

H B

286

# STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907.465.3800

## LEGISLATIVE AFFAIRS AGENCY LEGISLATIVE REFERENCE LIBRARY

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

|       |         |           |
|-------|---------|-----------|
| HC+RA | 4-22-88 | 3:00 P.M. |
|       | 5-6-87  | 3:00 P.M. |

# MEMORANDUM

## State of Alaska Community and Regional Affairs

TO: Martha Fischbach  
Committee Aide  
House Committee for Community  
and Regional Affairs


DATE: November 10, 1988

FILE NO: 0402Q/JP/do/603

TELEPHONE NO: 465-4750

THRU:

SUBJECT: Interagency Task  
Force

FROM: Jim Plasman   
Deputy Director  
Municipal and Regional  
Assistance Division

You have requested information regarding the formation of the Governor's Interagency Task Force. The scope of this task force is to deal with planning, budgeting, and overseeing rural and Native services. The membership consists of Commissioners Hoffman (DCRA), Munson (DHSS), English (DPS) and Demmert (DOE); public members Willie Hensley, Marlene Johnson, Andrew Paukin and Mitch Dementieff; and the Governor's Special Assistant for Rural Affairs, Mike Irwin as chair.

The public members have just been named and the task force has not yet met. Further questions regarding the task force may be addressed to Mike Irwin at 465-3500.

cc: Mike Irwin





# Alaska State Legislature

## House of Representatives

### Committee on Community & Regional Affairs

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

April 22, 1988

The Honorable Steve Cowper  
Governor of Alaska  
P.O. Box A  
Juneau, Alaska 99811

Re: HB 286, Creating the Rural Governance Council

Dear Governor Cowper:

Yesterday this Committee received a request to hear HB 286, "An Act establishing the Rural Governance Council in the office of the Governor; and providing for an effective date."

This has come as a surprise to us and since I speculate that the late timing has some purpose following is the sequence of events:

The bill was introduced at your request and referred to the HCRA Committee on 4/22/87. I promptly scheduled it and had a first hearing on 5/6/87. Concern was raised over the cost, identification of geographic representation, a loose definition of the chairman's position and the general effectiveness of such an advisory council. Based on the testimony received from the DCRA (Doug Griffin) it was agreed that more work was necessary in the interim; DCRA was going to collect more baseline data in cooperation with Senator Hensley and your office.

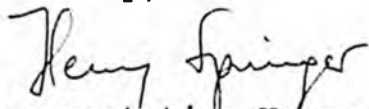
Ever since the legislature reconvened in January, we have been in touch with the DCRA and Ms. Rosita Worl of your office. On 1/13/88 she told us that they were considering a new approach through a "Native Judicial Council," which was the case through February. During March they were "still working on it."

Two weeks ago we received a verbal request to schedule the bill and yesterday Jim Plasman from DCRA brought last year's identical position paper, an identical bill and the same fiscal note redated 1/19/88.

It is very obvious that no meaningful work has been done since the first hearing and now towards the end of the session the panic button is pushed and as a consequence, the HCRA Committee will be blamed for non-action.

The events clearly show that "it ain't so" and the inactivity occurred on the "third floor": I just want to keep things in the right perspective.

Sincerely,

A handwritten signature in cursive script that reads "Henry Springer".

Representative Henry Springer, Chairman  
HCRA

FILE CONTENTS

FILE NAME HB 286

Ref. 4/22/7

| #    | Date In | Doc. Type     | Date   | Subject                               | DESCRIPTION | From          | Distrib. |
|------|---------|---------------|--------|---------------------------------------|-------------|---------------|----------|
| (1)  | 4/21/7  | Bill          | 4/22/7 | HB 286                                |             | Doc           | y        |
| (2)  | 5/5/7   | Trans. Ltr.   | 4/19/7 | to: SPKR Fr. Gov.<br>Transmitted      |             | Yh            | y        |
| (3)  | 5/5/7   | F.N.          | 4/21/7 | DCRA<br>LEA                           |             | Yh            | y        |
| (4)  | 5/5/7   | pos<br>PREP   | 5.5.7  | POSITION PAPER<br>DCRA                |             | TH            | x        |
| A    | 5-8-7   | Memo          | 5-8-7  | Memo to Bush Caucus fr Spr. input     |             | Z             | n        |
| B    | 5-11-7  | Min           | 5-6-7  | Minutes                               |             | Z             | n        |
| C    | 5-6-7   | WR.           | 5-6-7  | Wrt Rec                               |             | Z             | n        |
| (5)  | 5-20-7  | Memo          | 5-15-7 | to Spr. Fr. Wallis<br>Comments HB 286 |             | Z             | y        |
| 6    | 4/22/8  | Review        | 4/22/8 | Review plus attachments               |             | WDA           | WDA      |
| (7)  | 4/22    | Ltr.          | 4/22   | Draft Ltr to Gov.                     |             |               |          |
| (8)  | 4/22    | Resol         |        | AML 88-7                              |             | Scott Burgess |          |
| (9)  |         | Rpt           |        | Natl Conf of State Legis              |             |               |          |
| (10) |         | Sum Rpt.      |        | Summary " . . . . ."                  |             |               |          |
| (11) |         | Florida Skts. |        | ch 163                                |             |               |          |
| D    | 4/22/8  | Min           |        |                                       |             |               |          |
| E    |         | WR            |        |                                       |             |               |          |
| (12) |         | ltr           | 4/28/8 | Ltr from R. Wal.                      |             |               |          |

File Contents

HB 286 - Creating the Rural Governance Council

| <u>No.</u> | <u>Description</u>                          |
|------------|---|
| 1.         | Bill - HB 286                               |
| 2.         | Transmittal letter to Speaker from Governor |
| 3.         | Fiscal Note - DCRA                          |
| (3a)       | " " " 1988                                  |
| 4.         | Position Paper - DCRA                       |
| 5.         | Memo - To Springer from Wallis              |
| 6.         | Bill Review - Harrison                      |



BILL WORKSHEET

Bill #: HB 286  
Date Sched.: HCRA Committee, Wed. May 6, 1987  
Title: "An Act establishing the Rural Governance Council  
in the Office of the Governor; and providing for  
an effective date"

Sponsor: Governor

Info Attached: Copy of Bill  
Letter of Transmittal  
Fiscal Note

**Sponsor's Briefing, Intent/purpose:**

The Governor is proposing creation of a Rural Governance Council to study numerous (unspecified) concerns and problems related to rural governance.

**Effect of Bill:**

**Fiscal Impact:**  
\$52,000

**Proponents:**

**Opponents:**

**Analysis of Bill's effect. by staff:**

If this bill is enacted, the Rural Governance Council will research and report on economic and governance problems in rural Alaska. The recommendations must include proposed legislation regarding establishment of new forms of local governance in rural Alaska. The Council will sunset in two years.

**Committee Report:**



# Alaska State Legislature

(A) HB 286

## House of Representatives

### Committee on Community & Regional Affairs

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

#### M E M O R A N D U M

To: Rep. Cliff Davidson

From: Rep. Henry Springer, Chairman  
Community and Regional Affairs *Springer*

Date: May 8, 1987

Subject: HB 286, Establishing Rural Governance Council

I would like to call your attention to HB 286, "Establishing the Rural Governance Council in the Office of the Governor." The bill is presently in the House Community and Regional Affairs (CRA) Committee.

In its present (original) form HB 286 is very loosely structured. Neither the Governor nor the bill have specified charges for the proposed council. The concept has potential; the governor has publicly committed to it. The Rural Governance Council would be a useful tool in assessing the fiscal, social, economic and cultural forces facing our small communities in the transition period ahead. Your input would be helpful in focusing this bill.

Is the council as constituted in the bill appropriate for a major research effort? How can the focus of the Council's efforts be sharpened?

House and Senate Community and Regional Affairs committees are considering an interim examination of rural governance issues. Your comments will also be helpful in tailoring our inquiry to your concerns. It would be helpful if you could communicate your comments to me (or my staff) by Tuesday, May 12, 1987.

Enclosure (HB 286)

To: Cuto  
Adams  
Gell  
Davidson  
Herrmann  
Hoffman  
Shultz  
Wallis





STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

April 19, 1987

The Honorable Ben Grussendorf  
Speaker of the House  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill creating the Rural Governance Council in the Office of the Governor.

In order to address numerous concerns and problems presently affecting Alaska's rural communities, the Rural Governance Council is being established primarily for the purpose of studying issues related to rural governance.

The Rural Governance Council will consist of eight members: the chair of the Local Boundary Commission; five residents of rural areas or small communities, based upon geographic representation; a resident of the state designated as chair of the council; and the commissioner of the Department of Community and Regional Affairs, who will serve as a nonvoting member. Members will receive no compensation for service on the council, but will be entitled to travel expenses and per diem under AS 39.20.180.

Alaska's rural communities as well as other small communities are presently facing crucial economic times. Furthermore, there is increasing dissatisfaction with existing forms of local government in rural Alaska. The main goal of the Rural Governance Council is to adequately research these problems and provide reports and recommendations to my office and to the legislature which will enable us to reach fair and equitable solutions.

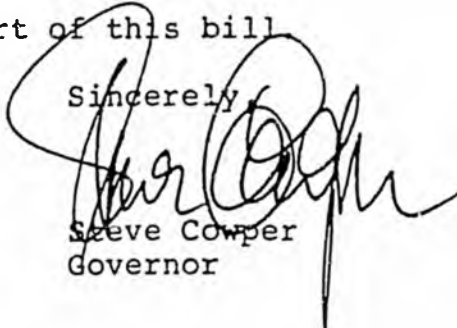
I believe that the problems facing rural and other small Alaskan communities deserve urgent attention by the state government. Through the establishment of the Rural Governance Council, my office and the legislature will become fully apprised of the issues concerning rural governance. These are issues that we must address in the immediate future.

Hon. Ben Grussendorf

Page 2

I strongly urge your support of this bill

Sincerely,

  
Steve Cooper  
Governor

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: HB 286  
PUBLISH DATE: \_\_\_\_\_

(32) HB 286

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: "An act establishing the  
Rural Governance Council..."  
Sponsor: Rules/Governor  
Requestor: \_\_\_\_\_

Agency Affected: Community & Regional Affairs  
BRU: Local Government Assistance  
Components: Training & Development  
Statewide Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING         | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES |       |       |       |       |       |       |
| TRAVEL            |       | 27.0  | 28.4  |       |       |       |
| CONTRACTUAL       |       | 24.8  | 26.0  |       |       |       |
| SUPPLIES          |       | .2    | .2    |       |       |       |
| EQUIPMENT         |       |       |       |       |       |       |
| LAND & STRUCTURES |       |       |       |       |       |       |
| GRANTS, CLAIMS    |       |       |       |       |       |       |
| MISCELLANEOUS     |       |       |       |       |       |       |
| TOTAL OPERATING   |       | 52.0  | 54.6  |       | /     |       |
| CAPITAL           |       |       |       |       |       |       |
| REVENUE           |       |       |       |       |       |       |

FUNDING: (Thousands of Dollars)

|               |  |      |      |  |  |  |
|---------------|--|------|------|--|--|--|
| GENERAL FUND  |  | 52.0 | 54.6 |  |  |  |
| 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: 1-19-88

Approved by Commissioner: David G. Hoffman  
Agency: Community & Regional Affairs

Date: 1-19-88

Distribution (by preparer):

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

FISCAL NOTE

"An Act establishing the Rural Governance Council in the Office of the Governor.."

ANALYSIS

Assumptions:

1. Routine clerical, technical and professional support will be provided by the Department of Community and Regional Affairs staff.
2. One-third of the meetings will be by teleconference and meetings will be held to coincide with gatherings of local officials and rural residents (Alaska Federation of Natives Conference, Alaska Municipal League Conference, regional mayors' conferences) whenever possible.
3. Funding will be available for small, specific professional services contracts at the discretion of the council.
4. There will be no more than 7 meetings (5 regular meetings and 2 teleconference) of the Rural Governance Council each year.
5. The Commissioner of Community and Regional Affairs will fund his own travel and per diem.
6. FY 89 funding is increased for inflation by 5 percent.

Program Summary:

No positions are requested and funding for travel, contractual services, and commodities will come from the general fund.

Computations:

Travel -- Assuming 5 meetings/hearings with average travel cost of \$400 and per diem cost \$200 per meeting.

7 members x \$600 = \$4,200 x 5 meetings = \$21,000

Travel and per diem for staff support,  
expert witnesses, etc. 10 trips x \$600 per trip 6,000

27,000

Contractual

Communications (teleconferences, other  
toll calls, postage) 1,800

Printing/Advertising (report printing  
publicity, meetings, photocopying) 3,000

Professional services (report preparation,  
translation services, legal or professional  
consulting fees) 20,000

24,800

Commodities

Office supplies 200

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST: \_\_\_\_\_  
 Revision Date: \_\_\_\_\_  
 Title: "An Act establishing the  
 Rural Governance Council....."  
 Sponsor: Rules/Governor  
 Requestor: \_\_\_\_\_

Bill Version: HB 286  
 Publish Date: HOUSE 4/21/87

Agency Affected: Community & Regional Affairs  
 BRU: Local Government Assistance  
 Components: Training & Development  
 Statewide Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING         | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES |       |       |       |       |       |       |
| TRAVEL            |       | 27.0  | 28.4  |       |       |       |
| CONTRACTUAL       |       | 24.8  | 26.0  |       |       |       |
| SUPPLIES          |       | .2    | .2    |       |       |       |
| EQUIPMENT         |       |       |       |       |       |       |
| LAND & STRUCTURES |       |       |       |       |       |       |
| GRANTS, CLAIMS    |       |       |       |       |       |       |
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| TOTAL OPERATING   |       |       |       |       |       |       |
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| REVENUE           |       |       |       |       |       |       |

FUNDING: (Thousands of Dollars)

|               |  |      |      |  |  |  |
|---------------|--|------|------|--|--|--|
| GENERAL FUND  |  | 52.0 | 54.6 |  |  |  |
| FEDERAL FUNDS |  |      |      |  |  |  |
| OTHER         |  |      |      |  |  |  |
| TOTAL         |  |      |      |  |  |  |

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

\_\_\_\_\_

Prepared by: Doug Griffin, Deputy Director  
 Division: Municipal & Regional Assistance

Phone: 465-4750  
 Date: 4/16/87

Approved by Commissioner: [Signature]  
 Agency: Community & Regional Affairs

Date: April 16, 1987

- Distribution (by preparer):
- Legislative Finance
  - Legislative Sponsor
  - Requestor
  - Office of Management and Budget
  - Impacted Agency(ies)
  - Senate Secretary

FISCAL NOTE

"An Act establishing the Rural Governance Council in the Office of the Governor.."

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Commodities

Office supplies 200

(14) HB286

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

P.O. BOX B  
JUNEAU, ALASKA 99811-2100  
PHONE: (907) 465-4700

949 E. 36TH AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508-4302  
PHONE: (907) 563-1073

May 5, 1987

## POSITION PAPER

RE: House Bill 286 - "An Act establishing the Rural Governance Council in the Office of the Governor."

SPONSOR: Rules/Governor

### Program Effects of Bill

HB 286 creates within the Office of the Governor the Rural Governance Council (RGC). This body consists of eight members. The Commissioner of the Department of Community and Regional Affairs serves as a non-voting member with the remaining membership constituted as follows: the chair of the Local Boundary Commission, five residents of rural areas or small communities appointed by the Governor based on geographic representation, and designated chair of the council.

The RGC shall gather information on local governance issues in rural areas and small communities and report its findings and recommendations to the Governor and the legislature to aid in finding solutions to economic and local governance problems in rural and small communities. Recommendation must include legislation to address the establishment of new forms of local governance to respond to rural and small city needs.

The chair shall call meetings and formulate procedures and the Department of Community and Regional Affairs shall provide necessary administration and technical support.

The council is sunset on June 30, 1989.

### Comments

It is apparent that local governments, particularly small, rural cities and communities are facing a period of transition with the decline of intergovernmental funding assistance. Social, economic and cultural forces are also placing demands on local government that heretofore have not existed.

HB 286

May 5, 1987

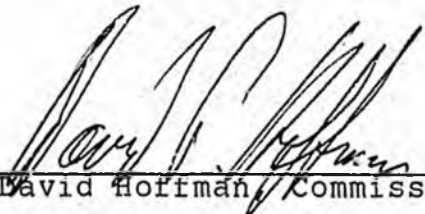
Page Two

The RGC is envisioned to be a working council that will draw on the resources of members who have hands on experience in local government in rural and small town Alaska. This representative group will examine the dynamics in rural Alaska and assess whether existing local government structures and authority are adequate to address the needs, expectations, and aspirations of rural residents.

The wealth of the State may have diminished the self-reliance and authority of local governments. As the State goes through its economic realignment, local governments, particularly small towns with limited resources, must reexamine priorities and provide better definition for the long term goals of the community. Local government entities will have to play a greater role in this area by providing focus and direction for the community. The RGC will be asked to examine existing systems of local governance (cities and boroughs, Indian Reorganization Act and Native traditional councils, and community nonprofit corporations) and make recommendations on how the state can make its local government system in rural Alaska stronger and more viable. The RGC will also review the interrelationships of village and small town entities to see how they can operate cooperatively to improve living conditions in rural communities.

The Department envisions the RGC acting as a "citizen council" which will bring a great depth of understanding, common sense approaches, and an innovative perspective to addressing the local government needs of rural Alaska. The formation of this body is in keeping with Governor's Cowper's desire of having rural Alaska act to solve their own problems rather than imposing a system on rural residents that may not adequately meet rural resident needs.

The Department strongly supports the passage of this bill with its modest fiscal note.

  
\_\_\_\_\_  
David Hoffman, Commissioner

*from Rosita Work's office 10/2/87  
DCRA Draft Plans*

**DRAFT**

RURAL GOVERNANCE

PRELIMINARY WORK PLAN

I. INTENT OF WORK EFFORT

A. Respond to Governor Cowper's call for strengthening local governments and shifting the "means of resolving community problems to the communities themselves... with support of the State" (1/8/87 press release) and returning rural communities to "a system of government that ... clearly worked [20 years ago] in most of the villages."

(2/26/87 remarks at RuralCAP luncheon, Juneau)

B. Assess the ability of rural local governments, in general, to provide essential services with reduced State capital and municipal aid funding

C. Design a strategy for strengthening local government systems (ordinances, financial, administrative) and fostering cooperation between rural village entities (city councils, IRA/Tribal councils, village corporations, regional non-profit service provider, etc....)

*Materials from*

*Gov. office*

*for 10/13/87*

*W. S. in Ave*

II. TECHNICAL/LEGAL ISSUES

A. Issues related to instituting a different level of State recognized local government

1. Town meeting format
2. Modified IRA/Tribal government

B. Legal issues related to establishing local courts or judgement boards

C. Technical assistance issues related to financial accountability

D. Analysis of reasonable local service cost and assessment of "vital" local services so that the impact of reduced state aid to local governments can be quantified

E. Review what made villages work 20 years ago, and assess changes during period with which villages have been unable cope ;

F. Research models of village cooperation and the factors that create less competitive atmosphere between village entities

G. Review options for increasing local revenue to support services

H. Review the pros and cons of extending home rule opportunity to all municipalities

III. DCRA WORK ELEMENTS/END PRODUCTS

- A. Research and prepare a historical perspective on the evolution of rural local government (completed by August 21, 1987)
- B. Report on legal/technical issues, with estimated costs, related to establishing local courts on judgement boards (completed by September 11, 1987)
- C. Prepare interim policy for responding to unfavorable audit exceptions and financial accountability problems (completed by August 28, 1987)
- D. Report analyzing the impact of reduced State aid on small local governments and assessing how this reduction is affecting or may affect the delivery of vital local services (completed by September 18, 1987)
- E. Report identifying local governments that work together cooperatively with other village entities and recommend how these conditions can be transplanted to other communities (completed August 28, 1987)
- F. Report setting out options for increasing local tax revenues (completed by September 18, 1987)
- G. Report on options for improving rural local governments to maximize local resources (completed by September 18, 1987)

IV. POLICY ISSUES

A. The pros and cons of creating new State recognized local entities and draft legislation to implement concept.

B. Statute changes and necessary funding for local courts and judgement boards.

1. Agency responsibility for oversight of this function

2. Amount and type of training for local "magistrates"

3. Type of infractions left to local courts/boards.

C. Review of SB 263 (fiscal accountability bill) for amendment or consideration in present form. Until passage of this bill, the State should develop a policy on how to respond to audit exceptions.

D. Level of FY 89 funding for State Revenue Sharing, Municipal Assistance and Municipal Grants.

E. Other administrative/legislative reform need to promote cooperative village government environment and greater self- efficiency

BOROUGH FORMATION

**DRAFT**

PRELIMINARY OUTLINE AND WORK PLAN

I. INTENT OF WORK EFFORT

- A. Study and recommendations regarding regional government alternatives
- B. Borough education program

II. TECHNICAL/LEGAL ISSUES

- A. Issues relative to reinstituting a "new" type of borough government
- B. Legal flexibility to explore borough alternatives
- C. Technical justification for various mandatory borough formation per capita value triggers
- D. Informative and clear explanations of pros and cons of borough formation
- E. Review of REAA boundaries as appropriate boundaries for future boroughs
- F. Identify disincentives to borough incorporation which remain in place
- G. Applicability of Federal Voting Rights Act, if any

III. DCRA WORK ELEMENTS/END PRODUCTS

A. Research and prepare report on borough government in Alaska (completed by August 28, 1987)

1. Constitutional intent and purpose
2. Mandatory Borough Act of 1963
3. Recent Borough formation efforts

B. Analysis of borough government alternatives (completed by August 28, 1987)

1. "New" 3rd class borough flexibility
2. Expanded home rule powers
3. Different borough government structures

C. Formula trigger for mandatory borough formation based on per capita value (completed by August 28, 1987)

D. Borough education package (completed by September 18, 1987)

1. What is a Borough booklet
2. Overheads/handouts and other information regarding borough government
3. Rough financial analysis of REAA's to reflect ability to support local government

IV. POLICY ISSUES

- A. The pros and cons of mandating borough formation
  - 1. Self sufficiency standards
  - 2. Existing borough formation standards
- B. The level of assistance State should provide in organizing boroughs
  - 1. Financial assistance
  - 2. Technical assistance
- C. Statute changes to provide greater borough flexibility
- D. Funding a home rule charter education initiative by Department of Community & Regional Affairs
- E. Interrelationship between new boroughs and the State's role in funding education
- F. The State's relationship with unincorporated communities within mandated boroughs
- G. The efficacy of "replacing" other state services (public safety, health, etc.) with borough provided services

May 5, 1987

POSITION PAPER

RE: House Bill 286 - "An Act establishing the Rural Governance Council in the Office of the Governor."

SPONSOR: Rules/Governor

Program Effects of Bill

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The RGC shall gather information on local governance issues in rural areas and small communities and report its findings and recommendations to the Governor and the legislature to aid in

finding solutions to economic and local governance problems in rural and small communities. Recommendation must include legislation to address the establishment of new forms of local governance to respond to rural and small city needs.

The chair shall call meetings and formulate procedures and the Department of Community and Regional Affairs shall provide necessary administration and technical support.

The council is sunset on June 30, 1989.

#### Comments

It is apparent that local governments, particularly small, rural cities and communities are facing a period of transition with the decline of intergovernmental funding assistance. Social, economic and cultural forces are also placing demands on local government that heretofore have not existed.

The RGC is envisioned to be a working council that will draw on the resources of members who have hands on experience in local government in rural and small town Alaska. This representative group will examine the dynamics in rural Alaska and assess whether existing local government structures and authority are adequate to address the needs, expectations, and aspirations of rural residents.

May 5, 1987

Page Two

The wealth of the State may have diminished the self-reliance and authority of local governments. As the State goes through its economic realignment, local governments, particularly small towns with limited resources, must reexamine priorities and provide better definition for the long term goals of the community. Local government entities will have to play a greater role in this area by providing focus and direction for the community. The RGC will be asked to examine <sup>EXISTING</sup> ~~the State~~ systems of local governance <sup>in the State including</sup> ~~cities and boroughs~~ and ~~alternative local government entities~~ (Indian Reorganization Act, Native traditional councils and community nonprofit corporations) and make recommendations on how the state can make its local government system in rural Alaska stronger and more viable. The RGC will also review the interrelationships <sup>7</sup> of village and small town entities to see how they can work more closely to improve living conditions in rural communities.

The Department envisions the RGC acting as a "citizen council" which will bring a great depth of understanding, common sense approaches, and an innovative perspective to addressing the

local government needs of rural Alaska.' The formation of this body is in keeping with Governor's Cowper's desire of having rural Alaska act to solve their own problems rather than imposing a system on rural residents that may not adequately meet rural resident needs.

The Department strongly supports the passage of this bill with its modest fiscal note.

---

David Hoffman, Commissioner

# STATE OF ALASKA

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

STEVE COWPER, GOVERNOR

P.O. BOX K—STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3600

April 15, 1987

### M E M O R A N D U M

TO: Honorable Steve Cowper  
Governor

FROM: *Arthur H. Peterson*  
for Grace Berg Schaible  
Attorney General

RE: Attached bill creating the Rural Governance Council  
Our file: 773-87-0151

Attached is a bill, requested by you and the Department of Community and Regional Affairs, that will create the Rural Governance Council. We received the request through Bob Evans on April 1.

The council will consist of eight members. One of the members will be the commissioner of the Department of Community and Regional Affairs, who will serve as a nonvoting member. The council's main purpose is to initiate research and to report to you and the legislature on issues related to the promotion of more effective forms of government in rural Alaska. The council will terminate on June 30, 1989.

A draft transmittal letter to the legislature is also attached.

GBS:MLO:pjg

cc w/enc.: Hon. David Hoffman, Commissioner  
Department of Community & Regional Affairs

Jay Hogan, Director  
Division of Budget Review  
Office of Management and Budget  
Governor's Office

Rosita Worl, Special Assistant  
Governor's Office

D R A F T

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill creating the Rural Governance Council in the Office of the Governor.

In order to address numerous concerns and problems presently affecting Alaska's rural communities, the Rural Governance Council is being established primarily for the purpose of studying issues related to rural governance.

The Rural Governance Council will consist of eight members: the chair of the Local Boundary Commission; five residents of rural areas or small communities, based upon geographic representation; a resident of the state designated as chair of the council; and the commissioner of the Department of Community and Regional Affairs, who will serve as a nonvoting member. Members will receive no compensation for service on the council, but will be entitled to travel expenses and per diem under AS 39.20.180.

Alaska's rural communities as well as other small communities are presently facing crucial economic times. Furthermore, there is increasing dissatisfaction with existing forms of local government in rural Alaska. The main goal of the Rural Governance Council is to adequately research these

problems and provide reports and recommendations to my office and to the legislature which will enable us to reach fair and equitable solutions.

I believe that the problems facing rural and other small Alaskan communities deserve urgent attention by the state government. Through the establishment of the Rural Governance Council, my office and the legislature will become fully apprised of the issues concerning rural governance. These are issues that we must address in the immediate future.

I strongly urge your support of this bill.

Sincerely,

Steve Cowper  
Governor

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Rural Governance Council in  
7 the Office of the Governor; and providing for an  
8 effective date."

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

10 \* Section 1. RURAL GOVERNANCE COUNCIL. (a) There is created in the  
11 Office of the Governor the Rural Governance Council.

12 (b) The Rural Governance Council consists of eight members who serve  
13 ex officio, or are appointed by the governor, as follows:

14 (1) the chair of the Local Boundary Commission;

15 (2) five residents of rural areas or small communities, appoint-  
16 ed by the governor based upon geographic representation;

17 (3) a resident of the state appointed by the governor and design-  
18 nated as chair of the council;

19 (4) the commissioner of the Department of Community and Regional  
20 Affairs who serves as a nonvoting member of the council.

21 (c) The members appointed to the council by the governor serve at the  
22 pleasure of the governor.

23 \* Sec. 2. DUTIES OF THE COUNCIL. The council shall solicit and collect  
24 information, testimony, and documentation regarding economic and local  
25 governance issues in rural areas and small communities of the state. The  
26 council shall report its findings and make recommendations to the governor  
27 and the legislature in order to assist the governor and the legislature in  
28 reaching fair and equitable solutions to economic problems and problems of  
29 local governance in rural areas and small communities of the state. The

1 recommendations must include ones for legislation regarding the estab-  
2 lishment of new forms of local governance in those areas.

3 \* Sec. 3. ADMINISTRATION. The chair shall call meetings of the council  
4 and formulate rules of procedure for the meetings. The chair may designate  
5 a vice-chair of the council. The Department of Community and Regional  
6 Affairs shall provide whatever administrative services to the council that  
7 the commissioner of community and regional affairs determines are necessary  
8 to enable the council to perform its functions under this Act.

9 \* Sec. 4. COMPENSATION. Members of the council receive no compensation  
10 for their services but are entitled to per diem and travel allowances  
11 authorized by law for other boards and commissions under AS 39.20.180.

12 \* Sec. 5. TERMINATION DATE OF COUNCIL. The council terminates on June  
13 30, 1989.

14 \* Sec. 6. This Act takes effect immediately under AS 01.10.070(c).  
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# Alaska State Legislature

## HOUSE OF REPRESENTATIVES

### Committee on Finance

Official Business

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

#### M E M O R A N D U M

TO: Representative Henry Springer

FROM: Representative F. Kay Wallis *Kay*

DATE: May 15, 1987

SUBJECT: HB 286

Thank you for extending me the opportunity to comment frankly on HB 286

My sense is that the duties/objections of the Council appears to be more loosely constructed than the structure or composition of the Council. The intent of the structure is to weight it with "villagers".

The objective is really to figure out what institutional form or what governmental functions/processor are appropriate for the diverse villages. I would suggest that this part of the bill appears loose because it is loose, since we do not know what the answers are. The movement in some villages is to dissolve one or two of the multiple institutions in a village. I am not sure that vesting all of the authorities in a tribal government is the sole answer. I think we need to more clearly determine what it is that villagers are seeking. Unfortunately, this objective does not lend itself to any specificity that is needed for legislative action. HB 286 is designed to go back to the people, the villages to see what answers they might have.

The only addition to this most worthwhile effort would be a research effort to delineate what has worked in the past, what hasn't worked and why. Also, what can we learn from communities that have governments that work for them. It is hopeful that this can be done in the context of this legislation.

With the Governor's hiring of Ms. Rosita Worl, I feel confident that this bill should go forward. Ms. Worl has the necessary background and skills to undertake objectively this most sensitive issue.

Thank you for your consideration.

cc: Representative Adelheid Herrmann

⑥ HB 286



# Alaska State Legislature

## House of Representatives

### Committee on Community & Regional Affairs

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

April 22, 1988

TO: Rep. Henry Springer, Chairman HCRA  
FROM: David C. Harrison, HCRA Committee Staff *[Signature]*  
SUBJECT: HB 286 "An Act establishing the Rural Governance Council in the Office of the Governor; and providing for an effective date."

\*\*\*\*\*

#### Program Effects

Provides for the appointment of eight members to serve on the Rural Governance Council at the pleasure of the Governor for approximately one year.

#### Duties of the Council:

Solicit and collect information, testimony regarding economic and local governance issues. Based upon information collected make report of such findings and make recommendations to the governor and the legislature in reaching a fair and equitable solutions to economic and problems of local governance.

Comments: It is evident that considerable information is being collected by various departments of the State of Alaska regarding economic conditions and developments throughout Alaska.

For HCRA members' review, the following information was collected from the Division of Economic Development within The Dept. of Commerce (Items 1 through 6), (Item 6a DCRA)

1. Alaska Business Development News, February 1988.
2. Alaska - The Alaska Economy: An Overview, Review Draft September 1987
3. The Alaska Economy - Year-End Performance Report 1986
4. Alaska - Monthly Report, March 1988
5. The Alaska Economic and Statistical Review - Economic Analysis Section, Department of Commerce and Economic Development - State of Alaska 1984
6. A Delphi Forecast of Alaska's Development the Year 2000 and Beyond - Report to Dept. of Commerce and Economic

## Development - State of Alaska

- 6a Impacts of Declining Revenues On Alaska's Smaller Communities March 1988 DCRA Office of Commissioner

Alaska Tax Assessor's Office Provided the following:

7. Alaska Taxable 1987 Municipal Taxation - Rates and Policies - Full Value Determination - Population and G.O. Bonded Debt Dept. Community and Regional Affairs

Dept. of Community and Regional Affairs provided the following.

8. Report of the Governor's Task Force on Federal-State-Tribal Relations - Submitted to Gov. Bill Sheffield February 14, 1988.
9. A New Mandatory Borough Act: Local Education Costs and Potential Revenues of Newly Created Boroughs Feb. 88 by House Research Agency Report by K. Oakley
10. Analysis and Recommendations on Local Government Questions and Issues Before the Task Force on Federal/State/Tribal Relations December 1985 by Division of Municipal and Regional Assistance DCRA
11. Regional Government Study by DCRA January 1988

Alaska Municipal League Draft from Board of Directors  
AML 1988 Policy Statement Recommendations such as:

12. An Advisory Commission on Intergovernmental Relations  
State Local Financial Policies and Regulations  
Economic Development and Incentives  
Encouragement of Formation of New Municipalities

Alaska Standard Production Company Employees Publication

13. Juneau Report January 1988, Tale of three cities - "How local governments handled budget problems" M. Bradner

House of Representatives Research Agency Publications and Research Related Issues Impacting Economics and Local Governments in Alaska:

14. Creation of Boroughs: Full Taxable Value and Effects on Public School Finance - Research Request 88.041
15. Impact of State Grants, Loans, Municipal Assistance, Revenue Sharing, Rents, Leases, Office Supplies, Food and Fuel Expenditures - Research Request 86-047
16. State Expenditures for Welfare Payments and Unemployment Insurance - Research Request 86--046

Other House of Representatives Research Request Documents that may be obtained upon request.

Local Government/Municipalities' Research Issues:

| Document Number | Title  |
|-----------------|--|
| 83.176          | Cost of Municipal Governments of Reductions in State Aid for School Construction |
| 85.249          | Bonding Cap for Municipalities   |
| 85.131          | Local Investments of State Funds   |
| 84.050          | Use of Federal Revenue Sharing Funds by Second Class Borough                     |
| 86.057          | Revenue Sharing in Alaska and Other States                                       |
| 84.027          | Value of Real Property in Alaska   |
| 88.041          | Creation of Boroughs: Full Taxable Value and Effects on Public School Finance    |
| 83.223          | Service Delivery in Organized/Unorganized Boroughs                               |
| 83.196          | Organization of Alaska Native Villages into Municipal Governments                |
| 85.005          | State Government Funding of Nonprofit Agencies                                   |
| 83.023          | Proposal to Distribute Permanent Fund Income to Municipalities                   |
| 83.161          | Commercial Fishing Loan Receipts   |
| 83.43           | Ownership and Beneficiaries of the Fishing Industry                              |

It is noted that there are a great many studies and reviews of local government needs. There are many studies regarding economics as it relates to local government support, local hire, stable economy and economic expanded opportunities.

It seems appropriate that the Department of Community and Regional Affairs is the proper agency to assist and to help deal with a review of local governments' concerns and possibly help local communities with programs that best fit their needs. State Constitutional mandate under Article X, Section 12, Local Boundary Commission may consider any proposed local government boundary change and present such to the legislature... and subject to law may establish procedures whereby boundaries may be adjusted by local action. In concert with this type of effort, the local government agency under Article X, Section 14, known as the DCRA, is to advise and assist local governments. It shall review their activities; collect and publish local government information, and perform other duties prescribed by law. State constitutional requirements are now in place.

Divisions within the DCRA, who have technical expertise are appropriate entities to handle such requests and to review local government concerns; plus economic strategies in concert with the Department of Commerce where applicable.

Additionally, the standing committees of the legislature and its research arm reflect continuing interests and concern of local government related needs and economic conditions.

The Rural Governance Council existence is until June 1989.

Copies of information 1 through 16 are attached for your review.

Complete copies are available upon request.

# ALASKA BUSINESS DEVELOPMENT NEWS

DEPARTMENT OF COMMERCE  
AND ECONOMIC DEVELOPMENT  
DIVISION OF BUSINESS DEVELOPMENT

## DIVISION OF BUSINESS DEVELOPMENT ESTABLISHED



### MEET LARRY MERCULIEFF

Heading the new Division of Business Development is Larry Merculieff.

Merculieff, 38, comes to the department with a broad base of experience in business and rural economic development. After graduation from the University of Washington, Merculieff returned to Alaska to work as the director of the Aleut Corporation land department. In 1975, he resigned to accept the position of business manager of the Tanadgusix Corporation (TDX) in his home town, St. Paul in the Pribilofs.

As business manager of TDX, Merculieff initiated an animal by-products export business and developed a tourism program for St. Paul, including a hotel and restaurant operation. Promoted to president and chief executive officer, he supervised the corporation's expansion into industrial catering, construction, fur processing/marketing, fish processing/marketing, and off-island hotel/restaurant and land leasing businesses. Under his leadership, equity in Tanadgusix Corporation grew from two million to nine million dollars not including the increase in value of 135,000 acres of land and other property belonging to the corporation. (Cont. on page 10)

The Department of Commerce and Economic Development is charged by statute with responsibility for fostering economic development in Alaska. The economic development function of the department has undergone significant changes organizationally and functionally since July 1987. The former advocacy group structure with the Offices of Enterprise, Commercial Fisheries Development, Minerals and Forestry Products, has been consolidated into a single entity: the Division of Business Development.

The mission of the Division of Business Development is to assist in strengthening and diversifying the economy of the State of Alaska and to establish a positive business climate that is conducive to commercial investment and development.

The division is the lead state agency providing both financial and technical assistance: for economic development activities performed by regional organizations, boroughs, regional native corporations, and other similar entities; to new and developing business within the state; and to individuals seeking to take advantage of the economic opportunities the state has to offer them (excluding tourism). The division also participates in development and review of state economic policy.

The Division of Business Development (DBD) is headquartered in Juneau at P.O. Box D, Ninth Floor State Office Building, Juneau, AK 99811; phone: (907) 465-2017. Following is list of DBD staff and their responsibilities; staff are located in Juneau, except where noted:

Larry Merculieff, Director — Responsible for overall administration of the division.

Paul Peyton, Chief Development Specialist for Fisheries — Responsible for fisheries development activities including Japan Overseas Fishery Cooperation Foundation (OFCF) coordination and projects, mariculture studies, fisheries support service development and staff support to Governor's Fisheries Cabinet.

Thyes Shaub, Chief Development Specialist for Minerals and Forest Products — Responsible for minerals and forest products industry assistance including Minerals Commission support, implementation of forest products five-year plan, and issues affecting the two industries; oversees the division's public information program.

Tom Lawson, Economic Development Planner — Project Coordinator for the Alaska Economic Development Strategy; responsible for coordination of the Alaska Regional Development Organizations (ARDOR) Program, liaison with University Economic Development Center, and division newsletter.

Continued on page 7 (Meet Our Staff)

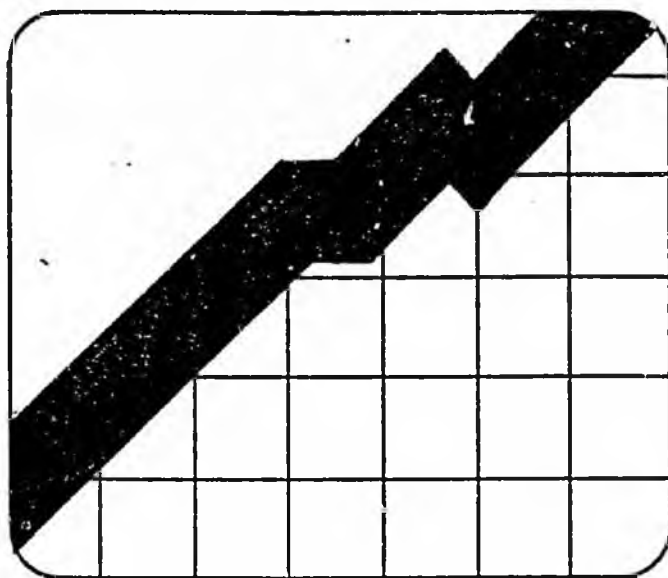
## INSIDE

|   |   |
|---|---|
| Financing Fisheries Support Service.....2 | Capital Matching Grant Program.....6    |
| Commercial Salmon Farming Studied....2    | Minority Business Development.....7     |
| Regional Development Organizations....3   | Small Business Assistance Centers.....8 |
| Economic Development Strategy.....3       | Small Business Development Center....8  |
| Forest Products Five Year Plan.....4      | Publications Available.....9            |
| Mat-Su Timber Sale.....4                  | Mining Activity.....10                  |
| Alaska Product Preference.....5           | Economic Development Workshop.....10    |

# 2, (ONE COPY AVAILABLE) DRAFT

# ALASKA

## THE ALASKA ECONOMY: AN OVERVIEW



**REVIEW DRAFT**

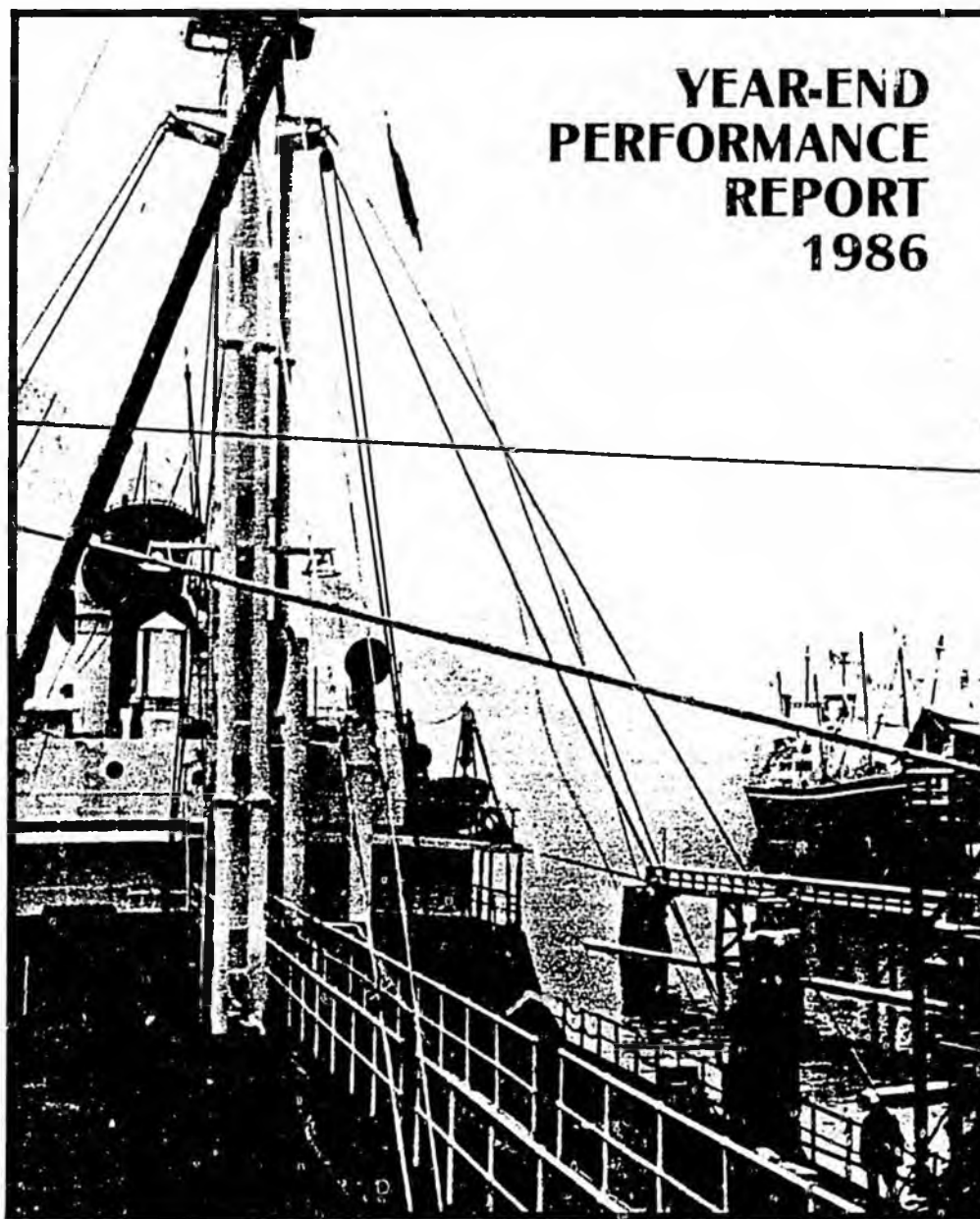
September 1987

**STATE OF ALASKA**  
**DEPARTMENT OF COMMERCE**  
**AND ECONOMIC DEVELOPMENT**

BUSINESS DEVELOPMENT DIVISION

#3

# THE **ALASKA ECONOMY**



## **ALASKA**

**DEPARTMENT OF COMMERCE  
AND ECONOMIC DEVELOPMENT**

**BUSINESS DEVELOPMENT DIVISION**

# Monthly Report

Larry Mercurieff, Director

**ALASKA**  
DEPARTMENT OF COMMERCE  
AND ECONOMIC DEVELOPMENT  
DIVISION OF BUSINESS DEVELOPMENT

March 1988

**"Establishing a Business in Alaska" Booklet Available:** The revised edition of "Establishing a Business in Alaska" is complete and ready for distribution. The booklet contains valuable information about sources of business assistance from taxation to labor laws. Copies are available for \$3.00 from the division offices in Juneau, Fairbanks and Anchorage.

**Port Alaska Formation:** Division Director Larry Mercurieff and Fisheries Program Manager Paul Peyton met with port directors from southcentral and southwest communities to explore the advantage of forming a regional port marketing association. As a result of the meeting, Port Alaska was formed. Members include ports from the southcentral, Kenai and Kodiak areas as well as Dutch Harbor and St. Paul. A press release with further details on this new organization is available upon request.

**Capital Project Funding:** The Economic Development Administration (EDA) is taking a close look at proposed Alaska capital projects to determine economic impact, particularly the number of new jobs created. The funding cycle is at an opportune time where good projects will be selected and funded. For further information contact Mr. Berney Richert at EDA in Anchorage; 271-5857.

**Permanent Fund Companies Contacted:** Work progressed on contacts to all firms in which the Alaska Permanent Fund has invested. Of 363 inquiries, 124 have responded, 20 of those have shown promise for investment in or expansion into Alaska.

**New Firm Choosing Alaska:** After extended discussions with division staff, a major electronics corporation is cementing plans to locate a major portion of their business in Alaska. The firm fabricates a line of infra-red sensing devices and hopes to employ as many as 200 Alaskans within 18 months.

**Exploring Options for Small Business Financing:** The division director brought financing experts from the public and private sectors together to explore directions the state may take in solving the financing requirements for Alaska small businesses. Participating were: David Rose, Permanent Fund; Jim Cloud, National Bank of Alaska; Mike Siemion, Small Business Administration; Robin Zerbel, Small Business Development Center; Frankie Whitman, Neighborhood Housing Service; Berney Souphanavong, Northland Soy Products; Mike Fireman, Midas Muffler; Ray Deberham, Deberham Electric; and department representatives. There was general consensus among the group that Alaska's needs did not fall in the area of venture capital, but more broadly, in the area of development capital. The lack of bank lending was cited as a critical area of concern, with two major gaps mentioned, loans for less than \$100,000 and loans in the \$500,000 to \$200,000,000 range. Other problems cited were reluctance of investment banks to look at capital intensive projects; the need for working capital and start-up financing; and, reluctance to finance small loans due to high servicing requirements. A more detailed report of the meeting is available upon request.

**Northwest Arctic Borough Economic Development:** Commissioner Smith, Division of Tourism Director Gellert and DBD director Mercurieff met with the N.W. Arctic Borough's new established Economic Development Commission. The meeting was called to explore state programs and services that may be of assistance to the commission.



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**THE ALASKA  
ECONOMIC AND  
STATISTICAL REVIEW**

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Economic Analysis Section  
Department of Commerce and  
Economic Development

**STATE OF ALASKA**

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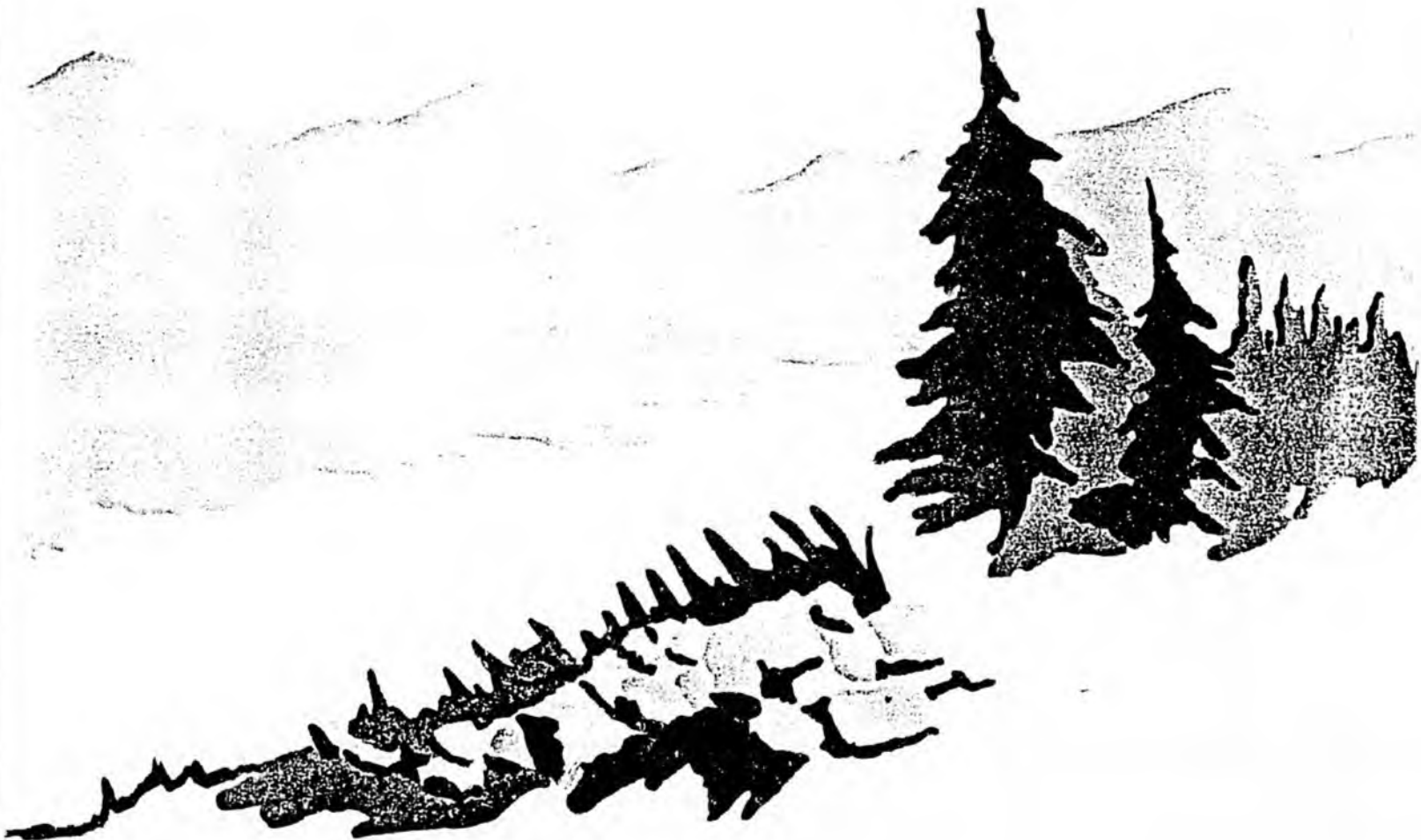
# 6

# A DELPHI FORECAST OF ALASKA'S DEVELOPMENT: THE YEAR 2000 & BEYOND

Report to

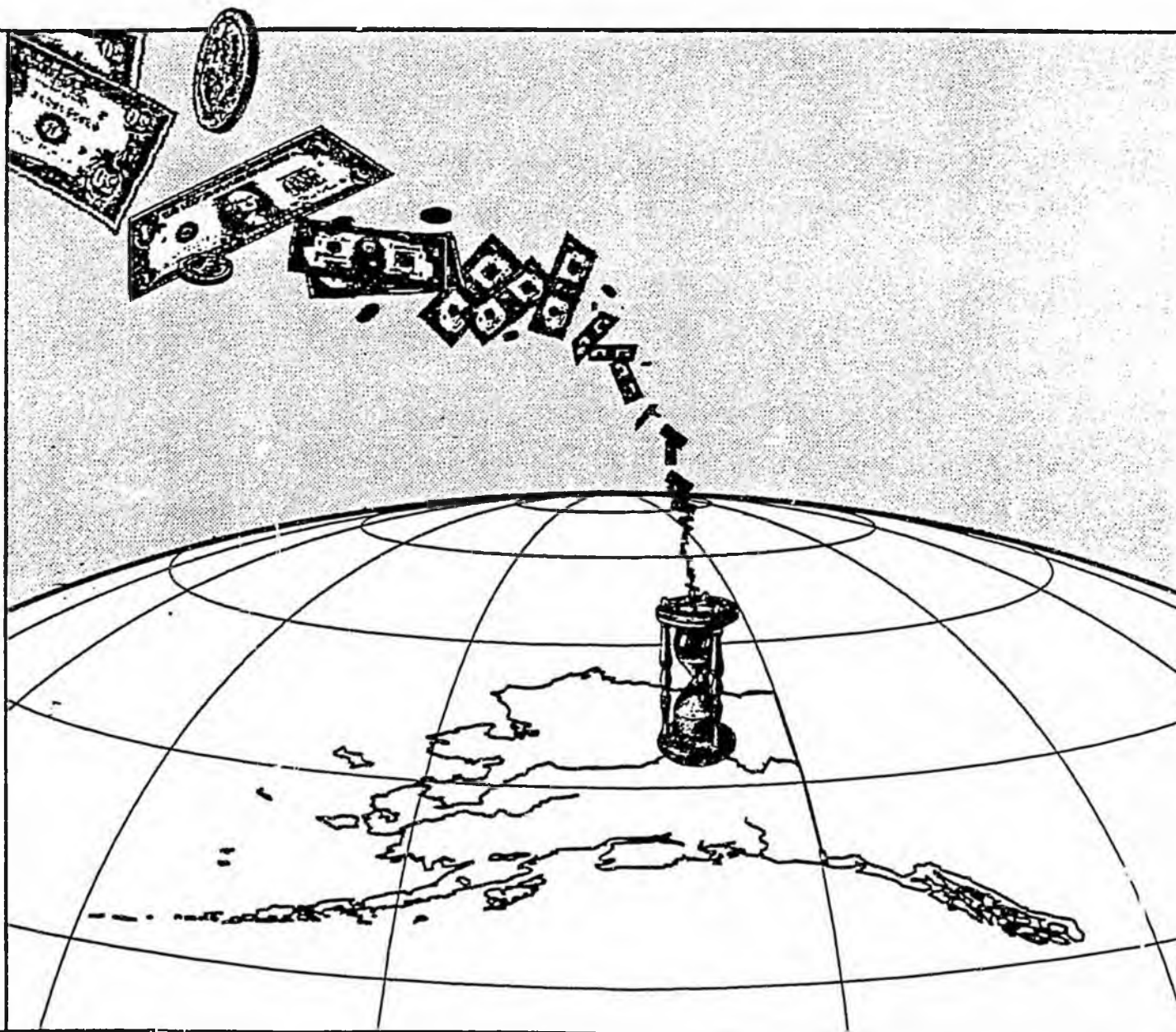
DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

STATE OF ALASKA



#6a

# Impacts of Declining Revenues On Alaska's Smaller Communities



State of Alaska  
Steve Cowper, Governor

Department of Community and Regional Affairs  
David G. Hoffman, Commissioner

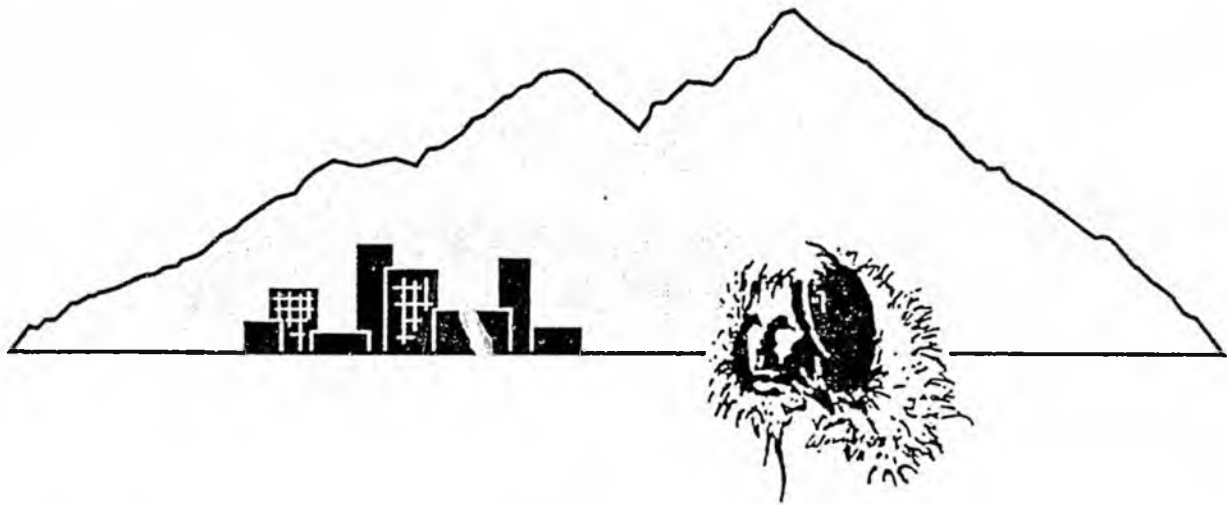
March 1988



#7

# Alaska Taxable

## 1987



**Municipal Taxation - Rates and Policies**

**Full Value Determination**

**Population and G.O. Bonded Debt**

State of Alaska  
Steve Cowper, Governor

Department of Community and Regional Affairs  
David G. Hoffman, Commissioner

Volume XXVII  
January 1988



# 8

REPORT  
OF THE  
GOVERNOR'S TASK FORCE  
ON  
FEDERAL-STATE-TRIBAL RELATIONS  
SUBMITTED TO  
GOVERNOR BILL SHEFFIELD

#9

**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**

#10

ANALYSIS AND RECOMMENDATIONS  
ON LOCAL GOVERNMENT QUESTIONS  
AND ISSUES BEFORE THE  
TASK FORCE ON FEDERAL/STATE/TRIBAL RELATIONS  
DECEMBER 1985

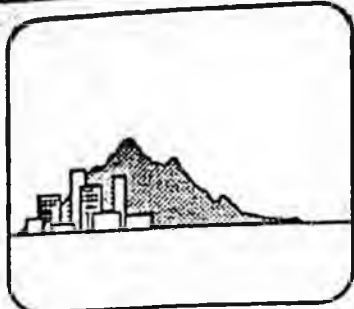
Prepared By  
Division of Municipal and Regional Assistance

State of Alaska  
Bill Sheffield, Governor

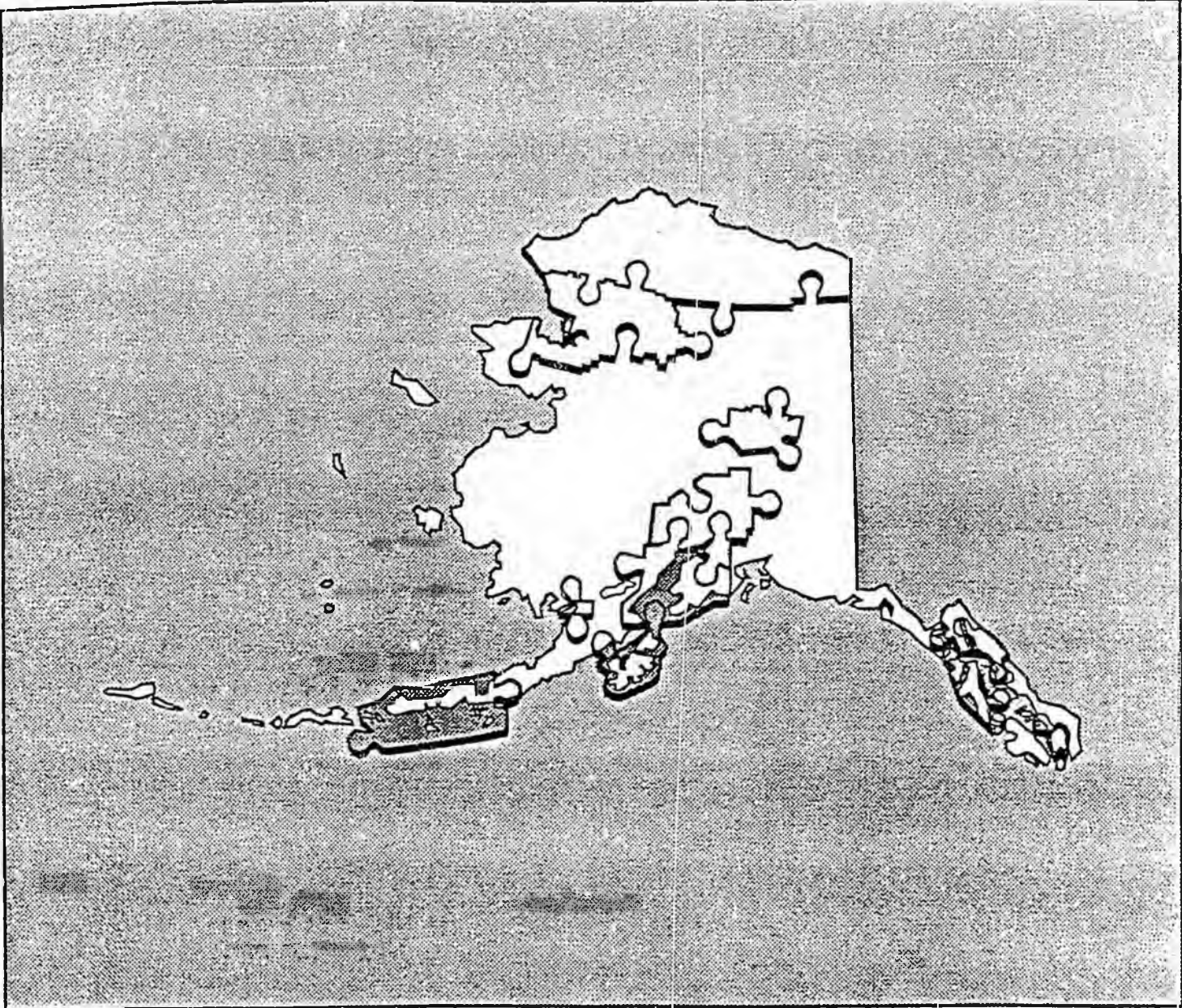
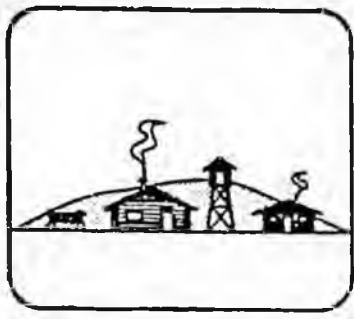
Department of Community  
and Regional Affairs  
Emil Notti, Commissioner

# 11

(20) SSHB1



# Regional Government Study



State of Alaska  
Steve Cowper, Governor

Department of Community and Regional Affairs  
David G. Hoffman, Commissioner

January 1988



# JUNEAU REPORT



The Juneau Report is published by Standard Alaska Production Company (SAPC) Government Affairs Department to provide an overview of issues and legislation as they relate to the petroleum industry. Opinions of authors expressed here do not necessarily reflect the opinions of the company. The Juneau Report is edited by Jim Palmer. Inquiries should be directed to him, SAPC Government and Public Affairs 564-5403.

### In this issue:

- *Commentary, "Coping with change," Page 2*
- *Standard Alaskans speak out, Page 2*

### 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.

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 \$1.4 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*

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

### 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 workmen's compensation laws and "tort" reform, which involve changes in civil liability procedures.

Workmen's 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 Kelly 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*

### 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

"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 Rands Phillips (R)—Chukchi-Eagle River and Representative Drue Pearce (R)—Anchorage, discuss legislation during a House floor recess.

Photo by Mark Bradner



# 14

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) 465-3991

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.



600 North Y. State Capitol  
Juneau, Alaska 99811  
(907) 465-3991

ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

*Clocks in #3*

#15

February 28, 1986

MEMORANDUM

TU: 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



#16

ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

Clocksinn #4

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

March 4, 1986

MEMORANDUM

TO: Representative D.C. Clocksinn

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.



# Alaska State Legislature

## House of Representatives

### Committee on Community & Regional Affairs

(7) HB 286

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

April 22, 1988

**DRAFT**

✓  
sp

The Honorable Steve Cowper  
Governor of Alaska  
P.O. Box A  
Juneau, Alaska 99811

Re: HB 286, Creating the Rural Governance Council

Dear Governor Cowper:

Yesterday this Committee received a request to hear HB 286, "An Act establishing the Rural Governance Council in the office of the Governor; and providing for an effective date."

This has come as a surprise to us and since I speculate that the late timing has some purpose following is the sequence of events:

The bill was introduced at your request and referred to the HCRA Committee on 4/22/87. I promptly scheduled it and had a first hearing on 5/6/87. Concern was raised over the cost, identification of geographic representation, a loose definition of the chairman's position and the general effectiveness of such an advisory council. Based on the testimony received from the DCRA (Doug Griffin) it was agreed that more work was necessary in the interim; DCRA was going to collect more baseline data in cooperation with Senator Hensley and your office.

Ever since the legislature reconvened in January, we have been in touch with the DCRA and Ms. Rosita Worl of your office. On 1/13/88 she told us that they were considering a new approach through a "Native Judicial Council," which was the case through February. During March they were "still working on it."

Two weeks ago we received a verbal request to schedule the bill and yesterday Jim Plasman from DCRA brought last year's identical position paper, an identical bill and the same fiscal note redated 1/19/88.

**DRAFT**

Governor Cowper

-2-

April 22, 1988

It is very obvious that no meaningful work has been done since the first hearing and now towards the end of the session the panic button is pushed and as a consequence, the HCRA Committee will be blamed for non-action.

The events clearly show that "it ain't so" and the inactivity occurred on the "third floor": I just want to keep things in the right perspective.

Sincerely,

Representative Henry Springer, Chairman  
HCRA

RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE

RESOLUTION NO. 88-7

A RESOLUTION SUGGESTING THE ESTABLISHMENT  
OF A STATEWIDE ADVISORY COMMISSION  
TO CONSIDER THE ROLES AND RESPONSIBILITIES  
OF STATE AND LOCAL GOVERNMENT.

WHEREAS, during the past few years local governments have been faced with a variety of dramatic proposals concerning transfers of state responsibilities in areas ranging from judicial services to road maintenance, and

WHEREAS, each of these proposals has had the potential for significant impact on the delivery of basic services to many Alaskans, and

WHEREAS, no forum exists to adequately address the issues of state and local responsibilities in a comprehensive manner, and

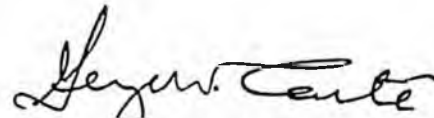
WHEREAS, this same problem has been recognized in other states and organizations such as the National Conference of State Legislators and the U.S. Conference of Mayors which are supporting the establishment of state/local advisory commissions as one means to address the issues;

NOW, THEREFORE, BE IT RESOLVED THAT the Alaska Municipal League urges:

1. That the Governor and the Legislature support the establishment of a commission to consider the roles and responsibilities of state and local governments and to advise the administration and the Legislature; and

2. That the commission membership should include administration officials, legislators, and representatives of local governments from urban and rural areas of the State.

Adopted this 13th day of November 1987.

  
George W. Carte, President

ATTEST:

  
Scott A. Burgess, Executive Director



1050 17th Street  
Suite 2100  
Denver, Colorado 80265  
303/623-7800

President David E. Nething  
Majority Leader  
North Dakota Senate

Executive Director  
Earl S. Mackey

## RECOMMENDATIONS OF THE TASK FORCE ON STATE-LOCAL RELATIONS

### PREAMBLE

We are on the brink of a period of significant change in the way state and local governments interact. One impetus for this change, along with other factors, is the federal government's withdrawal of financial support for state and local governments. Federal aid already has decreased substantially, and further large reductions appear likely. These changes create a vacuum that forces states to reassess their policies.

States have great power to influence the services provided by local governments and the manner in which they are financed. Along with that power comes a responsibility to enact policies that create the best possible system for delivering services, consistent with the resources available. Because of the impending changes in the federal system, it is incumbent upon legislators to reconsider the entire existing system of financing local governments.

John Shannon, one of the most respected observers of federal-state-local relations, has described the current period as one of "fend-for-yourself" federalism. Just as the federal government has limited resources to help state and local governments, the ability of the states to assist local governments financially is not unbounded. One of the major challenges facing the states is to find ways to help local governments without necessarily incurring heavy financial burdens for the states.

This NCSL Task Force on State-Local Relations has developed a set of recommendations that should be helpful to states as they reassess their policies toward local governments. We recognize that many proposed policies go beyond the existing practice in many states. This does not imply that there was anything wrong with past policies but rather that the changed times require new directions.

We recognize that each state must develop its state-local policies in accordance with its unique traditions and the preferences of its citizens. No grand design for state-local relations can be developed to apply in all states. We feel, however, that the recommended policies deserve serious consideration and that the issues raised ought to be debated. We trust that our recommendations will be helpful to legislators as they grapple with the difficult challenges of this new environment.

The bulk of our recommendations fall into two categories: approaches for improving the process of developing new state-local policies and substantive policies themselves. One recommendation underlies all of our other proposals: Legislators should place a higher priority on state-local issues than has been done in the past. The time has come for states to change their attitude toward local governments--to stop considering them as just another special interest group and to start treating them as partners in our federal system of providing services for citizens. Likewise, local governments should resist a "go-it-alone" attitude and should participate in the process as partners.

#### IMPROVING THE STATE-LOCAL POLICY DEVELOPMENT PROCESS

If a state is to have the necessary tools to improve its system of state-local relations, two elements are critical: (1) an organization dedicated to studying state-local issues and resolving problems and (2) good information about how local governments are faring.

### A State-Local Organization

A specific organization dedicated to state-local issues is needed because the profound changes in this area require ongoing study. States have research organizations and standing legislative committees capable of studying a particular problem and developing new policies to deal with it, but those existing entities have many other responsibilities and cannot continuously devote the attention that is required to state-local issues. Other reasons for creating a specific state-local organization are the complexity of the issues and the rapidity with which they are changing. The various local governments within a state differ significantly, local revenue systems are complicated, and solutions to problems must consider both revenue and spending ramifications. An organization that specializes in state-local issues is best able to study the nature of problems in this area and to suggest alternative policies for addressing those problems.

A state-local organization can perform four important functions: provide a forum for discussion of long-range state-local issues, a place where local officials can be heard and engaged in focused dialogue; conduct research on local developments and new state policies; promote experimentation in intergovernmental processes, both state-local and local-local; and develop suggested solutions to state-local problems.

No single model can be developed for such an organization because of differences in traditions and governmental structure among states, but a number of specific guidelines have been developed by the Task Force, based upon the experience of states with various approaches:

- o The organization should be created by statute rather than by executive order so that the legislature is involved in its design and operation.

- o The organization should be either a legislative commission with a strong role for local governments as advisers or a state Advisory Commission on Intergovernmental Relations (ACIR). (State ACIRs typically have members representing each major type of local government along with executive and legislative branch state officials.) If it is an ACIR, legislators should play a prominent role in it. The legislators should be drawn from among leadership and the chairmen of committees with responsibility for policies affecting local governments, including revenue, appropriations, and local affairs. It is essential that the organization have strong ties to the legislature so that (1) it is responsive to legislative concerns and (2) its proposals receive priority attention from the legislature. ACIR members should not be appointed by the governor, except for those who represent the executive branch.
- o The organization should be either part of the legislature or an independent entity, not part of the executive branch.
- o The organization should have an adequate budget and qualified staff. A recommended model for states having sufficient resources would be a minimum budget of \$200,000 and a staff of at least four persons. Local governments should participate in funding the organization.

These guidelines are at variance with most of the existing state-local organizations. According to the U.S. ACIR, 24 states have ACIRs or similar bodies, but most of them have smaller budgets and less influence than envisioned by the Task Force, and the role of legislators in most of them is too limited. We believe that state-local organizations can play a pivotal role in studying and resolving local government problems.

### An Improved Information Base

One of the most important tasks of a state-local organization should be to monitor local fiscal developments and to inform the public about significant trends in local finance. We envision creation of systems to keep track of changes in tax rates, expenditures, state and federal aid, tax bases, and fiscal stress, among other measures. An annual report on the state of local governments should be published, explaining in clear, simple language how the fiscal situation of local governments has been changing.

Such an information system will be vital over the next decade if, as appears possible, some local governments experience increasing fiscal stress. State officials are certain to hear complaints from local representatives about their fiscal predicament, and they will be in a much better position to respond to those complaints if a good monitoring system is in place. Improved information will make it possible to raise the level of discussion of state-local issues.

### IMPROVING STATE-LOCAL POLICIES

We have developed recommendations in three areas--local revenue systems, mandates imposed by states on local governments, and state aid to local governments, including "sorting out" responsibilities for various governmental functions. States need to reevaluate their policies in these areas for two reasons: federal aid to localities probably will continue to decrease, while increases in state aid to localities will be constrained by the state governments' own fiscal problems.

These recommendations should be viewed as a starting point for reassessing policies, not as an exhaustive list. Each state's agenda for improving its policies toward local governments will vary.

## Local Revenue Systems

State governments control the revenue sources that local governments have available to them. Traditionally, the property tax has been the mainstay of local revenue systems. While there has been a shift away from the property tax, it still accounts for 50 percent of tax revenue for municipalities, 76 percent for counties, and 94 percent for townships. While the property tax is properly an important component of a balanced state-local tax system, the heavy reliance on it in many states is undesirable because the property tax is so unpopular with the public. Local governments should not be forced to depend so heavily on the most disliked state-local tax.

States should give localities more discretion in raising revenues. Sales and income taxes should be among the options available to local governments because all other nonproperty taxes, while some of them are appropriate, have only limited revenue potential. States, however, should not adopt a no-strings-attached, "tax-anything" policy for local governments. The Task Force recommends that states consider a set of safeguards such as those proposed by the U.S. ACIR that can avoid problems arising from unfettered use of these taxes. The ACIR's safeguards call for state collection and administration of local sales and income taxes, conformance of local tax bases to the state base if the state imposes the tax, encouragement of uniform or widespread geographic coverage, limits on maximum and minimum local rates, some degree of equalization of revenue among jurisdictions with large and small tax bases, and sharing earnings taxes between place of work and residence.

Another aspect of revenue diversification is promotion of user charges when they are appropriate, particularly when beneficiaries of services are easily identified and charges do not impose an unacceptable burden on low-income households. Impact fees in developing areas are an example.

States should provide technical assistance to help local governments implement user charges. Part of such assistance should be to serve as a clearinghouse for information on user charges implemented by localities.

The recommendation in favor of revenue diversification does not imply that the property tax should be abandoned. It has a valid role to play in a balanced state-local tax system. States should, however, work to make the property tax more acceptable by improving assessment systems, adopting state-financed relief programs to shield the poor from excessive burdens, and enacting "truth-in-taxation" provisions to improve public understanding of why property tax payments may be increasing.<sup>1/</sup> Aspects of improving assessment systems include raising standards for assessors, providing adequate funding, having the state play a strong role in supervising assessments to ensure that laws are being followed, and basing assessments on the full value of property.

Most states limit local property taxes, total revenue, or spending in some manner. The Task Force takes no position either in favor of or against such restrictions, but it urges states to evaluate their system of limitations to assure that it does not prevent local revenue per capita from rising at least as fast as the inflation rate. Any limitations enacted should be flexible, both in that they respond to the local economy and in that they are subject to override by voter referendum. Even though the level of local taxes is the

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1. "Truth-in-taxation" provisions also are known as "full-disclosure" laws. They attempt to demystify property tax changes by requiring clear explanations of why tax bills are changing, including newspaper advertisements and statements sent out with tax bills as well as extra public hearings on budgets. They separate increases due to higher assessments from increases due to rate increases.

responsibility primarily of local rather than state officials, legislators often feel that they are held accountable by their constituents when local taxes increase, which is why they often find it necessary to enact limitations.<sup>2/</sup>

#### Mandates Imposed on Local Governments

State governments impose many costly requirements on local governments. In view of the harsh new fiscal environment faced by state and local governments, the Task Force recommends that states review their mandates placed on local governments. States should consider relaxing or eliminating those requirements and in some cases assuming the cost of complying with them. Some method should be developed, such as requiring fiscal notes, to assure that the costs of all prospective new mandates are taken fully in account before they are enacted.

The Task Force believes that the mandates deserving closest analysis are those prescribing local personnel policies, environmental standards, service levels, and tax base exemptions. Many other mandates set out standards of "good government," assuring high ethical standards, nondiscrimination, and full disclosure of government affairs to citizens. Such mandates are appropriately financed at the local level. They may, however, be reconsidered to assure that they are not unnecessarily restrictive.

One of the undesirable effects of mandates is that they may inhibit positive innovations by local governments, either in terms of cutting costs or delivering services most effectively. In weighing the desirability of particular mandates, states should be aware of this danger.

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2. If the price level fell, it could be appropriate to force local governments to reduce their tax revenue. If such a reduction were forced while prices were rising, it sooner or later would result in a lower level of local services.

## "Sorting Out" Responsibilities and State Aid to Local Governments

States have an important responsibility in a decentralized fiscal system such as ours to determine which services should be provided at the state rather than the local level and the extent, if any, to which local services should receive state financial aid. There is no single correct solution to this issue of "sorting out" responsibilities, since it depends on a state's size, diversity, wealth, and the desires of citizens, among other factors. Once established, the assignment of responsibilities usually changes only gradually if at all.

The Task Force urges that each state reevaluate its system of "sorting out" responsibilities in view of the new fiscal environment that lies ahead. This reevaluation should consider why each major program to aid local government was created and whether those reasons are still valid. It should determine the goals of specific programs and whether changes in the structure of the program might help to achieve those goals more effectively or at lower cost. The result of such a reevaluation of "sorting out" should be a simplification of the state-local system, with some programs expanded, others contracted, and still others combined or eliminated. In other words, states should take a step toward rationalizing the intergovernmental system that has developed incrementally over time, often with confusing results. In the process, some programs may be shifted from the state to the local level while others are transferred in the other direction.

The consideration of "sorting out" should be governed by certain general principles, such as keeping responsibility at the lowest level of government unless there is an important reason to do otherwise. A second important principle of federalism is that poverty-related services should be financed by the highest level of government possible, although local administration may or may not be desirable. A state or local government has no control over the

number of poor people within its borders, and there is an inverse relationship between the need for poverty-related programs and the ability to pay for them. This principle underlies NCSL's long-standing position that welfare and Medicaid programs should be national responsibilities and is reflected in the fact that most states have assumed the full cost of Aid to Families with Dependent Children (AFDC) and Medicaid programs in excess of that paid by the federal government. About half of the states also finance general assistance programs for those ineligible for categorical welfare programs. As part of the "sorting out" process, states should move in the direction of assuming major poverty-related costs from local governments.

States need to develop sophisticated formulas for distributing local aid. In a period of "fend-for-yourself" federalism, a danger exists that inequality will increase and that local governments with relatively small tax bases in relation to their populations will be unable to finance needed services, particularly if federal aid cutbacks affect them disproportionately. States should target assistance to jurisdictions with the lowest fiscal capacity, attempting to equalize resources to some extent among rich and poor communities. Aid formulas also should reflect needs for services and spillovers of benefits and costs among local jurisdictions.

By its very nature, the implementation of a process of "sorting out" will affect the relationships of local governments with the state and with one another. States should anticipate the difficulties this process will entail. They should develop procedures that provide the means of resolving the disputes that arise as "sorting out" takes place. Simplification, in other words, must be coupled with flexibility.

### Other Low-Cost Ways for States to Assist Local Governments

A theme running through many of the above recommendations is that states should search for methods of helping local governments without incurring heavy financial costs for state government itself. Allowing localities to tap new tax sources, relaxing mandates, providing technical assistance in implementing user charges--all of these do not cost states much money and yet could be beneficial.

Providing technical assistance is a low-cost activity that can pay big dividends, especially for small governments. State help is particularly appropriate when activities involve new functions or processes, when common issues are faced by a broad spectrum of local governments, and when economies of scale are significant. These conditions often exist when activities involve information and technical expertise. State-financed "circuit-rider" programs are popular with local governments in many states, as are bond banks and insurance pools in which the state combines the resources of a large number of small communities.

Approved: New Orleans, Louisiana  
August 5, 1986

NATIONAL CONFERENCE OF STATE LEGISLATURES  
TASK FORCE ON STATE-LOCAL RELATIONS

SUMMARY OF RECOMMENDATIONS  
August 1986

We are on the brink of a period of significant change in the way state and local governments interact, caused in part by the continuing reduction of federal financial support. These recommendations are intended as guides to states as they reassess their policies toward local governments in a period of "fend-for-yourself" federalism. We recognize that each state must develop state-local policies consistent with its unique traditions and that no grand design for state-local relations can be developed for all states. We feel that the recommended policies deserve serious consideration and that the issues raised ought to be debated.

1. Legislators should place a higher priority on state-local issues than has been done in the past. The time has come for states to change their attitude toward local governments--to stop considering them as just another special interest group and to start treating them as partners in our federal system of providing services for citizens. Likewise, local governments should resist a "go-it-alone" attitude and should participate in the process as partners.

Improving the State-Local Policy Development Process

2. Each state needs an organization dedicated to studying state-local issues and resolving problems, either a state advisory commission on intergovernmental relations or a legislative commission on state-local relations. It should be created by statute, have strong legislative representation, and have an adequate budget and staff.
3. States should develop systems to monitor local fiscal developments and to inform the public about significant trends in local finance.

Improving State-Local Policies

4. States should give localities more discretion in raising revenues. Sales and income taxes should be among the options available to local governments. Safeguards should be enacted to facilitate use of these taxes and to mitigate problems associated with them.
5. States should provide technical assistance to help local governments implement user charges.
6. The property tax should be made more acceptable by improving assessment systems, adopting state-financed relief programs to shield the poor from excessive burdens, and enacting "truth-in-taxation" provisions.
7. States should evaluate their system of limitations on localities to assure that it does not prevent local revenue per capita from rising at least as fast as the inflation rate.

8. States should review mandates placed on local governments, consider eliminating or relaxing them and in some cases assuming the cost of complying with them, and develop methods to assure that the costs of prospective mandates are taken fully into account before enactment.
9. Each state should reevaluate its system of "sorting out" responsibilities with its local governments. As part of this process, states should move in the direction of assuming major poverty-related costs from local governments.
10. States need to develop sophisticated formulas for distributing local aid, including targeting assistance to jurisdictions with the lowest fiscal capacity.
11. States should search for other low-cost methods of helping local governments, such as providing technical assistance and creating bond banks and insurance pools.

(2) No tax authorized by this part shall be levied unless the same shall be approved by a majority of the electors of each county, municipality, or other political subdivision, voting in elections to be held within the geographical area of the special tax district. A tax shall be authorized only in such political subdivisions as are approved by electors from within the counties or municipalities or other political subdivisions who are members of the regional authority.

History.—s. 6, ch. 71-373, s. 1, ch. 73-278

**163.571 Issuance of bonds.**—Any transportation authority created hereunder may issue bonds to carry out the authorized powers or purposes of this part. In the creation of bonded indebtedness the procedure therefor shall be in conformity with the constitution and laws of the state.

History.—s. 7, ch. 71-373, s. 1, ch. 73-278

**163.572 Expansion of area.**—Upon a resolution adopted by the governing body of any adjoining county, municipality, or other political subdivision, the authority may, subject to the provisions of s. 163.567(1), by a majority vote of its membership, include such territory in its regional transportation area.

History.—s. 8, ch. 71-373, s. 1, ch. 73-278

PART V

ADVISORY COUNCIL ON INTERGOVERNMENTAL RELATIONS

- 163.701 Short title.
- 163.702 Findings and purpose.
- 163.703 Council created.
- 163.704 Membership.
- 163.705 Functions and duties.
- 163.7055 Relationship to federal-state intergovernmental relations and activities.
- 163.706 Meetings, hearings, committees.
- 163.707 Staff.
- 163.708 Finances.

**163.701 Short title.**—This part shall be known and may be cited as the "Advisory Council on Intergovernmental Relations Act."

History.—s. 1, ch. 77-340

**163.702 Findings and purpose.**—

(1) The Legislature finds and declares that there is a need for an official body to:

(a) Involve local and state officials in an advisory capacity to the executive and legislative branches of state government.

(b) Study problems of the intergovernmental aspects of governmental structure, finance, functional performance, and relationships at the local, regional, state, and interstate levels.

(c) Recommend solutions to intergovernmental problems.

(d) Establish a regular system of reporting to state and local public officials on the progress of Florida and its political subdivisions toward meeting their intergovernmental responsibilities.

(e) Encourage and recommend methods of effective and efficient delivery of services at the state and local levels through services integration and combination of complementary services delivery functions.

(f) Assume such responsibilities for administering, coordinating, or providing intergovernmental services as may be required by the Legislature or Governor.

(g) Provide the Legislature, the Governor, and other interested parties with advice on intergovernmental concerns.

(2) It is the purpose of this part to improve the coordination and cooperation among the state and its local governments, other states, and the Federal Government through the establishment of a permanent Florida Advisory Council on Intergovernmental Relations.

History.—s. 1, ch. 77-340

**163.703 Council created.**—There is hereby created a Florida Advisory Council on Intergovernmental Relations, hereafter referred to as the "council."

History.—s. 1, ch. 77-340

**163.704 Membership.**—

(1) The council shall be composed of 17 members as follows:

(a) Four members of the Senate appointed by the President of the Senate.

(b) Four members of the House of Representatives appointed by the Speaker of the House of Representatives.

(c) Nine members appointed by the Governor from elected and appointed state and local officials and other interested citizens.

(2) Each member of the council who is a public officer shall perform the duties of a member of the council as additional duties required of him in his other official capacity.

(3) Legislative members shall be appointed to terms which correspond to their terms of office. All other members shall be appointed to staggered 4-year terms. All members may be reappointed.

(4) The council shall elect a chairman from among its legislator members and a vice chairman and such other officers as it may deem necessary. The chairman and vice chairman shall serve for 1 year and may be reelected. If both the chairman and vice chairman are absent at any meeting, the voting members present shall elect a temporary chairman by a majority vote.

(5) If a representative of the counties or of the cities or a legislator ceases to be an officer or member of the unit he is appointed to represent, his membership on the commission shall terminate immediately and there will be a vacancy in the membership. Within 30 days, such vacancy shall be filled in the manner of the regular appointment, and the person so appointed shall serve only to the end of the unexpired term and until his successor is appointed and qualified.

(6) The presiding officers of the Legislature should be guided in their appointments by consideration of the legislators' expertise, interest, and experience, including legislative committee service in the field of intergovernmental relations.

(7) Nine of the members of the council shall constitute a quorum.

History.—s. 1, ch. 77-340, s. 1, ch. 78-241, s. 80, ch. 79-400.

#### 163.705 Functions and duties.—

(1) The council is authorized to:

(a) Serve as a forum for the discussion and study of intergovernmental problems.

(b) To the extent not otherwise provided by law, evaluate on a continuous basis the interrelationships among local, regional, state, interstate, and federal agencies in the provision of public services to the citizens of Florida and, as appropriate, prepare studies and recommendations to improve organizational structure, operational efficiency, allocation of functional responsibilities, delivery of services, and related matters.

(c) Analyze the structure, functions, revenue requirements, and fiscal policies of Florida and its political subdivisions; conduct studies of economic, administrative, tax, and revenue matters for all levels of state government; and make recommendations for improvement.

(d) Examine proposed and existing federal and state programs, assess their impact upon Florida and its political subdivisions, and provide such assessments and recommendations, when appropriate, to the Legislature, the Governor, or any other group, public or private, whose activities affect intergovernmental relations.

(e) Encourage and, when appropriate, coordinate studies relating to intergovernmental relations conducted by universities; state, local, and federal agencies; and research and consulting organizations.

(f) Review the recommendations of national commissions studying federal, state, and local government relationships and problems and assess their possible application to Florida.

(g) Issue annual reports of its findings and recommendations to be transmitted to the Governor and the presiding officer of each house of the Legislature not less than 30 days prior to the convening of each regular session of the Legislature. Such reports shall set forth the reasons and supporting data for each recommendation and shall include draft legislation to implement such recommendations. Recommendations regarding economic and taxation issues shall be accompanied by supportive analyses of economic data. The council may issue special or interim reports on specific subjects as it may deem appropriate.

(h) Review and assess the work and recommendations of the federal Advisory Commission on Intergovernmental Relations and report such assessments to that body.

(2) The council is authorized to apply for, contract for, receive, and expend for its purposes any appropriations or grants from the state or its political subdivisions, the Federal Government, or any other source, public or private.

(3) As soon as practicable after the enactment or adoption of any new state program or increase in the level of services rendered in an existing program, which action substantially increases the expenditures of or reduces the revenue or revenue-producing ability of counties or municipalities, the council shall analyze such action. The council shall send its analysis and report there-

on to the Governor and presiding officers of the Legislature no later than 30 days prior to the convening of the next regular legislative session. Each analysis shall include the council's recommendation and its identification of new sources of revenue required to fund the increased cost of, or to offset the revenue loss incurred because of, the action.

History.—ss. 1, 2, ch. 77-340, s. 2, ch. 78-241.

**163.7055 Relationship to federal-state intergovernmental relations and activities.—**The primary role of the council shall be to study the relationships between state and local government. To the extent that these relationships affect federal-state intergovernmental relations, the council is directed to coordinate and cooperate with the Executive Office of the Governor and any other agency or activity concerned with federal-state relationships.

History.—s. 1, ch. 77-340, s. 92, ch. 79-190.

#### 163.706 Meetings, hearings, committees.—

(1) The council shall hold meetings at least semiannually at the call of the chairman and may meet at such other times as it deems necessary. The council may hold hearings from time to time on matters within its purview that it deems to be in the public interest. All meetings and hearings shall be open to the public and shall be conducted in accordance with the provisions of chapter 286.

(2) Each officer, board, commission, council, department, or agency of state government and each political subdivision of the state shall, when not inconsistent with any law, rule, or regulation regarding confidentiality, make available all facts, records, information, and data requested by the council and in all ways cooperate with the council in carrying out the functions and duties imposed by this part.

(3) The council may establish committees as it deems advisable and feasible, the membership of which may or may not be made up, in whole, from members of the council.

(4) The council shall promulgate rules of procedure governing its operations in accordance with the provisions of chapter 120.

History.—s. 1, ch. 77-340, s. 3, ch. 78-241.

#### 163.707 Staff.—

(1) The council shall employ and set the compensation of an executive director, who shall serve at its pleasure. Within available funds, the executive director may employ and set the compensation of professional, technical, legal, or clerical staff as may be necessary, and may remove these personnel. The executive director, with the consent of the council, may acquire the services of consultants and enter into contracts on behalf of the council.

(2) The staff of the council shall be governed by the same rules as are the personnel of the Legislature and shall receive the same rights and benefits accruing to legislative personnel. The council staff shall be members of the Florida Retirement System, and the council shall make employer contributions for this purpose.

(3) Upon request of the council, the Joint Legislative Management Committee is directed to provide such of-

office space and equipment as the council deems necessary.

History.—s. 1, ch. 77-340.

#### 163.708 Finances.—

(1) A member of the council is not entitled to a salary for duties performed as a member of the council, except that the members, other than public officers, shall receive the per diem authorized for legislators, and each member is entitled to reimbursement for travel and other necessary expenses incurred in the performance of official duties.

(2) Political subdivisions of the state are authorized to appropriate funds to the council to share in the cost of operations.

(3) Any requests by the Legislature for the performance of specific functions or studies requiring additional staff or expenses beyond the basic annual appropriations shall be accompanied by funds for such purposes.

(4) After the initial appropriation for the first year, the funding of this council will be part of the continuing legislative appropriation.

History.—s. 1, ch. 77-340; s. 81, ch. 79-400.

### PART VI

#### METROPOLITAN TRANSPORTATION AUTHORITY ACT

- 163.801 Short title.  
 163.802 Intent and purposes.  
 163.803 Definitions.  
 163.804 Creation of metropolitan transportation authorities; membership; appointments; executive director.  
 163.805 Regional ground transportation plans.  
 163.806 Purposes of metropolitan transportation authorities.  
 163.807 Powers and duties.  
 163.8075 Levy of ad valorem taxes by authority.  
 163.808 Bonds of the authority.  
 163.809 Remedies of the bondholders.  
 163.81 Department may be appointed agent of authority for construction.  
 163.811 Acquisition of lands and property.  
 163.812 Cooperation with other units, boards, agencies, and individuals.  
 163.813 Covenant of the state.  
 163.814 Eligibility for investments and security.  
 163.815 Exemption from taxation.  
 163.816 Conflict with local transportation agencies.  
 163.817 Conflict with other statutes.  
 163.818 Consolidation with expressway authorities.  
 163.819 Exception.

**163.801 Short title.**—This act shall be known and may be cited as the Metropolitan Transportation Authority Act.

History.—s. 82, ch. 85-180.

**163.802 Intent and purposes.**—It is the finding of the Legislature that the powers conferred by this part are for public uses and purposes for which public funds may be expended, and the necessity in the public inter-

est for the provisions of this part is hereby declared as a matter of legislative determination.

History.—s. 82, ch. 85-180.

#### 163.803 Definitions.—As used in this act:

(1) "Regional ground transportation system" means the following in the regional ground transportation area established under this part:

(a) Bus systems;  
 (b) The state highway system as defined in s. 334.03;

(c) That portion of the county road system made up of all urban minor arterials not in the state highway system;

(d) Those roads subject to an agreement between the authority and another agent or unit of government as provided in s. 163.806.

(2) "Authority" means a metropolitan transportation authority created pursuant to this part.

(3) "Member" means a member of the authority pursuant to s. 163.804.

(4) "Regional ground transportation area" means that area the boundaries of which are identical to the boundaries of the political subdivisions or other legal entities which constitute the authority.

(5) "Metropolitan planning organization" means an entity defined in s. 339.175 which is eligible for attributed Urban System funds in accordance with Title 23, United States Code and which is composed entirely of counties which have adopted a 4-cent gas tax pursuant to s. 336.025. For purposes of this part, the term includes all of a county any portion of which is within such entity.

(6) "Regional ground transportation plan" means the plan adopted pursuant to s. 163.805.

(7) "Department" means the Department of Transportation.

History.—s. 82, ch. 85-180.

**163.804 Creation of metropolitan transportation authorities; membership; appointments; executive director.**—

(1) In each metropolitan planning organization, there is hereby created a local governmental body as a public body corporate and politic to be known as the "\_\_\_\_ Metropolitan Transportation Authority." Each such authority is constituted as a public instrumentality for the purposes of implementing a regional ground transportation plan, and the exercise by an authority of the powers conferred in this part shall be deemed and held to be the performance of an essential public purpose and function. No authority shall transact any business or exercise any power hereunder until and unless the governing boards of two or more contiguous counties in such a metropolitan planning organization, of which one of such counties is the most populous county in the metropolitan planning organization, by proper resolution shall declare that there is a need for an authority to function in such metropolitan planning organization or unless by law enacted simultaneously with, or subsequent to, this act there is declared to be a need for such an authority to function. If a metropolitan planning organization is composed of only one county, the authority shall not transact any business or exercise any power hereunder

STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

Spr / CRA  
(12) HB 286

APR 29 1988

April 28, 1988

The Honorable Henry Springer  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Springer:

Governor Cowper has requested that I provide you the full background leading to our request to your committee to hear HB 286 "An Act Establishing the Rural Governance Council in the Office of the Governor."

I would first of all like to express my apologies for any misapprehension that our request to hear the bill may have caused you. I fully appreciate the interest and concern you have in the issue of rural governance.

In early July 1987, I began the initial work on the issue of rural governance. I evaluated the work conducted under the Sheffield administration to ensure that our proposed council would not replicate Governor Sheffield's Task Force on Federal-State-Tribal Relations. My analysis confirmed that the proposed council was necessary and the enclosed work plan was formulated.

Opposition to the Rural Governance Council was expressed during our summer visits to a number of rural communities. Opponents feared that the proposed council would be another body to study the problems and not result in any changes. Since membership on the council was intended to be comprised primarily of public members, it seemed imperative that we enjoy a measure of support from the constituents it was designed to serve. As this point, Governor Cowper directed that we reassess our efforts.

In late February 1988, Governor Cowper met with the RuralCap Village Participation Conference where support for the Rural Governance Council was expressed. This growing statewide support was reaffirmed during the Alaska Federation of

April 28, 1988

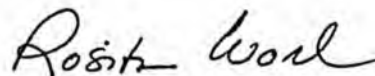
Natives Retreat in early March. This office, as well as several legislators, began to receive an increasing number of telephone calls in regard to the establishment of the Council.

During the last several weeks, the need for a Rural Governance Council became increasingly clear. Conflicts between federal tribal council and state City Councils are occurring in a number of villages. The dissolution of city governments in favor of the IRA Councils is expected to occur. In addition, we have been dealing with a number of village governments that are experiencing a variety of financial and technical difficulties.

The growing support for the establishment of a Rural Governance Council, the increasing conflicts and problems in local governance and the conviction that the state, rather than the federal government, can best serve its citizens were the impetus for the move to request action on the establishment of a Council. The Governor has a clear policy that resolution for local problems must be derived from local initiatives. We believe that the Rural Governance Council provides the best forum to coordinate such participation.

I apologize for any inconvenience on our part that our request to hear the bill might have had.

Sincerely,



Rosita Worl  
Special Staff Assistant  
to the Governor

Enclosure