at hearings on the first sponsor substitute that third class boroughs did not allow enough local control and that first and second class boroughs imposed too many limits on local control, particularly with regard to the land use planning process. Thus, comment seemed to indicate a preference for the home rule borough because home rule provides the greatest degree of local control. Ironically, the procedure by which these new home rule boroughs would be formed under SSSHBI appears to remove most of the local involvement normally required to form a home rule government.

The differences between the procedure by which a home rule borough is normally formed and the procedure by which home rule boroughs would be formed under the SSSHB1 are fundamental. Normally, the citizens of the area must play an active role in the formulation of the charter by which they will eventually be governed. Citizens must vote to initiate a charter commission and must elect the persons that serve on the commission. They must also vote to approve the charter. Under SSSHB1, the Department of Community and Regional Affairs has the responsibility of drafting the charter, and the charter they come up with applies to all new boroughs. The only opportunity that citizens will have to tailor the charter to their own desires is to petition the DCRA with any amendments. If no amendments are proposed, the citizens never actually vote on the charter. Thus, in contrast to the normal procedure by which a home rule borough is formed, the citizens of a home rule borough formed under SSSHB1 will have limited involvement in devising their charter. By definition, "home rule" requires "local initiative," and the method of forming home rule boroughs imposed by the SSSHB1 appears to contradict this primary feature of a home rule government.

In summary, the second sponsor substitute maintains the primary policy objective of organizing the unorganized borough but it substantially changes the means by which that objective will be achieved by reducing reliance on local initiative.

I hope you find this information useful. If I can provide any further information, please let me know.

Attachments

TABLE 1

COMPARISON OF THE SECOND SPONSOR SUBSTITUTE FOR HOUSE BILL 1 TO THE FIRST SPONSOR SUBSTITUTE

FEATURE	SECOND SPONSOR SUBSTITUTE	FIRST SPONSOR SUBSTITUTE
Deadline for formation of the new boroughs	1990	1989
Boundaries of the new boroughs	Boundaries will be proposed after study by the Local Boundary Commission; some areas may be annexed to existing boroughs, other areas may become new boroughs	Based on the boundaries of the Rural Educational Attendance Areas in 1982
Borough type	Home rule	Third class

Prepared by the House Research Agency, February 1988 (88-154A).

TABLE 2

SCHEDULE OF EVENTS LEADING TO FORMATION OF NEW BOROUGHS UNDER THE SECOND SPONSOR SUBSTITUTE FOR HOUSE BILL 1

WHEN	WHO	WHAT	COMMENTS
Now through December 31, 1989	Local Boundary Commission (LBC)	Study the unorganized borough to determine how the entire area should be organized into boroughs or annexed to existing boroughs and unified municipalities. Prepare a preliminary boundary proposal.	During the study period, the Local Boundary Commission is required to consult with existing municipalities within or bordering the unorganized borough, the Rural Educational Attendance Areas and coastal resource service areas. The LBC is also required to hold at least one public hearing in the area of each proposed new borough.
	Department of Community and Regional Affairs	Prepare a provisional home rule charter for the new boroughs.	In preparing the provisional home rule charter, the department is required to conduct at least one public hearing in the area of each new borough. The charter shall provide that each new borough exercise only those powers that a home rule borough must exercise by law.
March 31, 1990	Local Boundary Commission	Submit to the governor and the legislature its final boundary proposal.	The submittal of the final boundary proposal and the provisional charter to the legislature and the governor is for informational purposes only. The legislature has no power to amend either the boundary proposal or the provisional charter.
	Department of Community and Regional Affairs (DCRA)	Submit to the governor and the legislature a provisional home rule charter for the new boroughs designated in the final boundary proposal.	
November 1990	Voters in the unorganized borough	Vote for the initial borough officials and on any amendments to the provisional charter.	Voters in the proposed boroughs must petition the Department of Community and Regional Affairs to place any desired amendments to the charter on the ballot.
December 1990		New boroughs are incorporated.	On the Monday following certification of the election of the initial borough officials, the boroughs are incorporated. The provisional charter prepared by the DCRA is the borough charter unless any amendments were approved during the election.

Prepared by the House Research Agency, February 1988 (88-1548).

Alaska State Legislature

(12) 2d SSHB



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BOX V
JUNEAU, ALASKA 99811
(907) 465-3727

Interim Address:
BOX 53
PALMER, ALASKA 99645
(907) 745-3828 - Palmer
(907) 376-8828 - Wasilla

Representative Ronald L. Larson
District 16B

TO: House Community and Regional Affairs Committee

FROM: Representative Ron Larson, ^{R.L.}Sponsor

SUBJ: Bill Summary, 2nd SSHB 1

DATE: February 1, 1988

Following is a sectional analysis of 2nd SSHB 1:

Section 1: (a) Directs the Local Boundary Commission to complete a study to determine how the unorganized borough should be organized into new boroughs or annexed to existing boroughs and unified municipalities. Based on standards set out in AS 29.05.031 (statute setting out standards that must be met for a borough to organize), the commission shall deliver to the governor and the legislature a preliminary boundary proposal by December 31, 1989.

(b) The commission shall consult with municipalities within or bordering the unorganized borough, PFAAs, and coastal resource service areas (this could range from public hearings to simple informational letters asking for input) and shall conduct at least one public hearing in the area of each proposed new borough.

(c) The commission shall submit to the legislature any proposed annexation compatible with the preliminary proposal under AS 44.47.567 - 44.47.583. (The cited statutes mandate the powers and duties of the local boundary commission as well as the procedures the commission is to use in considering boundary changes. Included is the stipulation that the commission shall present proposed changes to the legislature within the first ten days of a regular session.)

(d) By March 31, 1990 the commission shall submit to the governor and the legislature a final boundary proposal for areas to be included in new home rule boroughs, exclusive of the annexed areas established in subsection c.

Section 2: (a) By March 31, 1990 the Department of Community and Regional Affairs shall deliver to the governor and the legislature a provisional home rule charter for the new boroughs. In preparing the charter, the department shall conduct at least one public hearing in each new borough. (This means that each new borough will start out with the same basic charter outlining the minimal requirements set out in law.)

Alaska State Legislature



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(907) 378-8828 - Wasilla

Representative Ronald L. Larson
District 16B

TO: House Community and Regional Affairs Committee
FROM: Representative Ron Larson, ^{B.L.} Sponsor
SUBJ: Bill Summary, 2nd SSHB 1
DATE: February 1, 1988

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Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

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

A N N O U N C E M E N T

To: All Interested Parties

From: Representative Henry Springer, Chairman
Community and Regional Affairs Committee *HS*

Subject: 2d SSHB 1 - Organization of the Unorganized Borough

Date: February 2, 1988

The House Community and Regional Affairs Committee (HCRA) will be taking statewide testimony on 2d SSHB 1 via teleconference on Wednesday, February 17, 1988 and Wednesday, February 24, 1988, from 3:00 - 4:30 p.m. Participation will be possible through selected Legislative Information Offices (LIOs) or from anywhere in the state with telephone capability.

Testimony from the eastern half of the state (Parks Highway and eastward) will be heard on February 17th. Testimony from the western half of the state (west of the Parks Highway) will be heard on February 24th.

Witnesses may give testimony either from the LIOs listed below or by calling toll free 800-478-8353. The entire meeting can be heard from the LIO sites. Individual call-ins are asked to hang up after giving their testimony to make the phone line available for other people. This will allow for maximum participation from anywhere in the state. Copies of the typed minutes or tapes are available upon request. For tape duplicates, please send two (2) good quality, blank 90 minute cassette tapes for each meeting of which you would like a copy.

The following LIO sites will be on-line as specified:

February 17, 1988 - Parks Hwy and east - 3:00 to 4:30 p.m.

Anchorage	Delta	Fairbanks	Glennallen
Juneau	Kenai	Ketchikan	Mat-Su
Petersburg	Sitka	Valdez	

Or call toll free 800-478-8353

February 24, 1988 - West of Parks Hwy - 3:00 to 4:30 p.m.

Anchorage	Barrow	Bethel	Dillingham
Fairbanks	Juneau	Kodiak	Kotzebue
Nome			

Or call toll free 800-478-8353

Written testimony may be sent to HCRA at the above address. For more information, please call HCRA at 465-4833.

**A NEW MANDATORY BOROUGH ACT:
LOCAL EDUCATION COSTS AND POTENTIAL REVENUES
OF NEWLY CREATED BOROUGHES**

**House Research Agency
Alaska State Legislature
February 1988**

House Research Agency Report 88-A

The House Research Agency is the permanent, nonpartisan research support arm of the Alaska State House of Representatives. The agency performs research at the request of legislators. A bipartisan governing committee composed of the House Speaker, Minority Leader and ranking House member of the Legislative Council (i.e., either chair or vice-chair), oversees the agency's work. While the legislature is in session, most research is of a discrete scope. During the interim between legislative sessions, projects of larger scope are undertaken.

**A NEW MANDATORY BOROUGH ACT:
LOCAL EDUCATION COSTS AND POTENTIAL REVENUES
OF NEWLY CREATED BOROUGHES**

Karen Oakley
House Research Agency
Alaska State Legislature
February 1988

House Research Agency Report 88-A

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INTRODUCTION

In Alaska, all local government powers, including the powers of education and taxation, are vested in boroughs--a form of local government roughly analogous to the county--and in cities. Local government was provided for in this way by the Alaska Constitution to ensure maximum self-government with a minimum of local government units and tax levying jurisdictions. Alaska currently has 13 boroughs which together encompass about 35 percent of Alaska's land area; the remaining area constitutes a single unorganized borough. The legislature is charged with the provision of services to this unorganized borough.

The legislature is also charged with the duty to establish and maintain a public school system open to all children of the state. To meet this mandate, the legislature in 1962 established a Foundation funding program. The Foundation program has historically paid 100 percent of operational costs not paid by the federal government for schools in Rural Educational Attendance Areas (REAA's) which are those schools located outside of cities within the unorganized borough. Receipt of Foundation funds by city and borough school districts, however, has generally been contingent upon raising a certain amount of funds locally. The legislature has also paid costs of constructing schools within the REAA's, whereas city and borough districts have had to rely on local revenues for construction of schools. While the legislature in 1980 established a program to reimburse city and borough districts for a portion of their construction costs, funding for this program has been reduced in recent years.

Thus, while the State of Alaska can be categorized as a strong supporter of all its schools, there are two classes of school districts in terms of this support: The school districts in the rural portions of the unorganized borough receive 100 percent of their operating and construction costs from the State, while the city and borough districts do not. The complete subsidization of schools located outside of cities within the unorganized borough by the State raises two issues of long concern to legislators:

Disincentive to Borough Organization. School operation and construction costs are a major component of any local government's budget, and becoming a borough requires that the residents of the area make a local contribution to education. The payment of all school costs by the State and federal governments is a powerful financial disincentive to seeking borough formation.

Equity. Property owners in urban areas of the state pay taxes to support schools, and equity demands that property owners in rural areas of the state also pay taxes to support schools. The lack of local contributions by unorganized borough residents means that communities in the unorganized borough receive a disproportionate share of State education funds.

Eight of Alaska's 13 boroughs were formed during 1963 and 1964 because the legislature required their formation through passage of the Mandatory Borough Act. The legislature is currently considering a similar bill, House Bill 1 (HB 1), which would require REAAs and city school districts in the unorganized borough to combine and form third class boroughs. A third class borough has only two areawide powers: education and taxation. The REAAs have already been delegated the authority to administer education; HB 1 changes the status quo by requiring that the REAAs, as boroughs, exercise taxing power for the support of education. This report is intended to aid in the discussion of HB 1 by:

- estimating the amount of revenue each new borough would have to raise to meet the local contribution requirement;
- evaluating the effect of borough formation on State revenues and expenditures;
- estimating the potential revenues of the new boroughs from entitlement programs other than education; and
- assessing the need for local taxes to maintain education funding in the new boroughs at the current level.

Chapter One provides basic information about the unorganized borough--its political status, population, communities, economy and school system.

In Chapter Two, House Bill 1 is explained. The powers and duties of the third class borough are described, and previous legislation similar to HB 1 is briefly discussed. I also explain the groupings of REAAs and city districts into "proposed boroughs" whose local education costs and potential revenues are analyzed in the remainder of the report.

In Chapter Three, the local education costs of the proposed boroughs are discussed. The amount of local revenue each proposed borough would have to generate to meet the requirement for local contributions to education is

estimated, taking into consideration current local contributions. Debt service requirements for school construction bonds and the possible savings from consolidating districts are also discussed.

Chapter Four examines how the formation of the new boroughs would affect State revenues and expenditures.

In Chapter Five, the potential revenues available to each proposed borough from entitlement programs other than education are analyzed to determine the extent to which local taxation will be required to maintain education funding at current levels.

EXECUTIVE SUMMARY

CHAPTER ONE: THE UNORGANIZED BOROUGH

Political Status and Location

The borough is the form of regional local government in Alaska and was devised by the framers 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." Boroughs are the only form of areawide government in Alaska, and they alone are delegated the power to levy taxes on an areawide basis (page 1).

At statehood, the entire state consisted of a single unorganized borough. The legislature was given the responsibility of providing services to the unorganized borough. Since statehood, 13 boroughs have been formed, carving large chunks out of the unorganized borough. The unorganized borough today contains roughly 65 percent of Alaska's land area; it is rural and, for the most part, roadless. The unorganized borough touches all regions of the state, including: western Alaska south of the Seward Peninsula; the Aleutian Islands and all but the southern tip of the Alaska Peninsula; much of Interior Alaska; Prince William Sound; and much of Southeast Alaska. Twelve of the 27 House Election Districts contain unorganized borough lands (pages 1-2).

Population

About 80,000 people, representing roughly 15 percent of Alaska's population, reside in the unorganized borough. Nearly half of unorganized borough residents are Alaska Natives. These Natives are primarily Yu'pik Eskimos, Athabaskan, Tlingit, Haida, and Tsimshian Indians and Aleuts, and they represent over half of Alaska's Native population. Their distribution within the unorganized borough is clumped; Natives comprise over 50 percent of the population in the western and interior regions and smaller percentages elsewhere (pages 2-4).

Communities

Unorganized borough residents live in approximately 190 communities. These communities are of four types recognized under State law: 1) Home rule cities, 2) first class cities, 3) second class cities, and 4) unincorporated communities. Home rule and first class cities must exercise land

use planning and taxation powers, and they must establish and maintain schools. Second class cities are prohibited from establishing a school system; they may tax and plan but are not required to exercise these powers. Unincorporated communities are recognized communities that have not incorporated under State law and therefore have no local powers or duties (pages 4-6).

There are four home rule cities, 15 first class cities, 88 second class cities and over 80 unincorporated communities within the unorganized borough. While home rule and first class cities represent only 10 percent of the communities in the unorganized borough, over 30 percent of unorganized borough residents live in home rule and first class cities. Second class cities represent similar percentages of the number of communities and of population--about 40 percent. Unincorporated communities account for 43 percent of communities, but contain only 20 percent of residents. Approximately ten percent of unorganized borough residents live outside of any recognized community (page 6).

Economy

The communities of the unorganized borough are of two general types in terms of their economies: 1) communities with well-developed cash economies, which are generally those that have organized as first class or home rule cities, and 2) communities with mixed subsistence/cash economies, which are generally those that have organized as second class cities or which have not organized. In those communities with subsistence/cash economies, the cash portion of the economy is derived primarily from government employment and transfer payments and is therefore not particularly robust (pages 6-8).

Education

Education in the unorganized borough was formerly provided by the State through the State Operated School System, and by the U.S. Bureau of Indian Affairs (BIA). Three major changes occurred during the 1970s which created the school system in place today. These changes were:

- The BIA transferred responsibility for its schools to the State.
- The legislature created the Rural Educational Attendance Areas (REAAs) to allow for local control of schools located outside of first class and home rule cities in the unorganized borough.

The State constructed or renovated high schools in 126 communities as the result of the Molly Hootch lawsuit, which required that schools be provided in all communities where there are at least eight elementary students. Molly Hootch schools represent over 70 percent of the schools within today's REAAs.

Today, education in the unorganized borough is provided by 19 city school districts and 22 REAAs. Together these districts operate 208 schools and provide education to over 18,000 students, thereby representing 38 percent of the state's schools but only 18 percent of the state's students. The relatively large number of schools required to educate unorganized borough students is due to the rural nature of the unorganized borough and to settlement of the Molly Hootch case. Because REAAs and city districts do not enjoy the same economies of scale that borough districts do, the costs of operating these districts are relatively high. In FY 87, the State expended a total of \$413.4 million in operational support of schools under the Public School Foundation Program, of which \$132.9 million (32 percent) went to schools in the unorganized borough (pages 8-9).

CHAPTER TWO: HOUSE BILL 1

House Bill 1 mandates the formation of boroughs from the unorganized borough. The first sponsor substitute of House Bill 1, which is the version of HB 1 analyzed in this report, mandates the formation of third class boroughs from all areas which have not incorporated as a borough by July 1, 1989. REAA boundaries form the basis of the new borough boundaries, and city school districts become part of the borough school district in which they are located. All property, contracts and other legal obligations, and faculty and staff of the REAAs and city districts are transferred to the borough upon incorporation.

The Lieutenant Governor is required to hold elections to select the initial assemblies of the boroughs no later than June 1, 1989. These assemblies, which will have seven members elected at large, will provide for the form of representation, composition and apportionment of the assembly. The terms of all REAA and city district school board members end on the date that the election of the initial borough assembly is held (pages 11-12).

The Third Class Borough

The third class borough is a general law municipality that exercises only two areawide powers--education and taxation. In contrast, the other classes of boroughs must exercise three areawide powers--education, taxation and planning. A third class borough may exercise planning and other powers only within a service area. In a third class borough, the assembly is the school board. As in other types of municipalities, the members of a third class borough assembly are elected at large unless another method of election has been approved by the voters (page 12).

Of Alaska's 13 boroughs, only one--the Haines Borough--is a third class borough. The third class borough was, in fact, created in Alaska law by the legislature at the specific request of the people in the Haines area (pages 13-14).

In 1985, the legislature prohibited the formation of any additional third class boroughs. Because a third class borough can exercise discretionary power only on a service area basis, the third class borough does not appear to fully serve the purposes of the local government article of the constitution. The prohibition of additional third class boroughs was intended to ensure that all new boroughs provide integrated areawide government (page 14).

Previous Similar Legislation and Legislative Study

House Bill 1 is directly analogous to the Mandatory Borough Act enacted in 1963. The Borough Act of 1961 had allowed for the formation of boroughs under local option, but after two years only a single borough had formed. The need for local areawide governments was increasing and provided the impetus for the Mandatory Borough Act. This act required that the eight most populous regions of the state incorporate as boroughs by January 1, 1964. As an incentive for incorporation, the legislature provided for grants of both land and money to the new boroughs. By the deadline, four boroughs--the Ketchikan, Sitka, Kodiak, and Juneau boroughs--had formed by local option. Incorporation elections failed in Anchorage, Matanuska-Susitna, Kenai and Fairbanks, and these areas became boroughs by default (pages 14-15).

Only four boroughs have been created by local option since the Mandatory Borough Act. The generally slow development of boroughs and the concomitant equity problems have been of continuing concern to the legislature. Between 1969 and 1979, the legislature considered several bills addressing the organization and financing of regional governments in the unorganized borough. During 1979-1981, there was intensive legislative study of the "local government problem," but there has been little legislative action since. With the introduction of House Bill 1, the stage is set for a replay of many of the issues and concerns that occupied the 1963 Legislature when it passed the Mandatory Borough Act (pages 15-16).

Configuration of School Districts Under House Bill 1

Currently, Alaska is divided into 54 school districts: 13 borough districts, 19 city districts and 22 REAAs. House Bill 1 would affect all 22 REAAs and all 19 city districts. Each REAA would become a borough or be part of a borough, and each city district would be subsumed by a borough (page 16).

Analysis of education costs and potential revenues of the boroughs created by House Bill 1 requires some assumptions about how many boroughs would be formed and which communities would be included in each borough. As

prescribed by the bill, the boundaries of the REAAs in 1982 form the basis of the new borough boundaries. Current incorporation standards require that there be at least two communities and at least 1,000 residents. Following these standards and the instructions of the bill, 17 "proposed boroughs" were defined, as follows (pages 16-22).

Boroughs formed from single REAAs were:

- Alaska Gateway;
- Copper River;
- Delta/Greely;
- Iditarod;
- Kuspuk;
- Lake and Peninsula;
- Railbelt; and
- Yukon Flats.

Boroughs formed by combining districts were:

- Aleutian Region (Unalaska, Adak and Pribilofs);
- Bering Strait (Nome);
- Chatham (Yakutat, Pelican, Hoonah, Skagway);
- Chugach (Valdez, Cordova);
- Lower Kuskokwim (Yupit);
- Lower Yukon (St. Mary's, Kashanamuit);
- Southeast Island (Kake, Petersburg, Wrangell, Klawock, Craig, Hydaburg, Annette Island);
- Southwest Region (Dillingham); and
- Yukon-Koyukuk (Tanana, Galena, Nenana).

CHAPTER THREE: LOCAL EDUCATION COSTS UNDER ORGANIZED STATUS

Required Local Contributions Under the Foundation Aid Program

The State of Alaska funds a major portion of the operating costs of public schools through its Foundation aid program. Receipt of Foundation aid by city or borough school districts is contingent upon local contributions that include at least:

- 1) the equivalent of a four mill tax levy on the full and true value of the taxable real and personal property in the district; or
- 2) 35 percent of the district's basic need (page 26).

The "basic need" of each district is determined by a formula that accounts for differences in cost due to location and that provides each district with a set amount to provide a particular type of education to a group of students. The full and true value of taxable real and personal property is determined by the Department of Community and Regional Affairs (DCRA) in

EXECUTIVE SUMMARY

consultation with the assessor of each district. The full value is based on the value of all real and personal property that could be taxed under State law, without regard to what property is actually taxed by the municipality (page 26).

To determine how much each of the proposed boroughs would have to contribute to education, it is necessary to determine both its basic need and its full property value. We assumed that the basic need of each new borough would be the sum of basic need values for all the districts which comprised the new borough. Full property values of the REAAs were estimated by the Department of Community and Regional Affairs in April 1987.

The total full value of the proposed boroughs is \$7.4 billion. Fifty-one percent of this value is derived from the TransAlaska Oil Pipeline, 36 percent from cities, and 13 percent from property other than oil and gas property in the REAAs. In comparison, the total full value of existing boroughs is \$48.4 billion--over six times the value of the proposed boroughs. Most existing boroughs have full values of a billion dollars or more. The five proposed boroughs through which the TransAlaska Oil Pipeline passes have taxable values in the billion dollar range, but the taxable values of the other proposed boroughs are much less, ranging from \$20 million (Kuspuk) to \$359 million (Southeast Island). For those boroughs formed by consolidating city districts and REAAs, the area outside of cities generally represents a smaller percentage of the borough value and a higher percentage of borough student population (pages 26-27).

In total, the proposed boroughs would be required to contribute \$18.7 million for education. Under the status quo, the city districts will be required to contribute \$6.4 million. Thus, the additional amount raised locally due to incorporation of the REAAs is \$12.3 million. Required local contributions for the proposed boroughs range from less than \$100,000 to over \$3.7 million. For most boroughs, the revenue from a four mill property tax is considerably less than 35 percent of their basic need. Only four boroughs--all pipeline boroughs--have potential tax revenues greater than 35 percent of their basic need. For these four boroughs, the required local contribution is 35 percent of their basic need (page 30).

In meeting the local contribution requirement, school districts may include the following types of revenue: tax appropriations, investment earnings, the value of in-kind services, State tuition payments, and ten percent of their federal funds received under Public Law 81-874. Because these kinds of revenues are considered "local contributions," the amount that a district must raise through taxation to meet its required contribution is reduced. Local contributions of the districts forming the new boroughs in FY 87 were \$15 million, of which only \$6.3 million was tax revenue derived from city districts (pages 30-34).

For ten of the proposed boroughs, current local contributions exceed the required local contributions, and these boroughs could therefore organize without having to levy any additional taxes to meet the required local contribution. In six of these boroughs--Iditarod, Kuspuk, Lower Kuskokwim, Lower Yukon, Lake and Peninsula, and Alaska Gateway--no property taxes are currently levied. That current contributions exceed required contributions in these boroughs is generally the result of low property values combined with high earnings on investments and high PL 81-874 payments. In the four other boroughs whose current contributions exceed the required local contribution--Bering Strait, Aleutians West, Chugach, and Southeast Island--the boroughs include at least one major city district where property taxes are currently levied and a REAA with relatively low property values (pages 44-45).

In the remaining seven boroughs, required contributions exceed current contributions, and these boroughs would have to institute taxes to meet the required local contribution. The four pipeline boroughs which currently levy no property taxes--Yukon-Koyukuk, Yukon Flats, Delta/Greely, and Copper River--would each have to raise \$1.5 to \$3 million and would therefore have to institute a property tax. Three other boroughs (Railbelt, Southwest Region, Chatham) would have to tax to meet their required local contribution, but because the amounts needed to be raised are less than \$200,000, these boroughs could conceivably raise the money through sales taxation (page 45).

Changes in Foundation Aid to the Proposed Boroughs

In 1987, the legislature enacted a new and relatively uncomplicated method to calculate the amount of Foundation aid that school districts will receive. Under this formula, Foundation aid is equal to the basic need of the district minus required local contributions and minus 90 percent of the federal aid received by the district under Public Law 81-874. Under Public Law 81-874, the federal government pays school districts for the potential loss of tax revenue created by the presence of federal land and personnel within the district (page 25).

Under House Bill 1, the amount of Foundation aid--given FY 88 basic need--to the proposed boroughs would be approximately \$13.5 million less than under the status quo. For most of the proposed boroughs, the reductions in Foundation aid are one to four percent, however, for the pipeline boroughs, the declines are much greater--about 40 percent. For the pipeline boroughs, the relatively large reduction in Foundation aid stems from their higher property values. For the other boroughs, their property tax capacity is low relative to their need and subtracting the amount they could raise under a four mill tax does not substantially alter their Foundation aid (pages 34-36).

School Debt Service Requirements

Five of the city districts that would be integrated into boroughs have outstanding bonded indebtedness totalling \$39.6 million for school construction (see below). Upon incorporation, these debts will become borough debts to which the full faith and credit of the borough is pledged. Although funds for repayments would be derived from the area incurring the debt, the debts will affect the new boroughs because a major portion of their property tax capacity will be committed to debt service, thereby reducing the amount of their tax capacity that can be exploited for operating or other expenses (pages 36-39).

SCHOOL CONSTRUCTION BONDED INDEBTEDNESS OF CITY SCHOOL DISTRICTS

CITY	BOROUGH	OUTSTANDING DEBT	REPAYMENT PERIOD
Nome	Bering Strait	\$6.0 million	9 years
Unalaska	Aleutians West	0.9 million	14 years
Valdez	Chugach	19.8 million	13 years
Wrangell	Southeast Island	8.9 million	18 years
Petersburg	Southeast Island	4.5 million	11 years

Potential Savings From Consolidating School Districts

Nine of the 17 proposed boroughs will be formed through consolidation of existing school districts and REAAs or by combining REAAs. Combining districts should reduce costs through the consolidation of central office administrative functions, including: school boards; superintendents' offices; planning and research; fiscal services; central purchasing; and statistical and data processing services.

The estimated savings from consolidation of districts under House Bill 1 total \$4.6 million. For most of the proposed boroughs, the potential savings represent from one to two percent of their expenditures. However, for the two proposed boroughs in Southeast and for the Yukon-Koyukuk, Aleutians West and Chugach boroughs, the potential savings are greater--representing from four to nine percent of current expenditures. These districts each combine two or more city districts with one or more REAAs (pages 39-43).

CHAPTER FOUR: EFFECTS OF BOROUGH FORMATION ON STATE REVENUES AND EXPENDITURES

Effects on State Revenues

Alaska shares revenue with boroughs by allowing boroughs to tax oil and gas pipeline property within the borough's boundaries and through its shared taxes programs. By creating 17 new boroughs, House Bill 1 will decrease State revenues by increasing the amounts of pipeline taxes and shared taxes going to localities (page 47).

The State taxes oil and gas pipeline property at the rate of 20 mills. Municipalities that contain this property are required to levy and collect a tax on the property at the same rate of taxation that applies to other property taxed within the municipality, and these local taxes are credited against the amount due the State. Thus, for each dollar raised locally from the pipeline, State General Fund revenues are reduced one dollar. If the affected boroughs set their property tax rates at four mills, revenues from taxation of the pipeline by the proposed boroughs will be about \$10 million, thus General Fund revenues will be reduced about \$10 million (page 48).

Taxes or license fees from seven sources are refunded in total or in part to the local government in which the taxed activity occurred. These shared taxes include gaming taxes, the aviation fuel tax, utility cooperative taxes, liquor license fees, and the fisheries business tax. In FY 87, over \$28 million was collected from these sources, of which \$10.3 million (37 percent) was refunded to local governments. Under House Bill 1, an additional \$3.2 million would be refunded (pages 50-53).

Effects on State Expenditures

The State transfers funds to boroughs through several entitlement programs, including the Public School Foundation, Municipal Assistance, and Revenue Sharing programs, which provide entitlements on an annual basis. The Transitional Assistance and Municipal Land Grants programs are nonrecurring entitlements provided at the time of borough formation.

Required local contributions for education by the new boroughs will result in a \$13.5 million decrease in the amount the State would otherwise spend on Foundation aid under the status quo (page 54).

Under the Revenue Sharing program, funds are distributed to municipalities from two accounts: the Tax Resources Equalization Account and the Miscellaneous Municipal Services Account. A municipality's entitlement from the equalization account is based upon how much tax effort it makes relative to the value of its property and upon its population. To receive funds from the miscellaneous account, a municipality must provide certain services.

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Each new borough that levies taxes of some sort will be eligible for Revenue Sharing funds from the equalization account. We do not know how much tax effort each new borough will make, so we cannot make a precise estimate of their entitlements. We do know that formation of 17 new boroughs will increase the total entitlement granted by statute, and the legislature will need to appropriate an increased amount to the account to give each municipality its full entitlement. If the new boroughs each raise enough revenue through taxation to produce a millage rate equivalent of 3.5, a value typical of smaller boroughs, a total of \$1.4 million would be required (pages 54-56).

Under the Municipal Assistance program, the State distributes funds to municipalities based on Corporate Income Tax revenues generated within the municipality. Each municipality's entitlement is equal to a base amount plus a prorated share of any additional amount appropriated. For municipalities formed prior to 1977, the base amount is the amount received under the former Gross Business Receipts Tax program in FY 78. For boroughs formed after 1977, the base amount is equal to the base amount received by the existing borough whose population outside cities most closely approximates the population outside cities of the new borough (page 57).

The formation of the 17 new boroughs will add \$3.8 million to the total base entitlement, raising it from \$10.6 to \$14.4 million. The base entitlements of most of the boroughs would be relatively small amounts, i.e. less than \$35,000. Three of the boroughs (Southeast Island, Copper River, Delta/Greely), however, have populations that most closely correspond to the population of the North Slope Borough, which had FY 78 business tax refunds totalling \$1.2 million. For these boroughs, the base entitlement is \$1.2 million (page 57).

The formation of 17 new boroughs will increase the portion of the Municipal Assistance fund devoted to "base" entitlements, thereby decreasing the portion that is "excess" and divided on a per capita basis. If the total appropriation to Municipal Assistance were to remain the same--\$65 million--and the 17 new boroughs were formed, the excess entitlement would drop from \$99 to \$88 per capita. To keep the excess entitlement at \$99 per capita, an additional \$6.1 million would be required (page 59).

The State provides grants to new boroughs to help defray the costs of transition to borough government. The grants are \$300,000 for the first full or partial fiscal year, \$200,000 for the second year, and \$100,000 for the third year. The total amount that would be needed for organization grants for the 17 new boroughs would \$10.2 million; these monies would be disbursed over a three year period (page 59).

The Department of Community and Regional Affairs (DCRA) is required to assist each new borough in establishing the initial sales tax department and in determining the initial property tax assessment roll, if the new

borough establishes these taxes. We do not know how much would be required for DCRA to fulfill each of these obligations, but a considerable sum could be required, particularly if the new boroughs choose to institute a property tax (page 59).

New boroughs are entitled to a general land grant equal to ten percent of the maximum total acreage of vacant, unappropriated and unreserved State land within their bounds. However, a new borough may not receive more than 20 acres per person. The estimated total land entitlement for the proposed boroughs is 787,231 acres. Estimated costs to transfer these lands are \$1 million, to be expended over several years (page 60).

In summary, the effects of borough formation on oil and gas property tax and shared tax receipts will largely offset the \$13.5 million annual reduction in Foundation aid. An additional \$8 million will be required annually for the Municipal Assistance and Revenue Sharing programs, if the entitlements of existing municipalities are to stay the same, and an estimated \$12 million will be required for initial borough formation expenses (pages 60-63).

CHAPTER FIVE: POTENTIAL REVENUES OF THE PROPOSED BOROUGHS AND THE NECESSITY OF LOCAL TAXES FOR EDUCATION

The need for local taxes for education in the proposed boroughs was analyzed by examining the net change in education revenues that would occur upon organization. To a third class borough, whose only areawide powers are education and taxation, revenues from the shared taxes, Revenue Sharing and Municipal Assistance programs are, in fact, education revenues. These additional entitlements will offset, to varying degrees, the reductions in Foundation aid. In addition, savings from consolidation should also offset the reductions in Foundation aid (page 65).

Local taxes will be required in the new boroughs if current local contributions are less than the required local contribution. In addition, boroughs must tax to maintain education expenditures if the combination of additional entitlements, consolidation savings, and tax revenues necessary to fulfill the required local contribution do not offset the reductions in Foundation aid (page 68).

The additional entitlements offset nearly \$10 million of the \$13.5 million shortfall in Foundation aid to the proposed boroughs, and the savings from consolidation offset another \$4.6 million. The distribution of the entitlement dollars and of consolidation savings among the proposed boroughs is uneven, however, and some boroughs have a net increase in revenues while other boroughs have a net decrease. For the boroughs with a net decrease, local taxes must be levied--in addition to any taxes already levied in cities for education and to any taxes needed to fulfill the local contribution requirement--to maintain education funding at the current level (page 69).

Ten boroughs would need to levy additional taxes for education:

- Six boroughs must tax to meet their required local contribution but do not need to raise additional funds. These boroughs include three pipeline boroughs--Yukon-Koyukuk, Delta/Greely, and Copper River--which must each raise \$1.5 to \$3 million to meet their local contribution, and three other boroughs--Southwest Region, Railbelt and Chatham--which each need to raise less than \$200,000.

- Three boroughs do not need to tax to meet their required local contribution but must tax to cover the portion of the reduction in Foundation aid not offset by additional entitlements and consolidation savings. These boroughs include the Iditarod and Kusuk boroughs, which would need to raise less than \$35,000 to maintain education funding, and the Lower Kuskowim borough which would need to raise \$650,000.

- One borough--the Yukon Flats borough--would need to raise \$1.9 million to fulfill its local contribution requirement and an additional \$11,500 to maintain education funding (pages 69-72).

Seven boroughs would not need to levy taxes--in addition to any currently levied for education by cities within the borough--because their current local contributions exceed their required local contributions and because additional entitlements and consolidation savings offset the reductions in Foundation aid. These boroughs include the Bering Strait, Aleutians West, Chugach and Southeast Island Boroughs, which each include city districts that currently tax for schools, and the Lower Yukon, Lake and Peninsula and Alaska Gateway boroughs, which are formed from REAAs. The boroughs formed from REAAs could organize without levying local taxes and actually increase revenues for schools. For the boroughs which include cities, the current tax appropriations for school operations could be reduced or eliminated (page 72).

An Unexpected Result: Boroughs with More Education Revenue Than Under the Status Quo

When the additional entitlements, tax revenues needed to fulfill the local contribution, and consolidation savings are considered, 13 of the proposed boroughs have more revenues for education than under the status quo:

- For the Bering Strait, Chugach, Alaska Gateway and Railbelt boroughs, the increases are less than \$50,000 and are therefore insignificant.

For the Southwest Region, Yukon-Koyukuk, Lower Yukon, and Lake and Peninsula boroughs, the increases are moderate, ranging from \$200,000 to \$500,000.

For the Aleutians West, Southeast Island, Delta/Greely, Copper River and Chatham boroughs, the increases are on the order of \$1 million and are therefore significant (page 73).

For three of the boroughs that would have increased revenues of over \$1 million, the increase is largely due to receipt of a base Municipal Assistance entitlement of \$1.2 million. The base entitlement of a new borough is the base entitlement of the existing borough that has a similar population residing outside cities. The Southeast Island, Delta/Greely, and Copper River boroughs each have populations outside cities that correspond most closely to population outside cities in the North Slope Borough. Because the North Slope Borough has a base entitlement of \$1.2 million, these new boroughs would have base entitlements of \$1.2 million (pages 73-74).

Consolidation savings and fisheries business tax refunds are also important in increasing education revenues for some boroughs, particularly the Southeast Island, Chatham and Aleutians West boroughs.

The four boroughs that would not have increased education revenues are the Lower Kuskokwim, Iditarod, Kuspuk and Yukon Flats boroughs. Without local taxes, these boroughs would have decreased revenues.

Conclusions

In the long run, all of the proposed boroughs will surely have to levy local taxes to support school operation and construction and other borough duties, and careful study of fiscal capacity should therefore be a prerequisite of borough formation. Nonetheless, this analysis of the finances of the proposed boroughs dispels the commonly held notion that there is a financial disincentive to borough formation. In fact, the converse is true: Under the current laws governing the transfer of State funds to local governments, most areas of the unorganized borough would benefit financially from organization.

This analysis suggests that the legislature should re-evaluate the methods by which State funds are distributed among local governments. The method of determining the base Municipal Assistance entitlement of new boroughs produces inequitable results: Based solely on the number of people residing outside cities, some boroughs would receive a base entitlement of \$7,275; others would receive a base entitlement of \$1.2 million. Such large differences in entitlements help create the situation where some new boroughs could organize without levying additional taxes and other new boroughs could not (pages 74-75).

CHAPTER ONE

THE UNORGANIZED BOROUGH

POLITICAL STATUS

In Alaska, regional local government is provided by the borough. The borough was devised by the framers 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."¹

Boroughs are analogous to counties in that boroughs provide areawide government, but unlike counties, boroughs are the only form of areawide government in Alaska, and they alone were delegated the power to levy taxes on an areawide basis. Thus, in Alaska, the multiplicity of single purpose jurisdictions common in other states is avoided.

Deciding that boroughs could not be expected to form immediately upon statehood, and that some rural areas would not be financially or otherwise ready to organize for some years, the framers of the constitution mandated that the state would be divided into boroughs, organized and unorganized. At statehood, the entire state consisted of a single unorganized borough. The legislature was given the responsibility of providing what services were necessary to this unorganized borough, and the legislature was given the power to exercise any power or function that the assembly of an organized borough may exercise. In providing for services in the unorganized borough, the legislature was to allow maximum local participation and responsibility.

In a sense, "unorganized borough" is a contradiction of terms, because a borough is, by definition, organized. The framers of the Alaska Constitution viewed local government as the highest form of democracy and wished to promote its development within the state. By dividing the entire state

¹Alaska Constitution, Article X, Section 1.

THE UNORGANIZED BOROUGH

into boroughs, organized and unorganized, they expressed their view that eventually all areas of the state would be organized at the local level. The legislature would simply provide services on an areawide basis until the residents of the unorganized borough were ready to assume responsibility over their affairs. As a political subdivision, the unorganized borough may be thought of as a "holding tank" for communities that have not yet joined together to form a local areawide government.

LOCATION

Since the unorganized borough is comprised of those areas not within organized boroughs, the boundaries of the unorganized borough are subject to change. At statehood, the entire state constituted a single unorganized borough. Since statehood, 13 boroughs have been formed, thereby carving large chunks out of the unorganized borough. The unorganized borough today comprises roughly 65 percent of Alaska's land area (Figure 1.1) touching all but the most northern regions of the state and including: western Alaska south of the Seward Peninsula; the Aleutian Islands and all but the southern tip of the Alaska Peninsula; much of both the roaded and unroaded portions of Interior Alaska; Prince William Sound; and, much of Southeast Alaska.

The unorganized borough falls within 12 of the 27 House of Representative Election Districts. Districts 17, 23 and 25 consist entirely of unorganized borough land, and Districts 1, 2, 3, 6, 21, 24, 26, and 27 contain both organized and unorganized borough lands.

The unorganized borough is rural and primarily roadless. Approximately 30 of the unorganized borough's 190 communities are located on Interior highways; otherwise, the communities in the unorganized borough are not connected by roads.

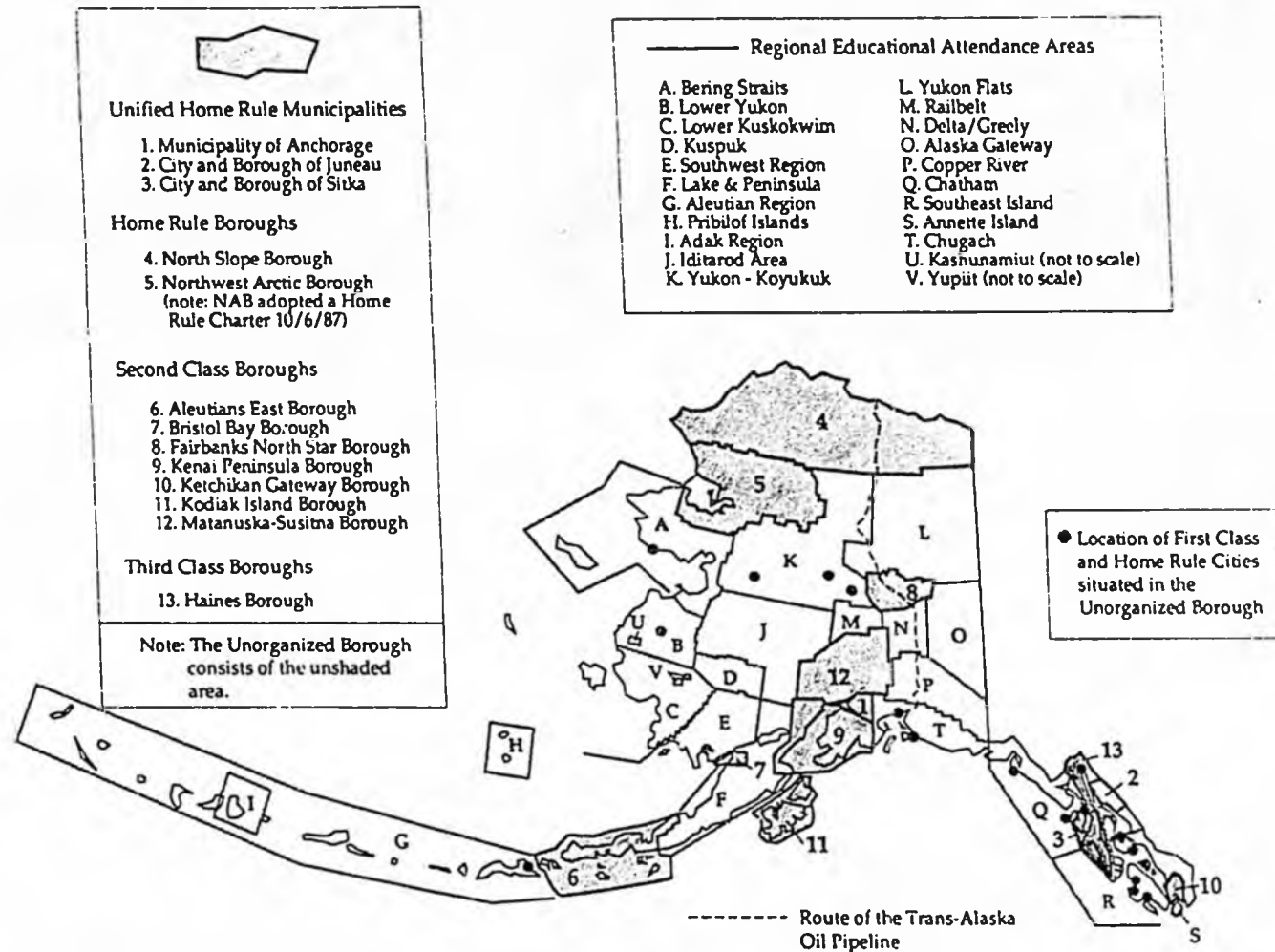
POPULATION

About 80,000 of the state's 539,600 residents, roughly 15 percent, lived in the unorganized borough in 1985. In 1980, the population of today's unorganized borough was 69,949 people.² Thus, over this five year period, the population grew by 11,694 people--an increase of 17 percent. During this same period, the population of the organized areas of the state grew by 126,065 people--an increase of 38 percent. During the 1980s, the population of the unorganized borough has grown at a generally slower rate

²This population figure does not include the Kobuk Census Area which in 1980 was part of the unorganized borough but which is today the Northwest Arctic Borough.

FIGURE 1.1

LOCATION OF THE ALASKA UNORGANIZED BOROUGH IN 1988



Source: Alaska Department of Community & Regional Affairs

THE UNORGANIZED BOROUGH

than the population of the boroughs. The major component of Alaska population growth during this period was in-migration, and as shown in Table 1.1, the impact of these migrants has been felt more heavily in urban than in rural areas.

According to the 1980 U.S. Census, which provides the most recent assessment of the racial composition of Alaska's population, nearly 47 percent of unorganized borough residents are Yu'pik Eskimos, Athabascan, Tlingit, Haida, and Tsimshian Indians, and Aleuts.³ These 32,727 Natives represented 51 percent of Alaska's 64,949 Natives.

While Alaska Natives represent a significant proportion of the unorganized borough population, their distribution is clumped. Alaska Natives comprise over 50 percent of the population in certain regions of the unorganized borough, notably the Bethel, Dillingham, Wade Hampton and Yukon-Koyukuk Census Areas. Alaska Natives comprise from 20 to 40 percent of the population of the census areas in the Aleutian, Bering Straits, and Southeastern regions. In the Southeast Fairbanks and Prince William Sound regions, Alaska Natives comprise about 13 percent of the population.

COMMUNITIES

Unorganized borough residents live in approximately 190 communities which range in size from Tatalina in the Yukon Flats area with 13 people, to Bethel, the largest community, with 4,462 people. These communities are of four types recognized under State law:

- 1) **Home Rule Cities.** These are cities that have adopted a home rule charter specifying the powers and duties of the city. As home rule cities located outside of a borough, these cities are required to establish and maintain schools. They are also required to exercise land use planning and taxation powers. There are four home rule cities in the unorganized borough: Cordova, Valdez, Petersburg and Wrangell.
- 2) **First Class Cities.** These cities do not have charters and may exercise only those powers conferred by State law. They must meet certain standards for incorporation and must have populations of 400 or more persons. As first class cities outside of a borough, these cities must--as home rule cities must--operate a public school system and exercise planning and taxation powers. There are 15 first class cities in the unorganized borough.

³Most of Alaska's Inupiaq Eskimo population resides in the North Slope and Northwest Arctic Boroughs.

TABLE 1.1

AVERAGE ANNUAL RATE OF POPULATION CHANGE BETWEEN 1980 AND 1985 FOR ORGANIZED
BOROUGH AND UNORGANIZED BOROUGH CENSUS AREAS

Organized Borough Census Areas		Unorganized Borough Census Areas	
	Average Annual Rate Of Change		Average Annual Rate of Change
Matanuska-Susitna	12.98%	Prince of Wales-Outer Ketchikan	4.11%
Kenai	7.73	Dillingham	3.37
Anchorage	5.10	Southeast Fairbank.	3.16
Fairbanks	5.04	Wade Hampton	2.75
Juneau	4.92	Nome	2.72
Kodiak	4.59	Bethel	2.35
North Slope	4.43	Yukon-Koyukuk	2.14
Bristol Bay	2.91	Aleutian Islands	2.11
Northwest Arctic	2.81	Wrangell-Petersburg	1.22
Haines	2.44	Valdez-Cordova	0.62
Ketchikan	0.66	Skagway-Yakutat-Angoon	0.44
Sitka	0.04		
AVERAGE	4.47	AVERAGE	2.27

Source: Alaska Department of Labor.

THE UNORGANIZED BOROUGH

- 3) **Second Class Cities.** Second class cities must meet the same standards for incorporation as first class cities except they may have less than 400 residents. (They may also have more than 400 residents.) Second class cities are prohibited from operating a school district. They are not required to exercise planning power, but they may elect to do so. They may levy both property and sales taxes. There are 88 second class cities in the unorganized borough.
- 4) **Unincorporated Communities.** These are recognized communities that have not incorporated under State law and therefore have no local powers or duties. There are over 80 of these communities in the unorganized borough.

First class and home rule cities represent only 10 percent of the communities in the unorganized borough, but over 30 percent of unorganized borough residents live in these cities (Figure 1.2). Second class cities represent about 40 percent of the number of communities, and about 46 percent of the population live in second class cities. Unincorporated communities account for 43 percent of communities, but contain only 20 percent of the residents. Approximately ten percent of unorganized borough residents live outside of any recognized community.

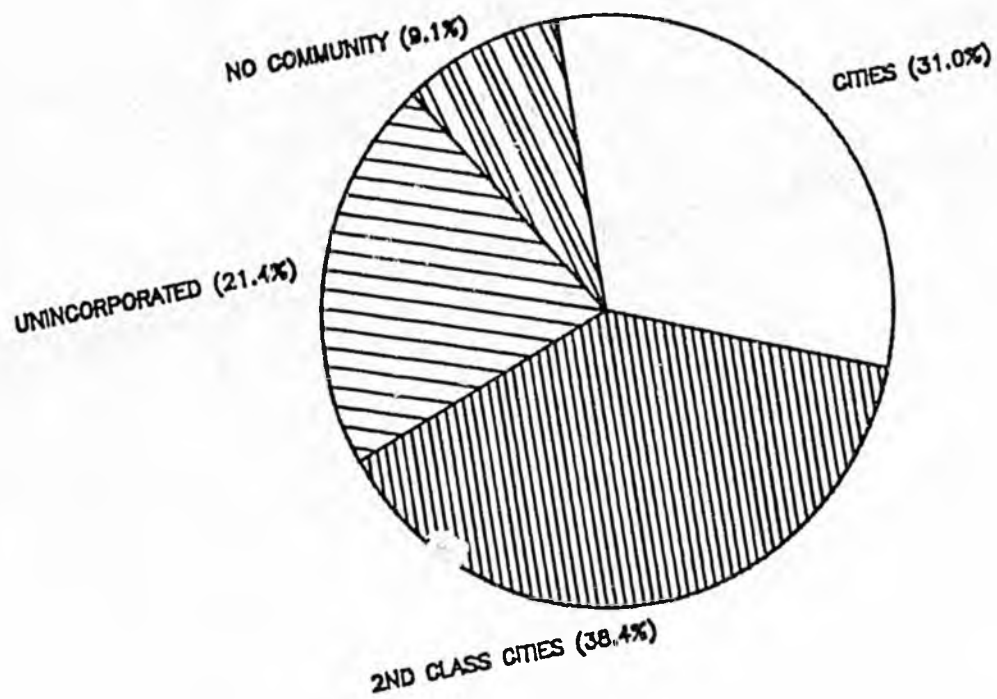
The above discussion categorized communities by how they are recognized under the State municipal code. These communities may also be categorized by how they are recognized under federal law. Some 77 villages in the unorganized borough are recognized under the Indian Reorganization Act. One community in the unorganized borough, Metlakatla, is an Indian village incorporated under federal law. Of the 190 communities in the unorganized borough, 144 are Native villages recognized under the Alaska Native Claims Settlement Act (ANCSA). Two communities, Adak and Fort Greely, are federal military bases.

ECONOMY

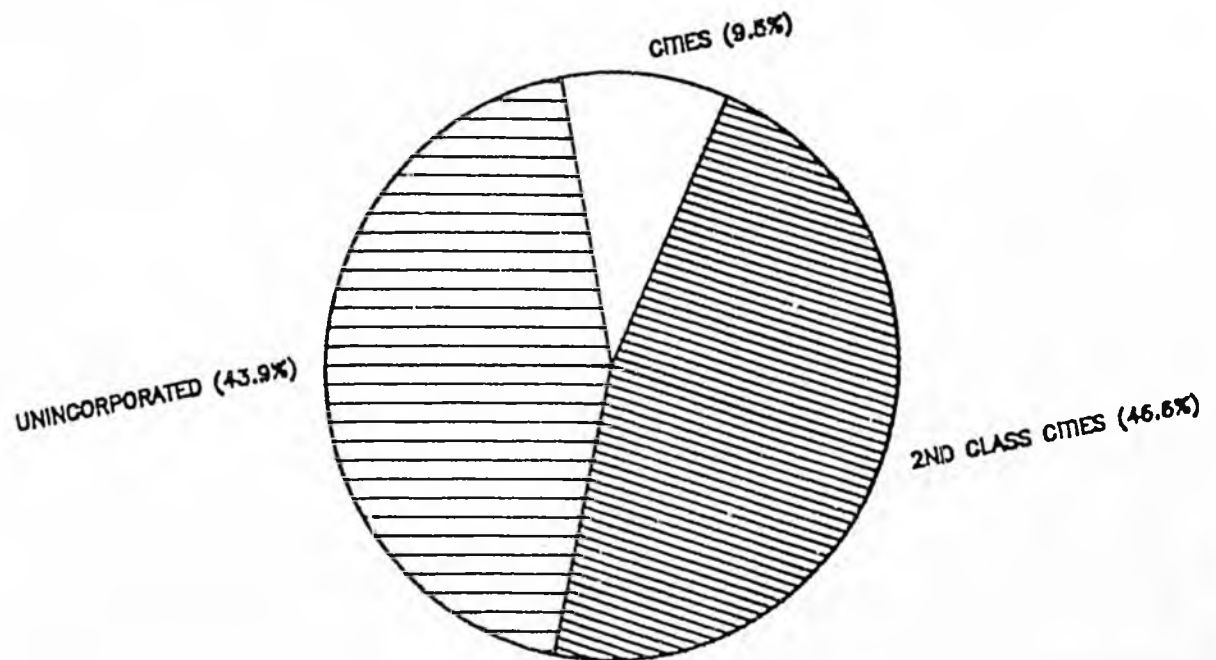
A detailed description of the economy of the unorganized borough is beyond the scope of this introductory chapter, but a general description is provided. The unorganized borough encompasses a large area that crosses regional boundaries and therefore does not, on its own, comprise an easily defined economic unit. In general, however, the communities of the unorganized borough are of two economic types: 1) communities with well-developed, relatively self-sufficient cash economies; and 2) communities with a mixed subsistence/cash economy.

The communities with well-developed cash economies are generally the communities that have organized as first class or home rule cities. The economies of these communities are based on such activities as fish harvesting and processing, tourism, and oil and gas transportation.

FIGURE 1.2
UNORGANIZED BOROUGH RESIDENTS LIVING IN
COMMUNITIES OF VARIOUS TYPES



PERCENT OF UNORGANIZED BOROUGH
COMMUNITIES OF VARIOUS TYPES



THE UNORGANIZED BOROUGH

The communities with mixed subsistence/cash economies are generally those that have organized as second class cities or those which have not organized. Cash in a mixed subsistence/cash economy is used to purchase the equipment and supplies needed to undertake subsistence activities. The cash portion of the economies of these communities is based primarily on government employment and transfer payments. For those coastal communities that support fish harvesting and processing, fishing may also provide a significant source of cash.

Because much of the cash in these communities is derived outside the region, i.e., government payrolls and transfer payments, and because much of the cash generated by fishing leaves the region (and the State), the cash economy of many unorganized borough communities is not particularly robust. The relative fragility of the rural cash economy has been underscored by recent events: when the drastic drop in oil prices significantly reduced State revenues, State funds to rural communities were also significantly reduced, precipitating what has been termed the "rural economic crisis." The relative fragility of the cash economy of many unorganized borough communities is of significance to the question of borough formation because boroughs are dependent, in part, on local revenue.

EDUCATION

Education in the unorganized borough was provided initially by two entities: the State, through the State Operated School System, and the U.S. Bureau of Indian Affairs (BIA), which operated schools for Alaska Natives. During the 1970s, three major changes occurred which created the school system of the unorganized borough today:

- The BIA transferred responsibility for its schools to the State.
- The Alaska Legislature created Rural Educational Attendance Areas to allow for local control of schools located outside of first class and home rule cities in the unorganized borough. The REAAs were delegated the authority to operate the schools in their region. The REAAs were similar to city and borough districts in their functions, but because REAAs did not have the authority to tax, the State continued to provide funds for operation and construction of REAA schools.
- The State constructed or renovated high schools in 126 communities in the unorganized borough, primarily within the REAAs, as the result of the Molly Hootch lawsuit. These Molly Hootch schools represent over 70 percent of the schools within today's REAAs.

THE UNORGANIZED BOROUGH

Education in the unorganized borough today is provided by 19 city school districts and 22 REAAs. Together, these districts operate 208 schools and provide education to over 18,000 students. There were a total of 550 public schools and 102,212 students in public schools in Alaska in FY 87, thus school districts in the unorganized borough are responsible for the operation of 38 percent of the state's schools yet they educate only 18 percent of its students. The relatively large number of schools required to educate unorganized borough students is related to the rural nature of the unorganized borough, i.e., it has many small communities rather than one or two large communities, and to the settlement of the Molly Hootch case, which required that schools be provided in all communities where there are at least eight elementary school students.

Thus, unorganized borough school districts do not enjoy the same economies of scale that organized borough districts do, and the costs of operating the unorganized borough districts are consequently relatively high. The higher costs of these unorganized borough schools are recognized by the State in the formula it uses to calculate the amount of Foundation aid each district receives, and the REAAs receive a higher percentage of the total appropriated to the Public School Foundation Program than would be expected based on the number of students in the unorganized borough. In FY 87, the State expended a total of \$413.4 million in Foundation funding of which \$132.9 million, 32 percent, went to school districts in the unorganized borough.

CHAPTER TWO

HOUSE BILL 1

This chapter is devoted to a discussion of House Bill 1.⁴ First, House Bill 1 is explained. Because HB 1 would create up to 21 new third class boroughs, and because the third class borough is a rare creature-- there is only one in the state--and thus relatively little known, a brief history and explanation of the third class borough is provided. To put HB 1 into perspective, previous similar legislation is recalled. Analysis of education costs and potential revenues of the individual boroughs that would be created under HB 1 required some assumptions about how Rural Educational Attendance Areas and city districts would be combined; consolidation of REAAs and city districts into the 17 proposed boroughs whose education costs and potential revenues are evaluated in the following chapters is described.

HOUSE BILL 1

House Bill 1, introduced by Representatives Ron Larson and Curt Menard, mandates the formation of third class boroughs from the Rural Educational Attendance Areas, effective July 1, 1989. The current version of the bill, Sponsor Substitute for House Bill 1 (SSHB 1), is divided into five sections, described below.

Section 1 mandates the creation of boroughs from the REAAs on July 1, 1989 and specifies how the boroughs will be created. The REAA boundaries in effect on July 1, 1982 will form the basis for the new borough boundaries. City school districts located within the boundaries of boroughs formed under this bill will become part of the new borough school district.

The Lieutenant Governor is required to hold elections to select the initial assemblies of these boroughs no later than June 1, 1989. The initial assembly of each borough will have seven members elected at large and will provide for the form of representation, composition and apportionment of the assembly.

⁴The version of HB 1 analyzed in this report is the Sponsor Substitute dated March 13, 1987. A copy of the bill is found in Appendix A. Just as this report was being completed, a second Sponsor Substitute was introduced which requires that the Local Boundry Commission determine how the unorganized borough should be divided into new boroughs or annexed to existing boroughs. The new version also requires the foundation of home rule boroughs. The second Sponsor Substitute is found in Appendix B.

Section 2 addresses transition. The Department of Education (DOE) is charged with assisting the transition from REAA to borough status. On the effective date, July 1, 1989:

- all property of the REAAs and city districts becomes the property of the boroughs;
- each borough succeeds to all contracts, obligations and other proceedings, pending or in effect, of the REAAs and city districts forming the borough; and
- all faculty and staff of the REAAs and city districts are transferred to the boroughs.

The terms of all REAA and city district school board members end on the date that the election of the initial borough assembly is held.

Section 3 directs the Division of Legal Services of the Legislative Affairs Agency to prepare a bill entitled "An Act relating to the unorganized borough, school districts, and third class boroughs." This act would make the changes necessary to implement Sections 1 and 2 of HB 1.⁵

Sections 4 and 5 specify effective dates for the other sections. Section 5 specifies that Section 3, which directed the preparation of an implementing act, would occur immediately. Section 4 specifies that Sections 1 and 2 become effective on the effective date of the act prepared under Section 3.

THE THIRD CLASS BOROUGH

The third class borough exercises only two areawide powers--education and taxation. In contrast, the other classes of boroughs must exercise three areawide powers--education, taxation, and planning. While it is tempting to classify the third class borough as simply a school district with taxing power, that classification is incorrect: A third class borough may exercise planning and other powers within a service area.

The third class borough is a general law municipality which has legislative powers conferred by law, not by charter. In a third class borough, the assembly is the school board. The mayor of the borough serves as both the president of the school board and presiding officer of the assembly. As in other types of municipalities, the members of a third class borough school board are elected at large, unless another method of election has been approved by the voters.

⁵At minimum, AS 29.05.031(b), which prohibits the formation of third class boroughs, would have to be repealed.

Of Alaska's 13 boroughs, only one--the Haines Borough--is a third class borough.⁶ The third class borough was, in fact, created in Alaska law by the legislature at the specific request of the people in the Haines area. Since long before statehood, the people of the Haines area had operated an independent school district, and it was their wish to continue operating this district despite the constitutional provision that the only local governmental units that could tax were cities and boroughs. Since the Haines Independent School District encompassed areas outside the city limits, the City of Haines could not assume the responsibilities of the independent school district. Although the people of the Haines area continued to operate their school district, their actions were technically illegal.

An early version of the Mandatory Borough Act of 1961 included Haines as one of the several areas mandated to become boroughs by January 1, 1964 (see discussion below). These boroughs would exercise three areawide powers--education, taxation, and planning. The Haines people were adamant that they did not want to become this type of borough--they just wanted to operate their schools--and they were successful in lobbying for the removal of Haines from the act.

The continued operation of their independent school district was still in violation of the law, and recognizing that the removal of Haines from the Mandatory Borough Act had only bought them some time, they began the process of forming a borough. The only forms of boroughs available to them required that the borough exercise the planning function on an areawide basis, and the voters continued to reject borough formation. Finally, the people of Haines went to the legislature and asked that a new form of borough be created--one which had only two mandatory areawide powers--the powers of education and taxation. They were successful in their efforts, and in 1969, the Haines third class borough was incorporated.

Today, the Haines Borough continues to operate its schools and to tax on an areawide basis. The Haines Borough also maintains a library and a museum; the operation of these institutions is considered to be a legitimate use of the education power. Several fire district service areas have been formed,

⁶Current Haines Borough Mayor R.E. Henderson, who has been an active participant in Haines area local government since before statehood, kindly related the story of how the Haines Borough was formed. Further information can be found in "A Short History of Haines Local Government," a ten-page report prepared by Karl Ward for the Haines Centennial Commission in 1980 and available from the Haines Borough.

and one group of citizens is currently investigating the possibility of forming a planning and zoning district. The Haines Borough sold most of the lands it received from its land entitlement and placed the receipts in a Permanent Fund.⁷ The earnings from this fund will eventually be used to decrease property taxes. As a borough, the Haines Borough receives Municipal Assistance, Revenue Sharing and Shared Taxes. These funds are expended on education.

In 1985, the legislature prohibited the formation of additional third class boroughs.⁸ Undoubtedly, the creation of the third class borough in Alaska law provided for the Haines situation during a time of transition. However, because a third class city borough can exercise discretionary power only on a service area basis, the third class borough does not appear to fully serve the purposes of the local government article of the constitution, and the prohibition of additional third class boroughs was intended to ensure that boroughs provide integrated areawide government.

PREVIOUS SIMILAR LEGISLATION AND LEGISLATIVE STUDY

House Bill 1 is directly analogous to the Mandatory Borough Act enacted in 1963.⁹ The Borough Act of 1961 had allowed for formation of boroughs under local option. After two years, only a single borough--the tiny Bristol Bay Borough--had formed, and it was obvious that local initiative was not working. The need for local areawide governments was increasing, however. There was an increasing demand for local services, particularly in the areas outside of cities, an increasing demand for local control of essentially local functions, a need to equalize tax burdens, and a need to integrate the special service districts--like the Haines Independent School District--into constitutional forms of local government. These needs provided the impetus for passage of the Mandatory Borough Act.

⁷Under AS 29.65, boroughs are entitled to ten percent of the vacant, unappropriated and unreserved State land within their boundaries. The Haines Borough received a land entitlement of 2,800 acres.

⁸Alaska Statute 29.05.031.

⁹This discussion of the Mandatory Borough Act relies primarily upon "The Borough: History, Powers, and Organization," pp. 1 - 80 in The Metropolitan Experiment in Alaska by Ronald C. Cease and Jerome R. Saroff, Frederick A. Praeger, Publishers, 1968, 449 pp.

The Mandatory Borough Act required that the eight most populous regions of the state incorporate as boroughs. Any of the designated regions not incorporated by local option by January 1, 1964 would become boroughs by default on that date. To provide an incentive for incorporation, the legislation provided for grants of both land and money to the new boroughs. By January 1, 1964, four boroughs--the Ketchikan, Sitka, Kodiak and Juneau boroughs--were formed by local option. Incorporation elections failed in the Anchorage, Matanuska-Susitna, Kenai and Fairbanks areas, and these areas became boroughs by default.

Since the creation of eight boroughs under the force of the Mandatory Borough Act, only four boroughs have been created by local option. The first of these was the Haines Borough in 1969. In 1972, the North Slope Borough was incorporated to take financial advantage of the presence of a world class oil field within its bounds. No boroughs were formed for 14 years. Then, in 1986, the Northwest Arctic Borough was formed due to the impending construction of a world class mine within its bounds. Most recently, the Aleutians East Borough was formed, incorporating in October 1987.

The generally slow development of boroughs and the concomitant equity problems have been of continuing concern to the legislature. Between 1969 and 1979, the legislature considered at least eight bills addressing the organization and financing of regional governments in the unorganized borough.¹⁰ During the period 1979 - 1981, the House and Senate Community and Regional Affairs Committees and the Department of Community and Regional Affairs (DCRA) conducted an extensive study of the "local government" problem, including holding hearings in many villages and contracting with outside experts for reports on various aspects of the problem.¹¹ Although two regions--the Yukon Flats and the Yukon-Kuskokwim Delta (Association of Village Council Presidents area)--conducted borough formation studies during this period, neither ever held an incorporation election.

Between 1981 and the present, there appears to have been little interest at the State level in addressing the continuing slow development of boroughs by local initiative. With the introduction of HB 1 in 1987, the stage is

¹⁰See Section V (Legislative proposals related to organization and financial equalization in the unorganized borough) in "A Final Report Prepared by the Joint Senate and House Community and Regional Affairs Committee Local Government Study," January 1980.

¹¹The findings of the DCRA study were published in a report entitled "Problems and Possibilities for Service Delivery and Government in the Alaska Unorganized Borough," 1981.

HOUSE BILL 1

set for a replay of many of the same issues and concerns that occupied the 1963 Legislature when it passed the Mandatory Borough Act.

CONFIGURATION OF SCHOOL DISTRICTS UNDER HOUSE BILL 1

Currently, Alaska is divided into 54 school districts: 13 borough districts, 19 city school districts and 22 REAAs. House Bill 1 would affect all 22 REAAs and all 19 city school districts. Each REAA would become a borough or be part of a borough, and each city district would be subsumed by a borough.

Analysis of education costs and potential revenues of the boroughs created by HB 1 required some assumptions about how many boroughs would be formed and which communities would be included in each borough. As prescribed by HB 1, the boundaries of the REAAs in 1982 formed the basis of new borough boundaries. The Kashanait and Yupiit REAAs were formed after 1982, thus these REAAs were merged with their surrounding REAAs. All city districts were placed within their surrounding REAAs. Current standards for incorporation of a borough require that there be at least two separate communities and that there be at least 1,000 residents.¹² To be consistent with these standards, the Adak, Pribilof and Annette Island REAAs, which alone did not meet these standards, were incorporated into adjoining REAAs.

The result is 17 new boroughs formed from 22 REAAs and 19 city school districts.¹³ Table 2.1 shows how REAAs and city districts were combined to form these boroughs. These are the "proposed boroughs" whose education costs and potential revenues are analyzed in the remainder of this report. Further information about these boroughs, including a listing of all

¹²See 19 AAC 10.160 for standards for incorporation of organized boroughs.

¹³While the combination of districts could be different than presented here, two important effects of HB 1 on the configuration of school districts in the state should be noted. First, the total number of school districts would be significantly reduced. Using the assumptions made above, the number of districts is almost halved. Second, all school districts would be organized at the borough level.

TABLE 2.1

CONFIGURATION OF RURAL EDUCATIONAL ATTENDANCE AREAS (REAA's) AND CITY SCHOOL DISTRICTS
 INTO THIRD CLASS BOROUGH'S UNDER HOUSE BILL 1 AS USED IN THIS REPORT

.....

Boroughs formed from single REAA's

.....

Alaska Gateway
 Copper River
 Delta/Greely
 Iditarod
 Kuspuuk
 Lake and Peninsula
 Railbelt
 Yukon Flats

Boroughs formed by combining REAA's with city districts or with other REAA's

.....

This REAA:

.....

Aleutian Region
 Bering Strait
 Chatham
 Chugach
 Lower Kuskokwim
 Lower Yukon
 Southeast Island
 Southwest Region
 Yukon-Koyukuk

Will absorb these city districts:

.....

Unalaska
 Nome
 Yakutat, Pelican, Hoonah, Skagway
 Cordova, Valdez

 St. Mary's
 Kake, Petersburg, Wrangell, Klawock, Craig, Hydaburg
 Dillingham
 Tanana, Galena, Nenana

and these REAA's:

.....

Adak, Pribilof

 Yupiit
 Kashunamit
 Annette Island

.....

NOTES:

1. House Bill 1 provides that the REAA's in existence in 1982 will form the basis of the new third class boroughs. Therefore, the two REAA's that were formed after 1982 were included in their surrounding REAA's. The Yupiit REAA was included in the Lower Kuskokwim borough, and the Kashunamit REAA was included in the Lower Yukon REAA.
2. Current borough incorporation standards require boroughs to have two communities and at least 1,000 residents. Therefore, the Adak, Annette Island and Pribilof REAA's were included in adjoining REAA's.

HOUSE BILL 1

communities within their boundaries, is presented in Table 2.2. The boroughs are listed in Table 2.2 in five geographic groups:

- 1) Western,
- 2) Southwestern,
- 3) Interior-Pipeline,
- 4) Interior-Highways (No Pipeline), and
- 5) Southeastern.

To facilitate the presentation of data about the proposed boroughs, the sequence and grouping of boroughs used in Table 2.2 is used throughout the report.

TABLE 2.2
COMMUNITIES LOCATED WITHIN EACH OF THE 17 THIRD CLASS BOROUGHs PROPOSED TO BE CREATED UNDER HOUSE BILL 1

WESTERN ALASKA BOROUGHs

BERING STRAIT			LOWER YUKON			LOWER KUSKOKWIM			IDITAROD			KUSPUK		
Type	Name	Population	Type	Name	Population	Type	Name	Population	Type	Name	Population	Type	Name	Population
FCC	Nome	3,191	FCC	St. Mary's	458	SCC	Akiachak	459	SCC	Anvik	83	SCC	Aniak	481
SCC	Brevig Mission	164	SCC	Chevak	532		Akiak	289		Grayling	225		Chuathbaluk	124
	Diomede	158		Emmonak	613		Atmoutluak	234		Holy Cross	238		Lower Kalskag	291
	Elim	237		Fortuna Ledge	281		Bethel	4,006		McGrath	509		Upper Kalskag	154
	Gambell	494		Hooper Bay	686		Chefornak	277		Nikolai	122			
	Golovin	131		Kotlik	409		Eek	257		Shageluk	144	UNIN	Crooked Creek	126
	Koyuk	202		Mountain Village	682		Goodnews Bay	241					Red Devil	42
	Saint Michael	287		Pilot Station	425		Kasigluk	405	UNIN	Lime Village	48		Sleetmute	130
	Savoonga	487		Russian Mission	231		Kwethluk	546		Takotna	54		Stoney River	92
	Shaktolik	163		Scammon Bay	304		Mekoryuk	152		Telida	38			
	Shismaref	410		Sheldon Point	124		Napakiaik	299					Balance	64
	Stebbins	372					Napaskiak	303		Balance	102			
	Teller	247	UNIN	Pitkas Point	106		Newtok	207						
	Unalakleet	759					Nightmute	153						
	Wales	143		Balance	184		Nunapitchuk	356						
	White Mountain	164					Platinum	65						
UNIN	Perkinsville	45					Quinhagak	453						
	Balance	122					Tooksook Bay	362						
							Tuluksak	321						
							Tununak	318						
						UNIN	Kipnuk	408						
							Kongiginak	291						
							Kwigillinock	244						
							Oscarville	63						
							Tuntutuliak	293						
							Balance	338						
TOTAL POPULATION		7,776			5,035			1,340			1,563			1,494

TABLE 2.2 (Continued)
COMMUNITIES LOCATED WITHIN EACH OF THE 17 THIRD CLASS BOROUGHs PROPOSED TO BE CREATED UNDER HOUSE BILL 1

SOUTHWESTERN ALASKA BOROUGHs								
SOUTHWEST REGION			LAKE AND PENINSULA			ALEUTIANS WEST		
Type	Name	Population	Type	Name	Population	Type	Name	Population
FCC	Dillingham	2,141	SCC	Chignik	129	FCC	Unalaska	1,331
				Newhalem	165			
SCC	Alakanuk	556		Nondalton	234	SCC	Akutan	80
	Aleknagik	180		Port Heiden	108		Saint George	191
	Clarke's Point	79					Saint Paul	466
	Ekwak	107	UNIN	Chignik Lagoon	40			
	Manolotak	309		Chignik Lake	164	UNIN	Adak	4,665
	New Stuyahok	339		Egegik	112		Atka	93
	Togiak	556		Igiugig	38		Nikolsi	46
				Iliamna	126			
UNIN	Koliganek	161		Ivanof Bay	49		Balance	25
	Levelock	109		Kokhanok	68			
	Portage Creek	35		Pedro Bay	70			
	Twin Hills	44		Perryville	137			
				Pilot Point	79			
	Balance	87						
				Balance	41			
TOTAL POPULATION		4,703			1,560			6,897

TABLE 2.2 (Continued)

COMMUNITIES LOCATED WITHIN EACH OF THE 17 THIRD CLASS BOROUGHs PROPOSED TO BE CREATED UNDER HOUSE BILL 1

INTERIOR ALASKA-PIPELINE BOROUGHs

YUKON-KOYUKUK			YUKON FLATS			DELTA/GREELY			COPPER RIVER			CHUGACH		
Type	Name	Population	Type	Name	Population	Type	Name	Population	Type	Name	Population	Type	Name	Population
FCC	Galena	947	SCC	Fort Yukon	678	SCC	Delta Junction	1,299	UNIN	Chistochina	64	HRC	Cordova	1,901
	Nenana	544								Chitina	40		Valdez	3,271
	Tanana	425	UNIN	Arctic Village	132	UNIN	Big Delta	388		Copper Center	229	SCC	Whittier	344
SCC	Allakaket	188		Beaver	80		Fort Greely	1,672		Gakona	82			
	Bettles/Evansville	86		Birch Creek	29		Healy Lake	37		Glennallen	499	UNIN	Eyak	44
	Hughes	92		Central	42		Balance	1,353		Gulkana	98		Tatitlek	112
	Huslia	272		Chalkyitsik	94					Kenny Lake	37		Balance	409
	Kaltag	278		Circle	94					Lower Tonsina	38			
	Koyukuk	143		Rampart	59					Paxson	33			
	Nulato	368		Steven's Village	97					Slana	57			
	Ruby	241		Tatalina	13					Tazlina	38			
				Venetie	237					Tonsina	130			
UNIN	Campion Station	12		Balance	41				Balance	1,569				
	Indian Mountain	13												
	Manley Hot Springs	88												
	Minto	209												
	Balance	813												
TOTAL POPULATION		4,719			1,596			4,749			2,914			6,081

TABLE 2.2 (Continued)

COMMUNITIES LOCATED WITHIN EACH OF THE 17 THIRD CLASS BOROUGHs PROPOSED TO BE CREATED UNDER HOUSE BILL 1

INTERIOR ALASKA--HIGHWAYS (NO PIPELINE) BOROUGHs						SOUTHEASTERN ALASKA BOROUGHs					
RAILBELT			ALASKA GATEWAY			CHATHAM			SOUTHEAST ISLAND		
Type	Name	Population	Type	Name	Population	Type	Name	Population	Type	Name	Population
SCC	Anderson	566	SCC	Eagle	185	FCC	Hoonah	917	FCC	Craig	924
UNIN	Cantwell	91	UNIN	Chicken	48		Pelican	234		Hydaburg	463
	Healy	414		Dot Lake	77		Skagway	610		Kake	634
	McKinley Park	65		Mentasta	66		Yakutat	456		Klawock	613
	Usibelli	6		Northway	146	SCC	Angoon	588	HRC	Petersburg	3,145
	Balance	203		Tanacross	149		Tenakee Springs	142		Wrangell	2,387
				Tetlin	89	UNIN	Elfin Cove	47	SCC	Kasaan	83
				Tok	692		Gustavus	217		Kupreanof	41
				Balance	580		Balance	317		Port Alexander	131
										Thorne Bay	412
									UNIN	Annette	158
										Cape Pole	50
										Coffman Cove	272
										Hyder	73
										Metlakatla	1,270
										Meyers Chuck	53
										North Wale Pass	83
										Point Baker	108
										Balance	970
TOTAL POPULATION		1,345			2,032			3,528			11,870

NOTES:

1. Population figures are for 1986 from the Alaska Department of Labor.

FCC=First Class City

HRC=Home Rule City

SCC=Second Class City

UNIN=Unincorporated Community

Balance=Population residing outside any community

CHAPTER THREE

LOCAL EDUCATION COSTS UNDER ORGANIZED STATUS

Borough and city governments have historically paid a portion of school operation and construction costs. Upon organization as a borough, the residents of the Rural Educational Attendance Areas will be required to contribute a portion of the costs of operating their public schools. In addition, they will have to pay at least some of the costs for school construction.

In this chapter, the local share of the costs of public education of the 17 proposed boroughs is discussed. First, the local contribution required under the Public School Foundation Program for each of the proposed boroughs is estimated, and changes in the amount of Foundation aid received by each borough are computed. Required local contributions are then compared to current local contributions to get an indication of how much additional revenue each borough would have to raise, presumably through taxation. Several city districts have bonded debt for school construction, and the impact of these debts on the affected boroughs is discussed. Finally, because nine of the 17 proposed boroughs will be formed through consolidation of districts, the potential magnitude of reduced administrative costs is estimated.

In summary:

- The total full value of the proposed boroughs is \$7.4 billion. Fifty-one percent of this value is derived from the TransAlaska Oil Pipeline, 36 percent from cities, and 13 percent from non-oil and gas property in REAAs.
- Required local contributions of the proposed boroughs would total \$18.7 million, of which \$12.3 million would be derived from the REAAs.
- The amount of Foundation aid received by the proposed boroughs would be \$13.5 million less than would be received by the districts forming the boroughs under the status quo. For most of the proposed boroughs, the reductions are on the order of one to four percent, but for the pipeline boroughs, the reductions are much greater--on the order of 40 percent.

LOCAL EDUCATION COSTS UNDER ORGANIZED STATUS

- Ten of the 17 proposed boroughs have current contributions in excess of required contributions and could therefore organize without having to levy any additional taxes to meet the required local contribution.
- Seven boroughs would have to institute taxes to meet the required local contribution. The four pipeline boroughs which currently levy no property taxes would each have to raise on the order of \$1.5 to \$3 million and would therefore have to institute a property tax. Three other boroughs would have to tax to meet their required local contribution, but because the amounts needed to be raised are less than \$200,000, these boroughs could conceivably raise the money through sales taxation.
- Five of the city school districts that would be integrated into boroughs have outstanding bonded indebtedness totalling \$39.6 million for school construction. Upon incorporation, these debts will become borough debts to which the full faith and credit of the borough is pledged. Although funds for repayment would be derived from the city incurring the debt, the debts will affect the new boroughs because a major proportion of their property tax capacity will be committed to debt service, thereby reducing the amount of their tax capacity they can exploit for operating or other expenses.
- Savings from consolidation of districts are estimated to be roughly \$200,000 for each district subsumed. For the two boroughs in Southeast Alaska, which each consolidate several districts, the savings are potentially significant, representing from seven to nine percent of current expenditures.

REQUIRED LOCAL CONTRIBUTIONS UNDER THE PUBLIC SCHOOL FOUNDATION PROGRAM

The State of Alaska funds a major portion of the operating costs of public schools within the state through a Foundation program. Under the Foundation method of school funding, the State guarantees a certain level of support to all school districts.¹⁴

¹⁴See "Public School Financing in Alaska," by Jay Livey and Gretchen Keiser, House Research Agency Report 87-A, February 1987, for a history of the Public School Foundation Program.

LOCAL EDUCATION COSTS UNDER ORGANIZED STATUS

A local contribution was required under Alaska's first Foundation law enacted in 1962, and local governments were then contributing about 33 percent of their school district's revenues. The local share of school operating revenues has steadily dropped--while the State share has steadily increased--during the last 25 years, and with the massive influx of revenues from Prudhoe Bay, the "required local contribution" was eliminated. Amendments to the Foundation law in 1987, however, reinstated the requirement for local contributions. Thus, boroughs must pay a portion of school operating costs or lose their Foundation funding.

In this section, the local contribution that each proposed borough would be required to make is estimated and compared to the amount that the REAAs and cities forming each borough currently make.

Current Foundation Program Formula

In 1987, the legislature enacted a new and relatively uncomplicated method to calculate the amount of Foundation aid that school districts will receive. This method will be gradually implemented during the next three fiscal years. For simplicity, I have used the formula that will be in effect after this transition period. Under this formula:

Foundation aid is equal to the basic need of the district minus required local contributions and minus 90 percent of the federal aid received by the district under Public Law 81-874.

The basic need of each district is determined by multiplying the area cost differential by the number of instructional units by the value of an instructional unit. Area cost differentials are numbers that account for differences in costs of education due to location. The differentials range from 1.0, the cost differential for Anchorage, to 1.46, the cost differential for the Yukon Flats REAA. An instructional unit represents the level of activity required to provide instruction to a group of students. Separate schedules for computing the number of instructional units are kept for four different types of instruction--regular, vocational, special, and bilingual-bicultural education--which reflect the differing levels of effort required to provide that type of education to a group of students. Different schedules also apply depending upon the size of the "funding community."¹⁵ The instructional unit value is set by the legislature. In 1987, the legislature set the value of an instructional unit at \$60,000.

¹⁵Each district may be divided into a number of "funding communities" which reflect different geographic and attendance factors.

LOCAL EDUCATION COSTS UNDER ORGANIZED STATUS

Under Public Law 81-874, the federal government pays school districts for the potential loss of tax revenue created by the presence of federal land and personnel within the district.

Required local contributions are set forth in AS 14.17.025. Local contributions of a city or borough school district must include at least:

- the equivalent of a four mill tax levy on the full and true value of the taxable real and personal property in the district; or
- 35 percent of the district's basic need.

In meeting the local contribution requirement, school districts may include the following types of revenue: tax appropriations, investment earnings, the value of in-kind services, State tuition payments, and ten percent of their PL 81-874 funds.

The full and true value of taxable real and personal property is determined by the Department of Community and Regional Affairs in consultation with the assessor for each district. The Alaska Municipal Code (Title 29) gives municipalities wide latitude in determining both the rate at which property will be taxed and what forms of property will be taxed. The full value determination made by the Department of Community and Regional Affairs is based on the value of all real and personal property that could be taxed under State law, without regard to what property is actually taxed by the municipality. Full and true value is the estimated price that the property would bring in an open market and under the then prevailing market conditions in a sale between a willing buyer and a willing seller both conversant with the property and with prevailing general price levels.

Full Property Values in the Proposed Boroughs

Since most city districts already make local contributions to education through property taxation, full property values for these are known and reported annually in Alaska Taxable, a publication of the Department of Community and Regional Affairs. The property values of communities in the REAAs are not known. At the request of the legislature, the Department of Community and Regional Affairs prepared estimates of the property value of the REAAs last April. These estimates were based on the number of taxable parcels and an average full value per parcel. The value of irregularly distributed taxable improvements, such as cold storage facilities and canneries, and of State-assessed properties, primarily the TransAlaska Oil Pipeline, were then added to the appropriate REAAs to reach a total full taxable value for each REAA.

LOCAL EDUCATION COSTS UNDER ORGANIZED STATUS

Table 3.1 presents the full taxable property values of the proposed boroughs based on the values of city districts as reported in Alaska Taxable and on the estimates for the REAAs prepared by DCRA. The total full value of these proposed boroughs is \$7.4 billion. The TransAlaska Oil Pipeline within the unorganized borough currently has a full value of \$3.8 billion and thereby accounts for 51 percent of the full taxable value of the proposed boroughs. First class and home rule cities are valued at \$2.7 billion, accounting for 36 percent of the total value. Only 13 percent of the value of the proposed boroughs is derived from non-petroleum property within the REAAs.

Table 3.1 also compares the property values of the proposed boroughs to the values of the existing boroughs. In total, property in existing boroughs is valued at \$48.4 billion--over six times the value in the proposed boroughs. Most existing boroughs have taxable values of a billion dollars or more. The five proposed boroughs through which the TransAlaska Oil Pipeline passes have taxable values in the billion dollar range, but the taxable values of the other proposed boroughs are much less, ranging from \$20 million (Kuspuk) to \$359 million (Southeast Island).

On a per student basis, the pipeline boroughs--which have high values and low population--have taxable values that exceed the values for all existing boroughs except the North Slope Borough. The other proposed boroughs have per student values less than those generally found in existing boroughs.

Table 3.2 compares the percentages of total value and student population contributed by the city portion and the REAA portion of each borough formed through consolidation of city districts and REAAs. (Table C.1 in Appendix C provides a detailed look at the taxable values of the boroughs formed through consolidation.) In general, the area outside of cities represents a smaller percentage of the borough value and a higher percentage of borough student population. The two exceptions are the Lower Yukon borough, where the percentages of borough value and of borough students are approximately equal, and the Yukon-Koyukuk borough, where the area outside of cities contributes 95 percent of the borough value--due to the presence of the pipeline--while the students in the area outside of the cities represent only 65 percent of borough students.

TABLE 3.1
FULL TAXABLE PROPERTY VALUES OF PROPOSED BOROUGHs COMPARED TO VALUES OF EXISTING BOROUGHs

PROPOSED BOROUGHs				EXISTING BOROUGHs			
BOROUGH	FULL TAXABLE VALUE	STUDENT POPULATION	FULL VALUE PER STUDENT	BOROUGH	FULL TAXABLE VALUE	STUDENT POPULATION	FULL VALUE PER STUDENT
WESTERN/NORTHWEST							
Bering Strait	\$240,477,297	2,006	\$119,879	North Slope	\$13,570,786,300	1,152	\$11,785,312
Lower Yukon	89,378,063	1,587	56,319	Northwest Arctic	235,045,200	1,547	151,897
Lower Kuskowkim	321,017,461	2,859	112,283				
Iditarod	23,481,360	384	61,149				
Kuspuk	19,839,960	350	56,686				
SOUTHWEST							
Southwest Region	157,571,260	933	168,887	Aleutians East	102,890,443	317	324,576
Lake and Peninsula	30,546,520	354	86,290	Bristol Bay	101,541,000	219	464,081
Aleutians West	117,748,037	951	123,815	Kodiak	552,447,400	2,253	245,216
INTERIOR PIPELINE							
Yukon-Koyukuk	934,498,200	984	949,693	Fairbanks	4,726,913,900	12,895	366,570
Yukon Flats	1,035,432,040	372	2,783,419				
Delta/Greely	813,113,635	1,019	797,953				
Copper River	1,198,725,880	561	2,136,766				
Chugach	1,843,290,222	1,257	1,466,420				
INTERIOR/SOUTHCENTRAL HIGHWAYS							
Railbelt	30,176,160	366	82,449	Anchorage	19,343,356,800	39,748	486,650
Alaska Gateway	45,527,741	511	89,095	Mat-Su	2,716,755,000	8,668	313,427
				Kenai	3,905,341,000	8,178	477,525
SOUTHEAST							
Chatham	131,333,718	934	140,614	Haines	97,621,600	352	277,492
Southeast Island	358,683,415	2,633	136,226	Juneau	1,688,992,300	4,609	366,447
				Ketchikan	904,384,100	2,474	365,585
				Sitka	441,175,000	1,590	277,469
TOTAL	\$7,390,840,969	18,061	\$409,215		\$48,387,251,643	84,002	\$576,028

NOTES:

1. Full taxable property value determinations for Rural Educational Attendance Areas were prepared by the State Assessor with the Department of Community and Regional Affairs, April 1987. Values for existing boroughs and cities within the unorganized borough are from Alaska Taxable 1986.
2. Student population data are from the Department of Education and are the number of students reported to be in attendance during the first count period in FY 87 (Average Daily Membership).

TABLE 3.2

FULL TAXABLE PROPERTY VALUES AND STUDENT POPULATIONS OF PROPOSED BOROUGHs FORMED BY COMBINING CITY DISTRICTS WITH THEIR SURROUNDING RURAL EDUCATIONAL ATTENDANCE AREA (REAA)

PROPOSED BOROUGH	FULL TAXABLE VALUE	STUDENT POPULATION	FULL TAXABLE VALUE PER STUDENT	PERCENT OF TOTAL BOROUGH	
				VALUE	STUDENTS

ALEUTIANS WEST					
CITY	\$95,564,500	159	\$601,035	81	17
REAA	22,183,537	792	28,010	19	83
BERING STRAIT					
CITY	151,635,000	782	193,907	63	39
REAA	88,842,297	1,224	72,584	37	61
CHATHAM					
CITY	121,398,200	582	208,588	92	62
REAA	9,935,518	352	28,226	8	38
CHUGACH					
CITY	1,817,309,000	1,127	1,612,519	99	90
REAA	25,981,222	130	199,756	1	10
LOWER YUKON					
CITY	4,451,200	101	44,071	5	6
REAA	84,926,863	1,486	57,151	95	94
SOUTHEAST ISLAND					
CITY	312,697,800	1,791	174,594	87	68
REAA	45,985,615	842	54,615	13	32
SOUTHWEST REGION					
CITY	107,515,700	461	233,223	68	49
REAA	50,055,560	472	106,050	32	51
YUKON-KOYUKUK					
CITY	49,961,600	371	134,667	5	38
REAA	884,536,600	613	1,442,963	95	62

SUBTOTAL--CITY DISTRICTS	\$2,660,533,000	5,374	\$495,075	69	38
SUBTOTAL--REAA'S	\$1,212,447,212	5,911	\$205,117	31	62

TOTAL--CITY/REAA BOROUGHs	\$3,872,980,212	11,285	\$343,197		

NOTES:

1. Full taxable property value determinations for Rural Educational Attendance Areas were prepared by the State Assessor with the Department of Community and Regional Affairs, April 1987. Values of cities are from Alaska Taxable 1986.
2. Student population data are from the Department of Education and are the number of students reported to be in attendance during the first count period in FY 87 (Average Daily Membership).

LOCAL EDUCATION COSTS UNDER ORGANIZED STATUS

Required Local Contributions of the Proposed Boroughs

Table 3.3 shows the amounts that each proposed borough would be required to contribute to education to receive Foundation aid. (Table C.2 in Appendix C provides a detailed look at the required local contributions of the boroughs formed through consolidation.) The required local contribution is estimated based on the property values discussed above and on the basic need values for FY 88.

Required local contributions for the proposed boroughs range from less than \$100,000 to over \$3.7 million. In total, the proposed boroughs would be required to contribute \$18.7 million. Under the status quo, the city districts will be required to contribute \$6.4 million. Thus, the additional amount raised locally due to formation of boroughs from the REAAs is \$12.3 million.

Revenues from a four mill property tax in the proposed boroughs would raise a total of \$29.6 million. The difference between the required contribution and full property tax capacity is accounted for by those boroughs whose potential tax revenues exceed 35 percent of their basic need. For most boroughs, the revenue from a four mill property tax is considerably less than 35 percent of their basic need. Only four boroughs--all pipeline boroughs--have potential tax revenues greater than 35 percent of their basic need. For these four boroughs, the required local contribution equals 35 percent of their basic need.

Comparison of Required Contributions to Current Local Contributions

To determine the actual amount that each new borough must raise locally through taxation to meet its obligation under the Foundation Program, the current local contributions that each district makes must be considered. Alaska Statute 14.17.250(7) defines the revenues that a district may use to meet its required local contribution. Local contributions include:

- (1) tax appropriations;
- (2) earnings on investments;
- (3) the value of in-kind services;
- (4) State tuition payments; and
- (5) ten percent of Public Law 81-874 payments.

TABLE 3.3

LOCAL CONTRIBUTIONS REQUIRED BY THE PUBLIC SCHOOL FOUNDATION PROGRAM OF THE PROPOSED BOROUGHs

PROPOSED BOROUGH	FOUR MILLS	35 PERCENT OF BASIC NEED	REQUIRED LOCAL CONTRIBUTION
WESTERN			
Bering Strait	\$961,909	\$7,162,680	\$961,909
Lower Yukon	357,512	6,148,590	357,512
Lower Kuskowkim	1,284,070	12,535,320	1,284,070
Iditarod	93,925	1,782,270	93,925
Kuspuk	79,360	1,696,590	79,360
SOUTHWESTERN			
Southwest Region	630,285	3,415,860	630,285
Lake and Peninsula	122,186	2,014,740	122,186
Aleutians West	470,992	2,678,042	470,992
INTERIOR PIPELINE			
Yukon-Koyukuk	3,737,993	3,939,180	3,737,993
Yukon Flats	4,141,728	2,041,200	2,041,200
Delta/Greely	3,252,455	2,059,470	2,059,470
Copper River	4,794,904	1,735,230	1,735,230
Chugach	7,373,161	2,873,850	2,873,850
INTERIOR HIGHWAYS (NO PIPELINE)			
Railbelt	120,705	1,130,850	120,705
Alaska Gateway	182,111	1,741,320	182,111
SOUTHEAST			
Chatham	525,335	2,617,440	525,335
Southeast Island	1,434,734	5,680,290	1,434,734
TOTAL--PROPOSED BOROUGHs	\$29,563,364	\$61,252,922	\$18,710,867

NOTES:

1. Calculation of revenue possible under a four mill property tax based on full taxable value determinations by the Department of Community and Regional Affairs, April 1987 (see Table 3.1).
2. Basic need values are from the Department of Education for FY 88.
3. Required local contribution for each borough is the lesser of the revenue from a four mill tax on the full value of property or 35 percent of basic need.

LOCAL EDUCATION COSTS UNDER ORGANIZED STATUS

Because investment earnings, in-kind services, tuition payments, and ten percent of their federal aid are considered by the Foundation law as "local contributions," the amount that a district must raise through taxation to meet its required contribution is reduced. In Table 3.4, the required local contribution of each proposed borough is compared to the contributions made in FY 87. (Table C.3 in Appendix C provides a detailed comparison of current and required local contributions of the boroughs formed through consolidation.) The results are somewhat surprising: The total local contributions of the proposed boroughs in FY 87 were \$15 million, of which only \$6.3 million was tax revenue from city districts.¹⁶ For ten of the 17 proposed boroughs, current local contributions exceed the required local contributions. For the seven proposed boroughs whose current contributions are less than their required contribution, the total amount they would need to raise to meet their obligation is \$9 million.

In six of the ten proposed boroughs where current contributions exceed required contributions, no property taxes are currently levied. That current contributions exceed required contributions in these proposed boroughs is generally the result of low property values combined with high earnings on investments and high PL 81-874 payments. The Kuspuks Borough provides an example: Its required local contribution is \$79,360--the result of low property values. In FY 87, the Kuspuks REAA received \$135,149 in investment earnings, and ten percent of its PL 81-874 payment was \$144,011. Thus, its total "local contribution" was \$279,160, exceeding the contribution required under the Foundation Program by \$199,800. The other proposed boroughs that do not currently levy property taxes but have local contributions that exceed the required contribution are the Iditarod, Lower Kuskokwim, Lower Yukon, Lake and Peninsula, and Alaska Gateway boroughs.

In the Bering Strait, Aleutians West, Chugach, and Southeast Island proposed boroughs, current contributions also exceed required contributions. Some--but not all--of the first class and home rule cities within these proposed boroughs levy property taxes, and current revenues from these taxes represent from 20 percent to over 200 percent of the required local contribution for these boroughs.

¹⁶Valdez contributed the lion's share of all tax appropriations from city districts--\$4.7 million.

TABLE 3.4

COMPARISON OF REQUIRED LOCAL CONTRIBUTIONS UNDER THE PUBLIC SCHOOL FOUNDATION PROGRAM TO CURRENT LOCAL CONTRIBUTIONS OF THE PROPOSED BOROUGHES

PROPOSED BOROUGH	REQUIRED LOCAL CONTRIBUTION	CURRENT LOCAL CONTRIBUTIONS					TOTAL	REQUIRED CONTRIBUTIONS IN EXCESS OF CURRENT CONTRIBUTIONS
		TAX APPROPRIATIONS	EARNINGS ON INVESTMENTS	IN-KIND SERVICES	STATE TUITION PAYMENTS	10 PERCENT OF PL 81-874		
WESTERN								
Bering Strait	\$961,909	\$206,000	\$417,705	0	\$11,468	\$503,563	\$1,138,736	0
Lower Yukon	357,512	0	707,031	0	0	644,578	1,351,609	0
Lower Kuskowkim	1,284,070	0	747,801	0	0	840,939	1,588,740	0
Iditarod	93,925	0	143,470	0	0	85,103	228,573	0
Kuspuk	79,360	0	135,149	0	0	144,011	279,160	0
SOUTHWESTERN								
Southwest Region	630,285	0	225,952	0	0	216,457	442,409	187,877
Lake and Peninsula	122,186	0	141,162	0	0	114,708	255,870	0
Aleutians West	470,992	122,000	329,382	0	0	329,309	780,691	0
INTERIOR PIPELINE								
Yukon-Koyukuk	3,737,993	45,739	211,680	0	39,789	269,886	567,094	3,170,899
Yukon Flats	2,041,200	0	72,297	0	0	64,583	136,880	1,904,320
Delta/Greely	2,059,470	0	94,332	0	0	130,622	224,954	1,834,516
Copper River	1,735,230	0	37,268	0	0	55,099	92,367	1,642,863
Chugach	2,873,850	4,706,394	172,682	8,052	486,285	27,391	5,400,804	0
INTERIOR HIGHWAYS (NO PIPELINE)								
Railbelt	120,705	0	47,421	0	0	12,941	60,362	60,343
Alaska Gateway	182,111	0	141,837	0	0	77,589	219,426	0
SOUTHEAST								
Chatham	525,335	101,114	139,124	11,339	83,564	42,615	377,756	147,579
Southeast Island	1,434,734	1,144,513	365,099	17,774	70,917	316,367	1,914,670	0
TOTAL--PROPOSED BOROUGHES	\$18,710,867	\$6,325,760	\$4,129,392	\$37,165	\$692,023	\$3,875,762	\$15,060,102	\$8,948,396

NOTES:

1. Required local contributions are based on comparison of revenues from a four mill property tax to 35 percent of basic need (see Table 3.3).
2. Current local contributions are from the audited expenditures of each school district for FY 87 as reported by the Department of Education.

LOCAL EDUCATION COSTS UNDER ORGANIZED STATUS

In the remaining seven proposed boroughs, required contributions exceed current contributions. Four of these boroughs--Copper River, Delta/Greely, Yukon Flats, and Yukon-Koyukuk--are pipeline boroughs whose property values are so high that required contributions are on the order of two to four million dollars. Within these four boroughs, property taxes are levied only within Galena and Nenana, and current local contributions range from \$100,000 to \$600,000. Thus, for these four pipeline boroughs, required contributions exceed current local contributions by \$1.5 to \$3 million.

In the remaining three boroughs--Chatham, Railbelt, and Southwest Region--required local contributions are not extreme but they do exceed current local contributions by \$50,000 to \$200,000.

CHANGES IN FOUNDATION AID TO THE PROPOSED BOROUGHES

Table 3.5 shows the change in total Foundation aid to the region represented by each new borough in both dollars and as a percentage of the amount that they would have received under the status quo. (Table C.2 in Appendix C provides a detailed look at changes in Foundation aid to boroughs formed through consolidation.)

Under HB 1, the amount of Foundation aid--given FY 88 basic need--to the proposed boroughs would be approximately \$13.5 million less than would be received by the districts forming the boroughs under the status quo. For most of the proposed boroughs, the reductions in Foundation aid are on the order of one to four percent, however, for the "pipeline" boroughs, the declines are much greater--on the order of 40 percent.¹⁷ For the pipeline boroughs, the relatively large reduction in Foundation aid stems from their high property values. For the other boroughs, their property tax capacity is low relative to their need and subtracting the amount they could raise under a four mill tax does not substantially alter their Foundation aid.

¹⁷The required local contribution for four of the five pipeline boroughs is 35 percent of basic need, thus their Foundation aid is 65 percent of their basic need minus 90 percent of their federal aid. Therefore, their Foundation aid is reduced over the status quo by 35 percent plus the percentage that federal aid represents of their basic need.

TABLE 3.5
ESTIMATED FOUNDATION AID TO THE PROPOSED BOROUGHES

PROPOSED BOROUGH	BASIC NEED IN FY 88	REQUIRED LOCAL CONTRIBUTION	90 PERCENT OF PL 81-874	CHANGE IN FOUNDATION AID		IN DOLLARS	UNDER THE STATUS QOO
				AMOUNT RECEIVED UNDER STATUS QOO	AMOUNT RECEIVED UNDER HOUSE BILL 1		
						AS A PERCENTAGE OF AMOUNT RECEIVED BY THE REGION	
WESTERN							
Bering Strait	\$20,464,800	\$961,909	\$4,282,033	\$15,576,227	\$15,220,858	(\$355,369)	-2.3
Lower Yukon	17,567,400	357,512	5,195,221	12,354,374	12,014,667	(339,707)	-2.7
Lower Kuskokwim	35,815,200	1,284,070	6,976,279	28,838,921	27,554,851	(1,284,070)	-4.5
Iditarod	5,092,200	93,925	849,651	4,242,549	4,148,624	(93,925)	-2.2
Kuspuk	4,847,400	79,360	1,213,011	3,634,389	3,555,029	(79,360)	-2.2
SOUTHWESTERN							
Southwest Region	9,759,600	630,285	2,097,021	7,232,516	7,032,294	(200,222)	-2.8
Lake and Peninsula	5,756,400	122,186	1,036,848	4,719,552	4,597,366	(122,186)	-2.6
Aleutians West	7,651,548	470,992	2,582,268	4,687,022	4,598,288	(88,734)	-1.9
INTERIOR PIPELINE							
Yukon-Koyukuk	11,254,800	3,737,993	2,120,843	8,934,111	5,395,964	(3,538,147)	-39.6
Yukon Flats	5,832,000	2,041,200	703,866	5,128,134	3,086,934	(2,041,200)	-39.8
Delta/Greely	5,884,200	2,059,470	1,042,286	4,841,914	2,782,444	(2,059,470)	-42.5
Copper River	4,957,800	1,735,230	398,113	4,559,687	2,824,457	(1,735,230)	-38.1
Chugach	8,211,000	2,873,850	209,030	6,130,751	5,128,120	(1,002,631)	-16.4
INTERIOR HIGHWAYS (NO PIPELINE)							
Railbelt	3,231,000	120,705	116,468	3,114,532	2,993,827	(120,705)	-3.9
Alaska Gateway	4,975,200	182,111	626,551	4,348,649	4,166,538	(182,111)	-4.2
SOUTHEAST							
Chatham	7,478,400	525,335	1,030,166	5,962,641	5,922,899	(39,742)	-0.7
Southeast Island	16,229,400	1,434,734	1,227,515	14,924,858	14,740,915	(183,943)	-1.2
TOTAL - PROPOSED BOROUGHES	\$175,008,348	\$18,710,867	\$31,707,170	\$139,230,827	\$125,764,075	(\$13,466,752)	-9.7

NOTES:

1. Calculation of revenue possible under a four mill property tax based on full taxable value determinations by the Department of Community and Regional Affairs, April 1987 (see Table 3.1).
2. Basic need and Public Law 81-874 values are from the Department of Education for FY 88.
3. Required contribution for each borough is the lesser of the revenue from a four mill tax on the full value property or 35 percent of basic need (see Table 3.3).
4. Foundation Aid = basic need less the required local contribution less 90 percent of PL 81-874 funds.

LOCAL EDUCATION COSTS UNDER ORGANIZED STATUS

In theory, the total revenue available to each of the proposed boroughs for schools is the same under HB 1 and the status quo; the local contributions merely replace Foundation aid.¹⁸ For the boroughs formed from single REAAs or by combining REAAs, required local contributions exactly match the reductions in Foundation aid. For all but one of the boroughs formed by combining city districts and REAAs, the reductions in Foundation aid match the required local contributions of the REAA.

The Chugach Borough is the only exception. This borough contains Valdez, whose property value is much greater than 35 percent of its basic need. However, the property value of Cordova and the other communities in the borough is less than 35 percent of their basic need. Because of the much greater value of Valdez, the required local contribution from the Chugach Borough is 35 percent of its basic need. Foundation aid for this borough is thus reduced by the required local contribution of the Chugach REAA plus the difference between 35 percent of basic need and four mills of their respective property values for the Chugach REAA and Cordova.

SCHOOL DEBT SERVICE REQUIREMENTS

Alaska Statute 29.05.130 requires that when a borough is formed, all special districts and service areas within the new borough must be integrated into the borough within two years of incorporation. On integration, the new borough succeeds to all the rights, powers, duties, assets and liabilities of the service area. A 1963 Attorney General's Opinion held that city school districts are a "service area" within the context of the integration provision.¹⁹

Five of the city school districts that would be integrated into boroughs under HB 1 have outstanding bonded indebtedness for school construction. The total outstanding debt as of January 1987 for these districts is \$39.6 million. According to current repayment schedules, these districts will be making payments for the next 9 to 18 years. Table 3.6 shows the outstanding debt, years to full repayment, and annual debt service payments for each of these districts.

¹⁸Total educational revenue will decline if the required local contribution is met by means other than taxation. See Chapter 5 for a discussion of the need for local taxes to maintain educational revenues at their current level.

¹⁹1963 Attorney General Opinion No. 29.

TABLE 3.6

SCHOOL CONSTRUCTION BONDED INDEBTEDNESS OF CITY SCHOOL DISTRICTS IN 1987

CITY DISTRICT	NOME	UNALASKA	VALDEZ	WRANGELL	PETERSBURG
PROPOSED BOROUGH	BERING STRAIT	ALEUTIANS WEST	CHUGACH	SOUTHEAST ISLAND	SOUTHEAST ISLAND
TOTAL OUTSTANDING DEBT	\$6,030,000	\$855,000	\$19,760,000	\$8,975,000	\$4,045,000
YEARS TO REPAYMENT	9	14	13	18	11
ANNUAL PAYMENTS					
FY 88	\$1,116,722	\$101,665	\$2,872,838	\$1,131,366	\$770,720
FY 89	1,038,835	103,290	2,861,062	1,125,610	748,695
FY 90	973,510	99,690	2,755,738	1,112,610	633,370
FY 91	933,980	101,248	2,753,599	1,107,403	615,208
FY 92	893,110	102,780	2,643,488	1,112,065	597,602
FY 93	850,230	99,093	2,631,400	1,111,832	578,520
FY 94	806,010	100,140	1,913,375	1,113,262	562,760
FY 95	761,120	100,725	1,835,025	1,110,900	540,230
FY 96	715,560	100,800	1,846,075	1,109,291	521,115
FY 97		100,400	1,853,050	1,112,771	222,000
FY 98		99,600	1,851,075	1,110,573	203,500
FY 99		103,200	1,835,000	1,107,870	
FY 00		101,200	1,718,625	963,721	
FY 01		98,800		957,353	
FY 02				954,543	
FY 03				949,535	
FY 04				941,816	
FY 05				821,730	
TOTAL PRINCIPAL AND INTEREST	\$8,089,077	\$1,412,631	\$29,370,350	\$18,954,251	\$5,993,720

Source: Alaska Department of Education

LOCAL EDUCATION COSTS UNDER ORGANIZED STATUS

School construction bonded indebtedness is State-supported debt. State-supported debt is debt whose ultimate source of payment may include General Fund appropriations, but to which the full faith and credit of the State is not pledged. Under AS 14.11.100, school districts are eligible for reimbursement of a certain percentage of their debt service payments. The percentage of debt reimbursed ranges from 80 to 100 percent, depending upon when the debt was issued. The actual amount that a district is reimbursed in any year depends upon cigarette tax receipts two years previously and on the amount that the legislature appropriates for reimbursement.

Cigarettes are taxed at eight mills, and 2.5 mills of the receipts are deposited in a school fund and may be used only to pay for school construction. Department of Education regulation 4 AAC 36.010 specifies how the cigarette tax receipts are to be allocated among districts.²⁰ Districts with school construction debt or districts making cash payments for school construction receive a basic allotment of \$6,000 plus a pro rata share of the remaining receipts. By becoming boroughs, the new boroughs will receive a larger share of cigarette tax receipts, due to their increased enrollments. The increased cigarette tax receipts will be exactly offset by decreased State reimbursement, thus borough formation will neither increase or decrease the amount that the new borough must pay. Existing boroughs will receive a smaller share of the cigarette tax receipts, and these decreases will be exactly offset by increased State reimbursement.

Alaska Statute 14.11.100 specifies the maximum amount of the principal and interest for which a district may be reimbursed. The legislature is not required to fund the reimbursement program at 100 percent, however. If the program is not funded at 100 percent, each district's entitlement is reduced pro rata. In FY 86, the reimbursement program was funded at 97 percent; in FY 87, it was funded at 91 percent. The FY 88 budget appropriated enough funds for reimbursement at 92 percent of the maximum entitlement.

Alaska Statute 29.05.130 specifies that all property in the service area subject to taxation for the purpose of paying the principal and interest of the bonds at the time of integration remains subject to taxation for that purpose. Alaska Statute 29.47.440, which addresses the bonded indebtedness

²⁰All school construction within the REAAs is paid for by the State, and REAAs do not receive any cigarette tax receipts.

LOCAL EDUCATION COSTS UNDER ORGANIZED STATUS

of boroughs, specifies that a borough may incur debts for functions within the areas outside of cities or within a service area, and that the payment of debt principal and interest shall be derived from the area incurring the debt, but that the full faith and credit of the entire borough shall be pledged to guarantee the debt.

Thus, for the four boroughs that will subsume city school districts with outstanding school construction debts, an assessment of the full amount of local funding required for schools must include debt service payments. Since debt service is already being paid by city residents and cannot, apparently, be spread out over the entire borough, the debt service payments will not add to the amount of local money that the new borough must raise. However, because the full faith and credit of the borough is pledged to the debt, the presence of the debt will affect the new borough in several ways:

- The debt represents a major portion of city residents' current tax burden and therefore will affect their willingness to approve new bonds or to accept tax increases for other purposes. The new borough will start with a major portion of its property tax capacity already committed to debt service, which reduces the amount of tax capacity it can exploit for operating or other expenses.
- The debts of some cities are substantial and are probably higher than would have been approved if the city alone had to repay the entire debt. Voter approval of bonds issued after 1980 was undoubtedly conditioned on knowledge that the State would reimburse the city for a substantial portion of the debt. If the percentage of State reimbursement of debt service continues to decline, the new boroughs may have to raise mill rates within the city and increase the portion of the tax burden devoted to debt service. If the State were to end the reimbursement program, the borough would be ultimately responsible for full repayment. Alaska Statutes are not clear whether residents of outlying areas could be taxed to pay debt service for bonds originally issued by cities. Because the full faith and credit of the borough would be pledged to the debt, it seems possible that all borough residents could be taxed for repayment if default were imminent.

POTENTIAL SAVINGS FROM CONSOLIDATING SCHOOL DISTRICTS

Nine of the 17 proposed boroughs will be formed through consolidation of existing city districts and REAAs or by combining REAAs. Combining districts should reduce costs to operate the new borough district through the consolidation of central office administrative functions. These administrative functions include: school boards; superintendent's offices; planning and research; fiscal services; central purchasing; and statistical and data processing services.

LOCAL EDUCATION COSTS UNDER ORGANIZED STATUS

Alaska school districts currently spend, on average, 12 percent of their total budgets on administrative functions (including principals). On a per student basis, districts vary widely in their administrative costs, with larger districts generally spending much less per student than smaller districts due to their economies of scale (Table 3.7).

To get a rough idea of how much would be saved by consolidating the 19 city districts and 22 REAAs into 17 borough districts, I analyzed the General Support Expenditures of all districts for FY 87. In linear regressions of these administrative expenses against student population size for all districts and for all small districts, the Y intercepts were \$300,000 and \$150,000, respectively. Based on these data, I estimated that the basic administrative cost of running a school district is about \$200,000 and that for every district that is subsumed into another district, \$200,000 is saved.

Table 3.8 shows the estimated potential savings from reduced administrative costs for each of the boroughs that will be created through consolidation. (Table C.4 in Appendix C provides a detailed look at the potential savings for each borough formed through consolidation.) In FY 87, administrative costs for the districts constituting the nine boroughs formed through consolidation were \$17.5 million. With consolidation, their administrative costs are estimated to be \$12.9 million--a potential savings of \$4.6 million. Administrative costs would be reduced overall by 26 percent.

Table 3.8 also shows the potential savings as a percentage of FY 87 expenditures. For most of the proposed boroughs, the potential savings represent from one to two percent of their expenditures. However, for the two proposed boroughs in Southeast and for the Yukon-Koyukuk, Aleutians West, and Chugach boroughs, the potential savings are greater--representing from four to nine percent of current expenditures. These districts each combine two or more city districts with one or more REAAs.

TABLE 3.7

ALASKA SCHOOL DISTRICTS RANKED BY PERCENT OF TOTAL FY 87 EXPENDITURES FOR ADMINISTRATION

DISTRICT	TOTAL EXPENDITURES	GENERAL SUPPORT EXPENDITURES	GENERAL SUPPORT AS A PERCENTAGE OF TOTAL	NUMBER OF STUDENTS	GENERAL SUPPORT PER STUDENT
25 PERCENT OR MORE					
ALEUTIAN REGION	\$1,675,139	\$465,959	28	91	\$5,149
KAKE	1,995,284	504,593	25	196	2,574
20 TO 24 PERCENT					
KASHUNAMIUT	1,796,965	432,331	24	172	2,514
PELICAN	614,184	145,931	24	54	2,683
ANNETTE ISLAND	2,821,443	602,461	21	421	1,431
SKAGWAY	988,996	204,608	21	137	1,493
HYDABURG	838,402	167,389	20	107	1,564
15 TO 19 PERCENT					
SAND POINT	968,116	187,018	19	118	1,581
CHUGACH	1,416,317	262,081	19	130	2,016
NORTH SLOPE	28,242,710	5,188,646	18	1,151	4,507
DELTA GREELY	6,235,515	1,129,329	18	1,019	1,109
GALENA	2,166,330	385,217	18	167	2,314
CRAIG	1,472,954	253,793	17	231	1,099
YUPIIT	4,226,065	676,834	16	295	2,297
ST. MARY'S	2,493,819	395,190	16	101	3,905
KLAWOCK	1,478,815	219,045	15	162	1,352
CORDOVA	2,831,863	419,261	15	432	970
10 TO 14 PERCENT					
ADAK	4,670,815	666,228	14	602	1,107
KODIAK	14,811,203	2,073,353	14	2,222	933
UNALASKA	1,466,044	201,021	14	159	1,264
MAT-SU	49,008,855	6,545,707	13	8,681	754
ANCHORAGE	207,184,931	27,634,086	13	39,752	695
YAKUTAT	1,395,841	179,973	13	157	1,146
ALASKA GATEWAY	4,882,920	626,015	13	511	1,226
PETERSBURG	3,302,404	418,134	13	601	696
KING COVE	1,957,364	247,550	13	133	1,865
HOONAH	1,857,897	232,250	13	234	991
IDITAROD	5,788,384	716,818	12	384	1,868
NENANA	1,923,734	236,640	12	123	1,924
SITKA	9,257,385	1,128,854	12	1,610	701
HAINES	3,021,557	363,352	12	352	1,033
RAILBELT	3,614,397	428,227	12	366	1,171

TABLE 3.7 (Continued)

ALASKA SCHOOL DISTRICTS RANKED BY PERCENT OF TOTAL FY 87 EXPENDITURES FOR ADMINISTRATION

DISTRICT	TOTAL EXPENDITURES	GENERAL SUPPORT EXPENDITURES	GENERAL	NUMBER OF STUDENTS	GENERAL
			SUPPORT AS A PERCENTAGE OF TOTAL		SUPPORT PER STUDENT

10 TO 14 PERCENT (Continued)					
PRIBILOF	\$2,021,980	\$237,778	12	156	\$1,528
KENAI	54,969,386	6,376,434	12	8,144	783
JUNEAU	24,448,751	2,821,357	12	4,599	613
LOWER YUKON	15,442,898	1,737,055	11	1,314	1,322
COPPER RIVER	4,709,904	521,874	11	561	931
TANANA	2,183,827	241,045	11	81	2,976
KETCHIKAN	13,631,337	1,450,038	11	2,435	595
KUSPUK	5,428,170	569,919	10	351	1,624
LOWER KUSKOKWIM	30,134,277	3,129,911	10	2,564	1,221
NOME	6,255,560	644,964	10	782	825
SOUTHWEST REGION	6,608,486	681,284	10	472	1,443
YUKON FLATS	5,419,556	550,151	10	372	1,479
BRISTOL BAY	2,856,267	286,465	10	233	1,229
LAKE AND PENINSULA	5,726,746	573,516	10	354	1,618
FAIRBANKS	75,952,589	7,387,305	10	13,117	563
SOUTHEAST ISLAND	4,796,114	463,420	10	419	1,105
NORTHWEST ARCTIC	14,983,243	1,435,103	10	1,550	926

9 PERCENT OR LESS

DILLINGHAM	4,503,868	425,046	9	462	921
BERING STRAIT	15,568,951	1,414,119	9	1,224	1,156
YUKON-KOYUKUK	7,671,235	682,101	9	613	1,113
VALDEZ	7,131,665	558,817	8	695	804
WRANGELL	2,968,790	211,612	7	494	428

NOTES:

1. General support expenditures include: school boards; superintendents' and principals' offices; planning and research; fiscal services: central purchasing; statistical and data processing services.

Source: Alaska Department of Education

TABLE 3.8

POTENTIAL SAVINGS FROM REDUCED ADMINISTRATIVE COSTS FROM CONSOLIDATION OF SCHOOL DISTRICTS UNDER HOUSE BILL 1

PROPOSED BOROUGH	ADMINISTRATIVE COSTS				SAVINGS AS A PERCENTAGE	
	STUDENT POPULATION	FY 87	WITH CONSOLIDATION	POTENTIAL SAVINGS FROM CONSOLIDATION	FY 87 EXPENDITURES	OF EXPENDITURES
WESTERN						
Bering Strait	2,006	\$2,059,083	\$1,859,083	\$200,000	\$16,224,511	1
Lower Yukon	1,587	2,564,576	2,164,576	400,000	19,733,682	2
Lower Kuskowkim	2,859	3,806,745	3,606,745	200,000	34,360,342	1
Iditarod	384	N/A	N/A	N/A	N/A	N/A
Kuspuk	350	N/A	N/A	N/A	N/A	N/A
SOUTHWESTERN						
Southwest Region	933	1,106,330	906,330	200,000	11,112,354	2
Lake and Peninsula	354	N/A	N/A	N/A	N/A	N/A
Aleutians West	951	1,170,022	770,022	400,000	9,833,978	4
INTERIOR PIPELINE						
Yukon-Koyukuk	984	1,545,003	945,003	600,000	13,945,126	4
Yukon Flats	372	N/A	N/A	N/A	N/A	N/A
Delta/Greely	1,019	N/A	N/A	N/A	N/A	N/A
Copper River	561	N/A	N/A	N/A	N/A	N/A
Chugach	1,257	1,240,159	840,159	400,000	11,379,845	4
INTERIOR HIGHWAYS (NO PIPELINE)						
Railbelt	366	N/A	N/A	N/A	N/A	N/A
Alaska Gateway	511	N/A	N/A	N/A	N/A	N/A
SOUTHEAST						
Chatham	934	1,212,720	412,720	800,000	8,679,824	9
Southeast Island	2,633	2,840,447	1,440,447	1,400,000	19,674,206	7
TOTAL -- PROPOSED BOROUGHES	18,061	\$17,545,083	\$12,945,085	\$4,600,000	\$144,943,868	3

NOTES:

1. Student population data are from the Department of Education and are the number of students reported to be in attendance during the first count period of FY 87 (Average Daily Membership).
2. FY 87 administrative costs are those reported as "General Support Expenditures" by the Alaska Department of Education. These expenditures include: school boards; superintendents' and principals' offices; planning and research; fiscal services; central purchasing; statistical and data processing services; other general support activities.
3. Savings from consolidation were estimated to be \$200,000 for each district subsumed in the surrounding REAA.

LOCAL EDUCATION COSTS UNDER ORGANIZED STATUS

DISCUSSION

The proposed boroughs fall into two groups with respect to local education costs under organized status: those which could probably organize without immediately instituting a property tax or levying any additional taxes and those which would be required to tax to meet their required local contribution.²¹ Table 3.9 lists the proposed boroughs falling in each category.

New Boroughs That May Not Need To Tax

Ten of the proposed boroughs could apparently organize as boroughs now and not be required to institute a property tax to meet their required local contribution. The proposed boroughs that fall within this category include six boroughs formed from REAAs only and four boroughs formed by combining city districts and REAAs.

The six boroughs formed from single REAAs or REAA combinations that could organize without a property tax are Lower Yukon, Lower Kuskokwim, Iditarod, Kuspuks, Lake and Peninsula, and Alaska Gateway. The feature of the Foundation law which allows ten percent of PL 81-874 funds, earnings on investments, State tuition payments and the value of in-kind services to be used to satisfy the required local contribution in combination with the relatively low property values in these regions produces the situation where current local contributions exceed required contributions. Thus, these REAAs, as boroughs, could likely meet their required local contribution without instituting a property tax. These boroughs would receive less Foundation aid, but the reductions are on the order of one to two percent. Because these proposed boroughs are formed from REAAs whose school construction costs have been paid in full by the State, these boroughs would begin operations without any bonded indebtedness.

²¹This discussion of the need to tax refers only to the need to tax to meet the required local contribution. The need for each borough to tax to maintain education funds at their current level is discussed in Chapter 5.

TABLE 3.9

PROPOSED BOROUGHs CATEGORIZED BY THEIR NEED TO TAX TO MEET THEIR REQUIRED
LOCAL CONTRIBUTION UNDER THE PUBLIC SCHOOL FOUNDATION PROGRAM

ADDITIONAL TAXATION IS:	
NOT REQUIRED	REQUIRED
Alaska Gateway	Chatham
Aleutians West	Copper River
Bering Straits	Delta/Greely
Chugach	Railbelt
Iditarod	Southwest Region
Kuspuk	Yukon Flats
Lake and Peninsula	Yukon-Koyukuk
Lower Kuskokwim	
Lower Yukon	
Southeast Island	

LOCAL EDUCATION COSTS UNDER ORGANIZED STATUS

Four boroughs formed through consolidation of REAAs and city districts make current contributions to education in excess of required contributions. These boroughs would benefit from reduced costs by consolidating, and all have outstanding bonded indebtedness for school construction. The Bering Strait, Aleutians West, Chugach and Southeast Island proposed boroughs are included in this group. These boroughs each include at least one major city district where property taxes are currently levied, and each includes REAAs with relatively low property values. Thus, for these boroughs the reductions in Foundation aid are relatively small--being equivalent to revenues from a four mill property tax in the REAA portion of the new borough. For the Aleutians West and Southeast Island boroughs, the savings from consolidation are greater than the reductions in Foundation aid.

New Boroughs Where Taxation Will Be Required

Seven of the proposed boroughs would have to initiate local taxes of some sort to meet the required local contribution for education. These boroughs include four pipeline boroughs, which have high property values, and three boroughs with low property values. None of the boroughs in this category have any school construction debt.

Four pipeline boroughs--Yukon-Koyukuk, Yukon Flats, Delta/Greely, and Copper River--would have to institute a property tax to meet their required local contribution. The required local contribution of these boroughs is high precisely because their property tax capacity is high. These boroughs may be likened to the North Slope Borough, where most of the wealth in the borough is oil and gas property.

The proposed Railbelt, Southwest Region and Chatham boroughs have required contributions less than current contributions, thus taxation would most likely be required. The difference between their current and required local contributions is relatively small, however, and it is possible that they could raise the necessary revenue through sales taxation. For the Southwest Region and Chatham boroughs, which are formed through consolidation of a REAA and at least one city district, the potential savings from consolidation exceed the reductions in Foundation aid. The Railbelt borough, which would be formed from a single REAA, would not enjoy any savings from consolidation.

CHAPTER FOUR

EFFECTS OF BOROUGH FORMATION ON STATE REVENUES AND EXPENDITURES

The previous chapter examined House Bill 1 from the perspective of the proposed boroughs. Now we change perspectives and examine the effect that formation of 17 new boroughs would have on State revenues and expenditures. As a starting point, we know that the requirement that REAAs make a local effort for education will reduce the amount that the State must spend on Foundation aid. However, borough formation would affect other entitlement programs which transfer State funds to localities. In addition, borough formation would affect the amount of revenue the State retains from those revenue sources that the State shares with localities. Thus, one may not assume that HB 1 is a revenue positive measure for the State simply because HB 1 would reduce Foundation aid by increasing local contributions. A broader examination is required.

In this chapter, the effect of 17 new boroughs on State revenues and expenditures is analyzed. In summary, the effects of borough formation on oil and gas property tax and shared taxes receipts will largely offset the reduction in Foundation aid. An additional \$8 million will be required annually for the Municipal Assistance and Revenue Sharing programs, if the entitlements of existing municipalities are to stay the same, and an estimated \$12 million will be required for initial borough formation expenses. These changes in revenues and expenditures are described in detail below and are summarized in Table 4.5 which appears at the end of this chapter.

EFFECTS ON STATE REVENUES

Local governments are created by State governments. Because local governments require revenue, and because the provision of services by a local government relieves the State government of providing those services, States often share revenue with the local governments in which the revenue was generated. Alaska shares revenue with boroughs by allowing boroughs to tax oil and gas pipeline property within the boroughs' boundaries and through its shared taxes programs. By creating 17 new boroughs, HB 1 will decrease State revenues by increasing the amounts of pipeline taxes and shared taxes going to localities. The potential magnitude of these decreases through each shared revenue program is discussed below.

EFFECTS OF BOROUGH FORMATION ON STATE REVENUES AND EXPENDITURES

Oil and Gas Pipeline Property Taxes

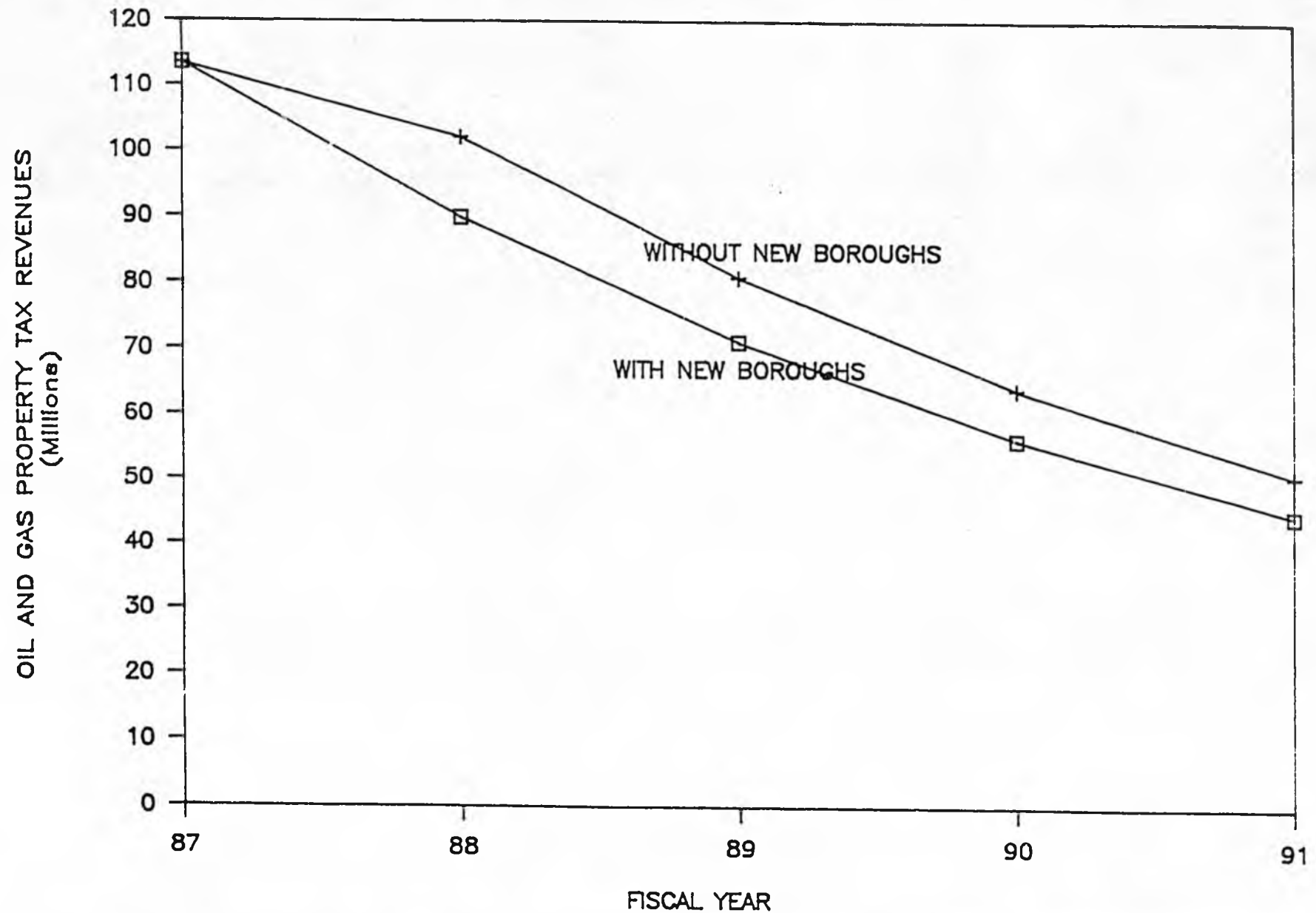
Under Alaska Statute 43.56, the State taxes oil and gas exploration, production and pipeline transportation property at the rate of 20 mills. Municipalities that contain petroleum property are required to levy and collect a tax on this property at the rate of taxation that applies to other property taxed within the municipality. Taxes on petroleum properties paid to a municipality are credited against the amount due to the State. Thus, for each dollar raised locally from the TransAlaska Pipeline, State General Fund revenues are reduced one dollar. The pipeline accounts for \$3.8 billion of the \$7.5 billion full taxable property value of the proposed boroughs. If the affected boroughs set their property tax rate at four mills for the support of education, revenues from taxation of the pipeline by the proposed boroughs will be about \$10 million, thus State General Fund revenues will be reduced about \$10 million. The boroughs could tax the pipeline at a higher rate which would further reduce General Fund revenues.²²

The oil and gas property tax is one of the more important sources of State unrestricted revenues. Revenues from this source in FY 87 were \$113.5 million. Taxation of the pipeline by the proposed boroughs (at four mills) would result in a 12 percent decrease in this source of revenue. The value of the pipeline is expected to decline about 10 percent per year during the next five years due to declining production and to settlement of a lawsuit over the method of valuing the pipeline for taxation purposes. In Figure 4.1, projected oil and gas property tax revenues for the next five years with and without borough formation are compared.

²²The temptation to tax property at a high rate due to the presence of the pipeline is tempered by the requirement that all property within the borough be taxed at the same rate.

FIGURE 4.1

Estimated State Revenues From the Oil and Gas Pipeline Property Tax
With and Without the Formation of the New Boroughs



EFFECTS OF BOROUGH FORMATION ON STATE REVENUES AND EXPENDITURES

Shared Taxes

Taxes or license fees from seven sources are refunded in total or in part to the local government in which the taxed activity occurs. These shared taxes are:

- coin-operated amusement and gaming devices tax;
- punchboard license tax;
- aviation fuel tax;
- telephone cooperative gross revenue tax;
- electric cooperative tax;
- liquor license fees; and the
- fisheries business tax.

In Table 4.1, each tax and its refund provision are described, and the amounts collected and refunded in FY 87 are presented. Table 4.1 also shows the additional amount that would be refunded due to the formation of the new boroughs.

In FY 87, nearly \$28 million was collected from these sources, of which \$10.3 million--37 percent--was refunded to local governments. The fisheries business tax, with revenues of \$16.5 million, and the aviation fuel tax, with revenues of \$8 million, represented the bulk of these tax revenues. Fisheries business tax refunds totalled \$8 million and thus represented the majority of total refunds. An insignificant portion of aviation fuel tax revenues are refunded to local governments.

Under House Bill 1, an additional \$3.2 million would be refunded. Refunds of fisheries business tax receipts, which would increase by \$2.9 million, account for the majority of the total increase.²³ Refunds of utility cooperatives taxes and liquor license fees would increase by about \$150,000 each.

²³While fisheries business tax revenues have generally increased over the last decade, these revenues are based on fish harvests which can vary from year to year. Thus, the actual amounts refunded to boroughs and the amount retained by the State could vary widely between years.

TABLE 4.1
TAXES OR LICENSE FEES SHARED WITH MUNICIPALITIES AND THE EFFECT OF BOROUGH
FORMATION ON DISTRIBUTION OF THESE TAX REVENUES

TAX	DESCRIPTION OF TAX	REFUND PROVISION	FY 87 GROSS RECEIPTS
Coin-operated Amusement and Gaming Devices (AS 43.35.010-090)	Levies an annual tax on devices such as pinball machines and video games. Tax ranges from \$48 to \$240 per year depending upon the type of device.	50 percent of the gross tax revenues are refunded to the borough or the city in the proportion that the revenue was earned in them. (AS 43.35.050)	\$102,157
Punchboard License Tax (AS 43.35.100-150)	Distributors of punchboards must pay a license tax ranging from \$2 to \$4 per board depending on the number of holes per board.	Seventy-five percent of the tax revenues from sales in a borough or city are refunded to the local government. (AS 43.35.130)	(included above)
Aviation Fuel Tax (AS 43.40)	Aviation fuel is taxed at four cents per gallon, and jet fuel is taxed at two and half cents per gallon.	Sixty percent of the revenues collected at an airport owned and operated or leased and operated by a municipality are refunded to the municipality. (AS 43.40.010(e))	8,071,496
Telephone Cooperative Gross Revenues Tax (AS 10.25.550)	Tax is one or two percent of gross revenues depending upon how long the cooperative has provided service.	Entire proceeds of both utilities cooperative taxes, less the State's collection costs, are refunded to the borough or city in proportion to the amount of revenue earned in the borough or city (AS 10.25.570).	1,960,297
Electric Cooperative Tax (AS 10.25.555)	Tax is one-fourth to one-half mill per kilowatt hour depending on how long the cooperative has provided service.		(included above)
Liquor License Fees (AS 04.11)	Annual license fees range from \$50 to over \$10,000 depending upon several factors, including the type of license and amount of business transacted. Fees are refunded only if the municipality provides police protection.	Entire proceeds of the license fees are refunded to the municipality in which the fees are collected. (AS 04.11.610)	1,367,788
Fisheries Business Tax (AS 43.75)	Tax is levied on the ex-vessel value of fisheries resources processed or exported for processing. Tax rate varies from one to five percent depending on the type of resource and the method and location of processing.	Boroughs receive 50 percent of the tax revenue collected outside of cities within the borough; cities in a borough receive 25 percent of the revenue collected within their bounds; cities outside a borough and unified municipalities receive 50 percent. (AS 43.75.130)	16,426,353
TOTALS			\$27,928,091

NOTES:

1. FY 87 gross receipts and refunds and the additional amounts expected to be refunded are from the Department of Revenue.
2. FY 87 gross receipts include penalties and interest, and liquor license fees which are not refunded. The gross receipts also include pre-pays and late payments and are therefore derived from more than one fiscal year.
2. The additional amount of fisheries business tax refunded under House Bill 1 was calculated as follows: 50 percent of the amount retained by the State in FY 87 less fifty percent of the amount refunded to cities in the unorganized borough.

FY 87 REFUNDS TO LOCAL GOVERNMENTS			ADDITIONAL AMOUNT REFUNDED UNDER HOUSE BILL 1	EFFECT OF NEW BOROUGH ON DISTRIBUTION OF TAX
BOROUGH	CITIES	TOTAL		
\$30,112	\$17,846	\$47,958	\$5,692	Cities within the new boroughs would still receive their refunds. Depending upon the tax, the borough would receive 50 or 75 percent of the revenues collected within the borough but outside of cities.
(included above)	(included above)	(included above)		
51,589	12,842	64,430	0	Formation of new boroughs will affect State revenues from the Aviation Fuel Tax only if the new boroughs operate airports. Because the boroughs will be third class boroughs, it is unlikely that any of the new boroughs would operate airports.
1,082,895	308,024	1,390,920	150,000 estimated	Cities within the new boroughs would still receive their refunds. The new borough would receive revenues collected within the borough but outside any cities. Since the state would be entirely divided into boroughs, the State would retain only the costs of collection.
(included above)	(included above)	(included above)		
390,916	354,222	745,138	155,975	Cities within the new boroughs would still receive their refunds. The new borough would receive revenues collected within the borough but outside any cities. Since the state would be entirely divided into boroughs, the State would not retain any of these revenues.
3,602,809	4,434,435	8,037,244	2,909,756	Cities within the new boroughs would only receive 25 percent of the revenue generated within their bounds, instead of the 50 percent received now. The new boroughs would receive 50 percent of the revenue generated outside of cities.
\$5,158,321	\$5,127,369	\$10,285,690	\$3,221,423	

EFFECTS OF BOROUGH FORMATION ON STATE REVENUES AND EXPENDITURES

EFFECTS ON STATE EXPENDITURES

In addition to sharing its revenues with boroughs, the State transfers funds to boroughs through several entitlement programs. These programs include the Public School Foundation, Municipal Assistance and Revenue Sharing programs, which provide entitlements on an annual basis, and the Transitional Assistance and Municipal Land Grants programs, which are nonrecurring entitlements provided at the time of borough formation. The effect of HB 1 on the costs of the annual entitlement programs and the costs to provide the nonrecurring entitlements are examined below. In all cases, estimates are based on the assumption that the entitlements of existing boroughs will not be reduced by the formation of new boroughs.

Annual Entitlement Programs

Public School Foundation Program

Required local contributions of the new boroughs, will result in a \$13.4 million decrease in the amount the State would otherwise spend on Foundation aid under the status quo. The legislature could respond to this decrease in two ways: The amount appropriated to the Foundation Program could be reduced by \$13 million, or the Program could be funded at the same level. The latter option would have the effect of increasing the value of an instructional unit. The \$13 million "savings" would then be distributed among all districts.

Revenue Sharing

The Revenue Sharing program established under AS 29.60 was created to provide for an equitable allocation of resources among municipalities and to assure that no municipality suffers impoverishment of necessary services because of the chance distribution of taxable wealth in the state.²⁴

Revenue sharing funds are distributed to municipalities from two accounts: the Tax Resources Equalization Account and the Miscellaneous Municipal Services Account. A municipality's entitlement from the equalization account is based upon how much tax effort it makes relative to the value of its property tax base and its population. Municipalities with a high tax effort are rewarded with a greater per capita entitlement. To receive funds from the miscellaneous account, a municipality must provide certain

²⁴See House Research Memorandum 87.073 for a history of the Revenue Sharing program.

EFFECTS OF BOROUGH FORMATION ON STATE REVENUES AND EXPENDITURES

services, and the municipality is awarded a set amount per "service" performed. Unincorporated communities with at least 25 permanent residents are also eligible to receive a lump sum of \$25,000 from the miscellaneous account.

The legislature is not obligated to fund the revenue sharing accounts at the level that provides each municipality with 100 percent of its entitlement. If the legislature does not fully fund the program, each municipality's entitlement is reduced pro rata. In recent years, the Revenue Sharing program has been funded at less than full entitlement.

Each new borough that levies taxes of some sort will be eligible for funds from the Tax Resource Equalization Account. We do not know how much tax effort each new borough will make, so we cannot make a precise estimate of their entitlements. We do know that formation of 17 new boroughs will increase the total entitlement granted by statute, and the legislature will need to appropriate an increased amount to the account to give each municipality its full entitlement. If the legislature continues to appropriate the same amount--about \$31 million--to the Equalization Account, the inclusion of 17 new boroughs will reduce the amount received by existing boroughs.

In Table 4.2, the Tax Resource Equalization entitlements of the proposed boroughs based on two different millage rate equivalents, are estimated using the FY 87 formula. If the new boroughs each had millage rate equivalents of 10.6--the weighted average millage rate equivalent of existing boroughs and unified municipalities--a total of \$4.1 million would have been required to fund their entitlements in FY 87. If the new boroughs each had millage rate equivalents of 3.5, typical of smaller boroughs, an additional \$1.4 million would have been required for the Tax Resource Equalization Account.

In addition to Tax Resource Equalization funds, a borough's revenue sharing entitlement includes funds from the Miscellaneous Municipal Services Account. The Miscellaneous Account provides funds for road maintenance, hospitals, health facilities and fire protection when a borough provides those services. The amount of funding a borough receives is dependent upon the level of service provided, e.g., the number of miles of road maintained. Because HB 1 mandates the formation of third class boroughs, the new boroughs will probably not make any immediate demands on the Miscellaneous funds Account. Third class boroughs cannot provide the services that are funded by the Miscellaneous Account on an areawide basis--these services could only be provided within a service area. As service areas are formed within the new boroughs, the boroughs will become eligible for funds from the Miscellaneous Account. We cannot predict whether or how long it may take for such service areas to form or the ultimate demand that the new boroughs will place on the Miscellaneous Account. We can only note that as service districts are formed within the new boroughs, additional funds will be required to fully fund the Miscellaneous Municipal Services Account.

TABLE 4.2
ESTIMATED TAX RESOURCE EQUALIZATION ENTITLEMENTS OF THE PROPOSED BOROUGHs

PROPOSED BOROUGH	POPULATION	ESTIMATED FY 87 TAX RESOURCE EQUALIZATION ENTITLEMENT IF:	
		MILL RATE EQUIVALENT	MILL RATE EQUIVALENT
		EQUALS	EQUALS
		10.6	3.5
WESTERN			
Bering Strait	7,776	\$402,422	\$132,877
Lower Yukon	5,035	260,570	86,039
Lower Kuskowkim	11,340	586,865	193,779
Iditarod	1,563	80,888	26,709
Kuspuk	1,494	77,317	25,530
SOUTHWESTERN			
Southwest Region	4,703	243,388	80,366
Lake and Peninsula	1,560	80,733	26,657
Aleutians West	6,897	356,932	117,857
INTERIOR PIPELINE			
Yukon-Koyukuk	4,719	244,216	80,639
Yukon Flats	1,596	82,596	27,273
Delta/Greely	4,749	245,769	81,152
Copper River	2,914	150,805	49,795
Chugach	6,081	314,702	103,913
INTERIOR HIGHWAYS (NO PIPELINE)			
Railbelt	1,345	69,606	22,984
Alaska Gateway	2,032	105,160	34,723
SOUTHEAST			
Chatham	3,528	182,580	60,287
Southeast Island	11,870	614,293	202,836
TOTAL	79,202	\$4,098,842	\$1,353,415

NOTES:

1. The formula for Tax Resource Equalization entitlements is provided in AS 29.60.010-080. In FY 87, entitlements were equal to: population X millage rate equivalent X 5.1392 X 0.95.
2. Because the tax effort of each proposed borough could not be predicted, estimation of each borough's entitlement was based on the average millage rate equivalent of existing boroughs in 1986, 10.6 (see Note 3), and on a relatively low millage rate equivalent value (3.5) typical of some of the smaller boroughs.
3. Millage rate equivalents of existing boroughs in FY 87 were: Anchorage, 4.82; Bristol Bay, 11.79; Fairbanks, 5.27; Haines, 3.65; Juneau, 20.8; Kenai, 3.53; Ketchikan, 6.26; Kodiak, 3.82; Mat-Su, 4.84; North Slope, 10.78; Northwest Arctic, 0.0; Sitka, 11.53. The weighted average millage rate equivalent for existing boroughs (10.6) was calculated by dividing the total 1986 tax collections of existing boroughs by the total full value of existing boroughs as reported in Alaska Taxable.

EFFECTS OF BOROUGH FORMATION ON STATE REVENUES AND EXPENDITURES

Municipal Assistance

Under the Municipal Assistance program, the State distributes funds to municipalities based on corporate income tax revenues generated within the municipality. The current program was established in 1980 to replace the Gross Business Receipts Tax program under which municipalities were refunded 20 percent of gross business receipts tax revenues collected within their bounds.²⁵ Each municipality's entitlement is equal to a base amount plus a prorated share of any additional amount appropriated to the Municipal Assistance program. For municipalities formed prior to 1977, the base amount is the amount received under the Gross Business Receipts Tax program in FY 78. For boroughs formed after 1977, the base amount is equal to the base amount received by the existing borough whose population outside of cities most closely approximates the population outside of cities of the new borough.

Under current statute, the legislature may appropriate an amount equal to or greater than 30 percent of corporate income tax revenues from the prior fiscal year to the Municipal Assistance program. With the recent declines in oil revenues, the amounts appropriated to the Municipal Assistance fund have declined from their peak in FY 82 of \$87.9 million to \$65.8 million in FY 87. In FY 87, \$10.5 million went to fund the base entitlements, and \$55.2 million went to fund the excess entitlements.

Table 4.3 presents estimated Municipal Assistance entitlements for the proposed boroughs. I have assumed that the new boroughs are formed simultaneously, and the base entitlement of each new borough was determined by comparison with the base entitlements of the existing boroughs. If the new boroughs are formed at different times, the base entitlements could be different because for the boroughs incorporating later, the new boroughs which had incorporated earlier would be "existing boroughs."

The formation of the 17 new boroughs will add \$3.8 million to the total base entitlement, raising it from \$10.6 to \$14.4 million. The base entitlements of most of the boroughs are relatively small amounts, i.e., less than \$35,000. Three of the boroughs, however, have populations that most closely correspond to the population of the North Slope Borough, which had FY 78 business tax refunds totalling \$1.2 million, and for these boroughs, the base entitlement is \$1.2 million. Thus, of the \$3.8 million base entitlement of the proposed boroughs, 95 percent is derived from these three boroughs.

²⁵See House Research Memorandum 87.073 for a history of the Municipal Assistance program.

TABLE 4.3
ESTIMATED MUNICIPAL ASSISTANCE ENTITLEMENTS OF THE PROPOSED BOROUGHs

PROPOSED BOROUGH	TOTAL POPULATION	POPULATION OUTSIDE CITIES	EXISTING BOROUGH WITH SIMILAR POPN OUTSIDE CITIES	EXCESS ENTITLEMENT IF APPROPRIATION:			TOTAL ENTITLEMENT IF APPROPRIATION:	
				BASE AMOUNT	REMAINS AT FY 87 LEVEL	INCREASES TO MAINTAIN STATUS QVO FOR EXISTING BOROUGHs	REMAINS AT FY 87 LEVEL	INCREASES TO MAINTAIN STATUS QVO FOR EXISTING BOROUGHs
WESTERN								
Bering Strait	7,776	167	Northwest Arctic	\$7,275	\$14,696	\$16,533	\$21,971	\$23,808
Lower Yukon	5,035	290	Northwest Arctic	7,275	25,520	28,710	32,795	35,985
Lower Kuskowkim	11,340	1,637	Bristol Bay	13,986	144,056	162,063	158,042	176,049
Iditarod	1,563	242	Northwest Arctic	7,275	21,296	23,958	28,571	31,233
Kuspuk	1,494	454	Northwest Arctic	7,275	39,952	44,946	47,227	52,221
SOUTHWESTERN								
Southwest Region	4,703	436	Northwest Arctic	7,275	38,368	43,164	45,643	50,439
Lake and Peninsula	1,560	924	Haines	7,275	81,312	91,476	88,587	98,751
Aleutians West	6,897	4,829	Ketchikan	32,610	424,952	478,071	457,562	510,681
INTERIOR PIPELINE								
Yukon-Koyukuk	4,719	1,135	Bristol Bay	13,986	99,880	112,365	113,866	126,351
Yukon Flats	1,596	918	Haines	7,275	80,784	90,882	88,059	98,157
Delta/Greely	4,749	3,450	North Slope	1,203,621	303,600	341,550	1,507,221	1,545,171
Copper River	2,914	2,914	North Slope	1,203,621	256,432	288,486	1,460,053	1,492,107
Chugach	6,081	565	Haines	7,275	49,720	55,935	56,995	63,210
INTERIOR HIGHWAYS (NO PIPELINE)								
Railbelt	1,345	779	Haines	7,275	68,552	77,121	75,827	84,396
Alaska Gateway	2,032	1,847	Bristol Bay	13,986	162,536	182,853	176,522	196,839
SOUTHEAST								
Chatham	3,528	581	Haines	7,275	51,128	57,519	58,403	64,794
Southeast Island	11,870	3,037	North Slope	1,203,621	267,256	300,663	1,470,877	1,504,284
TOTAL	79,202	24,205		\$3,758,181	\$2,130,040	\$2,396,295	\$5,888,221	\$6,154,476

NOTES:

1. The formula for calculating a new borough's Municipal Assistance entitlement is provided in AS 29.60.
2. Population data for the proposed boroughs are for 1986 from the Department of Labor.
3. Determination of the existing borough with similar population residing outside cities was based on the FY 87 Final Report on State Revenue Sharing and Municipal Assistance, Department of Community and Regional Affairs.
4. Excess entitlement in FY 87 was \$99 per resident living outside a city.
5. Excess entitlement would have been reduced to \$88 per resident living outside cities if the 17 proposed boroughs had been included in FY 87.

EFFECTS OF BOROUGH FORMATION ON STATE REVENUES AND EXPENDITURES

The formation of 17 new boroughs will increase the portion of the Municipal Assistance fund devoted to "base" entitlements and thereby decrease the portion that is "excess" and divided on a per capita basis. If the total appropriation to Municipal Assistance were to remain the same--\$65 million--and the 17 new boroughs were formed, the excess entitlement would drop from \$99 per capita to \$88 per capita. If the legislature decided to increase the appropriation to Municipal Assistance to ensure that existing cities and boroughs maintained their current entitlement of base plus \$99 per capita, an additional \$6.1 million would be required.

Nonrecurring Entitlement Programs

Transitional Assistance

Under AS 29.05.190, the State provides grants to new boroughs to help defray the costs of transition to borough government and to provide for interim governmental operations. These grants are \$300,000 for the first full or partial fiscal year, \$200,000 for the second fiscal year, and \$100,000 for the third fiscal year. Thus, during a period of three years, each new borough would receive \$600,000 in Transitional grants. Under House Bill 1, at least 17 new boroughs would be formed by June 30, 1989. The total amount that would be needed for organization grants for these new boroughs would be \$10.2 million. Assuming that all the new boroughs formed during FY 89, these grant funds would be disbursed as follows: \$5.1 million in FY 89, \$3.4 million in FY 90, and \$1.7 million in FY 91.

Alaska Statute 29.05.210 directs the Department of Community and Regional Affairs to provide assistance to each new borough in:

- establishing the initial sales and use tax assessment and collection department, if the borough adopts a sales or use tax; and
- determining the initial property tax assessment roll if the borough has adopted a property tax, including contracting for appraisals of property needed to complete the initial assessment.

We do not know how much would be required for DCRA to fulfill each of these obligations, but a considerable sum could be required, particularly if the new boroughs choose to institute a property tax. The fiscal note attached to the bill implementing HB 1 will have to include an accounting of the amounts needed by DC&RA to fulfill these obligations.

EFFECTS OF BOROUGH FORMATION ON STATE REVENUES AND EXPENDITURES

Municipal Land Grants

Under AS 29.65.030, new boroughs are entitled to a general land grant equal to ten percent of the maximum total acreage of vacant, unappropriated, unreserved (VUU) State land within their bounds. However, a new borough may not receive more than 20 acres per person. In Table 4.4, maximum entitlements, based on population, are compared to ten percent of the number of acres that the Department of Natural Resources estimates is vacant, unappropriated and unreserved within each proposed borough.

The actual entitlement that a borough receives will be limited either by the population of the borough or by the amount of VUU land available for selection. One proposed borough, Lower Yukon, has no VUU land and would receive no land entitlement. Eleven of the proposed boroughs have maximum entitlements based on population that are less than the estimated amount of VUU land available for selection; for these boroughs, their entitlement will be limited by their population. Because the amount of land available for selection exceeds their entitlement, these boroughs will have some choice in the lands they receive. Five of the proposed boroughs have less VUU land than they would be entitled to on the basis of population, and these boroughs will have no choice in the selection process.

The estimated total entitlement for the proposed boroughs is 787,231 acres. We have not attempted to precisely estimate how much it would cost the State to transfer these lands. However, the total entitlement of existing boroughs and unified municipalities is similar, 861,421 acres, and the State has spent roughly \$150,000 per year during the last six years--a total of \$900,000--on transfer of these lands. Frank Mielke, Special Projects Coordinator with the Division of Land and Water Management, Department of Natural Resources, estimates that land transfer costs are a minimum of \$1 per acre. Thus, the State could expect to spend on the order of \$1 million over several years to transfer lands to the new boroughs.

DISCUSSION

The costs to the State of HB 1, summarized in Table 4.5, can be broken into two categories: 1) the nonrecurring costs associated with borough formation; and 2) the annual costs associated with foregone revenues and increased expenditures for entitlement programs. The nonrecurring costs to implement the bill are estimated to be on the order of \$12 million spread over a three to five-year period. The net annual cost of HB 1 is estimated to be on the order of \$8 million.

TABLE 4.4
ESTIMATED LAND ENTITLEMENTS OF THE PROPOSED BOROUGHES

PROPOSED BOROUGH	POPULATION	MAXIMUM LAND ENTITLEMENT (ACRES)	MAXIMUM AMOUNT OF VACANT, UNAPPROPRIATED AND UNRESERVED STATE LAND (ACRES)	ESTIMATED ENTITLEMENT (ACRES)
WESTERN				
Bering Strait	7,776	155,520	247,408	155,520
Lower Yukon	5,035	100,700	0	0
Lower Kuskowkim	11,340	226,800	56,660	56,660
Iditarod	1,563	31,260	1,121,923	31,260
Kuspuk	1,494	29,880	317,968	29,880
SOUTHWESTERN				
Southwest Region	4,703	94,060	691,299	94,060
Lake and Peninsula	1,560	31,200	432,970	31,200
Aleutians West	6,897	137,940	92,816	92,816
INTERIOR PIPELINE				
Yukon-Koyukuk	4,719	94,380	859,777	94,380
Yukon Flats	1,596	31,920	182,339	31,920
Delta/Greely	4,749	94,980	255,983	94,980
Copper River	2,914	58,280	262,044	58,280
Chugach	6,081	121,620	95,758	95,758
INTERIOR HIGHWAYS (NO PIPELINE)				
Railbelt	1,345	26,900	255,515	26,900
Alaska Gateway	2,032	40,640	467,016	40,640
SOUTHEAST				
Chatham	3,528	70,560	2,155	2,155
Southeast Island	11,870	237,400	6,343	6,343
TOTAL	79,202	1,428,520	5,100,564	787,231

NOTES:

1. Boroughs are entitled to 10 percent of the vacant, unappropriated and unreserved State land within their bounds, except that no borough may receive more than 20 acres per capita.
2. The maximum amount of vacant, unappropriated and unreserved (VUU) land within each proposed borough is ten percent of the total amount of VUU land within each borough. Estimates of total VUU land in each proposed borough were prepared by the Department of Natural Resources. The values presented do not account for land that may have been recently classified subject to a land use plan; these lands would not be available for selection by a borough. Thus, the values presented represent the maximum number of acres from which a new borough could select its entitlement.

TABLE 4.5
SUMMARY OF EFFECTS OF NEW BOROUGHES ON STATE REVENUES
AND EXPENDITURES

PROGRAM	ESTIMATED CHANGE IN CURRENT REVENUES OR EXPENDITURES DUE TO NEW BOROUGHES
SUMMARY	
Net Annual Revenues	-\$8 million
Nonrecurring Expenditures	\$12 million
REVENUES	
Oil and Gas Pipeline	-\$10 million
Property Taxes	
Shared Taxes	-\$3 million
Subtotal-----	-\$13 million
EXPENDITURES	
Annual Entitlement Programs	
Public School Foundation	-\$13 million
Municipal Assistance	+\$6 million
Revenue Sharing	+\$1 million
Subtotal-----	-\$5 million
Nonrecurring Entitlement Programs	
Transitional Assistance	
Grants	+\$10 million
DCRA Assistance	+\$1 million ?
Municipal Land Grants	+\$1 million
Subtotal-----	+\$12 million

EFFECTS OF BOROUGH FORMATION ON STATE REVENUES AND EXPENDITURES

In the long term, the State will have decreased revenues. It is difficult to predict precisely how much State revenues will decrease over the long term, but if the new boroughs along the pipeline levy a four mill property tax and fish harvests remain about the same, revenues will be initially reduced \$13 million. If the pipeline boroughs levy taxes at a higher rate, revenues will be further reduced. The value of the pipeline is expected to decline during the next several years, and the formation of new boroughs along the pipeline will further reduce State revenues from this source, particularly if these boroughs raise tax rates to stabilize revenues.

Other than the costs of implementation, HB 1 does not require either increased or reduced expenditures for any of the programs by which the State assists local governments. Rather, HB 1 would create a new set of political conditions under which the legislature must make decisions about allocation of funds to local governments. The requirement that the new boroughs make a local contribution to education would "free up" about \$13 million of the \$430 million currently appropriated to Foundation aid. If the Foundation aid appropriation remains at \$430 million, existing boroughs will receive more Foundation aid. If the Foundation Aid appropriation is reduced by \$13 million, the existing boroughs simply receive the same amount; only the new boroughs receive less funds. In either case, existing boroughs receive a greater portion of the Foundation appropriation than under the status quo.

To provide the new boroughs with their entitlements while each existing municipality receives its current (FY 87) amount under the Municipal Assistance and Revenue Sharing programs will require the appropriation of an additional \$7 to \$9 million. If the appropriations are not increased, the entitlements of all municipalities will be reduced. The FY 87 appropriations were already 20 percent less than in FY 86, and many communities have had to reduce basic services as a result of the decrease in revenue. All municipalities have felt the effects of the current economic downturn, and there is considerable pressure on the legislature to increase the amount of revenue transferred to local governments. The addition of 17 new boroughs will undoubtedly increase pressure on the legislature to appropriate more money for these local government assistance programs.

CHAPTER FIVE

POTENTIAL REVENUES OF THE PROPOSED BOROUGHES AND THE NECESSITY OF LOCAL TAXES FOR EDUCATION

In this chapter, we return to the perspective of the proposed boroughs and assess the necessity of each borough to levy taxes to maintain the current level of funding for education. It is an often expressed concern that some areas within the unorganized borough do not have the fiscal capacity to support education and other borough duties. To evaluate whether the new boroughs have sufficient fiscal capacity, one must first have an idea of how much money needs to be generated locally, and that is what we attempt to do here.

Under House Bill 1, the Foundation aid entitlement of each proposed borough will be reduced by an amount equivalent to the required local contribution. However, each borough will be eligible for funds from other entitlement programs, specifically the shared taxes, Revenue Sharing, and Municipal Assistance programs. To a third class borough, whose only areawide powers are education and taxation, these additional entitlements are, in fact, education funds. To varying degrees, these revenues will offset the reductions in Foundation aid. In addition, savings from the consolidation of districts may partially offset reductions in Foundation aid.

In order to determine whether local taxes must be imposed to maintain the current level of funding for education, the net change in revenue from all entitlement programs must be estimated. If the reduction in Foundation aid is not offset by consolidation savings and entitlements, a borough must levy local taxes to maintain education funding at the current level. If the reduction is offset, a borough could conceivably organize, at least initially, without having to levy local taxes.

Here, the need for local taxes for education is assessed by:

- estimating the potential revenues from entitlements other than education (Tables 4.2, 4.3, and 5.1); and
- estimating the net change in education revenues (Table 5.2).

POTENTIAL REVENUES OF THE PROPOSED BOROUGHES

In summary, of the 17 boroughs:

- Six boroughs must tax to meet their required local contribution, but do not need to raise additional funds.
- Three boroughs need not tax to meet their required local contribution, but they would have to tax to cover the portion of the reduction in Foundation aid not offset by additional entitlements and consolidation savings to maintain education expenditures at the current level.
- One borough must tax to meet the required local contribution and would also have to tax to cover the reduction in Foundation aid not offset by other revenue to maintain education expenditures at the current level.
- Seven boroughs need not tax--either to meet their required local contribution or to maintain education expenditures at the current level.

Unexpectedly, 13 of the 17 proposed boroughs would enjoy increased revenues for education, after consideration of any tax revenues needed to meet the required local contribution, other entitlements and any consolidation savings. Table 5.3, located at the end of the chapter, categorizes the proposed boroughs by their need to tax for education and shows which boroughs will have increased revenues.

POTENTIAL REVENUES FROM ENTITLEMENT PROGRAMS OTHER THAN EDUCATION

Revenues of the proposed boroughs from entitlement programs other than education will come from three sources: shared taxes, Revenue Sharing and Municipal Assistance. The estimated entitlements of each borough from Revenue Sharing and Municipal Assistance were presented previously in Chapter 4 (See Tables 4.2 and 4.3). Also in Chapter 4, shared taxes were described (See Table 4.1). Here, these shared tax revenues are allocated among the proposed boroughs to the extent possible.

Table 5.1 presents the FY 87 shared tax revenues of cities within each borough and the estimated revenues of each borough. No attempt was made to allocate gaming taxes because the currently undistributed receipts of this tax are only \$5,000. Similarly, allocation of the utility cooperative taxes and liquor license fees refunds was not attempted because the additional refunds from these sources would probably total less than \$300,000. In Table 5.1, the boroughs likely to receive revenues from these two sources are identified.

TABLE 5.1

FY 87 SHARED TAX REVENUES OF CITIES WITHIN THE PROPOSED BOROUGHES AND ESTIMATED SHARED TAX REVENUES OF THE PROPOSED BOROUGHES

PROPOSED BOROUGH	FISHERIES BUSINESS TAX		UTILITY COOPERATIVE TAXES		LIQUOR LICENSE FEES	
	FY 87 REVENUES OF CITIES WITHIN THE BOROUGH	ESTIMATED REVENUES OF THE BOROUGH	FY 87 REVENUES OF CITIES WITHIN THE BOROUGH	ESTIMATED REVENUES OF THE BOROUGH	FY 87 REVENUES OF CITIES WITHIN THE BOROUGH	ESTIMATED REVENUES OF THE BOROUGH
WESTERN						
Bering Strait	\$0	\$0	\$3,093	\$0	\$13,586	\$0
Lower Yukon	40,832	42,481	3,199	+	0	0
Lower Kuskowkim	59,554	61,959	1,499	+	0	0
Iditarod	1,557	1,620	472	+	3,900	0
Kuspuk	189	197	189	+	0	0
SOUTHWESTERN						
Southwest Region	52,046	54,148	29,276	+	5,314	0
Lake and Peninsula	179,267	186,508	0	0	0	0
Aleutians West	1,062,335	1,105,243	0	0	9,598	0
INTERIOR PIPELINE						
Yukon-Koyukuk	12,296	12,793	1,725	+	6,554	0
Yukon Flats	0	0	0	0	0	0
Delta/Greely	0	0	2,503	+	0	+
Copper River	0	0	0	0	0	+
Chugach	465,270	484,062	67,176	+	29,872	0
INTERIOR HIGHWAYS (NO PIPELINE)						
Railbelt	0	0	3,251	+	0	+
Alaska Gateway	0	0	0	0	0	+
SOUTHEAST						
Chatham	178,530	185,741	0	0	17,202	+
Southeast Island	744,918	775,005	0	0	26,902	+
TOTAL--PROPOSED BOROUGHES	\$2,796,794	\$2,909,756	\$112,383	\$150,000	\$112,928	\$155,975

NOTES:

1. Only those boroughs with cities that currently receive fisheries business tax revenues were allocated fisheries business tax revenues. Borough allocations were based on the percentage of the total amount refunded received by cities in each borough.
2. Only those boroughs with cities that currently receive utility cooperative tax refunds were estimated to receive these revenues. Borough allocations were not made because the revenues attributed to unincorporated communities were not precisely known.
3. Only those boroughs with unincorporated communities likely to allow the sale of liquor were estimated to receive these revenues. Although the receipts from unincorporated communities and incorporated communities without police protection were known, borough allocations were not attempted.

POTENTIAL REVENUES OF THE PROPOSED BOROUGHES

Of the shared taxes, the fisheries business tax is the only tax that will provide a significant source of revenue to any of the proposed boroughs. I assumed that only those boroughs containing cities that received fisheries business tax refunds would receive these revenues, and the additional \$2.9 million that would be refunded to the new boroughs was allocated in proportion to the FY 87 receipts of the cities within each borough. Of the 17 proposed boroughs, 11 are expected to receive fisheries business tax refunds. For most of the coastal boroughs, the potential refunds are sizable, ranging from \$185,000 to over \$1 million. For the coastal boroughs in the western region and for interior region boroughs, the potential refunds are under \$100,000.

THE NECESSITY OF LOCAL TAXES FOR EDUCATION IN THE NEW BOROUGHES

Local taxes will be required in the new boroughs if current local contributions are less than required local contributions. In addition, boroughs must tax to maintain education expenditures if the combination of any tax revenues necessary to fulfill the required local contribution, additional entitlements and consolidation savings do not offset the reductions in Foundation aid.

The boroughs in which current local contributions are less than the required local contribution were identified in the analysis of local education costs in Chapter 3 (see page 46). Four pipeline boroughs and three other boroughs were in this situation. At minimum, these boroughs must raise the difference between their current contributions and the required contribution, or they will lose their Foundation aid. If these boroughs raise only the difference, they will have less money for education--by the amount of the their current contributions--unless the additional entitlements and consolidation savings are equal to or greater than their current contributions.

To determine which boroughs will need to tax to maintain education funding, net education revenues must first be determined. The net change in education revenues was estimated by taking into consideration the following:

- the reduction in Foundation aid;
- any required local contributions in excess of current local contribution;

POTENTIAL REVENUES OF THE PROPOSED BOROUGHES

potential revenues from shared taxes, Revenue Sharing and Municipal Assistance entitlements; and

any consolidation savings.

In Table 5.2, the net change in funds available for education in each proposed borough is presented. Overall, the additional entitlements offset nearly \$10 million of the \$13.4 million shortfall in Foundation aid to the proposed boroughs, and the savings from consolidation offset another \$4.6 million. The distribution of the additional entitlement dollars and of consolidation savings among the proposed boroughs is uneven, however, and some boroughs have a net increase in revenues while other boroughs have a net decrease. For those boroughs with a net decrease, local taxes must be levied--in addition to any taxes already levied by cities for education and to any taxes needed to fulfill the local contribution requirement--to maintain education funding at the current level.

Table 5.3 categorizes the proposed boroughs by their need to tax for education. Six of the proposed boroughs include cities that currently levy property taxes for education, and these tax revenues were included in the assessment of current local contributions. The following assessment of the new boroughs' need to tax for education refers to the need to raise taxes in addition to any currently raised by the cities within the boroughs.

Ten boroughs must tax; seven borough do not need to tax. In the following discussion, the circumstances that affect whether each borough needs to tax are highlighted.

Boroughs Where Additional Taxation is Required

Of the ten boroughs that need to levy additional taxes for education:

Six boroughs must tax to meet their required local contribution, but do not need to raise additional funds.

Three boroughs need not tax to meet their required local contribution, but they would have to tax to cover the portion of the reduction in Foundation aid not offset by additional entitlements and consolidation savings to maintain education expenditures at the current level.

One borough must do both. Taxation is required to meet the local contribution, and these tax revenues are insufficient to cover the reduction in Foundation aid not offset by other revenue.

The boroughs that need to tax to meet the required local contribution include four pipeline boroughs, which have high property values, and three boroughs which have much lower property values. The pipeline boroughs each need to raise from \$1.5 to \$3 million to fulfill their local

TABLE 5.2
ESTIMATED NET CHANGE IN EDUCATION REVENUES OF THE PROPOSED BOROUGHES

PROPOSED BOROUGH	CHANGE IN FOUNDATION AID	REQUIRED CONTRIBUTIONS IN EXCESS OF CURRENT CONTRIBUTIONS	ESTIMATED ENTITLEMENTS FROM:				POTENTIAL SAVINGS FROM CONSOLIDATION	NET CHANGE IN EDUCATION REVENUES
			FISHERIES BUSINESS TAXES	OTHER SHARED TAXES	REVENUE SHARING	MUNICIPAL ASSISTANCE		
WESTERN								
Bering Strait	(\$355,369)	\$0	\$0	\$0	\$132,877	\$23,808	\$200,000	\$1,316
Lower Yukon	(339,707)	0	42,481	+	86,039	35,905	400,000	224,798
Lower Kuskowkim	(1,284,070)	0	61,959	+	193,779	176,049	200,000	(652,283)
Iditarod	(93,925)	0	1,620	+	26,709	31,233	N/A	(34,364)
Kuspuk	(79,360)	0	197	+	25,530	52,221	N/A	(1,412)
SOUTHWESTERN								
Southwest Region	(200,222)	187,877	54,148	+	80,366	50,439	200,000	372,608
Lake and Peninsula	(122,186)	0	186,508	0	26,657	98,751	N/A	189,729
Aleutians West	(88,734)	0	1,105,243	0	117,857	510,631	400,000	2,045,047
INTERIOR PIPELINE								
Yukon-Koyukuk	(3,538,147)	3,170,899	12,793	+	80,639	126,351	600,000	452,535
Yukon Flats	(2,041,200)	1,904,320	0	0	27,273	98,157	N/A	(11,450)
Delta/Greely	(2,059,470)	1,834,516	0	+	81,152	1,545,171	N/A	1,401,369
Copper River	(1,735,230)	1,642,863	0	+	49,795	1,492,107	N/A	1,449,535
Chugach	(1,002,631)	0	484,062	+	103,913	63,210	400,000	48,554
INTERIOR HIGHWAYS (NO PIPELINE)								
Railbelt	(120,705)	50,343	0	+	22,984	84,396	N/A	37,018
Alaska Gateway	(182,111)	0	0	+	34,723	196,839	N/A	49,451
SOUTHEAST								
Chatham	(39,742)	147,579	185,741	+	60,287	64,794	800,000	1,218,659
Southeast Island	(183,943)	0	775,005	+	202,836	1,504,284	1,400,000	3,698,182
TOTAL -- PROPOSED BOROUGHES								
	(\$13,466,752)	\$8,938,397	\$2,909,756	\$311,667	\$1,353,416	\$6,154,476	\$4,600,000	

NOTES:

1. Other shared taxes include gaming and amusement taxes, utility cooperative taxes and liquor license fees.
2. The Revenue Sharing entitlements of each borough are based on a millage rate equivalent of 3.5. See Table 4.2 for further information.
3. The Municipal Assistance entitlements of each borough are based on the FY 87 formula and a total appropriation sufficient to maintain the entitlements of all existing boroughs at their current level. See Table 4.3 for further information.
4. Estimated savings from consolidation of school districts were estimated to be \$200,000 for each district subsumed. See Table 3.8 for further information.

TABLE 5.3
PROPOSED BOROUGHs CATEGORIZED BY THEIR NEED TO LEVY ADDITIONAL TAXES FOR EDUCATION

..... ADDITIONAL TAXATION REQUIRED			 ADDITIONAL TAXATION NOT REQUIRED		
BOROUGH	AMOUNT NEEDED TO MEET REQUIRED LOCAL CONTRIBUTION	NET CHANGE IN FUNDS FOR EDUCATION	BOROUGH	AMOUNT NEEDED TO MEET REQUIRED LOCAL CONTRIBUTION	NET CHANGE IN FUNDS FOR EDUCATION
WESTERN					
Lower Kuskokwim	\$0	(\$652,283)	Bering Strait	\$0	\$1,316
Iditarod	0	(34,364)	Lower Yukon	0	224,798
Kuspuk	0	(1,412)			
SOUTHWESTERN					
Southwest Region	187,877	372,608	Lake and Peninsula Aleutians West	0	189,729 2,045,047
INTERIOR PIPELINE					
Yukon-Koyukuk	3,170,899	452,535	Chugach	0	48,554
Yukon Flats	1,904,320	(11,450)			
Delta/Greely	1,834,516	1,401,369			
Cooper River	1,642,863	1,449,535			
INTERIOR HIGHWAYS (NO PIPELINE)					
Railbelt	50,343	37,018	Alaska Gateway	0	49,451
SOUTHEAST					
Chatham	147,579	1,218,659	Southeast Island	0	3,698,182

NOTES:

1. Amount required to meet the required local contribution is the difference between current local local contributions and the required local contribution. See Table 3.4.
2. Net change in education funds is the additional amount of revenue available for expenditure on education once the reduction in Foundation aid, required local taxes, additional entitlements, and consolidation savings are taken into account. Negative values indicate that taxation would be required to maintain education expenditures at the current level. See Table 5.2.

POTENTIAL REVENUES OF THE PROPOSED BOROUGHS

obligation, and these boroughs would need to institute a property tax. The other three boroughs, Southwest Region, Railbelt and Chatham, each need to raise less than \$200,000; conceivably, they could raise this money through sales taxation.

The three boroughs that do not need to tax to meet the required local contribution but do need to tax to offset the reductions in Foundation aid are the Lower Kuskokwim, Iditarod and Kuspuk boroughs. For the Iditarod and Kuspuk boroughs, the net decreases in education funds are estimated to be under \$35,000. The FY 87 expenditures of the districts forming these boroughs were several million dollars each, thus these reductions in education funding are insignificant. For the Lower Kuskokwim borough, the additional entitlements and consolidation savings offset only a portion of the reduction in Foundation aid, and net education revenues decrease \$650,000 unless taxes are levied.

The Yukon Flats borough, a pipeline borough, needs to tax to meet its local contribution requirement, but must tax at a rate slightly higher than needed to meet the requirement in order to maintain education funding. After the taxes required to fulfill the local contribution and the additional entitlements are considered, this borough is only \$11,000 short of its current level of funding. This amount is insignificant relative to the current level of education expenditures in this proposed borough.

Boroughs Where Additional Taxation is Not Required

Seven boroughs will not need to tax because their current local contributions exceed their required local contributions and because additional entitlements and consolidation savings offset the reductions in Foundation aid. These boroughs are Bering Strait, Lower Yukon, Lake and Peninsula, Aleutians West, Chugach, Alaska Gateway, and Southeast Island.

Strictly speaking, the boroughs with city districts that currently levy property taxes for education--the Bering Strait, Aleutians West, Chugach, and Southeast Island boroughs--will have to tax, because these tax revenues comprise part of the current local contribution. However, no additional tax revenue would be needed, and to the extent that the additional entitlements and consolidation savings exceed the reduction in Foundation aid to the borough, these boroughs could reduce their tax appropriations for education. For the Aleutians West and Southeast Island boroughs, the net change in education revenues far exceeds the current local tax contributions of the cities within these boroughs. These boroughs could reduce or even eliminate tax appropriations for school operations and still have more revenues for education than under the status quo.

The Lower Yukon, Lake and Peninsula, and Alaska Gateway boroughs are formed from REAAs, and their current local contributions therefore do not include any tax appropriations. These REAAs could organize as boroughs without levying local taxes and still maintain, and in fact, increase, revenues available for schools.

POTENTIAL REVENUES OF THE PROPOSED BOROUGHS

An Unexpected Result: Boroughs with More Education Revenue Than Under the Status Quo

The purpose of examining the net education revenues of the proposed boroughs was to determine how much revenue the boroughs would have to raise through local taxes; we anticipated that all boroughs would have to raise substantial sums simply to maintain education funding at current levels. That 13 of the 17 proposed boroughs would have more education revenue than under the status quo was an unexpected result.

When the additional entitlements, tax revenues required to fulfill the local contribution, and consolidation savings are considered, 13 of the proposed boroughs have more revenue for education than under the status quo (See Table 5.3). These boroughs are the Bering Strait, Lower Yukon, Southwest Region, Lake and Peninsula, Aleutians West, Yukon-Koyukuk, Delta/Greely, Copper River, Chugach, Railbelt, Alaska Gateway, Chatham and Southeast Island boroughs.¹ As discussed above, some of these boroughs need to tax to meet their required local contribution, but the additional entitlements and consolidation savings exceed the reductions in Foundation aid, thus they have a net increase in education revenue.

For the Bering Strait, Chugach, Alaska Gateway, and Railbelt boroughs, the increases are less than \$50,000 and are therefore insignificant. For the Southwest Region, Yukon-Koyukuk, Lower Yukon, and Lake and Peninsula boroughs, the increases in education revenue are moderate, ranging from \$200,000 to \$500,000. For the five remaining boroughs--Aleutians West, Southeast Island, Delta/Greely, Copper River, and Chatham--the increases are \$1 million or more and are therefore significant. The circumstances creating the large increases for each of these boroughs are explained below:

For the Aleutians West borough, the increase is due primarily to the estimated \$1 million in fisheries business tax revenues. However, this borough would also receive \$0.5 million in Municipal Assistance, which alone would offset the \$88,734 reduction in Foundation aid.

¹The four boroughs that would not have increased education revenues are the Lower Kuskokwim, Iditarod, Kuspuk, and Yukon Flats boroughs. With local taxes, these boroughs would have decreased revenues.

POTENTIAL REVENUES OF THE PROPOSED BOROUGHES

The Southeast Island borough comes out \$3.7 million ahead due to fisheries business tax receipts of \$0.75 million and a Municipal Assistance entitlement of \$1.5 million. This sizable Municipal Assistance entitlement is due to the fortuitous parallel between the number of people residing outside of cities within the borough and the number residing outside cities in the North Slope Borough. Under the current formula for determining the base Municipal Assistance entitlement of newly created boroughs, a new borough receives the base entitlement of the existing borough that has a similar population residing outside cities. The base entitlement of the North Slope Borough is \$1.2 million, thus the base entitlement of the new Southeast Island borough is \$1.2 million.

The Delta/Greely and Copper River boroughs would also receive sizable Municipal Assistance entitlements because the number of people residing outside of cities coincides with number residing outside of cities in the North Slope Borough. While these boroughs must raise significant sums through taxation to meet the local contribution requirement, they will also have an increase in education revenues due to receipt of large Municipal Assistance entitlements.

For the Chatham borough, its \$1 million increase is due in part to fisheries business tax refunds and to consolidation savings that could total \$0.8 million.

Conclusions

This chapter has focused on the necessity of local taxes for the operational support of schools. Upon organization, the boroughs must also take responsibility for school construction costs, which will increase the amount that each borough must raise locally for schools. In the long run, all of the proposed boroughs will surely have to levy local taxes to support education and other borough duties, and careful study of fiscal capacity should therefore be a prerequisite of borough formation.

Nonetheless, this analysis of the finances of the proposed boroughs dispels the commonly held notion that borough formation requires substantial sums to be raised locally and that there is a financial disincentive to borough formation. In fact, the converse is true: Under the current laws governing the transfer of State funds to local governments, most areas of the unorganized borough would benefit financially from organization. That some of these areas have not yet organized--despite the financial incentive to do so--suggests either that people are not aware of the financial benefits of organization or that people do not want to organize. Based on this analysis, the generally slow development of boroughs from the unorganized borough should probably be attributed more to sociological than to financial factors.

POTENTIAL REVENUES OF THE PROPOSED BOROUGHES

This analysis also suggests that the legislature should re-evaluate the methods by which State funds are distributed among local governments. The method for determining the base Municipal Assistance entitlement of new boroughs produces inequitable results: Based solely on the number of people residing outside cities, some boroughs would receive a base entitlement of \$7,275; others would receive a base entitlement of \$1.2 million. Such large differences in entitlements help create the situation where some new boroughs could organize without levying additional taxes and other new boroughs could not.

APPENDIX A
SPONSOR SUBSTITUTE FOR HOUSE BILL 1

1 IN THE HOUSE

BY LARSON AND MENARD

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 1

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act converting regional educational attendance
7 areas into third class boroughs; and providing for an
8 effective date."

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

10 * Section 1. THIRD CLASS BOROUGHs CREATED. (a) The areas within the
11 boundaries of the regional educational attendance areas formed under
12 AS 14.08.031 as of July 1, 1982, become third class boroughs effective
13 July 1, 1989. A city school district located within the boundary of a
14 borough formed under this section is part of that borough's school dis-
15 trict.

16 (b) Two or more regional educational attendance areas may combine to
17 form a third class borough under this section. The school boards of
18 regional educational attendance areas that decide to combine to form a
19 single borough under this subsection shall notify the lieutenant governor
20 of that decision as soon as possible.

21 (c) The lieutenant governor shall hold elections for initial assembly
22 members of boroughs formed under this section no later than June 1, 1989.
23 The initial assembly of a borough formed under this section shall consist
24 of seven members elected at large from the borough. The initial assembly
25 shall provide for the form of representation, composition, and apportion-
26 ment of the assembly under AS 29.20.060 - 29.20.110.

27 (d) This section does not apply to a regional educational attendance
28 area that organizes as a borough before the effective date of this Act.

29 * Sec. 2. TRANSITION. (a) The Department of Education shall oversee

1 and assist the transition from a regional educational attendance area to a
2 borough under this Act. On July 1, 1989,

3 (1) all property of the regional educational attendance area
4 becomes the property of the borough;

5 (2) the borough becomes the successor to all contracts and other
6 obligations, litigation, hearings, and other proceedings involving the
7 regional educational attendance area that are pending or in effect;

8 (3) faculty, staff, officers, and employees of the regional
9 educational attendance area are transferred to the borough.

10 (b) The term of office of a school board member from a regional
11 educational attendance area or a city school district described in sec. 1
12 of this Act ends on the date the election of the assembly members of the
13 third class borough formed from the regional educational attendance area is
14 certified.

15 * Sec. 3. The division of legal services of the Alaska Legislative
16 Affairs Agency shall prepare a bill conforming the Alaska Statutes to the
17 changes made by secs. 1 and 2 of this Act. The title of the bill shall be
18 "An Act relating to the unorganized borough, school districts, and third
19 class boroughs." The bill shall be presented to the House and Senate Rules
20 Committees for introduction on the first day of the Second Session of the
21 Fifteenth Alaska State Legislature.

22 * Sec. 4. Sections 1 and 2 of this Act take effect on the effective
23 date of a version of an Act passed by the legislature during the Second
24 Session of the Fifteenth Alaska State Legislature entitled "An Act relating
25 to the unorganized borough, school districts, and third class boroughs."

26 * Sec. 5. Section 3 of this Act takes effect immediately under AS 01.-
27 10.070(c).

APPENDIX B
SECOND SPONSOR SUBSTITUTE
FOR HOUSE BILL 1

BY LARSON, MENARD
AND DONLEY

1 IN THE HOUSE

2 2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 1

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the incorporation or annexation
7 of all areas in the unorganized borough; and provid-
8 ing for an effective date.

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

10 * Section 1. BOUNDARY PROPOSAL. (a) The local boundary commission
11 shall study the unorganized borough to determine how the entire area should
12 be organized into new home rule boroughs or annexed to existing boroughs
13 and unified municipalities. Based upon the standards set out in
14 AS 29.05.031, by December 31, 1989, the commission shall deliver to the
15 governor and the legislature a preliminary boundary proposal for the unor-
16 ganized borough. The proposal must include

17 (1) a designation of areas proposed for annexation to existing
18 boroughs or unified municipalities; and

19 (2) proposed boundaries for new boroughs to be formed in the
20 unorganized borough.

21 (b) In preparing the preliminary boundary proposal the commission
22 shall consult with existing municipalities within or bordering the unor-
23 ganized borough, regional educational attendance areas, and coastal re-
24 source service areas. The commission shall conduct at least one public
25 hearing in the area of each proposed new borough.

26 (c) The commission may submit any proposed annexation compatible with
27 the preliminary boundary proposal to the legislature under
28 AS 44.47.567 - 44.47.583.

29 (d) The commission shall, by March 31, 1990, submit to the governor

1 and the legislature its final boundary proposal. The proposal must provide
2 for the entire area of the unorganized borough, excluding areas annexed
3 under (c) of this section, to be included within new home rule boroughs.

4 * Sec. 2. PROVISIONAL HOME RULE CHARTERS. (a) By March 31, 1990, the
5 Department of Community and Regional Affairs shall deliver to the governor
6 and the legislature a provisional home rule charter for the new boroughs
7 designated in the final boundary proposal. In preparing the charter the
8 department shall conduct at least one public hearing in the area of each
9 new borough. The charter shall provide that each new borough exercise
10 only those powers a home rule borough must exercise by law.

11 (b) The voters of an area designated as a new borough in the final
12 boundary proposal may petition the department for an amendment to the
13 provisional charter for that new borough. If the department determines
14 that at least 15 percent of the number of voters who voted in the last
15 general election in the area have signed the petition, the department shall
16 submit the proposed amendment to the director of elections.

17 * Sec. 3. ELECTIONS. The director of elections shall schedule an
18 election of initial borough officials to be held under AS 29.05.120 in each
19 new borough designated in the final boundary proposal during or before the
20 general election held in 1990. Any proposed amendments to the provisional
21 charter of a new borough received by the director under sec. 2(b) of this
22 Act shall be submitted to the voters at the election of initial borough
23 officials.

24 * Sec. 4. INCORPORATION OF NEW BOROUGHES. (a) A new borough designated
25 in the final boundary proposal is incorporated as a home rule borough on
26 the first Monday following certification of the election held under sec. 3
27 of this Act. The provisional home rule charter prepared by the Department
28 of Community and Regional Affairs under sec. 2 of this Act, together with
29 any charter amendments approved by the voters, operates as the charter for

1 the new borough.

2 (b) AS 29.05.140 and 29.05.190 - 29.05.210 apply to boroughs incor-
3 porated under this section.

4 * Sec. 5. The division of legal services of the Legislative Affairs
5 Agency shall prepare a bill conforming the Alaska Statutes to the changes
6 made by this Act. The bill shall be presented to the House and Senate
7 Rules Committees for introduction on the first day of Second Session of the
8 Sixteenth Legislature.

9 * Sec. 6. This Act takes effect immediately under AS 01.10.070(c).

APPENDIX C

EDUCATION COSTS OF BOROUGHES FORMED
THROUGH CONSOLIDATION

TABLE C.1

FULL TAXABLE PROPERTY VALUES AND STUDENT POPULATION OF PROPOSED BOROUGHs FORMED BY COMBINING CITY DISTRICTS WITH THEIR SURROUNDING RURAL EDUCATIONAL ATTENDANCE AREA (REAA) OR BY COMBINING REAAS

PROPOSED BOROUGH	FULL TAXABLE VALUE	STUDENT POPULATION	FULL TAXABLE VALUE PER STUDENT	PERCENT OF TOTAL BOROUGH	
				VALUE	STUDENTS
Aleutians West					
Adak REAA	\$0	602	\$0	0	63
Pribilof REAA	14,153,160	155	91,311	12	16
Unalaska	95,564,500	159	601,035	81	17
Area outside cities	8,030,377	35	229,439	7	4
Total	\$117,748,037	951	\$123,815		
Bering Strait					
Nome	151,635,000	782	193,907	63	39
Area outside cities	88,842,297	1,224	72,584	37	61
Total	\$240,477,297	2,006	\$119,879		
Chatham					
Yakutat	18,136,700	157	115,520	14	17
Pelican	14,987,400	54	277,544	11	6
Hoonah	29,237,500	234	124,947	22	25
Skagway	59,036,600	137	430,924	45	15
Area Outside Cities	9,935,518	352	28,226	8	38
Total	\$131,333,718	934	\$140,614		
Chugach					
Valdez	1,693,326,700	695	2,436,441	92	55
Cordova	123,982,300	432	286,996	7	34
Area Outside Cities	25,981,222	130	199,856	1	10
Total	\$1,843,290,222	1,257	\$1,466,420		
Lower Kuskokwim					
Yupit REAA	18,357,736	294	62,441	6	10
Lower Kuskokwim REAA	302,659,726	2564	118,042	94	90
Total	321,017,462	2,858	112,322		
Lower Yukon					
St. Mary's	4,451,200	101	44,071	5	6
Kashunamiut REAA	9,445,343	172	54,915	11	11
Area Outside Cities	75,481,520	1,314	57,444	84	83
Total	\$89,378,063	1,587	\$56,319		

TABLE C.1 (Continued)

FULL TAXABLE PROPERTY VALUES AND STUDENT POPULATION OF PROPOSED BOROUGHs FORMED BY COMBINING CITY DISTRICTS WITH THEIR SURROUNDING RURAL EDUCATIONAL ATTENDANCE AREA (REAA) OR BY COMBINING REAAS

PROPOSED BOROUGH	FULL TAXABLE VALUE	STUDENT POPULATION	FULL TAXABLE VALUE PER STUDENT	PERCENT OF TOTAL BOROUGH	
				VALUE	STUDENTS
Southeast Island					
Kake	\$12,108,400	196	\$61,778	3	7
Petersburg	135,355,400	601	225,217	38	23
Wrangell	108,670,500	494	219,981	30	19
Klawock	5,841,100	162	36,056	2	6
Craig	37,304,700	231	161,492	10	9
Hydaburg	13,417,700	107	125,399	4	4
Annette Island REAA	0	421	0	0	16
Area Outside Cities	45,985,615	421	109,229	13	16
Total	\$358,683,415	2,633	\$136,226		
Southwest Region					
Dillingham	107,515,700	461	233,223	68	49
Area Outside Cities	50,055,560	472	106,050	32	51
Total	\$157,571,260	933	\$168,887		
Yukon-Koyukuk					
Tanana	11,755,200	81	145,126	1	8
Galena	20,106,900	167	120,401	2	17
Nenana	8,099,500	123	147,150	2	13
Area Outside Cities	884,536,600	613	1,442,963	95	62
Total	\$934,498,200	984	\$949,693		
TOTAL--CITY DISTRICTS	\$2,660,533,000	5,374	\$495,075	63	38
TOTAL--AREA OUTSIDE CITIES (REAAs)	1,533,464,674	8,769	\$174,873	37	62
TOTAL--CITY/REAA BOROUGHs	\$4,193,997,674	14,143	\$296,542		

NOTES:

1. Full taxable property value determinations for Rural Educational Attendance Areas were prepared by the State Assessor with the Department of Community and Regional Affairs, April 1987. Values of cities are from Alaska Taxable 1986.
2. Student populations are from the Department of Education and are the number of students reported to be in attendance during the first count in FY 87 (Average Daily Membership).

TABLE C.2

ESTIMATED REQUIRED LOCAL CONTRIBUTIONS AND FOUNDATION AID TO PROPOSED BOROUGHES FORMED BY COMBINING CITY DISTRICTS WITH THE SURROUNDING RURAL EDUCATIONAL ATTENDANCE AREA (REAAS) OR BY COMBINING REAAS

PROPOSED BOROUGH	REQUIRED LOCAL CONTRIBUTIONS			FOUNDATION AID			CHANGE IN FOUNDATION AID	
	FOUR MILLS	35 PERCENT OF BASIC NEED	REQUIRED CONTRIBUTIONS	BASIC NEED IN FY 88	90 PERCENT OF PL 81-874	AMOUNT RECEIVED UNDER STATUS QUO	AMOUNT RECEIVED UNDER HOUSE BILL 1	AS A PERCENTAGE OF AMOUNT RECEIVED BY THE REGION UNDER STATUS QUO IN DOLLARS
ALEUTIANS WEST								
Adak REAA	\$0	\$1,395,870	\$0	\$3,988,200	\$1,792,632	\$2,195,568		
Pribilof REAA	56,613	668,640	56,613	1,910,400	602,751	1,307,649		
Unalaska	382,258	544,740	382,258	1,556,400	154,473	1,019,669		
Area outside cities	32,122	68,792	32,122	196,548	32,412	164,136		
Total	470,992	2,678,042	470,992	7,651,548	2,582,268	4,687,022	\$4,598,263	(\$88,734) -1.9
BERING STRAIT								
Nome	606,540	1,808,520	606,540	5,167,200	82,724	4,477,936		
Area outside cities	355,369	5,354,160	355,369	15,297,600	4,199,309	11,098,291		
Total	\$961,909	\$7,162,680	\$961,909	\$20,464,800	\$4,282,033	\$15,576,227	\$15,220,858	(\$355,369) -2.3
CHATHAM								
Hoonah	116,950	577,290	116,950	1,649,400	190,808	1,341,642		
Pelican	59,950	232,470	59,950	664,200	0	604,250		
Skagway	236,146	376,320	236,146	1,075,200	0	839,054		
Yakutat	72,547	420,000	72,547	1,200,000	56,386	1,071,067		
Area Outside Cities	39,742	1,011,360	39,742	2,889,600	782,972	2,106,628		
Total	\$525,335	\$2,617,440	\$525,335	\$7,478,400	\$1,030,166	\$5,962,641	\$5,922,899	(\$39,742) -0.7
CHUGACH								
Cordova	495,929	922,950	495,929	2,637,000	15,603	2,125,468		
Valdez	6,773,307	1,375,290	1,375,290	3,929,400	9,495	2,544,615		
Area Outside Cities	103,925	575,610	103,925	1,644,600	183,932	1,460,668		
Total	\$7,373,161	\$2,873,850	\$2,873,850	\$8,211,000	\$209,030	\$6,130,751	\$5,128,120	(\$1,002,631) -16.4

TABLE C.2 (Continued)

ESTIMATED REQUIRED LOCAL CONTRIBUTIONS AND FOUNDATION AID TO PROPOSED BOROUGHS FORMED BY COMBINING CITY DISTRICTS WITH THE SURROUNDING RURAL EDUCATIONAL ATTENDANCE AREA (REAS) OR BY COMBINING REAS

PROPOSED BOROUGH	REQUIRED LOCAL CONTRIBUTIONS			FOUNDATION AID			CHANGE IN FOUNDATION AID		
	FOUR MILLS	35 PERCENT OF BASIC NEED	REQUIRED CONTRIBUTIONS	BASIC NEED IN FY 88	90 PERCENT OF PL 81-874	AMOUNT RECEIVED UNDER STATUS QUO	AMOUNT RECEIVED UNDER HOUSE BILL 1	IN DOLLARS	AS A PERCENTAGE OF AMOUNT RECEIVED BY THE REGION UNDER STATUS QUO
LOWER KUSKOKWIM									
Lower Kuskokwim REAA	1,210,639	11,187,960	1,210,639	31,965,600	5,933,153	26,032,447			
Yupit REAA	73,431	1,347,360	73,431	3,849,600	1,043,126	2,806,474			
Total	\$1,284,070	\$12,535,320	\$1,284,070	\$35,815,200	\$6,976,279	\$28,838,921	\$27,554,851	(\$1,284,070)	-4.5
LOWER YUKON									
Kashunamit REAA	\$37,781	\$681,450	\$37,781	\$1,947,000	\$498,907	\$1,448,093			
St. Mary's	17,805	476,280	17,805	1,360,800	62,613	1,280,382			
Area Outside Cities	301,926	4,990,860	301,926	14,259,600	4,633,701	9,625,899			
Total	\$357,512	\$6,148,590	\$357,512	\$17,567,400	\$5,195,221	\$12,354,374	\$12,014,667	(\$339,707)	-2.7
SOUTHEAST ISLAND									
Annette Island REAA	0	903,210	0	2,580,600	1,406,836	1,173,764			
Craig	149,219	506,940	149,219	1,448,400	32,973	1,266,208			
Hydaburg	53,671	360,150	53,671	1,029,000	0	975,329			
Kake	48,434	480,900	48,434	1,374,000	209,395	1,116,171			
Klawock	23,364	460,110	23,364	1,314,600	210,198	1,081,038			
Petersburg	541,422	1,133,370	541,422	3,238,200	8,155	2,688,623			
Wrangell	434,682	974,610	434,682	2,784,600	2,037	2,347,881			
Area Outside Cities	183,942	1,764,210	183,942	5,040,600	764,757	4,275,843			
Total	\$1,434,734	\$6,583,500	\$1,434,734	\$18,810,000	\$2,634,351	\$14,924,858	\$14,740,915	(\$183,942)	-1.2

TABLE C.2 (Continued)

ESTIMATED REQUIRED LOCAL CONTRIBUTIONS AND FOUNDATION AID TO PROPOSED BOROUGHES FORMED BY COMBINING CITY DISTRICTS WITH THE SURROUNDING RURAL EDUCATIONAL ATTENDANCE AREA (REAAS) OR BY COMBINING REAAS

PROPOSED BOROUGH	REQUIRED LOCAL CONTRIBUTIONS			FOUNDATION AID			CHANGE IN FOUNDATION AID		
	FOUR MILLS	35 PERCENT OF BASIC NEED	REQUIRED CONTRIBUTIONS	BASIC NEED IN FY 88	90 PERCENT OF PL 81-874	AMOUNT RECEIVED UNDER STATUS QUO	AMOUNT RECEIVED UNDER HOUSE BILL 1	IN DOLLARS	AS A PERCENTAGE OF AMOUNT RECEIVED BY THE REGION UNDER STATUS QUO
SOUTHWEST REGION									
Dillingham	430,063	1,143,240	430,063	3,266,400	354,651	2,481,686			
Area Outside Cities	200,222	2,272,620	200,222	6,493,200	1,742,370	4,750,830			
Total	\$630,285	\$3,415,860	\$630,285	\$9,759,600	\$2,097,021	\$7,232,516	\$7,032,294	(\$200,222)	-2.8
YUKON-KOYUKUK									
Galena	80,428	535,290	80,428	1,529,400	443,016	1,005,956			
Nenana	72,398	606,270	72,398	1,732,200	6,566	1,653,236			
Tanana	47,021	386,820	47,021	1,105,200	186,793	871,386			
Area Outside Cities	3,538,146	2,410,800	2,410,800	6,888,000	1,484,468	5,403,532			
Total	\$3,737,993	\$3,939,180	\$3,737,993	\$11,254,800	\$2,120,843	\$8,934,111	\$5,395,964	(\$3,538,146)	-39.6
TOTAL--CITY DISTRICTS	\$10,642,132	\$13,321,560	\$5,244,117	\$38,061,600	\$2,025,886	\$30,791,599			
TOTAL--REAAS	\$6,133,859	\$34,632,902	\$5,236,353	\$98,951,148	\$25,101,326	\$73,849,822			
TOTAL--CITY/REAA BOROUGHES	\$16,775,991	\$47,954,462	\$12,276,680	\$137,012,748	\$27,127,212	\$104,641,421	\$97,608,857	(\$7,032,565)	-6.7

NOTES:

1. Calculation of revenue possible under a four mill property tax based on full taxable value determinations by the Department of Community and Regional Affairs, April 1987.
2. Basic need and Public Law 81-874 values are from the Department of Education for FY 88.

TABLE C.3

COMPARISON OF REQUIRED LOCAL CONTRIBUTIONS UNDER THE PUBLIC SCHOOL FOUNDATION PROGRAM TO CURRENT LOCAL CONTRIBUTIONS OF THE PROPOSED BOROUGHES FORMED THROUGH CONSOLIDATION

PROPOSED BOROUGH	REQUIRED LOCAL CONTRIBUTION	CURRENT LOCAL CONTRIBUTIONS					TOTAL	REQUIRED CONTRIBUTIONS IN EXCESS OF CURRENT CONTRIBUTIONS
		TAX APPROPRIATIONS	EARNINGS ON INVESTMENTS	IN-KIND SERVICES	STATE TUITION PAYMENTS	10 PERCENT PL 81-874		
ALEUTIANS WEST								
Adak REAA	\$0	\$0	\$248,133	\$0	\$0	\$206,072	\$454,205	
Pribilof REAA	56,613	0	45,798	0	0	73,710	119,508	
Unalaska	382,258	122,000	6,464	0	0	14,838	143,302	
Area outside cities	32,122	0	28,987	0	0	34,689	63,676	
Total	\$470,992	\$122,000	\$329,382	\$0	\$0	\$329,309	\$780,691	0
BERING STRAIT								
Nome	606,540	206,000	92,403	0	11,468	1,867	311,738	
Area outside cities	355,369	0	325,302	0	0	501,696	826,998	
Total	\$961,909	\$206,000	\$417,705	\$0	\$11,468	\$503,563	\$1,138,736	0
CHATHAM								
Hoonah	116,950	0	11,549	11,339	59,775	16,859	99,522	
Pelican	59,950	14,000	5,862	0	5,126	0	24,988	
Skagway	236,146	58,500	7,879	0	0	0	66,379	
Yakutat	72,547	28,614	3,706	0	18,663	6,420	57,403	
Area Outside Cities	39,742	0	110,128	0	0	19,336	129,464	
Total	\$525,335	\$101,114	\$139,124	\$11,339	\$83,564	\$42,615	\$377,756	0
CHUGACH								
Cordova	495,929	618,005	30,853	8,052	176,638	3,065	836,613	
Valdez	1,375,290	4,088,389	127,794	0	309,647	2,301	4,528,131	
Area Outside Cities	103,925	0	14,035	0	0	22,026	36,061	
Total	\$2,873,850	\$4,706,394	\$172,682	\$8,052	\$486,285	\$27,391	\$5,400,804	0

TABLE C.3 (Continued)

COMPARISON OF REQUIRED LOCAL CONTRIBUTIONS UNDER THE PUBLIC SCHOOL FOUNDATION PROGRAM TO CURRENT LOCAL CONTRIBUTIONS OF THE PROPOSED BOROUGHs FORMED THROUGH CONSOLIDATION

PROPOSED BOROUGH	REQUIRED LOCAL CONTRIBUTION	CURRENT LOCAL CONTRIBUTIONS					TOTAL	REQUIRED CONTRIBUTIONS IN EXCESS OF CURRENT CONTRIBUTIONS
		TAX APPROPRIATIONS	EARNINGS ON INVESTMENTS	IN-KIND SERVICES	STATE TUITION PAYMENTS	10 PERCENT PL 81-874		
LOWER KUSKOKWIM								
Lower Kuskokwim REAA	1,210,639	0	660,769	0	0	715,691	1,376,460	
Yupit REAA	73,431	0	87,032	0	0	125,249	212,281	
Total	\$1,284,070	\$0	\$747,801	\$0	\$0	\$840,939	\$1,588,740	0
LOWER YUKON								
Kashunamit REAA	\$37,781	\$0	\$24,029	\$0	\$0	\$59,498	\$83,527	
St. Mary's	17,805	0	128,137	0	0	43,948	172,085	
Area Outside Cities	301,926	0	554,865	0	0	541,132	1,095,997	
Total	\$357,512	\$0	\$707,031	\$0	\$0	\$644,578	\$1,351,609	0
SOUTHEAST ISLAND								
Annette Island REAA	0	0	113,233	0	0	163,911	277,144	
Craig	149,219	0	22,577	15,074	0	4,603	42,254	
Hydaburg	53,671	0	5,250	0	0	0	5,250	
Kake	48,434	0	0	0	63,703	43,538	107,241	
Klawock	23,364	0	15,505	2,700	7,214	0	25,419	
Petersburg	541,422	606,460	36,238	0	0	1,431	644,151	
Wrangell	434,682	538,053	41,136	0	0	804	579,993	
Area Outside Cities	183,942	0	131,160	0	0	102,082	233,242	
Total	\$1,434,734	\$1,144,513	\$365,099	\$17,774	\$70,917	\$316,367	\$1,914,670	0

TABLE C.3 (Continued)

COMPARISON OF REQUIRED LOCAL CONTRIBUTIONS UNDER THE PUBLIC SCHOOL FOUNDATION PROGRAM TO CURRENT LOCAL CONTRIBUTIONS OF THE PROPOSED BOROUGHs FORMED THROUGH CONSOLIDATION

PROPOSED BOROUGH	REQUIRED LOCAL CONTRIBUTION	CURRENT LOCAL CONTRIBUTIONS					TOTAL	REQUIRED CONTRIBUTIONS IN EXCESS OF CURRENT CONTRIBUTIONS
		TAX APPROPRIATIONS	EARNINGS ON INVESTMENTS	IN-KIND SERVICES	STATE TUITION PAYMENTS	10 PERCENT PL 81-874		
SOUTHWEST REGION								
Dillingham	430,063	100,000	88,667	0	0	40,090	228,757	
Area Outside Cities	200,222	0	225,952	0	0	216,457	442,409	
Total	\$630,285	\$100,000	\$314,619	\$0	\$0	\$256,546	\$671,165	0
YUKON-KOYUKUK								
Galena	80,428	15,739	31,876	0	3,586	70,622	121,823	
Nenana	72,398	30,000	31,938	0	24,003	320	86,651	
Tanana	47,021	0	45,055	0	12,200	23,446	80,701	
Area Outside Cities	2,410,800	0	102,811	0	0	175,497	278,308	
Total	\$3,737,993	\$45,739	\$211,680	\$0	\$39,789	\$264,886	\$567,094	3,170,899

NOTES:

1. Required local contributions are based on comparison of revenues from a 4 mill property tax to 35 percent of basic need (see Table 3.3).
2. Current local contributions are from audited expenditures of each school district for FY 87 as reported by the Department of Education.

TABLE C.4
POTENTIAL SAVINGS FROM REDUCED ADMINISTRATIVE COSTS FROM CONSOLIDATION OF SCHOOL DISTRICTS

PROPOSED BOROUGH	STUDENT POPULATION	ADMINISTRATIVE COSTS			FY 87 EXPENDITURES	SAVINGS AS A PERCENTAGE OF EXPENDITURES
		FY 87	WITH CONSOLIDATION	SAVINGS FROM CONSOLIDATION		
ALEUTIANS WEST						
Adak REAA	602	\$666,228			\$4,670,815	
Pribilof REAA	155	237,778			2,021,980	
Unalaska	159	201,021			1,466,044	
Area outside cities	35	64,995			1,675,139	
Total	951	\$1,170,022	\$770,022	\$400,000	\$9,833,978	4
BERING STRAIT						
Nome	782	644,964			655,560	
Area outside cities	1,224	1,414,119			15,568,951	
Total	2,006	\$2,059,083	\$1,859,083	\$200,000	\$16,224,511	1
CHATHAM						
Hoonah	234	232,250			1,857,897	
Pelican	54	145,931			614,184	
Skagway	137	204,608			988,996	
Yakutat	157	179,973			1,395,841	
Area Outside Cities	352	449,958			3,822,906	
Total	934	\$1,212,720	\$412,720	\$800,000	\$8,679,824	9
CHUGACH						
Cordova	432	419,261			2,831,863	
Valdez	695	558,817			7,131,665	
Area Outside Cities	130	262,081			1,416,317	
Total	1,257	\$1,240,159	\$846,159	\$400,000	\$11,379,845	4

TABLE C.4 (Continued)
POTENTIAL SAVINGS FROM REDUCED ADMINISTRATIVE COSTS FROM CONSOLIDATION OF SCHOOL DISTRICTS

PROPOSED BOARD	STUDENT POPULATION	ADMINISTRATIVE COSTS			FY 87 EXPENDITURES	SAVINGS AS A PERCENTAGE OF EXPENDITURES
		FY 87	WITH CONSOLIDATION	SAVINGS FROM CONSOLIDATION		
LOWER KUSKOKWIM						
Lower Kuskokwim REAA	2,564	3,129,911			30,134,277	
Yupit REAA	294	676,834			4,226,065	
Total	2,858	\$3,806,745	\$3,606,745	\$200,000	\$34,360,342	1
LOWER YUKON						
Kashunamiut REAA	172	\$432,331			\$1,796,965	
St. Mary's	101	395,190			2,493,819	
Area Outside Cities	1,314	1,737,055			15,442,898	
Total	1,587	\$2,564,576	\$2,164,576	\$400,000	\$19,733,682	2
SOUTHEAST ISLAND						
Annette Island REAA	421	602,461			2,821,443	
Craig	231	253,793			1,472,954	
Hydaburg	107	167,389			838,402	
Kake	196	504,593			1,995,284	
Klawock	162	219,045			1,478,815	
Petersburg	601	418,134			3,302,404	
Wrangell	494	211,612			2,968,790	
Area Outside Cities	421	463,420			4,791,114	
Total	2,633	\$2,840,447	\$1,440,447	\$1,400,000	\$19,674,206	7
SOUTHWEST REGION						
Dillingham	461	425,046			4,503,868	
Area Outside Cities	472	681,284			6,608,486	
Total	933	\$1,106,330	\$906,330	\$200,000	\$11,112,354	2

TABLE C.4 (Continued)
POTENTIAL SAVINGS FROM REDUCED ADMINISTRATIVE COSTS FROM CONSOLIDATION OF SCHOOL DISTRICTS

PROPOSED BOROUGH	STUDENT POPULATION	ADMINISTRATIVE COSTS			FY 87 EXPENDITURES	SAVINGS AS A PERCENTAGE OF EXPENDITURES
		FY 87	WITH CONSOLIDATION	SAVINGS FROM CONSOLIDATION		
YUKON-KOYUKUK						
Ga.ena	167	385,217			2,166,330	
Nenana	123	236,640			1,923,734	
Tanana	81	241,045			2,183,827	
Area Outside Cities	613	682,101			7,671,235	
Total	984	\$1,545,003	\$945,003	\$600,000	\$13,945,126	4
TOTAL	14,143	\$17,545,085	\$12,945,085	\$4,600,000	\$144,943,868	3

NOTES:

1. Student populations are from the Department of Education and are the number of students reported to be in attendance during the first count in FY 87 (Average Daily Membership).
2. FY 87 administrative costs are those reported as "General Support Expenditures" by the Alaska Department of Education. These expenditures include: school boards; superintendent's and principals' offices; planning and research; fiscal services; central purchasing; statistical and data processing services; other general support activities.
3. Savings from consolidation were estimated to be \$200,000 for each district subsumed into the surrounding REAA.

TWIN HILLS VILLAGE COUNCIL

RECEIVED JAN 25 1988

GENERAL DELIVERY

TWIN HILLS, ALASKA 99576-2

(907) 525-4820 4820

January 13, 1988

(XIV - 2)

2A SSHB 1

To: Lieutenant Governor Stephan McAlpine
Senator Fred Zharoff
Senator John Binkley
Representative Adelheid Hermann
Representative Lyman Hoffman

From: Twin Hills Village Council

Date: January 13, 1988

Subject: Opposing House Bill 1

Enclose please find copy of letter to Governor Cowper and Resolution 87-07 and joint petition.

Your support to oppose House Bill 1 will be appreciated citing reasons provided in our letter to Governor Cowper.

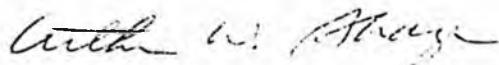
Twin Hills Village was founded by our Elders and did their best to make sure they and their families had a place and home to govern and control. The Elders did paperwork as they understood them. And our local governing body today is standing firm with their Elders part, effort to keep their local council in control for the benefit of the Village members. Your vote to oppose House Bill 1 will show your commitment to the rural villages and true Senate and Representative to your Bristol Bay, Yukon and Kuskokwim Regional district voters. Who you solicit their votes that you will serve us for our best interest.

Twin Hills Village have always been opposed to any State Chartered government and this is not the first time it is once again opposed to a Borough government within our townsite. For reference enclosed also copy of letter to Senator Zharoff and resolution 82-09 in opposition to the boundary change by the City of Togiak to include Twin Hills Village.

Thank you for your support to oppose House Bill 1 and consideration.

Sincerely,

Twin Hills Village Council


Arthur W. Sharp
President

Pate two
Letter Cont.
January 13, 1988

Enclosure: As Stated

cc: City and Village of;

Togiak, Manokotak, Clarks Point, Aleknagik, Dillingham, Portage Creek,
Levelock, Ekwok, New Stuyahok, Koliganek, *Goodnews Bay, Platinum*
Pat Poland, Deputy Director, DCRA, Anchorage
William Johnson, President BBNA, Dillingham



Pribilof School District

District Office Building
St. George School • St. Paul School
St. Paul, Alaska 99660 • Telephone (907) 546-2221

XIV-3 2455HB 1

Denver G. Bowen, Superintendent
Gary A. Norris, Principal

Board of Education
John R. Merculief, President
Alexis Prokopiou, Vice President
Mike Zacharof, Secretary/Treasurer
Andronik Rashevskov, Jr., Member
Carol A. Melovidov, Member

TO: Whom It May Concern

FROM: Denver G. Bowen, Superintendent & Board of Education

DATE: January 18, 1988

RE: Opposition to Mandatory Borough Bill

Denver G. Bowen

It is the understanding of the Pribilof School District that the primary impetus behind this bill is a desire to force rural Alaskans to begin taxing themselves to contribute to the cost of education. There also seems to be a growing criticism concerning the proliferation of small school districts. Several statements are made in the following paragraphs related to the position of the Pribilof School District board of education and administration related to this bill.

1. We think that the creation of more small school districts will be detrimental to the existence of older established rural school districts such as the Pribilof School District. It appears that the funding bill passed by the 1987 legislature includes a provision prohibiting the creation of new school districts serving less than 250 children except in special circumstances. Surely this addresses the creation of new small districts sufficiently.
2. We do not wish to combine with another REAA to form a larger school district since none of the other REAAs in our area have the same cultural background or current problems of isolation and life style changes unique to the Pribilof Islands. The bill as presented in the 1987 legislative session leaves the boundary of the present Pribilof School District intact. We believe that this is as it should be and wonder why it is necessary to go to the expense and change required to elect yet another governing body to serve the children of the Pribilof Islands.
3. Although it is hard to predict how an assembly will view educational matters, we think it is highly unlikely that a borough assembly performing municipal functions and educational functions will be as oriented toward educational matters as the present board of education. We believe that it is important to have a local board of education which only has the education of our children as its main responsibility.
4. We believe that the present board of education has served the children and parents of the Pribilof School District in an excellent manner. It is the only board which operates cooperatively between the Islands of St. George and St. Paul. Given the fact that the present REAA setup is serving the educational needs of the people of the Pribilof Islands, is there a need to *fix something that is not broken?*

Opposition to Mandatory Borough Bill
Page 2

5. If the whole thrust to the bill is to require the newly created borough to provide cash contributions or in service contributions through the levy of taxes, then modify the current laws to permit the board of education to levy taxes at a minimum and maximum millage rate. Many of the lower 48 states have this provision in their laws.

6. Many of the present REAs encompass areas that have very little, if any, tax base. We believe that the Pribilof Islands will fall into this category as supported by the recent studies of the property values in this area. The City of St. Paul has levied a three percent local sales tax for several years and the most it has brought in is a little over fifteen thousand dollars (\$15,000.00) for the year. There is also a legal question as to whether or not a local government can tax native lands.

7. We do not believe that a one year time period is enough to allow the transition to be completed should this mandatory borough bill pass. A two year transition period is certainly more reasonable.

8. The City of St. Paul and the City of St. George are already organized as second class cities. If a third class borough is created, these second class cities will continue to exist, although they will have a reduced function and responsibilities. Both cities have worked independently to establish local plans for present and future development based on the needs of each community. It appears to us that the creation of a third class borough would just be another addition of bureaucracy that is not necessary.

Finally, the Pribilof School District board of education and administration is most definitely opposed to the passing of the Mandatory Third Class Borough Bill. The attached Resolution 88-2 was recently passed by the board of education officially expressing opposition to the Mandatory Third Class Borough Bill.



Pribilof School District

District Office Building
St. George School • St. Paul School
St. Paul, Alaska 99660 • Telephone (907) 546-2221

Denver G. Bowen, Superintendent
Gary A. Norris, Principal

Board of Education
John R. Mercuriel, President
Alexis Prokopiou, Vice President
Mike Zacharof, Secretary/Treasurer
Andronik Kashvartof, Jr., Member
Carol A. Melovidou, Member

RESOLUTION 88-2

OPPOSITION TO HOUSE BILL #1

WHEREAS, the Pribilof School District was organized in 1976 to serve the educational needs of the students of the Pribilof Islands; and

WHEREAS, the Pribilof School District serves a socio-economic, linguistically and culturally homogeneous area in accordance with A.S. 14.08.031; and

WHEREAS, the educational goals of the Pribilof Islands should be determined at the local level by the people of the Pribilof Islands through their local representatives; and

WHEREAS, the school board of the Pribilof School District has developed special expertise with regard to educational policy for the Pribilof School District; and

WHEREAS, the creation of a third class borough would create a single entity to serve as both the borough assembly and the school board of the Pribilof School District;

NOW, THEREFORE BE IT RESOLVED, that the school board of the Pribilof School District opposes sponsor substitute for House Bill No. 1 which calls for the creation of mandatory third class boroughs;

BE IT FURTHER RESOLVED, that the school board opposes any legislation which would diminish local control of education in the Pribilof Islands or which would eliminate the ability of independent school boards to define educational goals for the communities which they serve or which would interfere with the ability of independent school boards to manage and control school districts;

BE IT FURTHER RESOLVED, that the school board believes that the mandatory reorganization of regional education attendance areas into boroughs is premature;

BE IT FURTHER RESOLVED, that the school board believes that the educational needs of school students in the Pribilof Islands will be better served by an independent school board solely dedicated to educational matters than by a single entity with combined educational and municipal responsibilities.


(Signature of Board President)

12-11-87
(Date of Board Action)

TWIN HILLS VILLAGE COUNCIL

GENERAL DELIVERY

TWIN HILLS, ALASKA 99576-2

(907) 525-4820

January 7, 1988

Governor Steve Cowper
P.O. box 3-2000
Juneau, Alaska 99802

Re; Resolution 87-07 and Joint Petition

Dear Governor Cowper,

Enclosed please find Resolution 87-07 and Joint Petition.

Twin Hills Village have always opposed to the formation of any State Chartered government within Twin Hills Federal Townsite. Twin Hills Village Council Members and Residents of Twin Hills are reconfirming their opposition with the enclosed resolution and joint petition.

Twin Hills does not find the borough feasibility study report done by the Department of Community and Regional Affairs in no way will benefit the Village of Twin Hills, Local authority will lose power, CSC will lose say towards education. The study is only trying to find ways to collect more money from the people through local taxation. The major beneficiary in the formation of the borough government will be Dillingham only.

The other reason in support to our opposition to a borough government. Already the study states, the monies that come direct to our village and other available grants and appropriation we receive will go to the borough. Twin Hills Village have not petition to take the local option law either because other village still have problems with the system. And still any formation of State Chartered government have always been subjects to law suits between relatives and neighbors. The intention to form a borough government within the Bristol Bay region may look and sound good to be the good side of the story. But there is also bad side which is not being presented to the people, which are taxation and law suits, just because someone tripped over on somebodies property or that of the local government.

Twin Hills Village Council on behalf of Twin Hills members and residents respectfully solicit your opposition to House Bill 1. Thank you for your support and consideration.

Sincerely,

Twin Hills Village Council

Leresa Mark for Arthur Sharp
Arthur W. Sharp
President

FEB 17 1988

2:00 p.

backup to XIV-2
2d SS/B1

TWIN HILLS VILLAGE COUNCIL

GENERAL DELIVERY

TWIN HILLS, ALASKA 99576-2

(907) 525-4444 4820

December 8, 1987

Resolution 87-07

TO OPPOSE THE FORMATION of BOROUGH GOVERNMENT WITHIN THE BOUNDARIES OF TWIN HILLS FEDERAL TOWNSITE.

WHEREAS; The Traditional Government of Twin Hills is recognized by the Government of the United States as a Tribal Government Pursuant to 26 USC 7871 et seq; and,

WHEREAS; Twin Hills Village Council is the Tribal Governing Body of Twin Hills; and,

WHEREAS; Twin Hills Village is located within U.S. Survey #558 under Federal Townsite Program; and,

WHEREAS; The Department of Community and Regional Affairs is doing a feasibility study to form a borough government to the Villages that are under rural education attendance area (REAA 6); and,

WHEREAS; The community members and residents of Twin Hills Village does not support the study and oppose to the formation of borough government within Twin Hills Federal Townsite boundaries;

THEREFORE BE IT RESOLVED that the Community Members and Residents of Twin Hills Village oppose to the formation of borough government within Twin Hills Federal Townsite; and,

BE IT FURTHER RESOLVED that the enclosed joint petition is in support of Resolution #87-07.

Joint Petition of Resolution 87-07

We, the Undersigned Members and Residents of Twin Hills and 18 years of age and older, oppose to the formation of borough government within Twin Hills Federal Townsite, and support said Resolution 87-07.

1). <u>Arthur W. Brown</u>	4). <u>Diane M. Brown</u>
2). <u>Laura J. Spang</u>	5). <u>Harvey A. Brown</u>
3). <u>Leresa Mark</u>	6). <u>Mary M. Brown</u>

7. Mattie A. Proctor 30. James T. Lick
8. Joseph A. Proctor 31. _____
9. Nickie R. Proctor 32. _____
10. Charles T. Proctor 33. _____
11. Lucy M. Proctor 34. _____
12. John Proctor 35. _____
13. Judith Proctor 36. _____
14. Frank Proctor 37. _____
15. George Proctor 38. _____
16. Mary Proctor 39. _____
17. Paul & Helen Proctor 40. _____
18. George Proctor Sr. 41. _____
19. James Proctor Jr. 42. _____
20. Frank Proctor 43. _____
21. David Proctor 44. _____
22. John Proctor 45. _____
23. Mattie P. Proctor 46. _____
24. Grace Proctor 47. _____
25. Robert Proctor 48. _____
26. Frank Proctor 49. _____
27. Mollie Proctor 50. _____
28. Walter Proctor 51. _____
29. Edward Proctor 52. _____

Page 3
Resolution Cont.
January 7, 1988

I, Hereby Certify that the forgoing resolution and joint petition was circulated within Twin Hills Village during the week of Dec. 8, 1987 to Dec. 31, 1987, this day of January 7, 1988.

Teresa Mark, for Arthur Sharp

Arthur W. Sharp, President

Date:

Jan 7, 1988

ATTEST: John C. Mark 7, 1988

John C. Mark Sec./Tres.

Date:

TWIN HILLS VILLAGE COUNCIL
TWIN HILLS, ALASKA 99575-2

To appoint a speaker at the Public Hearing in Togiak

RESOLUTION NO. 81-05

- WHEREAS, Community and Village Council of Twin Hills, hold a public meeting in Twin Hills; and
- WHEREAS, To discuss the Annexation of Twin Hills Village, by the City of Togiak; and
- WHEREAS, The Community of Twin Hills oppose to the Annexation of our Village by the City of Togiak; and
- WHEREAS, Community of Twin Hills suggest that members of Twin Hills Village Council, appoint a speaker to speak on behalf of Twin Hills Village.
- NOW THEREFORE BE IT RESOLVED, by the Village Council of Twin Hills to appoint Arthur W. Sharp, President of Twin Hills Village Council to speak on behalf of Twin Hills Village.

SIGNED Arthur W. Sharp

CERTIFICATION:

I, the undersigned secretary of Twin Hills Village Council, do hereby certify that the council member's composed of five (5) members of whom 4 were present at a meeting this 15 day of December, 1982, and that the foregoing resolution was adopted by the vote of 4 members.

Blair W. Sharp
SECRETARY

The Village Council and Community of Twin Hills have appointed me to speak to you on their behalf.

Prior to our public meeting in Twin Hills, we discussed whether or not to approve or disapprove in granting City of Togiak Annexing Twin Hills Townsite within their City Limits.

With due respect to our elders that founded and built the Village of Twin Hills, we oppose to the Annexation of Twin Hills Townsite as part of Togiak City Limits. There was hardship and a lot of paper work to be completed before being recognized by the State as an established Village, we do not want to forget and throw away what they have accomplished.

Since Twin Hills Village is recognized by the State and Congress as an established Village, we feel that our Village should be governed by its own people. Right now, State and Federal revenues, grants and appropriations given to the Village, are monitored by our village government and the monies we receive are budgeted based on the needs of our community. As separate entity, we exercise control over our townsite lots, right to vote within our townsite, apply and receive, State and Federal grants. To purchase materials and heavy equipments, build and maintain our own roads streets and airport.

The Village of Twin Hills and Togiak City are separated by a bay and two(2) rivers, Togiak Bay, and Twin Hills and Togiak River. With no road connected to both Villages, it would be hard to maintain adequate services to Twin Hills Village.

If we became one(1) City most of above mentioned will be a great loss to the Village of Twin Hills. And if both Villages become one City, State would not recognize Twin Hills Village as an established Village, but only as part of Togiak City.

Twin Hills Village would lose:

- Recognition as an established Village by the State and Congress
- Our sovereign entity as an established Village
- State and Federal appropriations
- To maintain service and control of our Village Townsite lots
- Teachers, Health Aide, Postmistress and representation of our village.

We greatly depend on these services mentioned and we are fortunate to have them here in our Village.

Thank you.

George K. K.

his letter refers to the people's proposal.

The people of the hills have said a word. But
the matter of the people's proposal. In law, there is

now that this has been proposed is not right in law
and never will.

I won't go into other things.

Even though your members are in the hills, they
have decided to. I understand it, but not in a way
and onto your hill country. I can't live with the
native land of the country. And will never live with
never go into your proposal.

Now as a matter of fact, the hills are
hills, and the hills are hills. I understand it
is not a hill, it is through our hills. And I understand
that we'll make the hills on our hills, but we'll
put away from ourselves the hills. And we'll
we won't make the hills on our hills.

the people of Spanish ...

... the people of Spanish ...
... day to ...
... you ...
... what ...
... don't ...
... go into ...

... though your ...
... don't get into ...
... we understand it ...
... don't add on to your city ...
... native ...
... you from ...
... boundary ...
... will never ...

... at ...
... on ...
... more land ...
... ...
... at ...

... way ...

...
...
...

(XIV -4)
2d SSMB 1

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Attorneys at Law

600 W. INTERNATIONAL AIRPORT ROAD
SUITE 201
ANCHORAGE, ALASKA 99518

SAMUEL J. FORTIER
DAGMAR C. MIKKO
TELEPHONE (907) 563-6449
FAX LINE (907) 562-4214

January 5, 1988

Rep. Adelheid Herrmann
P.O. Box 63
Naknek, Alaska 99633

RE: Legislative Report

Dear Adelheid:

Thank you for providing me with a copy of your legislative report. Although I have had the report for some time, I have simply not had an opportunity to study it in any depth. However, I did note that one matter of concern addressed in your report is the proposal to require all unorganized areas in Alaska to form third-class boroughs.

One matter of particular concern in your district may be the incursion of the Aleutians East Borough onto lands of Bristol Bay Native Corporation, Alaska Peninsula Corporation and Bay View, Inc. (the village corporation of Ivanoff Bay). The Local Boundary Commission justified the incursion because there was no explicit language prohibiting boroughs from crossing over regional corporation boundaries. As you are aware, the idea of boroughs was formulated during the Alaska Constitutional Convention, when only one native representative served at the convention.

However, since the passage of the Alaska Native Land Claims Act, regional boundaries have become the major method of delineating various regions of the State for purposes of socio-economic laws. See for instance: Regional Educational Association Boundaries, at Title 14 and Coastal Resource Service Areas, at Title 44. In fact, the Aleutians East Borough is the first borough to be formed in this State since the passage of the Alaska Native Claims Settlement Act.

The village corporations of Alaska Peninsula Corporation and Bay View Incorporated, as well as Bristol Bay Native Corporation and the Lake and Peninsula School District are presently litigating

the Local Boundary Commission's decision. Briefs are due on January 15, 1988.

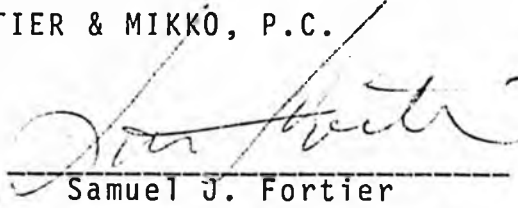
Boroughs in rural areas do not make a whole lot of sense, except in areas of economic diversification, such as Naknek. In the event boroughs are required, then certainly local control should be most important. As the East Aleutians Borough issue demonstrates the formation of boroughs should be clarified, so that the Local Boundary Commission is aware that, in rural Alaska, boroughs should not extend across regional boundaries, so as to adversely impact private land owners who are not included within the borough. Such was the case with the communities of Port Heiden and Ivanoff Bay. The Local Boundary Commission drew boundaries which impacted village users' use of land resources, while recognizing that the communities populations were distinct from those within the borough.

Again, I thank you for your post-session report.

Very truly yours,

FORTIER & MIKKO, P.C.

By:



Samuel J. Fortier

SJF:rrk (Herr1/R7)

The Valley Courier

"Bringing the News to You"

February 1, 1988

Healy, Alaska

35 cents

House Bill 1-To be or not to be? Su-Valley & Tok Regional Champions

Su-Valley and Tok win the Regions

by Kay Durham

January 21, 22, and 23 were the days and nights picked for basketball regionals to take place.

A lot of preparation went into getting ready for the Regionals. There were plans for food booths and raffles along with all the excitement of who this years winners would be.

Su-Valley Boys came away with the trophy for 1st place with Anderson placing 2nd in line.

The Tok girls team managed a 1st place trophy, with Su-Valley girls coming in 2nd.

The standings for the boys teams are: Su-Valley, Anderson, Northway, Tri-Valley, Tok Nenana, Mantaska and Kenny Lake.

The girls team standings are: Tok, Su-Valley, Northway, Nenana, Anderson Tri-Valley and Kenny Lake.

I searched out Su-Valley coach Norm Solberg and asked him a few questions (a sports reporter, I'm not).

I asked him if there were any surprises for them during the tournament? He replied that they of course, had played all the teams earlier in the year, but thought that every team had improved over time and felt that they had good competition in all their games.

My next question was -Did he do anything special in preparation for the tournament? The coach replied that watching videos is a major help with all the coaches and helps find all the weak spots to work on. But nothing really that other coaches hadn't done.

I was not aware of the fact that Norm Solberg was also the girls basketball coach, so that brought on another question.

they are every bit as serious as boys about the sport. He also informed me that Rick Harris from Anderson also does double duty for boys and girls basketball.

This is the first time that he has had both teams going to state. Congratulations!

At the end of the interview, I asked him for any other comments he might like to make about the tournament. Coach Solberg's reply was that he would just like to thank the Tri-Valley School and residents of Healy for being such good hosts and also for the good tournament.



Free Workshop to be Held!

Project Reach from Fairbanks is going to hold a free workshop for the parents or soon to be parents of children from birth to 3 years old. The workshop is for developmental skills of the child, and will include information on how Ear Infections can affect the learning processes. Diana Barton, a Speech & Language professional will join Physical Therapist Barbara Bender with activities for children during the winter months.

The workshop will be held on Monday, February 8, at 7:00 p.m.

at the Tri-Valley Community Center in the Sugarloaf Room.

Free babysitting will be provided to the participants of the workshop beginning at 6:30 p.m.

For more information, you can

Borough Information Meeting

There will be a Borough Information meeting on February 4 at 7:00 p.m. at the Tri-Valley Community Center. This meeting will have local Boundary Commission representatives along with Legislative representatives to answer all your questions. Your presence and testimony is desired. For more information you may call Porky Larson in Anderson at 582-2319. Come to the meeting and find out the facts!

New Tax Laws Informational Meeting

On Tuesday, February 16, several IRS representatives will be visiting our area. They will be here to answer any questions the community may have about the new tax laws. So if you have some questions, now is the time to bring them up. They will be at the community center from 7:00 to 9:30 p.m.

Artists Wanted!

Tri-Valley School is looking for artists who would like to submit a sketch of the Tri-Valley Warrior.

The winner will paint an enlarged version of their sketch in the center circle of the gym floor at the school, during the first week of summer.

If you are interested, the sketch must be submitted in color on standard paper, approximately 8"x11" by February 15, 1988.

The school will mechanically enlarge your sketch to the final size and provide the paint.

If you need more

LETTERS TO THE EDITOR:

To the Editor:

I am somewhat puzzled and disappointed in our local school governments quality of judgement. Recently a position in the department of janitorial services opened at our school.

Employment in this area of Alaska is a most difficult task, to say the least. The majority of Healy's fortunate population have at least one member of the household employed by Usibelli Coal Mine, Golden Valley or our school system. On the other side of the fence, we have households who are not as fortunate. Either they are unemployed or find minimal work which does not support a family functionally, with Alaska's economy.

Here's where my concerns enter into light. What was the person or persons thinking when they were looking at the job applications? Was it how long an applicant lived in Healy, or who they knew in the school system? Was it a personal favor someone owed someone else? WHAT WAS IT? Were applicants asked if they were trying to support a family here, are other members of their household employed? Does this applicant possess the skills required for the position?

I realize it's a dog eat dog world out there, but why do we make it worse? There were unemployed heads of households with school age children who applied for this position, only to have wasted their time because there wasn't a chance of being considered.

To who ever made the the hiring decision, I feel your judgment was not objective nor based on any logical considerations. But I hope by writing this, that in the future better judgement will take place when making these decisions.

Regretfully,
Linda Harrelson

Dear Editor:

We are sending you a copy of a letter we addressed to concerned citizens. We would greatly appreciate it if you would print this letter in your paper.

HB-1 is of concern to many residents in your area and we believe they would be interested in this information. Thank You.

Sincerely,
Senator Jack Coghill

Dear Concerned Citizen:

We would like to thank those of you who have taken the time to voice your opinion on the topic of organization (HB 1).

As you may be aware HB 1 was discussed at nearly every teleconference we held last session in District 17. Your help in addition to our newsletters, articles, and letters to editors will help us in this ongoing struggle to keep ourselves free from tax hungry governments.

At the present time HB 1 is still in the House, where it has been stagnant since it's introduction last session. We are confident that we have a better than good chance of making sure this legislation does not become law and your signatures can only help.

As the hearing process continues through the House and Senate(if it gets that far) there will be additional opportunities for your help and we would appreciate additional input. As you are aware, the legislation is in the House Community and Regional Affairs. The next committee of referral is Health and Social Services, and then the bill goes to Finance.

It is important to note that while we may be able to eliminate HB 1, the topic of organization will remain an active one as long as government activists think they can find more fertile ground to organize and control.

Now is the time for unity. Together we stand the best chance of defeating government sprawl and preserving true Alaskan values. We assure you that we will do everything possible to prevent HB 1 from becoming law and look forward to your continued support in this challenge.

Sincerely,
Senator Jack Coghill
&
Representative Dick Schultz

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UCM

VET IN HEALY

WHO:

Pat Moriarty

WHAT:

Small and Large animals

WHEN:

February 25, 10:00 a.m.

Feb. 1, 1988

LETTERS TO EDITOR
January 21, 1988

Dear Community Members.

In the past the Tri-Valley Community Library has been supported to a large extent by state revenues. This has enabled us to purchase books and periodicals, provide several programs, hire librarians and provide open hours during the day, on Saturday and on some evenings. As state revenues continue to decline and the competition for these funds increases, we have begun to look for new methods of funding to provide the same level of service to the community.

One of the most used resources at the library is the magazine collection. Over the years the librarians have tried to subscribe to as wide a range of periodicals as possible to provide for many of the special interests of the community. In order to maintain this broad spectrum of publications, we are asking businesses in the community or any interested local resident to donate a year's subscription to a periodical of their choice. It could then be read at the library by anyone in the community, and we would all be the richer for it.

Enclosed is a list of periodicals to which the library currently subscribes. Feel free to choose any of these or offer a suggestion of your own, then call Betty Cunningham or Judy Engleman at 683-2507 for details of how to help. We would all be grateful for any support you could offer.

Sincerely,

The Tri-Valley
Community Library Board

LIST OF PERIODICALS:

Outdoor Life.
Petersen's 4 Wheel and

Rockline Magazine
Independent Guide
for Apple Computing
Cycle World
Family & Home Office
Computing
Harvard Medical School
Health Letter
Library Imagination
Paper
Library Insights
Promotion & Programs
3-2-1 Contact
Animal Kingdom
Better Homes
Family Circle
Guns & Ammo
Ladies Home Journal
Library Journal
McCall's Needlework &
Crafts
Mother Earth News
Motor Trends
National Wildlife
Practical Homeowner
NY Times Book Review
People
Teen
Weight Watchers
Womans Day Writers
Digest
Cross Country Skier
Appraisal
PERIODICALS WHICH COULD
BE REINSTATED WITH YOUR
HELP:
McCalls
Sport
Country Living
Reader's Digest
Compute
Natural History

**Legislative Report From
Senator Jack Coghill-**

January 11th began the Second Session of the 15th Alaska State Legislature here in Juneau. Along with being the Chairman of the Senate Resources Committee and Chairman of the Senate Caucus, I am Vice Chairman of the Senate Transportation Committee and a member of the Committee on Committees, Oil and Gas Committee and the New Revenue Work Group. I am looking forward to a very busy and productive session.

President Reagan has approved the export of Alaska's North Slope natural gas. This removes one hurdle and will greatly assist in marketing and securing purchase agreements for our natural gas. The construction of a natural gas pipeline could come closer to reality.

A subject of great interest to the District is the mandatory borough issue. House Bill 1, an act converting Regional Educational Attendance Areas (REAA) into third class boroughs has been introduced by Representative Larson. The bill has not passed the House of Representatives as of yet and will have to have public hearings in two House committees before a floor vote will be taken and the bill passed to the Senate.

I am strongly opposed to HB-1 and will do everything I can to prevent it from becoming law. My main reason for opposition

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to this piece of legislation is because I believe that local government should be up to the people, not mandatorily placed on them. We will be monitoring HB-1 throughout this session and periodically give updates on its progress.

I sincerely appreciate receiving the CITIZEN OF THE YEAR AWARD, presented by the North Pole Chamber of Commerce. Many Thanks to the businesses and Chamber members in North Pole.

If at any time my office can be of assistance to you during the legislative session, please feel free to contact us. Our address is P. O. Box V, Juneau 99811. Our phone number is 465-4797 and we will accept collect calls.

My staff for the session is as follows: Sheri Schlotfeldt, Secretary; Bob Cramer, Researcher; Bruce Geraghty, Resource Committee Researcher; Elizabeth Ziegler, Resource Committee Aide, and Shelly Growden, Executive Assistant.



Legislative Comments by Dick Schultz

The Issue of Organization

The emergence of House Bill 1, sponsored by Representative Ron Larson of Palmer, has once again raised the topic of organized government to epidemic proportions along the road system in District 17. While HB 1 deals with forcing organization for the purposes of funding education, it never the less spawns the full range of attending issues.

As the legislature begins, it is not likely HB 1 will become law. There is a fair possibility that it will pass the democratically controlled house, however it faces a very doubtful future in the Republican Senate. If for some reason it does pass the Senate, the Governor would be under party pressure from the Democrats to sign the bill into law.

The bill is presently in the House community and Regional Affairs committee, where it has been since it was introduced last year. It has at least two more committees to go through before it could be scheduled for a floor vote, and that would take many weeks which allows additional time for your comments.

Both Senator Coghill and I will continue to watch this bill at every step throughout the process and do all we can to prevent it from becoming law.

From my perspective, the residents of the areas in question need to consider two things as they decide on a course of action.

The first is that organization can not be avoided forever, due for the most part, to the political make up of the state. As much as I oppose creating tax spending local governments, the odds are they will happen eventually. As the population centers become more and more dependent on public dollars, they will seek additional sources for those dollars. One of the first places they look is to areas that are

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unorganized and therefore untaxed.

The second fact that must be faced is the political makeup of Juneau. Should and unfavorable boundary commission decision occur, it would be very doubtful that a single representative and senator could force a nullifying resolution through the legislature in the required 45 days.

My recommendation at this point is to consider all options including self organization, provide as much input as possible to the boundary commission and be ready to move quickly should the need arise. The reason is simple. If organization ever occurs, the citizens of the areas affected should be the ones in the drivers seat. In the mean time, I will continue to fight all takeover attempts using every resource available to me as a legislator.

My Juneau office will be open from 8:00 a.m. to 5:00 p.m., Monday thru Friday during session. Our number is 465-4940. If I am on the floor of the House or otherwise unavailable, I have two staff persons to assist you. My personal aide is Dave Stancliff and my personal secretary and budget assistant is Sandy Perry-Provost.

As we begin our work for you here in Juneau, I would personally like to encourage your communication and input.



Washington's Birthday

Feb. 1, 1988

HOW A BILL BECOMES LAW

Compiled by B. Walters

After listening to some comments made by people who attended a recent community meeting, I thought many people are unfamiliar with the course a bill must take to become a law. The following is a brief description of the 10 major steps in the process of passing a law in Alaska. For those who are trying to follow the course of HB 1 (Proposed Boroughs), it would be best to keep track of the bill's progress through the following stages. If you wish further information please refer to the State of Alaska Blue Book which goes into more detail. The Alaska Blue Book is published by the State and can be found at the local library. The following information has been culled from that book. If you wish to contact your local politician please read How to keep In Touch With Your State Legislators in this same issue.

The idea from a bill may come from a legislator, a legislative committee, a group of legislators, a state or local agency, a business, professional or fraternal group, an individual citizen, a lobbyist, the governor, or others.

STEP 1 BILL DRAFTING

A legislator or a legislative committee

submits a proposal for a bill to the Legislative Affairs Agency.

STEP 2 INTRODUCTION (FIRST READING AND COMMITTEE REFERRAL)

Once a bill has been placed in final form it is ready for introduction to one of the houses of the Legislature. After the "First Reading" the presiding officer will announce what committee or committees will consider the bill.

STEP 3 COMMITTEE CONSIDERATION

The committee(s) to which the bill is referred may consider the bill in regular meetings or in meetings combines with public hearings. The committee may combine bills that deal with the same subject, add amendments, or ignore the bill altogether.

During the second reading, the sponsor and title of the bill are again read aloud to the house. If a committee of reference submitted a substitute bill, there is a motion to adopt the substitute bill for consideration. The bill is then before the house for debate and amendment. Once the amendments, if any, have been adopted, the bill is voted on the passage in second reading. If approved in second reading, the bill goes to the rules committee to schedule a final action. It often happens that a bill will be advanced to

STEP 4 SECOND READING

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3/4 vote of membership.)

STEP FIVE THIRD READING (FINAL PASSAGE)

At the third reading there may be a motion to return the bill to second reading for a specific amendment. An "Effective Date" means it will then become law on a certain date (2/3 vote by members required to approve effective date clause.) Otherwise bill becomes law 90 days after passage unless vetoed by governor.

STEP SIX CONSIDERATION IN THE OTHER HOUSE.

After final passage in one house of the Legislature, the bill is sent to the other house where it goes through the same introduction, committee referral, and reading processes as in the house of origin.

STEP 7 IN CASE OF DISAGREEMENT (CONFERENCE COMMITTEES)

If the second house makes changes in the bill and then passes it, the bill is returned in amended form to house of origin. If change is accepted, bill is sent on to enrollment. If not the bill could send up in a conference committee which addresses only those points of bill in contention to solve differences.

STEP EIGHT ENROLLMENT AND SIGNATURE

When bill passes approval of both house it is sent to Legislative Affairs Agency where it is rechecked and prepared in final form. Bill is then sent to each house of Legislature for signature of presiding officer and clerk. Then it is sent to

governor for review and action.

STEP NINE ROLE OF GOVERNOR

Governor has 15 days (excluding Sundays) to consider a bill if Legislature is in session. 20 days if Legislature has adjourned. Governor can sign bill, veto it or let it become law without signing it. Vetoed bills are returned to Legislature. If legislature is in session 2/3 veto by both houses will override Governor's veto and bill becomes law. If Legislature has adjourned, vetoed bill will be taken up in second regular session or a special session. The governor may veto or reduce items in appropriation bills. This is called power of "line item veto." Legislature can overturn veto of appropriation bill only with 3/4 vote from both houses.

STEP TEN FROM A BILL TO AN ACT TO LAW

New legislation becomes an act and is given a number. It is now designated Chapter __, Session Laws of Alaska 19__ and added into the ALASKA STATUTES, the official code of the state. Now it is subject to enforcement, observance, and administrative action. INITIATIVE AND REFERENDUM

So let's say HB1 passes. What recourse do the people of Alaska have to change it..... The people have the constitutional right to enact laws through the initiative process and to approve or reject acts of the legislature by referendum. The process is complex and there are time elements

involved and signatures of registered voters needed. See the Alaska Blue Book for specifics.

An initiative or referendum is approved or rejected by a majority of the votes cast in a statewide election. An initiative cannot be vetoed by the governor or repealed by the legislature for 2 years. It can be amended.

Well if you have read this much of the steps needed for legislation to become law you are probably wondering if ANY bills are ever passed by our politicians. Here are a few statistics taken from the Alaska Blue Book:

The first legislative session which adjourned in April 16, 1959 passed 200 bill (in 81 days) with a Budget Appropriation of \$27,084,790. On May 12, 1986 as the second legislative session ended there were 146 bills enacted (in 120 days) with a buget appropriation of \$3,359,989,500.

HOW TO KEEP IN TOUCH WITH YOUR STATE LEGISLATORS

Did you know you can talk to your state legislators from your district free of charge twice a month.

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Introduced: 3/13/87
Referred: Community & Regional
Affairs, Health, Education &
Social Services and Finance

3-0166L
ORIGINAL

1 IN THE HOUSE

BY LARSON AND MENARD

2

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 1

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act converting regional educational attendance
7 areas into third class boroughs; and providing for an
8 effective date."

9

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

10

* Section 1. THIRD CLASS BOROUGHS CREATED. (a) The areas within the
11 boundaries of the regional educational attendance areas formed under
12 AS 14.08.031 as of July 1, 1982, become third class boroughs effective
13 July 1, 1989. A city school district located within the boundary of a
14 borough formed under this section is part of that borough's school dis-
15 trict.

16

(b) Two or more regional educational attendance areas may combine to
17 form a third class borough under this section. The school boards of
18 regional educational attendance areas that decide to combine to form a
19 single borough under this subsection shall notify the lieutenant governor
20 of that decision as soon as possible.

21

(c) The lieutenant governor shall hold elections for initial assembly
22 members of boroughs formed under this section no later than June 1, 1989.
23 The initial assembly of a borough formed under this section shall consist
24 of seven members elected at large from the borough. The initial assembly
25 shall provide for the form of representation, composition, and apportion-
26 ment of the assembly under AS 29.20.060 - 29.20.110.

27

(d) This section does not apply to a regional educational attendance
28 area that organizes as a borough before the effective date of this Act.

29

* Sec. 2. TRANSITION. (a) The Department of Education shall oversee

HB0001B

-1-

SSHB 1

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1 and assist the transition from a regional educational attendance area to a
2 borough under this Act. On July 1, 1989,
3 (1) all property of the regional educational attendance area
4 becomes the property of the borough;
5 (2) the borough becomes the successor to all contracts and other
6 obligations, litigation, hearings, and other proceedings involving the
7 regional educational attendance area that are pending or in effect;
8 (3) faculty, staff, officers, and employees of the regional
9 educational attendance area are transferred to the borough.
10 (b) The term of office of a school board member from a regional
11 educational attendance area or a city school district described in sec. 1
12 of this Act ends on the date the election of the assembly members of the
13 third class borough formed from the regional educational attendance area is
14 certified.
15 * Sec. 3. The division of legal services of the Alaska Legislative
16 Affairs Agency shall prepare a bill conforming the Alaska Statutes to the
17 changes made by secs. 1 and 2 of this Act. The title of the bill shall be
18 "An Act relating to the unorganized borough, school districts, and third
19 class boroughs." The bill shall be presented to the House and Senate Rules
20 Committees for introduction on the first day of the Second Session of the
21 Fifteenth Alaska State Legislature.
22 * Sec. 4. Sections 1 and 2 of this Act take effect on the effective
23 date of a version of an Act passed by the legislature during the Second
24 Session of the Fifteenth Alaska State Legislature entitled "An Act relating
25 to the unorganized borough, school districts, and third class boroughs."
26 * Sec. 5. Section 3 of this Act takes effect immediately under AS 01.-
27 10.070(c).

VALLEY ACCOUNTING SERVICES

RICK BREWER of Valley Accounting Services in Anderson, is looking forward to serving you this tax season and throughout the coming year. This being our 6th year in tax preparation, we feel that we have the experience to help prepare your taxes accurately. Our record stands for itself with our many satisfied customers. So give us your consideration this year for your tax needs.

Our offices are located in the Anderson City Building, which is the first building on the left after passing the Anderson School. We plan to be in the Healy area on February 19 & 20, also March 17 & 18. If these dates are not convenient, you are welcome to come to our offices in Anderson. Give us a call today at 582-2777 for an appointment.

Binkley opposes borough legislation

by Sen. John Binkley
for the Tundra Times

JUNEAU — What do you know about House Bill 1? With the Alaska Association of School Boards meeting here in Juneau recently, that's all I've heard from visiting constituents.

News of this bill, which would convert the regional school districts — REAAs — into Third Class Boroughs, has spread throughout the rural parts of the state faster than wildfire.

This bill, sponsored by Rep. Ron Larson, D-Palmer, would organize all of the unorganized region of the state into boroughs by next year. Boroughs are larger, more regional forms of government, like counties in other states.

Two or more REAAs could combine to form a single borough, governed by an assembly with seven members.

Supporters say organizing like this would result in more local control. They argue that local people would have a stronger voice in making decisions that affect them.

They also say this move would save the state money. That's because the newly formed boroughs could sell property and collect taxes to raise money to pay for services now provided by the state. The more money raised locally, the less money needed from the state.

Some of the kinds of taxes being talked about are property taxes, severance taxes, sales taxes, use taxes, fuel and fish taxes. Taxes might not be such a bad idea if you have an oil pipeline running through your backyard, as does the North Slope Borough and the Fairbanks North Star Borough, or if you have a large fishing industry operating within your boundaries.

But what about the smaller, rural areas that don't have those kinds of economic resource? The cost of setting up and maintaining a system to collect property taxes would probably cost more than the amount of money raised from property tax.

The way I see it, there wouldn't be many advantages to smaller rural areas being organized into boroughs at this time. Consider these points:

- The larger, hub villages would most likely have greater representation on the borough assembly and wouldn't necessarily protect the interests of the smaller villages.

- The new borough assembly would run the regional school district, as well as any smaller city school districts.

- Municipal assistance and state revenue sharing would be funneled through the boroughs, rather than going directly to the villages.

- Boroughs could count villages that are not organized as a municipality for their share of state revenue sharing funds, but might not be required to pass on that money unless they form a municipality.

- Villages would have to go through their borough government when making requests for capital projects, rather than dealing directly with the state.

- The bill would create another level of government on top of already existing village councils, tribal governments and municipalities.

Right now House Bill 1 is in the House Community and Regional Affairs Committee. The bill's sponsor is busy making changes to it in hopes of making it more palatable to opponents.

For example, the latest proposal lengthens the period of time in which boroughs could be formed and calls for the Local Boundary Commission to draw the boundaries of the new boroughs, based on public input.

In addition, the latest proposal calls for the formation of Home Rule Boroughs instead of Third Class Boroughs. Home Rule Boroughs can do their own planning and zoning and can set up their own charters in order to set their individual terms.

The way I see it, there wouldn't be many advantages to smaller rural areas being organized into boroughs at this time.

But this latest version doesn't change a bad idea into anything but another version of a bad idea. Residents of most villages in the unorganized borough have low incomes and high rates of unemployment. Opportunities for economic development are few, and there's little to tax.

With the latest cuts in state revenue sharing and municipal assistance com-



ing hard on the heels of shrinking federal funds, some villages are having a hard time staying afloat. They're finding it financially difficult to continue providing the barest minimum of services. The last thing they need is another government entity to deal with and the financial burden of new

taxation. You can bet that I will do my utmost to see that this bill does not become law. And I'll be supported in that effort by other legislators with rural constituents who share my view that now is not the time for massive reorganization and new taxation.



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How?	You can Save money by buying Case Lot quantities from Span Alaska at Warehouse Prices.
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Borough bad idea

By Nancy McGulre

The Nome School Board, Common Council, and Planning Commission held a joint work session to consider the impact of SSHB no.1 (Senate Substitute House Bill).

By July 1, 1989, this bill would create a third class borough encompassing the present boundaries of the Bering Strait Regional Education Attendance Area. This would include St. Lawrence Island, Little Diomed, the Seward Peninsula, and the City of Nome.

The bill is sponsored by Representative Ron Larson of Wasilla.

Superintendent of Nome Public Schools, Bob Shigley addressed the work session and in his Georgia drawl said he read the proposal and it "didn't satisfy me as far as purpose." It says the constitution calls for the creation of political subdivisions and "there is vague talk about the benefit to the state by equalizing services and revenue sharing."

The Department of Community and Regional Affairs put together a report on the proposed reorganization and, says Shigley, "It is not an objective study. It is unabashedly biased."

City Manager Polly Prchal said "The Bering Strait REAA has a \$250 million tax base—\$89 million if you take out

Nome—so about \$160 million is from the city of Nome."

Shigley says he has not personally written his objection to the proposed plan because he

felt he would be a "mere voice in the wilderness." He feels it would be better if a recognized power structure in the community would express objections.

School board member Mary Knodel said there was no apparent advantage to the bill.

Mayor John Handeland said

the City would write a letter expressing objection.

Prchal said she was told the bill would probably not be acted upon at this legislative session, but, "If it doesn't go their way what will they do next?"

Handeland said it would be a topic of discussion at the next meeting with the city attorney.

The Alaska Municipal League and urban areas of the state support the bill.

Candidate for District Representative, Jim Stimpfle says,

"It's important for us in Nome to consider what's in store for the future.

"Should we form a Home-Rule borough?

"Is it possible to tax by developing a severance tax on both onshore and offshore minerals?

"It is important for Nome's future—there are no benefits in becoming a third-class borough

"There is no way to collect tax money from village people who have no jobs.

"We should think about a

Home-Rule borough of Home-Rule charter status. A charter would allow us to decide how we want to tax the tax base."

Stimpfle pointed out that the Nome sphere of influence includes the Teller Road area to Cape Woolley, up the Kougarok Road north to Taylor, and the area east to Council.

The present Coastal Zone Management Board would be dissolved and its power would go to the borough assembly.

Bering air pilot walks on water

At exactly 3:01 p.m. on Wednesday, January 20 this year's Ingalik, Little Diomed, ice runway was christened by the tires of a Bering Air Cessna 206 piloted by Dave Harding, 41, of Nome.

As Harding stepped from the plane onto the frozen ocean, he was heard to exclaim "First!" while raising his arms victoriously. "It was something I have wanted to do ever since I heard Wendel Wassmann and Brother Albert Heinrich do it live on tape over radio KNOM in December of 1977 aboard one of Foster's 185s" he said.

The flight was described in NASA terms as "nominal" by the pilot who has worked for the Nome-based airline for almost

two years. "It's short (about 285 paces) but plenty adequate for the 206 especially in this wind".

We had flown from Nome to Wales, where Andrew Milligrock

joined the flight", says Harding. Milligrock had just arrived in Wales courtesy of Eric Puntilla piloting an Evergreen helicopted, and had expected to go on to Nome—not back to

Diomed. But the pair had both reported favorable runway and weather conditions out at Little Diomed Island, so Harding continued the flight out to the west of Cape Prince of Wales over polar bear infested waters

Continued on page 3

City takes barge

By Nancy McGulre

The Nome Common Council met in regular Monday and tackled long-standing item such as the acceptance of barge 548 from the Puget Sound Tug and Barge company (the barge that exploded last Mothers' Day).

Councilman Stultz said he felt he should abstain from the voting. He is an employee of Arctic Lighterage (Crowley)

which is connected with the Puget Tug and Barge outfit

Even though Stultz voiced concern, Mayor John Handeland said it would be in order for Stultz to vote since he has no financial interest in it (the barge). So Stultz let his arm be twisted and voted "yes". West, Colby, and Adams voted yes.

Continued on page 3

Weather

Sunrise 1/28 10:57 a.m.

2/4 10:36

Sunset 1/28 5:33 p.m.

2/4 5:57 p.m.

High Temp. 20°

Low Temp. -22°

Peak wind 31 N

Precip to date .06

Normal precip for now .71

Snow cover 5 in.

Data from the National Weather Service, Nome

10-a
24SSMB1

Letters

January 20, 1988

Hello:

I'm writing this letter about the Postal Service in our State. On November 14, 1987, I sent several boxes from the Anchorage Postal Facility at the airport. I didn't insure them because I have never had a problem with parcel post before. After two weeks I had received all but one. The one with some important items for my kid's Christmas gifts. I called everywhere—California, Anchorage, Fairbanks, with no results. After 30 days I filled a tracer. That's all I could do having no insurance.

It seems mail is dragged from Anchorage by truck to Fairbanks then air-freighted back to Anchorage, the flown again to Nome and Flown finally to our village. This all has to do with zones I'm told. There are no direct flights from Fairbanks to Nome on a regular schedule. I don't know what brain-storming idiot dreamed this up but I'm sure

the person is very smart. All that's necessary is take it straight to the air terminal in Anchorage. I wrote this because I'm positive I'm not the only person living in an isolated village who has had their parcels stolen by someone in the system. I can't understand how a mail delivery - U.S. mail can be so unsecured and sloppy.

On the same issue, I hope all bush residents remember Senator Ted Stevens come election time. He recently pushed legislation through, that assures certain small town air-carriers get to carry some mail, further delaying our parcels. The bill he pushed through makes it unprofitable for large cargo to fly direct to our village and others who enjoy direct service. Also, the small carriers are unable to deliver certain freight items, for example boats, beds, couches, etc. He lives where he can eat the freshest vegetables, good eggs, and unfrozen meat. But

God forbid! We who live in the village should have that.

I am wondering what kind of influence the people have over the Senator to be able to get his backing on such a bill, be assured Ronald Reagan did not want to sign it. I always say if you can't buck the tide get out of the water. (or call Ted Stevens).

Roy R. Turner
Box 33

Shishmaref, Alaska 99772

Dear Nancy:

I was reading the January 7th issue Page 8 and saw where Richard Foster was appointed to the selective service board. I knew his dad as a bush pilot in the old days and I worked for the C.A.A. at the time.

Enclosed is a copy of my old selective service card from those days. It was Board #5 then. Signed by A. Polet — I guess they're not around anymore.

Very truly yours,
Donald B. McDowell
7738 Cendalio Ave.
Yucca Valley, CA

Dear Editor:

A business survives on income over the above expenses. There seems to be discrimination and unequal judicial treatment if attorneys are giving free service to many. It would seem that to give free service to one they would have to charge someone else twice as much. Or could it be that by giving free service to a plaintiff, an attorney is actually able to

collect pay for his services from a defendant, or could his free service to an individual actually be paid for by the State? There is the old saying, "You get what you pay for." Officers of the Court should give all of us an ad listing those who were pleased with the free legal services they received.

Since Officers of the Court constitute our judicial system and justice means fairness, then Officers of the Court by example: 1) should fairly drip with ethics; 2) should reek of fairness; 3) should be the epitome of morals; 4) should avoid all forms of discrimination including discrimination against the readers of a periodical to save money or in efforts to stifle freedom of the press; 5) should be so confident of their honesty that they would demand that reports of any wrongdoing

competitive re-election of every 3 or 4 years; 8) etc., etc.

Larry D. Brown
9499 Brayton Dr.
Anchorage, K 99507
522-3036

Dear Editor:

Isn't it interesting that Bar Association is so poor they know the proposed defining the practice of law good for the people that announce to Alaska that entire text of the rule

Letters to the
signed and

Sound

EDITORIAL

The nerve! A bunch of jackasses are trying to make a borough out of the City of Nome and the Bering Strait School District. City slickers plan to cram legislation down our throat, like it or not. It's really hard to take such a plan seriously, that's why it's frightening.

How did we get into such a mess and how do we get out of it? Neither BSSD nor Nome can possibly benefit. Sure, Nome has a tax base but Nome can't even pay for its own schools yet the whole Seward Peninsula's and then some. The quality of education everywhere would suffer. Everybody loses. A possible solution is the creation of a smaller Nome area borough. Nome would control its sphere of influence from Cape Woolley to Taylor, to Council.

It's too bad we're forced into such a move, but we have to protect ourselves from Juneau. The pork barrel boys are going whole hog these days. They probably don't know that a bunch of Yankees dumped tea into Boston Harbor similar high-handed taxation-without-representation tactics. If we take this sitting down we'll get steam rolled. Let's tell Juneau what we think about this borough business.

—N.L.M.—

Illegitimus non carborundum.

The Nome Nugget

Member of The Associated Press

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10-c

Nome Nugget

1/28/88

Newton announced also that community Schools will schedule homework sessions at school where help will be available for students who will take this opportunity. One session meets three times weekly and the other meets twice. For information, call 443-61.

Concerning older students, Doug Walker, high school principal announced plans to implement a guide teacher program to monitor individual student programs. Under the proposed plan, a teacher will work with a group of approximately 30 students and assist them with counseling and academic planning throughout their six years' attendance at the high school complex.

Doug Walker said that the plan will provide continuity for the students. In addition, he thinks that the parents will feel

Soviet student fitness test degree in educational psychology and continue study during the following school year.

What's the difference?

By Nancy McGuire

How does an unorganized borough differ from a home-rule municipality or a general law municipality?

According to Alaska Statutes, "Areas of the state not within the boundaries of an organized borough constitute a single unorganized borough."

A home-rule municipality "is a municipal corporation and political subdivision. It is a city

or borough that has adopted a home-rule charter, or it is a unified municipality. A home-rule municipality has all the legislative powers not prohibited by law or charter.

A general law municipality is a municipal corporation and political subdivision and is an unchartered borough or city. It has legislative power conferred by law.

Program. Our State looks very favorably upon programs. Seattle has a program in which it adopted several sister cities of which is Tashkent, commence such a program would be necessary to the State Department for some information, a letter to Mayor Royer's office in Seattle and I am sure get a very favorable response.

We know of several instances when each of these ships went to assist the oil tanker Carl Ben Eielson search for the help in evacuating passengers from the ship SHELIVUSKIN which Dr. Otto Scoville brought to the Nome and of course the great was the Lend-Lease program during World War II in which aircraft were flown from Nome to Anydyr to help in the struggle against Germany. Are others I am sure stand out in my mind.

In your publicity think that it would emphasize that we should not be visible but visible for I fear that not to our own people realize it.

For a long time Bob former owner and ALASKA MAGAZINE espoused editorially the same program and you are now working and suggestions for along and sharing with and fundamental that within the comprehension.

When P... for Pen... 1966...

Form 1040 (1987) Page 2

Tax Computation

31 Amount from line 30 (adjusted gross income) 31 108

32a Check if ☐ You were 65 or over ☐ Blind ☐ Spouse was 65 or over ☐ Blind. Add line 32a, number of boxes checked and enter the total here 32a 13

32b If you can be claimed as a dependent on another person's return, check here 32b 0

32c If you are married filing a separate return and your spouse itemizes deductions, or you are a dual status alien, see page 15 and check here 32c 0

32d Itemized deductions. See page 15 to see if you should itemize. If you don't itemize, enter zero. If you do itemize, attach Schedule A, enter the amount from Schedule A, line 26, AND skip line 33b 32d 500

33a Standard deduction. Read Caution to left. If it applies, see page 16 for the amount to enter. If Single or head of household, enter \$2,540. If Married filing jointly or Qualifying widow(er), enter \$3,760. If status from page 1a is: Married filing separately, enter \$1,880 33a 208

34 Subtract line 33a or 33b, whichever applies, from line 31. Enter the result here 34 208

35 Multiply \$1,900 by the total number of exemptions claimed on line 6e or see chart on page 16 35 0

36 Taxable income. Subtract line 35 from line 34. Enter the result (but not less than zero) 36 208

Caution: If under age 18 and you have more than \$1,000 of investment income, check here ☐ and see page 60 to see if you have to use Form 8615 to figure your tax.

37 Enter tax. Check 4 from Tax Table, ☐ Tax Rate Schedules, ☐ Schedule D, or ☐ Form 8615 37 23

38 Additional taxes (see page 16). Check if from ☐ Form 4970 or ☐ Form 4972 38 23

39 Add lines 37 and 38. Enter the total 39 46

Credits (See instructions on page 17.)

40 Credit for child and dependent care expenses (attach Form 2441) 40 0

41 Credit for the elderly or for the permanently and totally disabled (attach Schedule R) 41 0

42 Add lines 40 and 41. Enter the total 42 0

43 Subtract line 42 from line 39. Enter the result (but not less than zero) 43 46

44 Foreign tax credit (attach Form 1116) 44 0

45 General business credit. Check if from ☐ Form 3800, ☐ Form 3468, ☐ Form 5884, ☐ Form 6418, ☐ Form 6163, or ☐ Form 6596 45 0

46 Add lines 44 and 45. Enter the total 46 0

47 Subtract line 46 from line 43. Enter the result (but not less than zero) 47 46

Other

48 Self-employment tax (attach Schedule SE) 48 0

49 Alternative minimum tax (attach Form 6251) 49 0

50 Total from instructions of instructions (see page 17) 50 46

51 Total tax 51 46

52 Refund of overpayment (if any) 52 0

53 Total refund 53 0

54 Total tax after refund 54 46

55 Total tax after refund 55 46

are resting soon. It is to the race's outstanding

re involved ing gate. It on the trail have the peak in the benefit from cities and f to enjoy, ing at their trade and skills and otherwise not least, city for a

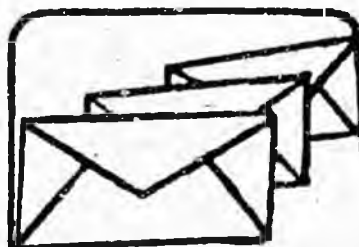
nt of this becomes a has been We can pay. The are their enciously City was assistance ecause of all those se added Bethel a

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Mail Call

More on home rule boroughs:

Dear Mr. Hoffman,

Your department's recommendations under the Regional Government Study have proved to be unacceptable to the bush communities on home rule boroughs.

As far as we know, there has been any hearings in the villages who will be heavily affected before such recommendation is presented to the State Legislatures. Inputs from affected communities should have been solicited before presenting such recommendations.

Once again, if the SSHB-1 passes the legislatures, the rural communities are going to be forced to form their own boroughs against their will and from the known facts in the past and present, we cannot support such move and establishment financially because with the State declining revenues, the jobless will remain jobless which means that our economy in rural Alaska is going

to suffer more.

A home rule borough is quite unacceptable in rural Alaska, it may be in urban areas but we don't have the advantages like urban areas in the bush communities and should not be pursued at this time since with declining state revenues, the communities cannot afford such a plan.

If the bill goes through, the consortium of villages like United Villages and Lower Kuskokwim Coast Corporation should be given options whether to go ahead with supporting the regional borough government or to be set aside from such organization for the purpose of studying of such plans workability in the area.

Once again, your plan cannot possibly work in the areas we live in and should be weighed if certain areas can support it financially.

Sincerely,

Toksook Bay Traditional Council

Joseph Asuluk, Sr., President

James R. Charlie, Sr.
Executive Director

Hey, there's been no answer does our government care

Johne Binkley
Kay Wallis:

This is my opportunity, and I'm going to practice my constitutional freedom of speech to express myself in verbal and written communication — without to worry of

DANZIGER
The Christian Science Monitor

being shot or to be hung in a public square... (a few would like it).

I have never seen or heard reports or I'm just reading the wrong papers - but at times I think of you to as the silent pair, (don't get angry at me, for you and I are only human.)

A few number of months back I wrote an open letter to A.V.C.P. just asking for information on the subject of commercial fishermen's relief fund grant "but hey no answer — like I didn't count or wasn't worth answering this angered me so much I wish they move their

A.v.C.P. office out of Mtn. Village city office building and move in an abandoned smoke house.

I remember a individual telling me, this person (in Mt. Village) was telling a number of fishermen he had applications for a such of thing as Fishermen's Relief Fund Grant, and other individual told him to sign up all fishermen from Mt. Village, more worse other individual told me - he said we don't have to fill papers to get money?

This person needs to be thrown out of office!

Johne & Kay don't such a thing exist or is it just an political illusion to make one look better than he really looks -like William Randolph Hearst said quote - "A politician will do anything to keep this job - even become a patriot." unquote... "But he forgot to say it is to easy to spot one!"

See LETTERS page 28

10.d
Tundra
Drums
2/9/88

Regional governments should not be formed to satisfy urbanites

by Gerald R. Moberg

10-e

In response to the Regional Government Study, our initial reaction was quite negative and is probably a result of an extension of the thought in Section IV under Conclusions, item 4, "Ideally residents of unincorporated regions would seek to form boroughs on their own initiative."

The argument the study makes is that people tend to not want regional government. Therefore the state may need to make it compulsory. What doesn't seem to be addressed adequately is the point that the population centers of the state already have regional governments and that most Alaskans, in addition to the natural distrust they have for any kind of government, may well intuitively understand that the levels of service a government can provide per unit taxation.

After rereading the document however, there needs to be some credit granted the authors for the insight shown in the first part of item 3, and all of item 6 and 7 in their Section IV Conclusions, with the final point being "...a regional government must serve useful functions as defined by its residents and the state." An extension of this thought may well be - that in order to be viable - a regional government must be able to better serve its constituents as perceived by them than the status quo.

The foregoing represents a general response to the study. The following is a more specific response to a couple of themes that are repeated regularly in the study. We feel these themes go to the heart of the regional government issue.

1) Item 1 under Conclu-

is) then is the state bound to provide an equality of programs throughout the state? The rural areas of this state will never have the elementary reading specialists, counselors, certificated librarians, library collections, teachers teaching in their areas of expertise, science labs, foreign language offerings, special education resources, expanded extra curricular offerings (football, swimming, etc.) that the urban areas have (and please be assured - the above list is just a fraction of the whole picture).

So - the rural perspective tends to be more one of - "yes, the urban people must contribute up to 35 percent of the cost of education - but they have at least a 35 percent better program of - fer for their children."

Realistically, we ruralites understand that program equity in education is probably impossible - that the economy of scale makes providing educational and most other services much more efficient in the more densely populated urban areas than in the rural areas. From our perspective, an increased level of services is both more required and more efficiently provided as the population density increases and that while in our area the levels of service are very significantly lower than in most urban areas of the state, we are also not being asked to pay for an inefficient attempt to provide

government to provide the various services provided in urban settings, there is an unwritten code in the rural areas that one must do his/her part through volunteering, donations, etc., to provide basic services that are determined to be needed - i.e. - emergency medical aid, firefighting, education, day care, road clearing, and the list goes on. The formation of regional governments usually has the distinctly negative effect of causing the aforementioned volunteerism to drop off sharply.

While we have never done a study on this, we strongly suspect that in sparsely populated areas, the informal providing of services through volunteers is really more efficient mechanism than is a regional government. Further, we would then anticipate that below some point in population density the formation of a regional government would cause a drop in the levels of service actually reaching the majority of the residents of the area.

To give credit where credit is due, the authors of the study do quietly acknowledge that regional governments won't work in some areas, and if there is a single point to this lengthy missive - it is - regional governments should be formed only when it is demonstrably shown that they will help the residents. Regional governments should not be formed

through taxes - and they don't and that is not fair." A more in-depth discussion of this will follow under 2 below.

The point here is, however, that political push based on unsound perspectives is not a good reason to change the status quo. Instead - sound reasoning and, as stated earlier, the probability of a regional government serving a useful function must be the basis of any change if it is to be lasting and positive.

2) The repeated theme of inequity in support of schools between urban and rural - both through state funding and local support.

There is a factor that is missing in this argument - and that factor is program equity. If education is a function of the state (and it

See OPED page 28

BOROUGHs: Many communities throughout rural Alaska debate if they should annex or not

Continued from Page B-1

Dan Bockhorst, an official in the Department of Community and Regional Affairs who oversees borough and annexation petitions. "We're talking about a major chunk of land and most of it's happening in areas with superior taxable resources — fish, timber, the pipeline."

Alaska is unique among the states in that most of the land here — 65 percent — has no form of local government. Many areas of the Bush where there are incorporated cities have no regional government. In these places, local services such as schools and fire protection, are usually paid for by the state. Since statehood, 13 boroughs have been formed, almost all in areas around the state's larger cities.

The state is currently doing studies in nine areas:

- East of Anchorage, from the Alaska Peninsula across Iliamna Lake to King Salmon, where there's a three-way scramble for land. Most of the region, with about 1,500 residents, is now unincorporated, but the Kodiak Island Borough has proposed annexing a strip of uninhabited land along the peninsula coast where, among other things, officials see the potential for collecting new oil and fish taxes. Meanwhile, officials of the East Aleutian Borough, formed last year, have discussed annexing land in the area as well.

GARNETS: Kids turn tourist trade

In response, the local school district, based in King Salmon, is drawing up a petition to form a new Lakes-Peninsula Borough. The idea has drawn support from some, who think it could keep other governments out and perhaps raise new money if there were a tax on fish, but it's also caused alarm among many residents, a majority of whom are Native.

"People have been very adamant about it," said Dennis Trefon, president of Kijik Inc., the village corporation from Nondalton. "They don't want taxes. They have a lot of questions."

- In the Interior, where two boroughs are being studied, in part to head off any future expansion plans by the Fair-

banks North Star Borough. One covers about 6,000 square miles around Delta Junction and the other about 9,000 square miles stretching from Cantwell and Nenana to Minot and Manley Hot Springs.

- In the Yukon-Kuskokwim region of the Interior, where a proposed borough — suggested largely by city officials in Galena — would cover an area the size of Florida. Another borough is being suggested in the Yukon delta region north of Bethel. In both cases, local officials want to see if a borough government could result in more state revenue-sharing money or some kind of local taxes.

- In two areas north of Bristol Bay, a stretch of the Aleutians and Pribilofs and a

chunk of Southeast from Kake to just east of Yakutat.

For an area to incorporate, citizens or officials with existing governments like state-funded schools or cities must petition the state. The state decides if the proposal meets a long list of rules; then residents vote.

Annexation is handled differently, and that's what worries residents of unincorporated areas. The legislature rules on annexation requests and the people who live in the annexed area have no opportunity to vote on the issue.

Bockhorst, whose office is doing the studies at the request of local petitioners or officials, said boroughs make sense in some of the regions. People are culturally and economically tied together, and

could benefit economically, he said. Some of the areas, however, have such low populations and little development that justifying a new government could be difficult.

Another thing that's causing people in the Bush to consider forming boroughs is attempts in the legislature, so far unsuccessful, to form mandatory boroughs all over the state. The idea, generally supported by urban legislators, is to make school funding fairer by forcing rural districts to collect at least some local revenue and rely less on the rest of the state for support.

In some unincorporated areas — along the pipeline, for example — the state already collects what amounts to a property tax on oil or timber operations. But in other areas

where there is large commercial development, like with at least some mines, property taxes wouldn't be collected until a local government is created.

Meanwhile, the Copper River group is trying to get their state legislators to help create a new kind of borough in Alaska, one with boundaries but virtually no other authorities.

"If it's possible, I think that's what we're interested in," said Goddard. "Let the state keep the pipeline and let the state keep funding the schools like they're supposed to do. Otherwise, just set up something to give us some boundary protection. If we did it, maybe we'd have an assembly that meets once a year."

Introducing a new look Monday in the Daily News!



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is even better!

A crisp new look on the

Alaska State Legislature

SP / CRA

15 2d SSHB 1

Session Address:
STATE CAPITOL BUILDING
BOX V
JUNEAU, ALASKA 99811
(907) 465-3727



FEB 17 1988

Interim Address:
BOX 53
PALMER, ALASKA 99645
(907) 745-3826 - Palmer
(907) 376-8628 - Wasilla

Representative Ronald L. Larson
District 16B

TO: All Legislators

FROM: Representative Ronald L. Larson *R.L.*

SUBJ: Response to a Resolution from the City of Eagle
regarding 2nd SSHB 1

DATE: February 17, 1988

Attached is our response to a Resolution from the City of Eagle regarding 2nd SSHB 1. Once again, I think legitimate concerns are raised. I hope I have adequately responded to those concerns. Please let me know if you have questions.

Alaska State Legislature



Session Address:
STATE CAPITOL BUILDING
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BOX 53
PALMER, ALASKA 99645
(907) 745-3828 - Palmer
(907) 376-8628 - Wasilla

Representative Ronald L. Larson
District 16B

February 17, 1988

City Council
City of Eagle, Alaska 99738

Dear Members of the City Council:

Thank you for sending me a copy of Resolution No. 2-8-88. I appreciate your thoughts on the issue of mandatory borough formation and can understand your concerns.

Let me respond to the first four statements in the resolution. Yes, Article X of the Alaska Constitution does encourage local government, but it also states that, "All local government powers shall be vested in boroughs and cities." Currently, we have 13 organized boroughs and a huge expanse of land covering two-thirds of the state called the "Unorganized Borough." I don't believe that is what the writers of our constitution had in mind.

As to the second "WHEREAS," I agree wholeheartedly. Municipalities are best operated when they are closest to the people being governed. That's the whole point. While citizens of organized borough are represented by Borough Assemblies made up of local people concerned with local problems and issues, the people of the Unorganized Borough are represented by a small handful of legislators from regions literally all over the state who meet in Juneau once a year for 120 days (as mandated by the constitution). These legislators are the "Assembly" of the Unorganized Borough, yet each represents his or her own area of the state with its own parochial interests. I hardly think this is a form of government closest to the people being governed.

The resolution next states that "the residents of the City of Eagle are the best determinators of [the] system of government which best fits their community's needs and HB 1 and second sponsor substitute [for] HB 1 wishes to deny the residents of the City of Eagle the above mentioned rights and abilities. . ." I agree with the first half of that statement, but disagree with the second. The City of Eagle has decided that a 2nd class city form of government best meets its needs. It has a mayor, a city council, an administrator, a clerk, and a parks and recreation director, and it has water. None of that will change

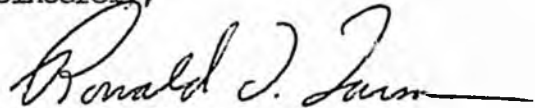
page 2

with borough formation. The city council will remain, the mayor will remain, and city employees will remain. They will continue to consider local problems and issues and to resolve those problems and issues.

What will change is that a regional government will be formed to consider and resolve regional problems and issues. Just as importantly, a regional government will be formed that can lobby its regional interests in Juneau each year.

Again, I thank you for your interest in 2nd SSHB 1. I also thank you for taking the time to consider what I have said.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ronald L. Larson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Ronald L. Larson
Representative

CITY OF EAGLE, ALASKA

RESOLUTION NO. 2-8-88

A resolution pertaining to the subject of BOROUGH

WHEREAS Article X of the Constitution of the State of Alaska encourages the formation of local governments and

WHEREAS municipalities are best operated when they are closest to the people being governed and

WHEREAS the residents of the City of Eagle are the best determinators of that system of government which best fits their community's needs and

WHEREAS HBI and second sponsor substitute HBI wishes to deny the residents of the City of Eagle the above mentioned rights and abilities through passage of HBI

BE IT THEREFORE RESOLVED BY THE COUNCIL OF THE CITY OF EAGLE TO STAND IN UNITED AND TOTAL OPPOSITION TO HBI AND ITS SPONSORS AND

BE IT FURTHER RESOLVED THAT THE COUNCIL OF THE CITY OF EAGLE STANDS IN SUPPORT OF HCR #33 AND SCR #36 IN THE INTERIM UNTIL THE TOTAL DEFEAT OF HBI.

Adopted by a majority roll call vote of the Eagle City Council this 8th day of February, 1988.

William L. Chover
Mayor, City of Eagle

David R. Helmer
Councilmember

[Signature]
Councilmember

[Signature]
Councilmember

Nellie Briggs
Councilmember

[Signature]
Councilmember

Chas L. Angold
Councilmember

Certified:

Jean Boone
Jean Boone, City Clerk



PUBLIC OPINION MESSAGE

fw
CRA

DEAR: REPRESENTATIVE SPRINGER

NAME: ANDREW B. ALEXIE

TITLE: PRESIDENT

ADDRESS: LOC.SCH.BD.OF EDUCATION

CITY: TULUKSAK, ALASKA

ZIP: 99679

PHONE: N/R-

BILL NO: HB 1

SUBJECT: ORGANIZATION OF THE UNORGANIZED BOROUGH

MESSAGE: IT IS THE WISHES OF THE LOCAL SCHOOL BOARD OF TULUKSAK THAT YOU
TAKE NO FURTHER ACTION IN CONSIDERING SSHB1. WE FEEL THIS BILL
WOULD HAVE A NEGATIVE IMPACT AND CAUSE UNNECESSARY HARDSHIPS ON
OUR FORM OF OPERATION, HINDERING GOALS WE HAVE SET IN OUR LOCAL
SCHOOL.
THANK YOU.

POHID: 05153044

DATE: 01/26/88

TIME: 15:30:44

LIONAME: BETHEL LIO

PUBLIC OPINION MESSAGE

fw
CRA

DEAR: REPRESENTATIVE SPRINGER

NAME: JOHN NAPOKA, JR.

TITLE: VILLAGE COUNCIL MEMBER

ADDRESS: VILLAGE COUNCIL OF TULUKSAK

CITY: TULUKSAK, ALASKA

ZIP: 99679

PHONE: N/R-

BILL NO: HB 1

SUBJECT: ORGANIZATION OF THE UNORGANIZED BOROUGH

MESSAGE: IT IS THE WISHES OF THE VILLAGE COUNCIL OF TULUKSAK THAT NO FURTHER
ACTION BE TAKEN ON SSHB1. WE FEEL THIS BILL WOULD HAVE A NEGATIVE
IMPACT AND CAUSE UNNECESSARY HARDSHIPS ON OUR GOALS WE HAVE SET IN
OUR LOCAL SCHOOL.
THANK YOU.

POHID: 05153916

DATE: 01/26/88

TIME: 15:39:16

LIONAME: BETHEL LIO

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE SPRINGER

JAN 27 1988 *of CRA*

NAME: BRADLEY RAPHEL
TITLE: SUPERINTENDENT
ADDRESS: YUPIIT SCHOOL DISTRICT
CITY: AKIACHAK, ALASKA
PHONE: 825-4127
BILL NO: HB 1
SUBJECT: ORGANIZATION OF THE UNORGANIZED BOROUGH
MESSAGE: THE YUPIIT SCHOOL DISTRICT BOARD OF EDUCATION WISHES TO HAVE YOU
CONSIDER THE RESEARCH THAT HIGHLIGHTS THE NEGATIVE IMPACT OF SSHB1, REGARDING
REAA'S. THE BOARD FEELS THAT YOUR EVALUATION AND REVIEW OF THE RESEARCH WILL
ALLOW YOU TO GRANT THEIR REQUEST NOT TO BRING UP THE BILL IN COMMITTEE.

ZIP: 99551

POMID: 05135635
DATE: 01/26/88
TIME: 13:56:35
LIONAME: BETHEL LIO

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE SPRINGER

JAN 27 1988 *of CRA*

NAME: WILLIE KASAYULIE
TITLE: PRESIDENT
ADDRESS: I.R.A. COUNCIL
CITY: AKIACHAK, ALASKA
PHONE: 825-4626
BILL NO: SSHB1
SUBJECT: ORGANIZATION OF THE UNORGANIZED BOROUGH
MESSAGE: THE AKIACHAK I.R.A. COUNCIL REQUEST, IN THE BEST INTEREST FOR
THE COMMUNITY OF AKIACHAK AND THE YUPIIT SCHOOL DISTRICT, THAT
YOU NOT ALLOW SSHB1 TO BE BROUGHT UP IN COMMITTEE.

ZIP: 99551

POMID: 05135148
DATE: 01/26/88
TIME: 13:51:48
LIONAME: BETHEL LIO

all CRA



Telegram

PAGE 2

SUPPORT A BOROUGH GOVERNMENT. IT IS WRONG TO DISREGARD THOSE LEGAL STANDARDS AND FORCE A BOROUGH UPON THE RESIDENTS.

3. HOUSE BILL 1 ALSO VIOLATES ARTICLE II, SECTION 19, OF THE ALASKA CONSTITUTION. ARTICLE II, SECTION 19, PROHIBITS THE LEGISLATURE FROM ENACTING SPECIAL AND LOCAL LEGISLATION IF A GENERAL LAW CAN BE MADE APPLICABLE.

EDUCATION IS A STATE RESPONSIBILITY. HOUSE BILL 1 IS A POOR WAY FOR THE STATE TO TRY TO RELIEVE ITSELF OF SOME OF THAT RESPONSIBILITY.

SIGNED,

EDWIN T. GONION, SUPERINTENDENT
BERING STRAITS SCHOOL DISTRICT



Spv / CRA
Telegram

1988 FEB 24 PM 4:02

08001 TDA UNALAKLEET AK 211 02-24 909A AST

PMS

FEB 25 1988

REF HENRY SPRINGER, CHAIR
HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
JUNEAU AK

1 268

THE BERING STRAITS SCHOOL DISTRICT OPPOSES HOUSE BILL 1 (2ND SSHB1)
FOR THE FOLLOWING REASONS:

1. HOUSE BILL 1 REPRESENTS FLAWED LOCAL GOVERNMENT POLICY. IT REQUIRES THE LOCAL BOUNDARY COMMISSION TO DIVIDE THE UNINCORPORATED REGIONS OF THE STATE INTO BOROUGHs WITHOUT REGARD AS TO WHETHER THE STANDARDS FOR INCORPORATION IN A.S. 29.05.031 HAVE BEEN MET. THOSE STANDARDS INCLUDE AMONG OTHER THINGS THE REQUIREMENT THAT THE ECONOMY OF THE AREA INCLUDES THE HUMAN AND FINANCIAL RESOURCES CAPABLE OF PROVIDING MUNICIPAL SERVICES. EVALUATION OF THE ECONOMY INCLUDES LAND USE, PROPERTY VALUES, TOTAL ECONOMIC BASE, TOTAL PERSONAL INCOME, RESOURCE AND COMMERCIAL DEVELOPMENT, ANTICIPATED FUNCTIONS, EXPENSES, AND INCOME OF THE PROPOSED BOROUGH.
2. THE RESIDENTS OF THE BERING STRAITS REGION HAVE NOT ATTEMPTED TO ORGANIZE A BOROUGH IN THE PAST. THEY HAVE RECOGNIZED THAT THE LEGAL STANDARDS CANNOT BE MET AND THAT THE ECONOMY OF THE REGION CANNOT



SNV CRA
Telegram

07004 TDA ANIAK ALASKA 39 01-29 0940 AST

FMS

REP. HEINRICH SPRINGER

PO BOX V

JUNEAU AK 99811

068

XI-j
FEB 2 - 1988

WE WISH TO BE INCLUDED ON THE RECORD AS OPPOSING BOROUGH ORGANIZATION
FOR OUR AREA AT THIS TIME. WE BELIEVE THAT THIS CONCEPT, AS PRESENTED,
IS SERIOUSLY FLAWED. THIS TYPE OF DRASTIC CHANGE RIGHTFULLY DESERVES
MUCH PUBLIC CONSIDERATION.

BOB MC HENRY

SUPERINTENDENT

KUSPUK SCHOOL DISTRICT



Telegram *En*

09008 TDA MCGRATH AK 81 01-28 257P AST

PMS

REPRESENTATIVE HENRY SPRINGER

465-3789

CHAIRMAN HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

FEUCH V JUNEAU AK 99801

I WOULD LIKE TO REQUEST THAT HOUSE BILL 1, MANDATING THE ORGANIZATION OF THE REAA'S INTO BOROUGHS, NOT BE HEARD BY THE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE AT THIS TIME.

I BELIEVE IT IS PREMATURE TO CONDUCT LEGISLATIVE COMMITTEE HEARINGS ON THIS BILL WITHOUT FIRST INFORMING THE PEOPLE WHO LIVE IN THE AFFECTED AREAS OF THE PROPOSED LEGISLATION AND GIVE US A CHANCE TO RESPOND. TO DO OTHERWISE SEEMS TO BE SHORTCUTTING THE DEMOCRATIC PROCESS.

TERRY CHASE, CITY OF MCGRATH
COUNCIL MEMBER AND FORMER MAYOR



Telegram

09005 TDA GALENA ALASKA 34 01-28 351P AST

PMS

PEP HENRY SPRINGER

POUCH V

JUNEAU AK 99811

067

THE GALENA CITY SCHOOL DISTRICT, BOARD OF EDUCATION IS OPPOSED
TO HB1(2DSSHB1) OR MANDATORY ORGANIZATION OF THE REAA'S INTO
BOROUGHES AND WE URGE YOU NOT TO BRING THIS BILL UP IN COMMITTEE.

CAROL C. HUNTINGTON

BOARD PRESIDENT

7 80 NOV



Telegram

08009 TDA MCGRATH AK 95 01-28 305P AST

PMS

REPRESENTATIVE HENRY SPRINGER

465-3789

CHAIRMAN HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

POUCH V JUNEAU AK 99801 J66

UNTIL SUCH TIME AS THOSE OF US DIRECTLY AFFECTED BY HOUSE BILL 1, THE REORGANIZATION OF REAA'S INTO BOROUGHS, HAVE BEEN ACCORDED A REASONABLE TIME TO DIGEST AND REACT TO ITS FULL IMPLICATIONS, I RESPECTFULLY REQUEST THAT THE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE NOT HEAR THIS LEGISLATION.

I FEEL CERTAIN THAT THE RESIDENTS OF RURAL ALASKA NOT ONLY DO NOT THOROUGHLY UNDERSTAND THE RAMIFICATIONS OF THIS BILL, BUT, FOR THE MOST PART, ARE NOT EVEN AWARE OF ITS EXISTENCE. FOR THAT REASON ALONE I WOULD HOPE YOUR COMMITTEE WOULD DELAY THE RECOMMENDED HEARING.

SARAH HANUSKE-HAMILTON, SUPERINTENDENT

IDITAROD AREA SCHOOL DISTRICT

PUBLIC OPINION MESSAGE

CRA

DEAR: REPRESENTATIVE SPRINGER

NAME: SEYMOUR MILLS
TITLE:
ADDRESS: BOX 51
CITY: STERLING
PHONE: 262-9289
BILL NO: HB 1

ZIP: 99672

SUBJECT: ORGANIZATION OF THE UNORGANIZED BOROUGH
MESSAGE: I AM ADAMANTLY OPPOSED. THESE AREAS HAVE NO NEED OF, AND WOULD RECEIVE NO BENEFIT OF, A BOROUGH. THE ONLY PURPOSE OF GOVERNMENT IN ANY FORM IS TO PROTECT OR SUPPLY A BENEFIT. A BOROUGH CAN DO NEITHER FOR THEM.

POMID: 13113457
DATE: 03/29/88
TIME: 11:34:57
LIONAME: SOLDOTNA LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

CATO
HERRMAN
ADAMS
BROWN
FRANK
LARSON
RIEGER
DONLEY
GRUENBERG
HUDSON
PHILLIPS
SWACKHAMMER

COLLINS
ZAWACKI
BOYER
DAVIS
GOLL
POURCHOT
WALLIS
ELLIS
HANLEY
KOPONEN
NAVARRE
MARTIN

FISCHER
FANNING
SZYMANSKI

MAR 30 1988

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE SPRINGER

APR 22 1988

NAME: AL & JOAN REYERSE
TITLE:
ADDRESS: SR BOX 470
CITY: GAKONA
PHONE: N/R-

ZIP: 99586

BILL NO:
SUBJECT: HB 1
MESSAGE: WE ARE IN FULL SUPPORT OF MR. ADAMS' ATTEMPT TO DEFEAT HB 1.
WE FEEL WE DO NOT NEED ANY FURTHER EDUCATION ON HOW A BOROUGH EVOLVES.

POMID: 01140457
DATE: 04/21/88
TIME: 14:04:57
LIONAME: GLENNALLEN LIO

COPIES: REPRESENTATIVES

ADAMS
LARSON
SHULTZ

PUBLIC OPINION MESSAGE

APR 22 1988

DEAR: REPRESENTATIVE SPRINGER

NAME: AL REYERSE
TITLE: V. P. OF SLANA LEAGUE
ADDRESS: SR. BOX 470
CITY: GAKONA
PHONE: N/R-

ZIP: 99586

BILL NO: HB 1
SUBJECT: ORGANIZATION OF THE UNORGANIZED BOROUGH
MESSAGE: WE ARE IN FULL SUPPORT OF MR. ADAMS' ATTEMPT TO DEFEAT HB 1.
WE FEEL WE DO NOT NEED ANY FURTHER EDUCATION ON HOW A BOROUGH
EVOLVES.

POMID: 01141256
DATE: 04/21/88
TIME: 14:12:56
LIONAME: GLENNALLEN LIO

COPIES: REPRESENTATIVES

ADAMS
LARSON
SHULTZ

PUBLIC OPINION MESSAGE

Sp / CRA

DEAR: REPRESENTATIVE SPRINGER

MAR - 2 1988

NAME: OSCAR FRANK
TITLE:
ADDRESS: 320 2ND AVE. (ANNEX)
CITY: FAIRBANKS
PHONE: 452-8251
BILL NO: HB 1

ZIP: 99701

SUBJECT: ORGANIZATION OF THE UNORGANIZED BOROUGH
MESSAGE: HOUSE BILL 1 IS NOT GOOD LEGISLATION. LEGISLATORS SHOULD CONDUCT PUBLIC HEARINGS IN VILLAGES ALONG THE UTILITY CORRIDOR TO HEAR VILLAGER'S OPINIONS. THE VILLAGER'S SUBSISTENCE RESOURCES WILL BE TAKEN AWAY BY NEW PEOPLE MOVING INTO THE AREA. THE LEGISLATURE NEEDS TO THINK OF THE IMPLICATIONS OF THIS LEGISLATION.

POMID: 07142346
DATE: 03/01/88
TIME: 14:23:46
LIONAME: FAIRBANKS LIO

COPIES: REPRESENTATIVES SENATORS

COTTEN
DAVIDSON
HERRIANN
HOFFMAN
NAVARRE
PEARCE
SHULTZ
SUND
BOYER
DAVIS
FRANK
KOPONEN
MILLER

COGHILL
FAHRENKAMP
FANNING

PUBLIC OPINION MESSAGE

for CRH

DEAR: REPRESENTATIVE SPRINGER

FEB 17 1988

NAME: JEFF TAYLOR
TITLE:
ADDRESS: 824 SHEEP CREEK ROAD
CITY: FAIRBANKS
PHONE: 474-8657
BILL NO: HB 1
SUBJECT: BOROUGH & ANWR
MESSAGE: I AM OPPOSED TO DEVELOPMENT IN ANWR. I AM ALSO OPPOSED TO
MAKING A NEW BOROUGH IN THE HEALY/ANDERSON/NENANA AREA. EOM/HJO

ZIP: 99701

POMID: 07080629
DATE: 02/17/88
TIME: 08:06:29
LIONAME: FAIRBANKS LIO

COPIES: REPRESENTATIVES SENATORS

CATO
COLLINS
HERRMANN
ZAWACKI
COTTEN
DAVIDSON
HOFFMAN
NAVARRE
PEARCE
SHULTZ
SUND

COGHILL
DUNCAN
ELIASON
FANNING
FISCHER
STURGULEWSKI
ZHAROFF

XI-i
PUBLIC OPINION MESSAGE

FEB 11 1988
Sf/
CRA

DEAR: REPRESENTATIVE SPRINGER

NAME: PETER M. PROBASCO
TITLE:
ADDRESS: BOX 861
CITY: PALMER
PHONE: 745-3182
BILL NO: HB 159
SUBJECT: RELATING PROPERTY TAX EXEMPTION TO INCOME
MESSAGE: I AM IN OPPOSITION TO THIS BILL.

ZIP: 99645

POMID: 14082212
DATE: 02/11/88
TIME: 08:22:12
LIONAME: MAT-SU LIO

COPIES: REPRESENTATIVES SENATORS

LARSON
MENARD
CATO
COLLINS
HERRMANN
ZAWACKI

KERTTULA
SZYMANSKI

PUBLIC OPINION MESSAGE

SN/CRA
FEB 11 1988

DEAR: REPRESENTATIVE SPRINGER

NAME: DAVE LACEY
TITLE: DINYEE
ADDRESS: BOX 1372
CITY: FAIRBANKS
PHONE: 456-2871
BILL NO: HB 1
ZIP: 99707

SUBJECT: ORGANIZATION OF THE UNORGANIZED BOROUGH
MESSAGE: LET'S MUMMIFY THIS BILL. PLEASE DON'T LET IT SEE THE LIGHT OF DAY. DON'T PROLONG ITS AGONY. DON'T MAKE LIFE ANY MORE DIFFICULT FOR THE PEOPLE IN RURAL ALASKA. ANOTHER LAYER OF BUREAUCRACY IS JUST WHAT THEY DON'T NEED. THEY NEED LESS AS IT IS.

POMID: 07154517
DATE: 02/10/88
TIME: 15:45:17
LIONAME: FAIRBANKS LIO

COPIES: REPRESENTATIVES

KOPONEN
DAVIS
BOYER
FRANK
WALLIS
ADAMS
CATO
COLLINS
HERRMANN
ZAWACKI



PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE SPRINGER

SW
CRA

NAME: TOM TAGGART
 TITLE:
 ADDRESS: BOX 150
 CITY: HYDER, AK
 PHONE: N/7-
 BILL NO: HB 1
 SUBJECT: ORGANIZATION OF THE UNORGANIZED BOROUGH
 MESSAGE: THE POTENTIAL IMPACT OF THIS BILL, IF ENACTED, SUGGESTS IT NEEDS
 RATIFICATION BY THE CITIZENS. SOME ALTERNATIVES TO THIRD CLASS BOROUGHES ARE
 1) AUTONOMOUS REGIONS, SUCH AS THE FAMED "HYDER AUTONOMOUS REGION", 2) NO
 CLASS CITIES, WHICH COULD BECOME A GENERIC TERM FOR ALASKA COMMUNITIES, AND
 3) LEAVE IT ALONE, NO ACTION NEEDED.

POMID: 00144609
 DATE: 01/29/88
 TIME: 14:46:09
 LIONAME: JUNEAU LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BINKLEY
BROWN	CATO	COGHILL
COLLINS	COTTEN	DUNCAN
DAVIDSON	DAVIS	ELIASON
DONLEY	ELLIS	FAHRENKAMP
FRANK	FURNACE	FAIKS
GOLL	GRUENBERG	FANNING
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SUND	STURGULEWSKI
SWACKHAMMER	TAYLOR	SZYMAWSKI
ULMER	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE SPRINGER

FEB - 9 1988

NAME: TOM TAGGART
TITLE: FREE AGENT
ADDRESS: BOX 150
CITY: HYDER, AK
PHONE: N/R-
BILL NO: HB 1

ZIP: 99923

SUBJECT: ORGANIZATION OF THE UNORGANIZED BOROUGH
MESSAGE: CREDIBLE GOVERNMENT GROWS UP FROM THE GRASS ROOTS, ERGO NOT FORCED
UPON A DISTANT, SCATTERED CITIZENRY FROM THE TOP DOWN, AS SSHB1 PROPOSES.
(EMERSON: "POLITICS TEACHES THAT GOVERNMENT BECOMES THE PRINCIPLE OBSTRUCTION
AND NUISANCE WITH WHICH WE CONTEND. THE CHEAT AND BULLY AND MALEFACTOR WE MEET
EVERYWHERE IS THE GOVERNMENT.")

POMID: 00090623
DATE: 02/09/88
TIME: 09:06:23
LIONAME: JUNEAU LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BINKLEY
BROWN	CATO	COGHILL
COLLINS	COTTEN	DUNCAN
DAVIDSON	DAVIS	ELIASON
DONLEY	ELLIS	FAHRENKAMP
FRANK	FURNACE	FAIKS
GOLL	GRUENBERG	FANNING
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SUND	STURGULEWSKI
SWACKHAMMER	TAYLOR	SZYMANSKI
ULMER	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

RAH ✓ *5/1 CRA*

DEAR: REPRESENTATIVE SPRINGER

NAME: JANE S. GOODMAN
 TITLE:
 ADDRESS: P.O. BOX 1108
 CITY: DELTA JCT.
 PHONE: 895-4261

ZIP: 99737

BILL NO: HB 1

SUBJECT: ORGANIZATION OF THE UNORGANIZED BOROUGH

MESSAGE: I AM IN FAVOR OF SCR 36 AND I OPPOSE HB 1. DO NOT ALLOW ANNEXATION OF DELTA BY ANOTHER BOROUGH. INSTEAD, GIVE US 18 MONTHS TO ORGANIZE OUR OWN SYSTEM.

POMID: 02131411

DATE: 02/03/88

TIME: 13:14:11

LIONAME: DELTA JUNCTION LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS
 BOUCHER
 BROWN
 COLLINS
 DAVIDSON
 DONLEY
 FRANK
 GOLL
 GRUSSENDORF
 HERRMANN
 HUDSON
 LARSON
 MENARD
 NAVARRE
 PETTYJOHN
 POURCHOT
 SHULTZ
 SWACKHAMMER
 ULMER
 ZAWACKI

BARNES
 BOYER
 CATO
 COTTEN
 DAVIS
 ELLIS
 FURNACE
 GRUENBERG
 HANLEY
 HOFFMAN
 KOPONEN
 MARTIN
 MILLER
 PEARCE
 PHILLIPS
 RIEGER
 SUND
 TAYLOR
 WALLIS

ABOOD
 BINKLEY
 COGHILL
 DUNCAN
 ELIASON
 FAHRENKAMP
 FAIKS
 FANNING
 FISCHER
 HALFORD
 HENSLEY
 JONES
 JOSEPHSON
 KELLY
 KERTTULA
 RODEY
 STURGULENSKI
 SZYMAWSKI
 UEHLING
 ZHAROFF

FEB - 4 1988

WAF of CRH
PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE SPRINGER

NAME: JAMES B. GOODMAN
TITLE:
ADDRESS: P.O. BOX 1108
CITY: DELTA JCT. ZIP: 99737
PHONE: 895-4274
BILL NO: HB 1
SUBJECT: ORGANIZATION OF THE UNORGANIZED BOROUGH
MESSAGE: I AM IN FAVOR OF SCR 36 AND I OPPOSE HB 1. DO NOT ALLOW ANNEXATION OF DELTA BY ANOTHER BOROUGH. INSTEAD, GIVE US 18 MONTHS TO ORGANIZE OUR OWN SYSTEM.

POMID: 02131219
DATE: 02/03/88
TIME: 13:12:19
LIONAME: DELTA JUNCTION LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS
BOUCHER
BROWN
COLLINS
DAVIDSON
DONLEY
FRANK
GOLL
GRUSSENDORF
HERRMANN
HUDSON
LARSON
MENARD
NAVARRE
PETTYJOHN
POURCHOT
SHULTZ
SWACKHAMMER
ULMER
ZAWACKI

BARNES
BOYER
CATO
COTTEN
DAVIS
ELLIS
FURNACE
GRUENBERG
HANLEY
HOFFMAN
KOPONEN
MARTIN
MILLER
PEARCE
PHILLIPS
RIEGER
SUND
TAYLOR
WALLIS

ABOOD
BIMKLEY
COGHILL
DUNCAN
ELIASON
FAHRENKAMP
FAIKS
FANNING
FISCHER
HALFORD
HENSLEY
JONES
JOSEPHSON
KELLY
KER7TULA
RODEY
STURGULEWSKI
SZYMANSKI
UEHLING
ZHAROFF

FEB - 4 1988



Official Business

COMMITTEE:

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: Monday, January 18, 1988

SIGN-IN

Subject of meeting: (K) SSHB 1

WORK SESSION:

Overview of Bills in Committee
Governor's Budget-DCRA
SSHB 1 - Interim report

NAME (PLS PRINT)	YOUR TITLE & ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
MIKE WORLEY	STATE ASSESSOR P.O. BOX BH JUNEAU	465-4787	C&RA	YES
Chris Follis	Asst. State Assessor P.O. Box BH JUNEAU	465-4787	C&RA	No
Jim PLASMAN	Deputy Director PO Box BH JUNEAU	4750	DCRA	—
Carol Carroll	Deputy Director Box BH JUNEAU	4709	DC&RA	—
Shelly Crowden	Aide to Sen. Cookill	4797		No
KEVIN SMITH	AIDE TO REP. CATO	4858		—
Michael Thill	Sen Zharoff Staff	4922		No
Sandy Perry-Moore	Staff to Rep Shultz	4940		No
Pat Luk	Sen Zharoff - intern	4922		No
Malinda Chase	Rep. Herrmann - intern			No



Official Business

COMMITTEE:

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: Friday, January 29, 1988

SIGN-IN

Subject of meeting: (A) 2d SSHB 1

*2dSSHB 1 Organization of the Unorganized Borough

Page 1 of 2

NAME (PLS PRINT)	YOUR TITLE & ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Chris Clark	Rep. Collins	2828		Ach, nein!
Jim PLASMAN		4750	DCRA	Yes
Karen Oakley	House Research	3991		No
Scott Burgess	217 Second Street	6-1325	AMC	?
Al Wenling	St. Mary's School District	438-2311	St. Mary's School Dist	No
Bob GREENE	AASB	586-1083	AASB	NO
Shelly Crowden	Sen. Coshell	4797	—	NO
Andy Perry-Hovest	Rep Schultz	4940	—	—
Michael Thill	SEN Z Haroff	4922	—	NO
Pat Rubin	Sen Zharoff	4922	—	—



Official Business

COMMITTEE:

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: Friday, January 29, 1988

SIGN-IN

Subject of meeting:

*2dSSHB 1 Organization of the Unorganized Borough

Page 2 of 2

NAME (PLS PRINT)

**YOUR TITLE &
ADDRESS**

PHONE

REPRESENTING

**DO YOU WANT
TO TESTIFY?**

~~MALINDA~~ CHASE	Rep Herrmann - intern	4942	—	NO
Valerie Davidson	Sen. Binkley	4985		No
Rep. Ron Larson				



Official Business

COMMITTEE:

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: Friday, January 29, 1988

SIGN-IN

Subject of meeting:

*2dSSHB 1 Organization of the Unorganized Borough

NAME (PLS PRINT)

**YOUR TITLE &
ADDRESS**

PHONE

REPRESENTING

**DO YOU WANT
TO TESTIFY?**

Heidi Bradner	526 MAIN ST. ROOM 102	463-9887	Legislative Digest	



Official Business

COMMITTEE:

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: Wednesday, Feb. 17, 1988

SIGN-IN

Subject of meeting:

2d SSHB 1 Organization of the Unorganized Borough

NAME (PLS PRINT) **YOUR TITLE & ADDRESS** **PHONE** **REPRESENTING** **DO YOU WANT TO TESTIFY?**

Row Larson	Box V Juneau, AK 99711	465 3737	Sponsor of SSHB 1	Yes
Jim PLASMAN	POB BH Juneau	4750	DCRA	No
Jerald B. Mikesell	DOE Pouch F	2865	DOE	No
Karen Oakley	House Research Agency	3991	House Research	No
J. Larkin	Missin Knif. Tharoff			NO
Malinda Chase		2/94/2	Unborn - Rep. Herrmann	No
Bob Manner	105 Municipal Way #302	586-3090	NEA	NO



Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

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

A N N O U N C E M E N T

To: All Interested Parties

From: Representative Henry Springer, Chairman
Community and Regional Affairs Committee *HS*

Subject: 2d SSHB 1 - Organization of the Unorganized Borough

Date: February 2, 1988

The House Community and Regional Affairs Committee (HCRA) will be taking statewide testimony on 2d SSHB 1 via teleconference on Wednesday, February 17, 1988 and Wednesday, February 24, 1988, from 3:00 - 4:30 p.m. Participation will be possible through selected Legislative Information Offices (LIOs) or from anywhere in the state with telephone capability.

Testimony from the eastern half of the state (Parks Highway and eastward) will be heard on February 17th. Testimony from the western half of the state (west of the Parks Highway) will be heard on February 24th.

Witnesses may give testimony either from the LIOs listed below or by calling toll free 800-478-8353. The entire meeting can be heard from the LIO sites. Individual call-ins are asked to hang up after giving their testimony to make the phone line available for other people. This will allow for maximum participation from anywhere in the state. Copies of the typed minutes or tapes are available upon request. For tape duplicates, please send two (2) good quality, blank 90 minute cassette tapes for each meeting of which you would like a copy.

The following LIO sites will be on-line as specified:

February 17, 1988 - Parks Hwy and east - 3:00 to 4:30 p.m.

✓ Anchorage (1)	✓ Delta (3)	✓ Fairbanks (1)	✓ Glennallen (1)
✓ Juneau (1)	✓ Kenai (S. P. A. 2)	✓ Ketchikan (1)	Mat-Su (Wasilla) (2)
Petersburg (1)	Sitka (1)	✓ Valdez (2)	

Or call toll free 800-478-8353

February 24, 1988 - West of Parks Hwy - 3:00 to 4:30 p.m.

Anchorage	Barrow	Bethel	Dillingham
Fairbanks	Juneau	Kodiak	Kotzebue
Nome	Or call toll free 800-478-8353		

Written testimony may be sent to HCRA at the above address.
For more information, please call HCRA at 465-4833.

TELECONFERENCE PARTICIPATION

SPONSOR

HCRA

DATE/TIME

2/17/88 3pm

SUBJECT

2d SSHB 1

LIO'S

(moderator)

TESTIFY

OBSERVE

TESTIFY

OBSERVE

ANCHORAGE

PETERSBERG *

BARROW *

SITKA

BETHEL

SOLDOTNA

committee to form
Nikiski borough

Alan Bute(?)

DELTA JUNCTION *

-P.R. Miller ✓ against
-Bill Mandeville ✓

VALDEZ *

observe only

DILLINGHAM *

LTC'S

FAIRBANKS

HOMER

WRANGELL

GLENNALLEN *

OFFNETS

JUNEAU

OFF1

Healy

Julie Engleman

Mike Coombs ✓
Barbara Coombs ✓

against

OFF2

Hyder

Diana Klegg

Res. Resolution ✓

against

OFF3

Hydaburg

Nancy Schave ✓

Spt. School ✓

against

OFF4

Nenana

Don Merrill ✓

A.P. McDonald ✓

5 opposed

OFF5

Yakutat

David Cha

James Filip

City Mgr. against

OFF6

KODIAK

KOTZEBUE

SEAT-SU

2 with time constraints ✓ Dorothy Jones ✓
Michael Gatti ✓

NOME

VTS'S ON BACK

* SESSION ONLY

VTS'S	W	U	O	TOTAL		W	U	O	TOTAL
AMB - AMBER					MET - METLAKATLA				
ANA - ANAKTUVUK PASS					MOS - MOSQUITO LAKE				
AND - ANDERSON					NAK - NAKNEK				
ANG - ANGOON					NEN - NENANA				
CAN - CANTWELL					NEW - NEWHALEN				
CHS - CHISTOCHINA					NIK - NIKISKI				
CHI - CHITINA					NOR - NOORVIK				
COP - COPPER CENTER					NOT - NORTH TONSINA				
COR - CORDOVA					NOW - NORTHWAY				
CRA - CRAIG					PEL - PELICAN				
DOT - DOT LAKE					PTH - POINT HOPE				
EAG - EAGLE					SAV - SAVOONGA				
FTY - FT. YUKON					SDP - SAND POINT				
GAK - GAKONA					SEW - SEWARD				
GAL - GALENA					SLW - SELAWIK				
GAM - GAMBELL					SHS - SHISHMAREF				
HNS - HAINES					SLA - SLANA				
HEA - HEALY					SKG - SKAGWAY				
HOO - HOONAH					STP - ST. PAUL				
HPB - HOOPER BAY					TOG - TOGIAK				
HYD - HYDABURG					TOK - TOK				
KAK - KAKE					OOK - TOOKSOOK				
KAT - KAKTOVIK					UAK - UNALASKA				
KEN - KENNY LAKE					UNK - UNALAKLEET				
KLA - KLAWOCK					WAI - WAINWRIGHT				
MEN - MENTASTA					YAK - YAKUTAT				

 *
 * DELIVER TO: LIOCGLE *
 *
 *
 * ORIGINAL *
 * SENT: 02/17/88 TIME: 16:30 *
 * FROM: LIOCDAY *
 * SUBJECT: FINAL BRIDGE LIST: (H) C & RA *
 * PRINT DATE: 02/17/88 TIME: 16:31 *
 *

TO: ALL TELECONFERENCE SITES
 FROM: ANCHORAGE BRIDGE

THE FOLLOWING SITES HAVE JOINED TODAY'S COMMUNITY AND REGIONAL
 AFFAIRS COMMITTEE: HB 1 TELECONFERENCE THROUGH THEIR CONNECTIONS
 TO THE BRIDGE:

1.) ANCHORAGE	11.) HYDABURG: NANCY SCHAVE
2.) JUNEAU **CHAIR SITE**	12.) VALDEZ -- 1
3.) HATSU: 2 W\ TIME CONSTRAINTS	13.) GUSTAVUS: DISCONNECTED
4.) HEALY -- 3-4	14.) YAKUTAT: JAMES R FILIP
5.) SOLDOTNA -- 1	15.)
6.) KETCHIKAN	16.)
7.) HYDER: DIANA KLEGG	17.)
8.) DELTA JUNCTION -- 2	18.)
9.) NENANA: DON MERRILL	19.)
10.) NENANA: A.F. MCDONALD	20.)

BRIDGE BACKUP NUMBER IS: 561-7007

SPECIAL NOTES: OFFNET PARTICIPANTS MAY USE THE TOLL-FREE
 PHONE NUMBER: 800-478-8353

EOM DAVID J

LIOC ~~###~~
 PSG

 *
 * DELIVER TO: LHSCMMF
 *
 *
 * ORIGINAL
 * SENT: 02/17/88 TIME: 17:45
 * FROM: LTCCFBX
 * SUBJECT: HCRA;FS;HB1;2-17-88
 * PRINT DATE: 02/17/88 TIME: 20:01
 *

*****FINAL STATS*****

DATE: FEBRUARY 17, 1988
 SITE: FAIRBANKS
 SPONSOR: HOUSE COMMUNITY & REGIONAL AFFAIRS
 SUBJECT: LEG. PUBLIC HEARING: HB 1 - FORMATION OF BOROUGH
 MODERATOR: FRAN

TESTIFY:

NAME\REPRESENTING

ADDRESS

PHONE #

FAIRBANKS HAD NO PARTICIPANTS

OBSERVE:

NAME\REPRESENTING

ADDRESS

PHONE #

1.) -0-

TESTIFIED_____0_____

TIME START_____

OBSERVED_____0_____

TIME END_____

TOTAL_____0_____

*
* DELIVER TO: LHSCMMF
*
*
* ORIGINAL
* SENT: 02/17/88 TIME: 17:10
* FROM: LIOCKTN
* SUBJECT: CRA;HB1;FS;2-17
* PRINT DATE: 02/17/88 TIME: 20:01
*

DATE: FEBRUARY 17, 1988
SPONSOR: HOUSE COMMUNITY AND REGIONAL AFFAIRS SUBJECT: 2NDSSHB1
FORMATION OF BOROUGH SITE: KETCHIKAN
MODERATOR: JUNE ROBBINS

FINAL STATS

TO TESTIFY
NAME/REPRESENTING ADDRESS PHONE #
1. BOB WEINSTEIN P.O. BOX 8340, KETCHIKAN, AK 99901 225-9670
S.E. ISLAND SCHOOL DISTRICT

TESTIFIED: 1
UNABLE: 0
OBSERVED: 0
TOTAL: 1

START TIME: 3:05 PM
END TIME: 4:30 PM
EOM

 *
 * DELIVER TO: LHSCMMF
 *
 *
 * ORIGINAL
 * SENT: 02/17/88 TIME: 16:44
 * FROM: LIOCANC
 * SUBJECT: H CRA;FS;2NDSSHB1;2-17-88
 * PRINT DATE: 02/17/88 TIME: 16:56
 *

*** FINAL TELECONFERENCE STATISTICS ***

DATE: 2-17-88
 SITE: ANCHORAGE
 SPONSOR: HOUSE COMM REGIONAL
 AFFAIRS
 SUBJECT: FORMATION OF BOROUGHES
 LOCAL MODERATOR: INEZ

OBSERVED:

NAME\REPRESENTING	ADDRESS	PHONE #
1.) DAN BOCKHORST, DEPT OF COMMUNITY	REGIONAL AFFAIRS	
949 E 36TH AVE, ANCH	561-8586	

TESTIFIED: 00	START TIME: 3:00PM
OBSERVED: 01	END TIME: 4:27PM
TOTAL: 01	

*
* DELIVER TO: LHSCMMF
*
*

* ORIGINAL

* SENT: 02/17/88 TIME: 16:36

* FROM: LTCCSOL

* SUBJECT: FS;2-17-88;HCRS;HB1

* PRINT DATE: 02/17/88 TIME: 16:36
*

2-17-88

SOLDOTNA

HC&R

FORMATION OF BOROUGH

VESTA

FINAL STATS

TESTIFIED

NAME/REPRESENTING

ADDRESS

PHONE #

BILL # ✓

1. ALAN BUTE-HCO 1510, KENAI 776-8815-HB1

OBSERVED

NAME/REPRESENTING

ADDRESS

PHONE #

BILL # ✓

1. BETTY GLICK-BOX 528 KENAI 99611-283-7644-HB1

1 TESTIFIED:

0 UNABLE:

1 OBSERVED:

2 TOTAL:

3:05PM/4:36PM

START/END TIME

*****~*****
 *
 * DELIVER TO: LHSCMMF
 *
 *
 * ORIGINAL
 * SENT: 02/17/88 TIME: 16:14
 * FROM: LTCCGLN
 * SUBJECT: CR&A;FS;HB1;2-17-88
 * PRINT DATE: 02/17/88 TIME: 16:35
 *

DATE: FEBRUARY 17, 1989
 SITE: GLENNALLEN
 SPONSOR: HOUSE CR & A
 SUBJECT: 2NDSSHB 1 - FORMATION OF BOROUGHES
 MODERATOR: CATHY MACKINNON

FINAL STATS

TESTIFIED

NAME/REPRESENTING

ADDRESS

PHONE #

BILL #

1. 0

OBSERVED

NAME/REPRESENTING

ADDRESS

PHONE #

BILL #

1. 0

TESTIFIED: 0

UNABLE:

OBSERVED: 0

TOTAL: 0

START/END TIME

THERE WERE NO PARTICIPANTS. DID NOT SIGN ON.

 *
 * DELIVER TO: LHSCMMF
 *
 *
 * ORIGINAL
 * SENT: 02/17/88 TIME: 16:33
 * FROM: LIOCVAL
 * SUBJECT: CRA;FS;HB1;2-17-88
 * PRINT DATE: 02/17/88 TIME: 16:34
 *

(2)
 ✓

DATE: FEBRUARY 17, 1988
 SITE: VALDEZ
 SPONSOR: HOUSE COMMUNITY & REGIONAL AFFAIRS
 SUBJECT: 2ND SSHB 1: FORMATION OF BOROUGHES
 MODERATOR: DONNA GRENIER

FINAL STATS

TESTIFIED 0	NAME/REPRESENTING	ADDRESS	PHONE #	BILL #

OBSERVED 2	NAME/REPRESENTING	ADDRESS	PHONE #	BILL #
1.	MARY JO EVANS	BOX 277, VAL. 99686	835-4757	SSHB 1 ✓
2.	DOUG GRIFFIN	BOX 307, VAL. 99686	835-4313	SSHB 1 ✓

TESTIFIED: 0
 UNABLE: 0
 OBSERVED: 2
 TOTAL: 2

START/END TIME: 3:20 - 4:27 PM

VALDEZ DIALED IN AT 3:20

 *
 * DELIVER TO: LHSCMMF
 *
 *
 * ORIGINAL
 * SENT: 02/17/88 TIME: 16:32
 * FROM: LIOCDJT
 * SUBJECT: HCRA;FS;HB1BOR;2-17-88
 * PRINT DATE: 02/17/88 TIME: 16:34
 *

DATE: FEBRUARY 17, 1988
 SITE: DELTA JUNCTION
 SPONSOR: HOUSE COMMUNITY AND REGIONAL AFFAIRS
 SUBJECT: 2SSHB1 - BOROUGHES
 MODERATOR: LIZ SARVER

FINAL STATS

TESTIFIED

NAME/REPRESENTING
 1. P.R. MILLER
 2. BILL MANDEVILLE

ADDRESS
 P.O. BOX 384
 P.O. BOX 844

Delta

"

PHONE #
 895-4493 ✓
 895-4774 ✓

OBSERVED

NAME/REPRESENTING
 1. PAT SCHLICHTING

ADDRESS
 5230 ALASKA HWY.

PHONE #
 895-4896 ✓

TESTIFIED: 2
 UNABLE: 0
 OBSERVED: 1
 TOTAL: 3

START/END TIME 3:00 - 4:30 PM

*
* DELIVER TO: LHSCMMF
*
*
* ORIGINAL
* SENT: 02/18/88 TIME: 11:23
* FROM: LIOCSIT
* SUBJECT: HCRA;FS;HB1;2-17
* PRINT DATE: 02/19/88 TIME: 07:31
*

FEBRUARY 17, 1988
HOUSE COMMUNITY & REGIONAL AFFAIRS
HB 1: FORMATION OF BOROUGH'S
SITKA
MODERATOR: THERESA

FINAL STATS

SITKA HAD NO PARTICIPANTS

☐ TESTIFIED
☐ UNABLE
☐ OBSERVED
☐ TOTAL

3:00 - 4:00 PM START/END TIME

 *
 * DELIVER TO: LHSCMMF
 *
 * ORIGINAL
 * SENT: 02/18/88 TIME: 11:07
 * FROM: LIOCMAT
 * SUBJECT: HC&RA, 2-18-88, HB1
 * PRINT DATE: 02/19/88 TIME: 07:29
 *

(2)

DATE: 02/17/88
 SITE: MATSU
 SPONSOR: HOUSE C&RA
 SUBJECT: HB1
 MODERATOR: CHARLOTTE

FINAL STATS

TESTIFIED

NAME/REPRESENTING	ADDRESS	PHONE #	BILL #
1. DOROTHY JONES, MAYOR, MATSU BOROUGH,	P O BOX 1608, PALMER	99645,	HB1
2. MICHAEL GATTI, ATTORNEY, MATSU BOROUGH,	P O BOX 1608, PALMER	99645,	745-9677, HB1
3.			
4.			
5.			
6.			

OBSERVED

NAME/REPRESENTING	ADDRESS	PHONE #	BILL #
1.			
2.			
3.			
4.			
5.			
6.			

TESTIFIED: 2
 UNABLE:
 OBSERVED:
 TOTAL: 2

START/END TIME

*
* DELIVER TO: LHSCMMF
*
*
* ORIGINAL
* SENT: 02/19/88 TIME: 09:55
* FROM: LIOCPSG
* SUBJECT: NO PARTICIPANTS
* PRINT DATE: 02/19/88 TIME: 10:00
*

DATE: FEB. 17, 1988
SITE: PETERSBURG
SPONSOR: HCRA
SUBJECT: 2D SSHB 1; BOROUGH
MODERATOR: DOROTHY PENTTILA

MARTHA: SORRY - WON'T HAPPEN AGAIN. DOROTHY

FINAL STATS

NO PARTICIPANTS - DIALED INTO BRIDGE () YES (X) NO

EOM

2/5/89

FILIP

Jim Fulp
PC Unit Mgr.
City of Yakutat
Box 6

99689

off 784-3323

Yakutat

FY

Galena

request open up to listen
up to areas

request copy of transcript.

TV on-line
listen only

existence
copy

Copy

2/17/88

2d SSB 1

(T)

min

tapes.

1) Jim Filip City mgr.
City of Yakutat
Box
Yakutat, AK 99689
784-3323

TELECONFERENCE PARTICIPATION

SPONSOR

H C R A

DATE/TIME

2-27 / 3:00-4:30 pm

SUBJECT

2nd SS HB1

LIO'S

(moderator)

TESTIFY

OBSERVE

TESTIFY

OBSERVE

ANCHORAGE

PETERSBERG *

BARROW *

SITKA

BETHEL

SOLDOTNA

DELTA JUNCTION *

VALDEZ *

DILLINGHAM *

LTC'S

FAIRBANKS

Oscar Frank (testify) ✓

JOMER

GLENNALLEN *

WRANGELL

JUNEAU

OFFNETS

OFF1

Quinhagak

Larry Struck ✓
Diana Sharp ✓ Mayor ✓

OFF2 Galena

Laura Osborne

Harry ^{gurdin} ~~Brett~~ Vice Mayor
Carol Huntington School B.

OFF3 Salcha

Wayne Grieme ✓

OFF4 Manley Hot Springs

Liza Vernet ✓ Ms. G.C.
- Charles Dart ✓
S. Hollingsworth (g)

OFF5 Nenana

A. P. McDonald ✓

OFF6 Togiak

Moses Kritz ✓ Council Member

MAT-SU

Hooper Bay

(James Knight) ✓ Mark Springer

NONE

3 to testify
2 to observeRobert Blodgett ✓
Mary Knodell ✓
Polly Prchal ✓

Manley Hot Springs

Pamela Reddington

Manley Hot Springs

Steve Fortelmy
+ 3 other people

VTS'S ON BACK

OBSERVE
Chuck Wheeler
Lincoln Trigg
Janet Tobak

* SESSION ONLY

VTS'S	W	U	O	TOTAL		W	U	O	TOTAL
AMB - AMBLER					MET - METLAKATLA				
ANA - ANAKTUVUK PASS					MOS - MOSQUITO LAKE				
AND - ANDERSON					NAK - NAKNEK				
ANG - ANGOON					NEN - NENANA				
CAN - CANTWELL					NEW - NEWHALEN				
CHS - CHISTOCHINA					NIK - NIKISKI				
CHI - CHITINA					NOR - NOORVIK				
COP - COPPER CENTER					NOT - NORTH TONSINA				
COR - CORDOVA					NOW - NORTHWAY				
CRA - CRAIG					PEL - PELICAN				
DOT - DOT LAKE					PTH - POINT HOPE				
EAG - EAGLE					SAV - SAVOONGA				
FTY - FT. YUKON					SDP - SAND POINT				
GAK - GAKONA					SEW - SEWARD				
GAL - GALENA					SLW - SELAWIK				
GAM - GAMBELL					SHS - SHISHMAREF				
HNS - HAINES					SLA - SLANA				
HEA - HEALY					SKG - SKAGWAY				
HOO - HOONAH					STP - ST. PAUL				
HPB - HOOPER BAY					TOG - TOGIAK				
HYD - HYDABURG					TOK - TOK				
KAK - KAKE					OOK - TOOKSOOK				
KAT - KAKTOVIK					UAK - UNALASKA				
KEN - KENNY LAKE					UNK - UNALAKLEET				
KLA - KLAWOCK					WAI - WAINWRIGHT				
MEN - MENTASTA					YAK - YAKUTAT				

*
* DELIVER TO: LHSCMMF
*
*
* ORIGINAL
* SENT: 02/25/88 TIME: 10:51
* FROM: LIOCBET
* SUBJECT: HCRA;FS;HB1;2-24-88
* PRINT DATE: 02/25/88 TIME: 15:20
*

DATE: FEBRUARY 24, 1988
SITE: STATS VIA BETHEL
SPONSOR: HOUSE COMMUNITY AND REGIONAL AFFAIRS
SUBJECT: 2NDSSHB1 - FORMATION OF BOROUGHES
MODERATOR: VTS - MODERATORS

** FINAL STATS **

FROM;
HOOPER BAY, ALASKA 99604 CC PERSON, JAMES NIGHT - 758-4311 ✓

TESTIFIED;

1. MARK SPRINGER, CITY ADMINISTRATOR, BOX 37 - 758-4311 ✓

OBSERVED;

1. SUSIE DEGRACE, ADMINISTRATIVE ^{Asst} ~~ADMINISTRATIVE~~ CITY OF HOOPER BAY ✓
2. RAPHEL MURRAN, CITY COUNCIL MEMBER, CITY OF HOOPER BAY ✓
3. LOUIS BUNYAN, ADVISORY SCHOOL BOARD, HOOPER BAY
4. MIKE PRINCE, REPRESENTING HIMSELF, HOOPER BAY ✓

FROM;
QUINHAGAK, ALASKA 99655 - 556-8315

TESTIFIED;

1. LARRY STRUNK, CITY ADMINISTRATOR, GEN. DEL. ✓
2. DIANA SHARP, MAYOR, CITY OF QUINHAGAK ✓

OBSERVED;

1. FANNY HERNANDEZ, GEN. DEL., QUINHAGAK ✓

FROM;
BETHEL, ALASKA 99559 - 543-3572

NO PARTICIPANTS, WE DID NOT CALL IN.

TESTIFIED; 3
UNABLE; -0-
OBSERVED; 5
TOTAL; 8
NO START/END TIME.

MARTHA,

THE CITY OF QUINHAGAK WOULD LIKE A TRANSCRIPT OF THE
TELECONFERENCE. YOU CAN SEND THEM TO LARRY STRUNK, CITY
ADMINISTRATOR.

THANKS,

WALLY RICHARDSON
BETHEL L.I.O.

*
* DELIVER TO: LHSCMMF *
* *
* ORIGINAL *
* SENT: 02/24/88 TIME: 16:45 *
* FROM: LIOCKOD *
* SUBJECT: HCRA;FS;HB-i;2-24-88 *
* PRINT DATE: 02/24/88 TIME: 16:54 *
* *

DATE: FEBRUARY 24, 1988
SPONSOR: HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
SUBJECT: 2NDSSHB1, BOROUGH
SITE: KODIAK L.I.O.
MODERATOR: LORNA STEELMAN

FINAL STATS

KODIAK HAD NO PARTICIPANTS AND DID NOT DIAL INTO THE BRIDGE

TOTAL: 0

*
* DELIVER TO: LHSCMMF *
* *
* ORIGINAL *
* SENT: 02/24/88 TIME: 16:49 *
* FROM: LIOCNOM *
* SUBJECT: HCRA;FS;2NDSSHB1;2-24-88 *
* PRINT DATE: 02/24/88 TIME: 16:55 *
* *

2-24-88
NOME
HCRA
2ND SSB1: FORMATION OF BOROUGH
ROXANNE BARRON

FINAL STATS

TESTIFIED:
NAME/REPRESENTING ADDRESS PHONE #
1. ROBERT BLODGETT TELLER, AK. 642-3333
2. MARY KNODEL, SCHOOL BOARD BOX 262 443-2686
3. POLLY PRCHAL, CITY MANAGER BOX 281 443-5242

OBSERVED:
NAME/REPRESENTING ADDRESS PHONE #
1. CHUCK WHEELER BOX 190 443-5533
2. LINCOLN TRIGG BOX 949 443-2765
3. JANET TOBK BOX 475 443-2751
4. JIM STIMPLE BOX 729 443-2002

TESTIFIED: 3
UNABLE: 0
OBSERVED: 4
TOTAL: 7

START TIME: 3:00 P.M.
END TIME: 4:31 P.M.

*
* DELIVER TO: LHSCMMF *
* *
* ORIGINAL *
* SENT: 02/24/88 TIME: 16:01 *
* FROM: LIOCBAR *
* SUBJECT: HCRA;FS;2NDSSHB1;2-24-88 *
* PRINT DATE: 02/24/88 TIME: 16:56 *
* *

2-24-88
BARROW
HCRA
2NDSSHB1
MEG

FINAL STATS

TESTIFY:
NAME/REPRESENTING ADDRESS PHONE #
1. NO ONE

OBSERVE:
NAME/REPRESENTING ADDRESS PHONE #
1. NO ONE

0 - TESTIFIED
0 - UNABLE TO TESTIFY
0 - OBSERVED
0 - TOTAL

START/END TIMES:

*
* DELIVER TO: LHSCMMF *
* *
* ORIGINAL *
* SENT: 02/24/88 TIME: 16:22 *
* FROM: LIOCDAY *
* SUBJECT: H C&RA;BOROUGH;FS;2-24-88 *
* PRINT DATE: 02/24/88 TIME: 16:56 *
* *

*** FINAL TELECONFERENCE STATISTICS ***

DATE: FEBRUARY 24, 1988
SITE: ANCHORAGE
SPONSOR: HOUSE COMM AND REGIONAL AFFAIRS
SUBJECT: BOROUGH: HB 1
LOCAL MODERATOR: DAVID

OBSERVED:
NAME/REPRESENTING ADDRESS PHONE #
MARGE GRENEDAY 4355 CONSTELLATION #23 ANCH 243-2403
GLADYS DIXON PO BOX 876338 WASI 373-0831
BETTY J MULLALY BOX 876805 WASI 373-2628
DAN BOCKHORST 949 E 36TH AVE ANCH 561-8586
PRENT GAZAWAY 1521 W 14TH AVE ANCH 277-2073
TIM TROLL 1400 W BENSON #1 ANCH 276-2722
JOHN LEVY 1007 W 3RD AVE ANCH 99501 274-7555

TESTIFIED: 07 START TIME: 3:00PM
OBSERVED: 00 END TIME: 5:00PM
TOTAL: 07

*
* DELIVER TO: LHSCMMF *
* *
* ORIGINAL *
* SENT: 02/24/88 TIME: 16:25 *
* FROM: LIOCKOT *
* SUBJECT: HCRA;FS;BOROUGH;2-24-88 *
* PRINT DATE: 02/24/88 TIME: 16:57 *
* *

DATE: FEBRUARY 24, 1988
SITE: KOTZEBUE
SPONSOR: HOUSE COMMUNITY AND REGIONAL AFFAIRS
SUBJECT: FORMATION OF BOROUGH
MODERATOR: MARY BROWN

FINAL STATS

TESTIFIED
NAME/REPRESENTING ADDRESS PHONE # BILL #
1.
3.
4.
5.
6.

OBSERVED
NAME/REPRESENTING ADDRESS PHONE # BILL #
1.
2.
3.
4.
5.
6.

TESTIFIED: 0
UNABLE: 0
OBSERVED: 0
TOTAL: 0

START/END TIME

*
* REPLY *
* SENT: 02/24/88 TIME: 16:57 *
* FROM: LHSCMMF *
* *

TKS FOR THE STATS.

MARTHA/HCRA

*
* DELIVER TO: LHSCMMF *
* *
* ORIGINAL *
* SENT: 02/24/88 TIME: 16:26 *
* FROM: LIOCDAY *
* SUBJECT: HCRA;BRIDGE LIST #2 *
* PRINT DATE: 02/24/88 TIME: 16:58 *
* *

TO: ALL TELECONFERENCE SITES
FROM: ANCHORAGE BRIDGE

THE FOLLOWING SITES JOINED TODAY'S HOUSE COMMUNITY AND REGIONAL AFFAIRS: HB #1 TELECONFERENCE THROUGH THEIR CONNECTIONS TO THE BRIDGE:

1.) ANCHORAGE -- 5 11.) MANLEY H.S.: LIZA VERNET
2.) JUNEAU **CHAIR** 12.) TOSIAK: MOSES KRITZ
3.) GALENA: LAURA OSBORNE 13.) NENANA: A.P. MCDONALD
4.) QUINHAGAK: DIANA SHARP, MAYOR 14.) HOOPER BAY: JAMES KNIGHT
5.) QUINHAGAK: LARRY STRUNK 15.) (5 PARTICIPANTS)
6.) NOME L.I.O. -- 5 16.) MANLEY H.S.: S. FORTELMY
7.) FAIRBANKS L.I.O. -- 1 17.) MANLEY H.S.: P. REDDINGTON
8.) SALCHA: WAYNE GRIEME 18.) GALENA: CAROL HUNTINGTON
9.) MANLEY H.S.: S. HOLLINGSWORTH 19.)
10.) MANLEY H.S.: CHARLES DART 20.)

BRIDGE BACKUP NUMBER IS: 561-7007

SPECIAL NOTES: N/A

EOM DAVID J

*
* DELIVER TO: LHSCMMF
*
*
* ORIGINAL
* SENT: 02/24/88 TIME: 17:47
* FROM: LTCCFBX
* SUBJECT: HCRA;FS;HB1;2-24-88
* PRINT DATE: 02/24/88 TIME: 18:15
*

*****FINAL STATS*****

DATE: FEBRUARY 24, 1988
SITE: FAIRBANKS
SPONSOR: HOUSE COMMUNITY & REGIONAL AFFAIRS
SUBJECT: HB 1
MODERATOR: FRAN

TESTIFY:
NAME\REPRESENTING ADDRESS PHONE #
1. OSCAR FRANK 320 2ND AVE., FBKS, 99701 452-8251

OBSERVE:
NAME\REPRESENTING ADDRESS PHONE #
1.) RON CLARK P.O. BOX 326, HEALY, 99743 683-2439

TESTIFIED__1__ TIME START__3:00 P.M.__
OBSERVED__1__ TIME END__4:35 P.M.__
TOTAL__2__

*
* DELIVER TO: LHSCMMF
*
*
* ORIGINAL
* SENT: 02/24/88 TIME: 17:53
* FROM: LTCCFBX
* SUBJECT: HCRA;FS;HB1;2-24-88,GALENA
* PRINT DATE: 02/24/88 TIME: 18:19
*

*****FINAL STATS*****

DATE: FEBRUARY 24, 1988
SITE: GALENA
SPONSOR: HOUSE COMMUNITY & REGIONAL AFFAIRS
SUBJECT: HB1
MODERATOR: LAURAL OSBORNE

TESTIFY:
NAME\REPRESENTING ADDRESS PHONE #
1.) HARRY PURDY - CITY OF GALENA, P.O. BOX 299, GALENA, 99741 656-1605
2.) CAROL HUNTINGTON P.O. BOX 26, GALENA, 99741 656-1312

OBSERVE:
NAME\REPRESENTING ADDRESS PHONE #
1.) SCOTT WATERMAN P.O. BOX 68, GALENA, 99741 656-1488
2.) KATHY JANE DAYTON P.O. BOX 299, GALENA, 99741 656-1605

TESTIFIED__2__ TIME START__3:00 P.M.__
OBSERVED__2__ TIME END__4:35 P.M.__
TOTAL__4__



Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

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

A N N O U N C E M E N T

To: All Interested Parties

From: Representative Henry Springer, Chairman
Community and Regional Affairs Committee *HS*

Subject: 2d SSHB 1 - Organization of the Unorganized Borough

Date: February 2, 1988

The House Community and Regional Affairs Committee (HCRA) will be taking statewide testimony on 2d SSHB 1 via teleconference on Wednesday, February 17, 1988 and Wednesday, February 24, 1988, from 3:00 - 4:30 p.m. Participation will be possible through selected Legislative Information Offices (LIOs) or from anywhere in the state with telephone capability.

Testimony from the eastern half of the state (Parks Highway and eastward) will be heard on February 17th. Testimony from the western half of the state (west of the Parks Highway) will be heard on February 24th.

Witnesses may give testimony either from the LIOs listed below or by calling toll free 800-478-8353. The entire meeting can be heard from the LIO sites. Individual call-ins are asked to hang up after giving their testimony to make the phone line available for other people. This will allow for maximum participation from anywhere in the state. Copies of the typed minutes or tapes are available upon request. For tape duplicates, please send two (2) good quality, blank 90 minute cassette tapes for each meeting of which you would like a copy.

The following LIO sites will be on-line as specified:

February 17, 1988 - Parks Hwy and east - 3:00 to 4:30 p.m.

Anchorage	Delta	Fairbanks	Glennallen
Juneau	Kenai	Ketchikan	Mat-Su
Petersburg	Sitka	Valdez	

Or call toll free 800-478-8353

February 24, 1988 - West of Parks Hwy - 3:00 to 4:30 p.m.

Anchorage	Barrow	Bethel	Dillingham
Fairbanks	Juneau	Kodiak	Kotzebue
Nome			

Or call toll free 800-478-8353

Written testimony may be sent to HCRA at the above address. For more information, please call HCRA at 465-4833.