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**104**

C&RA COMMITTEE  
TUESDAY  
MARCH 21, 1989

SB 104: AN ACT RELATING TO FOURTH CLASS BOROUGHES  
SPONSOR: COGHILL  
FISCAL: NONE

THE NEXT BILL BEFORE THE COMMITTEE IS SENATE BILL 104, AN ACT RELATING TO FOURTH CLASS BOROUGHES. THIS BILL WOULD ALLOW FOR THE ESTABLISHMENT OF FOURTH CLASS BOROUGHES AS A CLASS OF GENERAL LAW MUNICIPALITY. A FOURTH CLASS BOROUGH WOULD BE PROHIBITED FROM EXERCISING EDUCATIONAL POWERS.

SENATOR COGHILL, THE BILL'S SPONSOR IS HERE TO SPEAK FURTHER ON HIS BILL.

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PLASMAN

# Senator John B. (Jack) Coghill

Alaska State Legislature

Box V  
Juneau, Alaska 99811  
(907) 465-4797

Box 55028  
North Pole, Alaska 99705  
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## MEMORANDUM

To: Senator Al Adams

From: Senator Jack Coghill

Re: Bill hearing

Date: January 19, 1989

Senate Bill 104, "An Act relating to fourth class boroughs" has been referred to the Senate Community and Regional Affairs Committee.

SB 104 would provide for the establishment of a fourth class borough as a class of general law municipality. Establishment of a fourth class borough has been modeled after a third class borough with one exception, a fourth class borough is prohibited from exercising educational powers.

A fourth class borough would constitute a minimal form of government. It would enable areas in the unorganized borough to ease into an organized form of government. By establishing a fourth class borough, we have provided a stair-step approach to organized government. I believe residents in the unorganized area will have more of an incentive to organize themselves into a government entity under the fourth class borough proposal.

Enclosed is the sectional analysis on SB 104. We have requested a fiscal note from the Department of Community and Regional Affairs, but have not received it yet. I would appreciate if you would schedule SB 104 for a hearing as soon as possible.

If you have any questions regarding SB 104, please feel free to contact my office.

memo to ADAMS

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
 Title: "An Act relating to fourth class boroughs."  
 Sponsor: Coghill  
 Requestor: \_\_\_\_\_

Agency Affected: Community & Regional Affairs  
 BRU: \_\_\_\_\_  
 Components: \_\_\_\_\_

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

| OPERATING              | FY 89      | FY 90      | FY 91      | FY 92      | FY 93      | FY 94      |
|------------------------|------------|------------|------------|------------|------------|------------|
| PERSONAL SERVICES      |            |            |            |            |            |            |
| TRAVEL                 |            |            |            |            |            |            |
| CONTRACTUAL            |            |            |            |            |            |            |
| SUPPLIES               |            |            |            |            |            |            |
| EQUIPMENT              |            |            |            |            |            |            |
| LAND & STRUCTURES      |            |            |            |            |            |            |
| GRANTS, CLAIMS         |            |            |            |            |            |            |
| MISCELLANEOUS          |            |            |            |            |            |            |
| <b>TOTAL OPERATING</b> | <b>-0-</b> | <b>-0-</b> | <b>-0-</b> | <b>-0-</b> | <b>-0-</b> | <b>-0-</b> |

|         |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|
| CAPITAL |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|

|         |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|
| REVENUE |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|

**FUNDING:** (Thousands of Dollars)

|               |            |            |            |            |            |            |
|---------------|------------|------------|------------|------------|------------|------------|
| GENERAL FUND  | -0-        | -0-        | -0-        | -0-        | -0-        | -0-        |
| FEDERAL FUNDS |            |            |            |            |            |            |
| OTHER         |            |            |            |            |            |            |
| <b>TOTAL</b>  | <b>-0-</b> | <b>-0-</b> | <b>-0-</b> | <b>-0-</b> | <b>-0-</b> | <b>-0-</b> |

**POSITIONS:**

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

**ANALYSIS :** (Attach a separate page if necessary)

See attached..

Prepared by: Jim Plasman, Deputy Director Phone: 465-4750  
 Division: Municipal & Regional Assistance Date: 2/7/89

Approved by Commissioner: [Signature] DC, CRA Date: 6 Feb 89  
 Agency: Community & Regional Affairs

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

FISCAL NOTE CONTINUATION

SB 104

The department has taken the position of zero fiscal impact from this bill because this bill does not mandate the creation of any new boroughs. However, it should be noted that any fourth class boroughs that are created pursuant to this legislation would be entitled to receive financial assistance from the state through a number of different programs. As any other new borough, a fourth class borough would be entitled to organizational grants under AS 29.05.190 in the amounts of \$300,000 the first year, \$200,000 the second year, and \$100,000 the third year. The borough would be entitled to participate in various tax sharing programs, such as the fish tax revenue sharing program. These impacts would fall upon the state. Any new borough would also be entitled to participate in the state revenue sharing and municipal assistance programs. The financial impact in these programs would fall predominately on other recipients (mainly municipalities) unless the state put in additional funds to compensate for the new participants.

TOLSONA COMMUNITY CORPORATION  
Box 23  
Glennallen AK 99588

January 21, 1989

JAN 27 1989

Senator Jack Coqhill  
Box V  
Juneau AK 99811

Dear ~~Senator Coqhill~~ <sup>Jack</sup>:

Thanks for the information regarding your borough bill. It seems to address most of the concerns of the residents in the Copper River area.

1. Education:

The cost of operating the schools would take so much of the budgets of many of the proposed boroughs that they become unfeasable to opperate. Your proposal solves this by retaining state funding of the schools.

2. Political:

In the Copper River basin, the school board is the only political game in town and it therefore becomes the stage for all local would-be politicians to play their games. By having another elected body in the area, some of these types would choose to act in that arena and leave the school board to those who are sincerely interested in education.

3. Protection:

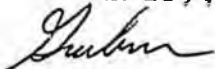
By forming a 4th class borough the area would protect itself from encroachment from neighboring boroughs and yet not have to assume the massive burden of the schools and large borough bureaucracy.

4. Existing Services:

A concern I do have, as president of Tolsona Community Corporation, is the status of revenue sharing under a 4th class borough. Village councils and Non-profit corporations share about \$150,000 in the Copper River area and if the new borough would tax itself, it could easily raise enough money to continue the services provided by these organizations as well as operate the borough and provide additional funds for the school district. But, what would happen if the borough chose not to tax? (operate with volunteers)

Except for this concern, I think that your proposal would be a good vehicle to allow formation of boroughs in many of the REAAs in the state.

Sincerely,



Graham Ward

#### FOURTH CLASS BOROUGH NOTES

SB 104 would provide for the establishment of a Fourth Class Borough as a class of general law municipality. Establishment of a Fourth Class Borough has been modeled after a Third Class Borough.

A Fourth Class Borough would constitute a minimal form of government. It is similar to a Third Class Borough with the exception that a Fourth Class Borough is prohibited from exercising educational powers.

The standards for incorporation of a Fourth Class Borough are identical to those for other boroughs. The only area-wide power granted to Fourth Class Boroughs upon incorporation is taxation. However, a Fourth Class Borough would not have to tax if the assembly did not want to. Any taxation would be passed by the assembly in the form of an ordinance. Any other power the borough wants to acquire, can only be exercised in a service area.

A Fourth Class Borough can establish service areas. Any power which is not otherwise prohibited by law to be exercised in a service area must be voted on by the residents of the service area, unless nobody lives in the area.

Unlike the other classifications of boroughs, when a Fourth Class Borough incorporates, it does not have any mandatory powers. Other classifications usually have a mandatory provision to provide for education and taxation

One thing to keep in mind is that the establishment of a Fourth Class Borough does not give 100% protection from annexation of the borough's territory by another borough. The Local Boundary Commission can consider any boundary changes. However, by the establishment of a Fourth Class Borough, it would give the area a form of government to oppose annexation and make annexation more difficult.

STATE OF ALASKA  
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

January 13, 1989

SUBJECT: Fourth class boroughs  
(Work Order No. 6-0229A)

TO: Senator Jack Coghill

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

Here is the sectional analysis that you requested of the draft bill relating to fourth class boroughs.

Sec. 1. Fourth class boroughs are to be included into educational service areas.

Sec. 2. Deletes a reference to the unorganized borough, since service areas will include fourth class boroughs under this legislation.

Sec. 3. First class and home rule cities in a fourth class borough are city school districts, as is the case now with those types of cities located in the unorganized borough. Makes some technical, but not substantive changes, to properly identify all classifications of municipalities and their powers with respect to education.

Sec. 4. Adds the fourth class borough as a class of general law municipality.

Sec. 5. Permits a fourth class borough to reclassify as a first or second class borough in the manner that reclassification is currently permitted for other types of boroughs.

Sec. 6. Establishes standards for incorporation of a fourth class borough that are identical to those for other boroughs.

Sec. 7. Identifies boroughs that are school districts. A fourth class borough is not included. Under existing law all boroughs are school districts.

*Sectional Analysis*

Sec. 8. Sets out powers of a fourth class borough which are similar to those of the third class borough, except a fourth class borough may not function as a school district.

Sec. 9. Requires a home rule city and first class city in a fourth class borough to provide for planning, platting and land use regulation, as is the case for those types of cities in the third class borough. Permits a second class city to do so.

Sec. 10. Provides that a home rule or first class city in a fourth class borough is a school district, as is the case for such cities located in the unorganized borough.

Sec. 11. Permits a fourth class borough to exercise in a service area any power not otherwise prohibited, as is the case for the third class borough.

Sec. 12. Treats fourth class boroughs the same as second and third class boroughs with respect to service areas containing only vacant land.

Sec. 13. Provides that in areas of the unorganized borough where no city exercises the power of land use regulation the division of land shall exercise the zoning power. This provision treats fourth class and third class boroughs alike, but neither type can provide land use regulation except on a service area basis. Perhaps the provision should be modified to allow the division of lands to zone in any area where no municipal land use regulation is being exercised, including within third class and fourth class boroughs and certain second class cities. This, however, would go beyond the scope of this bill.

Sec. 14. Fourth class boroughs are treated like the third class borough with respect to the power of the division of lands to exercise zoning power in areas covered by the Alaska coastal management program.

Sec. 15. Fourth class boroughs are treated like the third class borough with respect to subdivisions of state land. Like the provision dealt with in Section 13, this provision does not now appear to adequately recognize the existing scheme for municipal exercise of land use regulation, but to correct the provision would be beyond the scope of this bill.

Sec. 16. Fourth class boroughs are treated like the third class borough with respect to the platting authority of the

Senator Jack Coghill  
Page 3  
January 13, 1989

Department of Natural Resources. Like the provision dealt with in Sections 13 and 15, this provision does not now appear to adequately recognize the existing scheme for municipal exercise of land use regulation, but to correct the matter would be beyond the scope of this bill.

TBC:kb  
wkk1/033

# Senator John B. (Jack) Coghill

Alaska State Legislature

LEGISLATIVE REPORT

BY

SENATOR JACK COGHILL



Box V  
Juneau, Alaska 99811  
(907) 465-4797

Box 55028  
North Pole, Alaska 99705  
(907) 488-0862

I have recently introduced Senate Bill 104, "an Act relating to fourth class boroughs." This bill would provide for the establishment of a fourth class borough as a class of general law municipality. A fourth class borough would constitute a very minimal form of organized government. It would enable areas in the unorganized borough, that want to form a government structure, to ease into an organized form of government. Unlike the other classifications of boroughs, when a fourth class borough incorporates, it would not have any mandatory powers. Other boroughs usually have a mandatory provision to provide for education and taxation.

The standards for incorporation of a fourth class borough are identical to those for other boroughs. A fourth class borough would be prohibited from establishing a school district. In fact, the only area-wide power granted to a fourth class borough upon incorporation, would be taxation. However, just because they have that power, it does not mean the new borough would have to exercise it. The borough would only have to tax to generate revenues to provide for "extra" services the residents may want.

You may be wondering why on earth I would introduce a fourth class borough bill. Well, as you may recall, during the 15th Legislature Representative Ron Larson introduced legislation that would create mandatory boroughs. This session he introduced a similar bill. I am adamantly opposed to any form of mandatory borough. I believe local government should be up to the people, not forced upon them. But we must keep in mind the interest and support that is developing on the concept of new borough formation in the unorganized areas of the state. I felt, by introducing legislation that allows for the establishment of fourth class boroughs, we would be providing an alternative for the Administration to consider instead of them advocating a mandatory borough policy. We would also be allowing residents of an area to protect their interests from annexation procedures by other established boroughs.

Please keep in mind that SB 104 does not mandatorily force the establishment of fourth class boroughs. It merely provides an avenue to establish a very minimal borough government. I assure you I will continue to fight against the mandatory borough concept. On a final note, I would like to take this opportunity to publicly thank the Copper River Borough Committee for their help and input in formulating SB 104.

If you have any questions regarding SB 104, please feel free to contact my office at P.O. Box V, Juneau AK 99811.