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(7)

HOUSE COMMITTEE REPORT

Date Referred: April 2, 1992

FURTHER REFERRALS:

Labor & Commerce

Date of Committee Action: 4/13/92

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:

CSSB 119(CRA)

CS FOR SENATE BILL NO. 119 (CRA)

REGIONAL ELECTRICAL AUTHORITY TAX EXEMP.

"An Act relating to regional electrical authorities' exemption from taxes and assessments."

RECOMMENDATIONS: [ ] the same title  
be replaced with [ ] a new title

[ ] have attached amendments(s)

[X] do pass

[ ] do not pass

[ ] no recommendations

[ ] individual recommendations

[ ] additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

[ ] fiscal impact \_\_\_\_\_

[ ] fiscal note(s) \_\_\_\_\_

[ ] zero fiscal note \_\_\_\_\_

[X] zero fiscal note(s) DCRA 3/5/92

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Chris Harris</i>	✓				
<i>Ann M</i>	✓				
<i>Richard Stone</i>	*				
<i>Benny D...</i>	X				

*[Signature]*  
CHAIRMAN'S SIGNATURE



# Alaska State Legislature

SENATOR JIM DUNCAN

P. O. Box V JUNEAU, ALASKA 99811-3100  
(907) 465-4766

COMMITTEES:  
VICE CHAIR –  
FINANCE  
VICE CHAIR –  
STATE AFFAIRS  
RULES  
BUDGET & AUDIT  
ETHICS REFORM

## MEMORANDUM

TO: Representative Jerry Mackie, Chairman  
House Community and Regional Affairs Committee

FROM: Senator Jim Duncan

DATE: April 6, 1992

SUBJECT: Hearing for Senate Bill 119.

I request that you schedule Senate Bill 119, "relating to the exemption from taxes and assessments of regional electrical authorities," for a hearing before the House Community and Regional Affairs Committee at your earliest convenience.

SB 119 will allow for the continuation of the tax exemptions available to regional electrical authorities under AS 18.57.030. Electrical authorities created under AS 18.57.030 are political subdivisions and as such are tax exempt entities. This change in the statute is necessary to clean up the enabling statute which was enacted in 1975. The effects of regionalization for such activities was unknown at the time; as a result the exemption is due to expire in 1995. The successes of the existing authorities indicates that this limitation should be eliminated.

I thank you in advance for your favorable consideration of this request.

## Tax Exemption For Regional Electrical Authorities

The regional electrical authority structure was authorized by the Legislature in 1975 as a potential solution for rural electrical energy problems. The structure was designed to allow rural communities to jointly address the complex task of financing, constructing, operating and maintaining electrical systems in rural Alaska. Entities formed under the legislation would enjoy improved economies of scale, reduced duplication of effort, lower fixed costs and the ability to hire and retain professional expertise. A variety of financing vehicles were enabled, including bonding, state and federal loans, and grants.

Electrical authorities were meant to be specialized organizations whose sole purpose was to provide adequate, safe and reliable electrical service in the rural areas. An important distinction was status as a political subdivision of the state, because that provided the opportunity to use tax-exempt bonding as a financing vehicle and because it meant freedom from taxation by other political subdivisions. A 20-year sunset provision on tax exemption was included in the 1975 legislation as a check on any problems that might arise as experience was gained with the electrical authority structure.

In 1977 Tlingit Haida Regional Electrical Authority (THREA) was formed as the first, and thus far only, active regional electrical authority in Alaska. Over the past 15 years, THREA has proven to be a success. Rates have steadily declined and Power Cost Equalization (PCE) assistance has been reduced by a combination of increased efficiency and decreased fixed costs. THREA serves as a model for joint action by rural communities in providing their residents with essential electric service.

There are three other types of electric utilities in Alaska: Private for-profit, electric cooperatives and municipal. The private systems pay the same taxes as any private business. Cooperatives are exempt from taxes except for a gross-receipts tax of \$0.0005/kwh which is paid to the state. Municipal systems pay no taxes unless they are assessed by the individual municipalities. Anchorage, for instance, has a "municipal utility service assessment" based on net book value of the utility systems there. Most municipal systems pay no taxes except for collection of sales taxes. THREA collects and pays sales taxes to the individual communities it serves.

The success of THREA, a not-for-profit entity, is due in part to the tax exemption which is due to expire in 1995. If THREA is to continue its success, and if new electrical authorities are to be successful, it is important to preserve the tax exemption as provided in SB 119. Moreover, a tax on electrical authorities would become part of operating costs that are now being offset by PCE.

# STATE OF ALASKA

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

### OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

☐ 156 THIRD STREET  
JUNEAU, ALASKA 99801-1291  
PHONE: (907) 465-4700

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

February 27, 1992

#### POSITION PAPER

RE: SB 119

SPONSOR: Senator Duncan

#### Program Effects of Bill:

SB 119 proposes to make permanent a 20 year property tax exemption adopted in 1975. This exemption applies to the property of regional electrical authorities located within property taxing jurisdictions across the state. As nearly as we can determine, there is only one regional electrical authority in the state whose property is located within a property taxing jurisdiction. For this reason, this proposal would have a very minimal effect on municipal governments.

#### Comments:

The Department of Community and Regional Affairs takes no position on the proposed bill.

*Ed. Blatchford*

Edgar Blatchford, Commissioner

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. SB 119

Revision Date: \_\_\_\_\_  
Title: "...Act relating to exemption from taxes and assessments...regional electrical authorities."  
Sponsor: Senator Duncan  
Requestor: (S) CRA

Department Affected: Community and Regional Affairs  
BRU: \_\_\_\_\_  
Component: \_\_\_\_\_  
COMPONENT SERIAL NO. 

0	0	0	0
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE						
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER						
FUND SOURCE:						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Remond Handerson  
Division: Administrative Services Division

Phone: 465-4708  
Date: 3/2/92

Approved by Commissioner: Ed. RUTLI  
Agency: Department of Community and Regional Affairs

Date: 3-2-92/

**Chapter 46. Special Assessments.**

<b>Section</b>	<b>Section</b>
10. Assessment and proposal	80. Payment
20. Procedure	100. Reassessment
30. Creation of district	110. Allowable costs
40. Record owner	120. Objection and appeal
50. Objections and revision	130. Interim financing
60. Assessment roll	140. Special assessment bonds
70. Hearing and settlement	

**Sec. 29.46.010. Assessment and proposal.** The municipality may assess against the property of a state or federal governmental unit and private real property to be benefited by an improvement all or a portion of the cost of acquiring, installing, or constructing capital improvements. The state shall pay an assessment levied, except as otherwise provided by law and subject to its right of protest under AS 29.46.020(b). If a governmental unit other than the state benefited by an improvement refuses to pay the assessment, it shall be denied the benefit of the improvement. An improvement proposal may be initiated by

- (1) petition to the governing body of the owners of one-half in value of the property to be benefited; or
- (2) the governing body. (§ 13 ch 74 SLA 1985)

**Opinions of attorney general.** — Special assessments are usually distinguished from general taxation. Special assessments are levied for improvements which benefit particular individuals or property and are levied with reference to, and in proportion to, the special benefit conferred. General taxes, on the other

hand, are imposed for the purpose of raising moneys to be expended for governmental purposes without regard to special benefits conferred on a particular group or class of persons or property. 1966 Op. Att’y Gen. No. 10, decided under former, similar law.

**NOTES TO DECISIONS**

**Editor’s notes.** — The cases cited in the notes below were decided under former, similar law.

**This section does not constitute a special or local law.** *Kissane v. City of Anchorage*, 17 Alaska 514, 159 F. Supp. 733 (D. Alaska 1958).

**Determination of assessments is for city council.** — The determination of assessments by municipal corporations of adjacent property for local improvements is a matter for the city council acting in its legislative capacity, and such determination is conclusive, in the absence of fraud or conduct so arbitrary as to be the equivalent of fraud, or so manifestly arbitrary or unreasonable as to be palpably unjust and oppressive. *Kissane v. City of*

*Anchorage*, 17 Alaska 514, 159 F. Supp. 733 (D. Alaska 1958).

**As is different assessment for residence or business property.** — If any distinction in the method of assessment between business and residence property is to be made, such must be done by the city council, acting in its legislative capacity. *Kissane v. City of Anchorage*, 17 Alaska 514, 159 F. Supp. 733 (D. Alaska 1958).

**Assessment may be made if property will benefit.** — The levy of special assessments for off-street parking facilities is justified if the improvement is a public one and the property to be assessed will receive a benefit. *Kissane v. City of Anchorage*, 17 Alaska 514, 159 F. Supp. 733 (D. Alaska 1958).

1991 FULL VALUE DETERMINATIONS  
FOR SECOND CLASS CITIES WITH POPULATIONS UNDER 750  
24-Dec-91  
(FOR REVENUE SHARING PURPOSES)

*ERenegad*

DETERMINATION OF MULTIPLIER

CITIES	POPULATION	FULL VALUE	PER CAP VALUE	
EAGLE ✓	168	\$7,972,800 ✓	\$47,457	
NENANA ✓	504	\$15,150,700 ✓	\$30,061	
PELICAN ✓	265	\$13,651,000 ✓	\$51,513	
SKAGWAY ✓	692	\$63,040,300 ✓	\$91,099	
WHITTIER	279	\$19,803,750 ✓	\$70,981	
YAKUTAT ✓	534	\$21,548,100 ✓	\$40,352	
KACHEMAK ✓	365	\$19,117,400 ✓	\$52,376	
SELDOVIA ✓	316	\$19,007,900 ✓	\$60,152	
SAXMAN ✓	369	\$13,946,300 ✓	\$37,795	
AKHIOK ✓	77	\$662,700 ✓	\$8,606	
LARSEN BAY ✓	147	\$4,466,500 ✓	\$30,384	
OLD HARBOR ✓	284	\$4,624,800 ✓	\$16,285	
CUZINKIE ✓	209	\$2,609,200 ✓	\$12,484	
PORT LIONS ✓	222	\$8,149,100 ✓	\$36,708	
ANAKTUVUK PASS ✓	259	\$2,381,200 ✓	\$9,194	
ATQUASUK ✓	216	\$1,534,200 ✓	\$7,103	
KAKTOVIK ✓	224	\$2,706,300 ✓	\$12,082	
NUIQSUT ✓	354	\$11,217,100 ✓	\$31,687	
POINT HOPE ✓	639	\$3,504,500 ✓	\$5,484	
WAINWRIGHT ✓	492	\$3,740,100 ✓	\$7,602	
FULL VALUE/POP = MULTIPLIER		6,615	\$238,833,950	\$36,105

Second Class Cities Under 750	POPULATION	FULL VALUE	PER CAP VALUE
AKIAK	285	\$10,289,898 ✓	36,105
ALAKANUK	544	\$19,641,069 ✓	36,105
ALEKNAGIK	185	\$6,679,408 ✓	36,105
ALLAKAKET	170	\$6,137,834 ✓	36,105
ANDERSON	628	<del>\$22,673,881</del> ✓	36,105
ANGOON	690	\$24,912,385 ✓	36,105
ANIAK	540	\$19,496,649 ✓	36,105
ANVIK	82	\$2,960,602 ✓	36,105
ATKA	87	<del>\$3,141,127</del> ✓	36,105
ATMAUTLUAK	258	<u>\$9,315,066</u> -	36,105
BETTLES	36	\$1,299,777 ✓	36,105

- not in 4D

FROM STATE ASSESSOR DCRA

BREVIK MISSION	198	\$7,148,771 ✓	36,105
CHEFORNAK	320	\$11,553,570 ✓	36,105
CHEVAK	598	\$21,590,733 ✓	36,105
CHAUTHBALUK	97	\$3,502,176 ✓	36,105
CLARK'S POINT	60	\$2,166,294 ✓	36,105
COFFMAN COVE	186	\$6,715,512 ✓	36,105
DELTA JUNCTION	736	\$26,573,210 ✓	36,105
DIOMEDE	178	\$6,426,673 ✓	36,105
EEK	284	\$10,253,793 ✓	36,105
EKWOK	77	\$2,780,078 ✓	36,105
ELIM	264	\$9,531,695 ✓	36,105
EMMONAK	642	\$23,179,349 ✓	36,105
FORT YUKON	718	\$25,923,322 ✓	36,105
GAMBELL	525	\$18,955,075 ✓	36,105
GOLOVIN	142	\$5,126,897 ✓	36,105
GOODNEWS BAY	241	\$8,701,282 ✓	36,105
GRAYLING	208	\$7,509,820 ✓	36,105
HOLY CROSS	277	\$10,001,059 ✓	36,105
HUGHES	66	\$2,382,924 ✓	36,105
HUSLIA	224	\$8,087,499 ✓	36,105
KALTAG	240	\$8,665,177 ✓	36,105
KASA-N	54	\$1,949,665 ✓	36,105
KASIGLIK	425	\$15,344,585 ✓	36,105
KOTLIK	499	\$18,016,348 ✓	36,105
KOYUK	253	\$9,134,541 ✓	36,105
KOYUKYUK	126	\$4,549,218 ✓	36,105
KUPREANOF	23	\$830,413 ✓	36,105
KWETHLUK	558	\$20,146,537 ✓	36,105
LOWER KALSKAG	300	\$10,831,472 ✓	36,105
MANOKOTAK	404	\$14,586,382 ✓	36,105
MARSHALL	273	\$9,856,639 ✓	36,105
McGRATH	528	\$19,063,390 ✓	36,105
MEKORYUK	177	\$5,390,568 ✓	36,105
MOUNTAIN VILLAGE	674	\$24,334,706 ✓	36,105
NAPAKIAK	323	\$11,661,884 ✓	36,105
NAPASKIAK	328	\$11,842,409 ✓	36,105
NEW STUYAHOK	531	\$14,117,018 ✓	36,105
NEWTOK	207	\$7,473,715 ✓	36,105
NIGHTMUTE	153	\$5,524,051 ✓	36,105
NIKOLAI	109	\$3,935,435 ✓	36,105
NULATO	359	\$12,961,661 ✓	36,105
NUNAPITCHUK	378	\$13,647,654 ✓	36,105
PILOT STATION	470	\$16,969,306 ✓	36,105
PLATINUM	64	\$2,310,714 ✓	36,105
PORT ALEXANDER	119	\$4,296,484 ✓	36,105
QUINHAGAK	501	\$18,088,558 ✓	36,105
RUBY	170	\$6,137,834 ✓	36,105
RUSSIAN MISSION	246	\$8,881,807 ✓	36,105

31,000 ✓

Not in 4D

Not in 4D

SAINT GEORGE	178	\$6,426,673 ✓	36,105
SAINT MICHAEL	295	\$10,650,947 ✓	36,105
SAINT PAUL	763	\$27,548,043 ✓	36,105
SAVOONGA	545	\$19,677,174 ✓	36,105
SCAMMON BAY	343	\$12,383,983 ✓	36,105
SHAGELUK	139	\$5,018,582 ✓	36,105
SHAKTOOLIK	204	\$7,365,401 ✓	36,105
SHELDON POINT	109	\$3,935,435 ✓	36,105
SHISHMAREF	456	\$16,463,837 ✓	36,105
STEBBINS	442	\$15,958,368 ✓	36,105
TELLER	151	\$5,451,341 ✓	36,105
TENAKEE SPRINGS	94	\$3,393,861 ✓	36,105
THORNE BAY	569	\$20,543,691 ✓	36,105
TOGIAK	738	\$26,645,420 ✓	36,105
TOKSOOK BAY	420	\$15,164,060 ✓	36,105
TULUKSAK	358	\$12,925,556 ✓	36,105
TUNUNAK	316	\$11,409,150 ✓	36,105
UNALAKLEET	714	\$25,778,903 ✓	36,105
UPPER KALSKAG	172	\$6,210,044 ✓	36,105
WALES	161	\$5,812,890 ✓	36,105
WHITE MOUNTAIN	180	\$6,498,883 ✓	36,105

*Not in FI*

Home Rule/First Class Cities outside boroughs  
FVD 1991

Cordova ✓	\$148,800,860 ✓
Nenana ✓	\$15,150,700 ✓
Petersburg ✓	\$180,170,200 ✓
Valdez ✓	\$1,209,200,660 ✓
Wrangell ✓	\$134,546,700 ✓
Craig ✓	\$50,794,100 ✓
Dillingham ✓	\$123,842,000 ✓
Galena ✓	\$19,965,100 ✓
Hoonah ✓	\$22,813,100 ✓
Hydaburg ✓	\$5,736,300 ✓
Keke ✓	\$16,951,200 ✓
Klawock ✓	\$11,993,800 ✓
Nome ✓	\$130,773,500 ✓
Pelican ✓	\$13,651,000 ✓
Saint Mary's ✓	\$4,459,300 ✓
Skagway ✓	\$63,040,300 ✓
Tanana ✓	\$11,245,600 ✓
Unalaska ✓	\$252,148,480 ✓
Yakutat ✓	\$21,548,100 ✓

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Bethel	\$180,576,300 ✓
Hooper Bay	\$5,618,100 ✓

93 Borough Service Area Populations & Assessed Values

Recipient Name	Service Area	Population	Assessed Value
Aleutians East Borough	Area-wide	2,464	\$84,199,100
Municipality of Anchorage	Area-wide	237,907	\$10,266,917,469
Municipality of Anchorage	Building Safety	209,963	\$9,110,813,668
Municipality of Anchorage	Chugiak	8,782	\$278,308,460
Municipality of Anchorage	Chugiak/Eagle River Recreation	26,343	\$978,289,629
Municipality of Anchorage	City Service Area	57,033	\$2,700,344,946
Municipality of Anchorage	Eagle River/Chugiak Rural Road Service Area	26,343	\$978,289,929
Municipality of Anchorage	Fire	235,078	\$9,790,114,525
Municipality of Anchorage	Girdwood	1,054	\$112,781,427
Municipality of Anchorage	Glen Alps	107	\$34,376,875
Municipality of Anchorage	Limited Road Service Area	5,753	\$351,127,087
Municipality of Anchorage	Parks and Recreation	236,306	\$9,110,813,668
Municipality of Anchorage	Police	202,186	\$8,471,180,285
Municipality of Anchorage	Roads and Drainage	198,170	\$8,340,641,519
Municipality of Anchorage	Service Area #35	98,564	\$4,310,174,804
Municipality of Anchorage	Streetlight Service Area	5,169	\$224,187,965
Bristol Bay Borough	Area-wide	1,410	\$160,700,800
Denali Borough	Area-wide	1,783	\$69,533,800
Fairbanks North Star Borough	Area-wide	77,720	\$3,175,164,110
Fairbanks North Star Borough	Chena GS Fire Service Area	4,910	\$167,418,086
Fairbanks North Star Borough	Ester Fire Department	1,678	\$48,830,374
Fairbanks North Star Borough	Moose Creek Fire Service Area	875	\$25,135,708
Fairbanks North Star Borough	Non-Areawide	45,421	\$1,947,432,757
Fairbanks North Star Borough	North Star Fire Department	13,472	\$395,127,544
Fairbanks North Star Borough	Roads	22,701	\$492,895,916
Fairbanks North Star Borough	Sewer and Water	149	\$1,896,043
Fairbanks North Star Borough	Steese Volunteer Fire Department	5,721	\$234,967,654
Fairbanks North Star Borough	Streets and Lights	2,385	\$61,615,637
Fairbanks North Star Borough	University Fire Department	2,385	\$359,084,026
Haines Borough	Area-wide	2,212	\$119,427,100
City and Borough of Juneau	Area-wide	28,965	\$1,479,741,100
City and Borough of Juneau	Service Area #1	5,091	\$373,001,630
City and Borough of Juneau	Service Area #2	1,731	\$62,015,484
City and Borough of Juneau	Service Area #3	22,124	\$1,044,723,986
City and Borough of Juneau	Service Area #4	2,926	\$173,370,304
City and Borough of Juneau	Service Area #5	15,576	\$629,027,189
City and Borough of Juneau	Service Area #6	1,347	\$67,109,939
City and Borough of Juneau	Service Area #7	768	\$75,998,339
City and Borough of Juneau	Service Area #8	788	\$54,966,672
City and Borough of Juneau	Service Area #9	28,837	\$1,467,005,976
Kenai Peninsula Borough	Anchor Point Fire/Emergency	1,891	\$83,396,752

FROM STATE ASSESSOR - DCRA

## 1993 Borough Service Area Populations &amp; Assessed Values

Recipient Name	Service Area	Population	Assessed Value
Kenai Peninsula Borough	Areawide	40,802	\$3,524,881,690
Kenai Peninsula Borough	Bear Creek Fire Department	1,188	\$42,998,979
Kenai Peninsula Borough	Central Emergency Service Area	10,905	\$869,475,366
Kenai Peninsula Borough	Central Kenai Peninsula Road Maintenance	1	\$
Kenai Peninsula Borough	Central Peninsula Hospital	25,612	\$2,533,898,796
Kenai Peninsula Borough	East Kenai Peninsula Road Maintenance	1	\$
Kenai Peninsula Borough	Kalifornsky Fire Service Area	4,071	\$215,623,694
Kenai Peninsula Borough	Nikiski Fire Department	4,869	\$1,398,514,799
Kenai Peninsula Borough	North Kenai Peninsula Road Maintenance	1	\$
Kenai Peninsula Borough	North Peninsula Recreation Service Area	4,869	\$1,468,450,292
Kenai Peninsula Borough	Ridgeway Fire Service Area	4,980	\$246,297,947
Kenai Peninsula Borough	South Kenai Peninsula Road Maintenance	1	\$
Kenai Peninsula Borough	South Peninsula Hospital	9,690	\$575,953,781
Ketchikan Gateway Borough	Areawide	13,828	\$915,815,000
Ketchikan Gateway Borough	Mud-Bight	8	\$501,924
Ketchikan Gateway Borough	Non-Areawide	5,568	\$427,828,922
Ketchikan Gateway Borough	Shoreline Service Area	558	\$56,545,317
Ketchikan Gateway Borough	Southend Fire Department	505	\$74,670,626
Kodiak Island Borough	Areawide	15,535	\$737,468,500
Kodiak Island Borough	Bayview Road Service Area	83	\$14,191,293
Kodiak Island Borough	Fire District 1	2,279	\$167,194,641
Kodiak Island Borough	Monashka Bay	426	\$16,216,689
Kodiak Island Borough	Road District	1,853	\$124,033,540
Kodiak Island Borough	Women's Bay Fire Service Area	521	\$39,732,061
Kodiak Island Borough	Women's Bay Road Service Area	521	\$39,732,061
Kodiak Island Borough	Woodland Acres Lighting Service District	298	\$18,294,306
Lake and Peninsula Borough	Areawide	1,568	\$66,352,000
Matanuska-Susitna Borough	Alpine	1,013	\$23,310,093
Matanuska-Susitna Borough	Areawide	41,797	\$1,825,598,920
Matanuska-Susitna Borough	Big Lake Fire Service Area	1,098	\$90,028,334
Matanuska-Susitna Borough	Big Lake Road	1,636	\$127,072,025
Matanuska-Susitna Borough	Bogard Road	5,288	\$180,695,671
Matanuska-Susitna Borough	Butte Fire Department	2,601	\$71,567,797
Matanuska-Susitna Borough	Caswell Road	447	\$41,336,150
Matanuska-Susitna Borough	Fairview Road Maintenance	2,112	\$75,742,110
Matanuska-Susitna Borough	Fishhook Fire Service Area	1,126	\$38,320,217
Matanuska-Susitna Borough	Garden Terrace	135	\$3,097,055
Matanuska-Susitna Borough	Gold Trails	4,440	\$140,453,833
Matanuska-Susitna Borough	Great Palmer Fire Department	1,559	\$181,410,655
Matanuska-Susitna Borough	Greater Butte	2,634	\$70,099,399
Matanuska-Susitna Borough	Greater Talkeetna	646	\$40,281,690

## 1993 Borough Service Area Populations &amp; Assessed Values

Recipient Name	Service Area	Population	Assessed Value
Matanuska-Susitna Borough	Greater Willow Road	961	\$62,828,260
Matanuska-Susitna Borough	Knik Road	3,374	\$119,939,863
Matanuska-Susitna Borough	Lakes Fire Department		\$
Matanuska-Susitna Borough	Lazy Mountain Road	885	\$24,670,052
Matanuska-Susitna Borough	Meadow Lakes	3,148	\$94,348,345
Matanuska-Susitna Borough	Meadow Lakes Fire Service Area	4,457	\$141,644,783
Matanuska-Susitna Borough	Midway Road	2,793	\$98,483,879
Matanuska-Susitna Borough	Non-Areawide	33,946	\$1,543,455,186
Matanuska-Susitna Borough	North Colony Road	482	\$11,262,955
Matanuska-Susitna Borough	Point Mackenzie	1	\$
Matanuska-Susitna Borough	South Colony Road	4,620	\$171,522,329
Matanuska-Susitna Borough	Sutton Fire Department	787	\$14,919,494
Matanuska-Susitna Borough	Talkeetna Fire Department	548	\$40,540,957
Matanuska-Susitna Borough	Trapper Creek	241	\$16,468,641
Matanuska-Susitna Borough	Wasilla Fire Department		\$
Matanuska-Susitna Borough	Willow Fire Department	1,098	\$74,489,228
North Slope Borough	Areawide	8,288	\$12,493,618,660
Northwest Arctic Borough	Areawide	6,113	\$351,181,100
City and Borough of Sitka	Areawide	8,588	\$492,698,800

93 1st & 2nd Class City Populations & F.

Recipient Name	Population	Assessed Value	Full Value
City of Akhiok	77	\$662,700 ✓	
City of Akiak	285	\$10,289,898 ✓	
City of Akutan	589	\$1,200,200 \$ ✓	
City of Alakanuk	544	\$19,641,069 ✓	
City of Aleknagik	185	\$6,679,408 ✓	
City of Allakaket	170	\$6,137,834 ✓	
City of Ambler	311	3,469,100 \$ ✓	
City of Anaktuvuk Pass	259	\$2,381,200 ✓	
City of Anderson	628	<u>\$22,673,881</u> 9,952,400 ✓	
City of Angoon	690	\$24,912,385 ✓	
City of Aniak	540	\$19,496,649 ✓	
City of Anvik	82	\$2,960,602 ✓	
City of Atka	87	\$3,141,127 ✓	
City of Atkasuk	216	\$1,534,200 ✓	
City of Barrow	3,469	69,662,200 \$ ✓	
City of Bethel	4,674	\$180,576,300 ✓	
City of Betties	36	\$1,299,777 ✓	
City of Brevig Mission	198	\$7,148,771 ✓	
City of Buckland	318	3,145,300 \$ ✓	
City of Chefornak	320	\$11,553,570 ✓	
City of Chevak	598	\$21,590,733 ✓	
City of Chignik	188	13,349,800 \$ ✓	
City of Chuathbaluk	97	\$3,502,176 ✓	
City of Clark's Point	60	\$2,166,294 ✓	
City of Coffman Cove	126	\$6,715,512 ✓	
City of Coid Bay	148	1,209,500 \$ ✓	
City of Cordova	2,504	\$148,800,860 ✓	
City of Craig	1,637	\$50,794,100 ✓	
City of Deering	157	13,770,000 \$ ✓	
City of Delta Junction	736	<del>\$25,573,210</del> \$1,381,000 ✓	
City of Dillingham	2,017	\$123,842,000 ✓	
City of Diomede	178	\$6,426,673 ✓	
City of Eagle	168	\$7,972,800 ✓	
City of Eek	284	\$10,253,793 ✓	
City of Ekwok	77	\$2,780,078 ✓	
City of Elim	264	\$9,531,695 ✓	
City of Emmonak	642	\$23,179,349 ✓	
City of Fairbanks	30,843	27,053,200 \$ ✓	
City of False Pass	68	1,684,800 \$ ✓	
City of Fort Yukon	718	\$25,923,322 ✓	
City of Galena	833	\$19,965,100 ✓	

.93 1st & 2nd Class City Populations & F.

Recipient Name	Population	Assessed Value
City of Gambell	525	\$18,955,075 ✓
City of Golovin	142	\$5,126,897 ✓
City of Goodnews Bay	241	\$8,701,282 ✓
City of Grayling	208	\$7,509,820 ✓
City of Haines	1,265	58,207,400 \$ ✓
City of Holy Cross	277	\$10,001,059 ✓
City of Homer	3,937	233,375,000 \$ ✓
City of Hoonah	795	\$22,813,100 ✓
City of Hooper Bay	845	\$5,618,100 ✓
City of Houston	815	32,412,700 \$ ✓
City of Hughes	66	\$2,382,924 ✓
City of Huslia	224	\$8,087,499 ✓
City of Hydaburg	384	\$5,736,300 ✓
City of Kachemak	365	\$19,117,400 ✓
City of Kake	700	\$16,951,200 ✓
City of Kaktovik	224	\$2,706,300 ✓
City of Kaltag	240	\$8,665,177 ✓
City of Kasaan	54	\$1,949,665 ✓
City of Kenai	6,327	291,172,200 \$ ✓
City of Ketchikan	8,263	480,242,200 \$ ✓
City of Kiana	385	5,655,700 \$ ✓
City of King Cove	811	20,556,600 \$ ✓
City of Kivalina	317	388,200 \$ ✓
City of Klawock	758	\$11,993,800 ✓
City of Kobuk	110	1,102,700 \$ ✓
City of Kodiak	7,229	405,345,500 \$ ✓
City of Kotlik	499	\$18,016,348 ✓
City of Kotzebue	3,075	79,650,100 \$ ✓
City of Koyuk	253	\$9,134,541 ✓
City of Koyukuk	126	\$4,549,218 ✓
City of Kupreanof	23	\$830,413 ✓
City of Kwethluk	558	\$20,146,537 ✓
City of Larsen Bay	147	\$4,466,500 ✓
City of Lower Kalskag	300	\$10,831,472 ✓
City of Manokotak	404	\$14,586,382 ✓
City of Marshall	273	\$9,856,639 ✓
City of McGrath	528	\$19,063,390 ✓
City of Mekoryuk	177	\$6,390,568 ✓
City of Mountain Village	674	\$24,334,706 ✓
City of Napakiak	323	\$11,661,884 ✓
City of Napaskiak	328	\$11,842,409 ✓

'93 1st & 2nd Class City Populations & F.

Recipient Name	Population	Assessed Value
City of Nenana	504	\$15,150,700 ✓
City of New Stuyahok	391	\$14,117,018 ✓
City of Newhalen	160	\$5,500 ✓
City of Nikolai	109	\$3,935,435 ✓
City of Noine	4,559	\$130,773,500 ✓
City of Nondalton	178	3,538,900 \$ ✓
City of Noorvik	531	6,457,500 \$ ✓
City of North Pole	1,456	170,861,800 \$ ✓
City of Nuiqsut	354	\$11,217,100 ✓
City of Nulato	359	\$12,961,661 ✓
City of Nunapitchuk	378	\$13,647,654 ✓
City of Old Harbor	284	\$4,624,800 ✓
City of Ouzinkie	209	\$2,609,200 ✓
City of Palmer	3,008	108,007,400 \$ ✓
City of Pelican	265	\$13,651,000 ✓
City of Petersburg	3,680	\$180,170,200 ✓
City of Pilot Station	470	\$16,969,306 ✓
City of Platinum	64	\$2,310,714 ✓
City of Point Hope	639	\$3,504,500 ✓
City of Port Alexander	119	\$4,296,484 ✓
City of Port Heiden	119	2,770,500 \$ ✓
City of Port Lions	222	\$8,149,100 ✓
City of Quinhagak	501	\$18,088,558 ✓
City of Ruby	170	\$6,137,834 ✓
City of Russian Mission	246	\$8,881,807 ✓
City of Sand Point	878	37,939,600 \$ ✓
City of Savoonga	545	\$19,677,174 ✓
City of Saxman	369	\$13,946,300 ✓
City of Scammon Bay	343	\$12,383,983 ✓
City of Selawik	596	7,130,700 \$ ✓
City of Seldovia	316	\$19,007,900 ✓
City of Seward	2,699	169,597,100 \$ ✓
City of Shageluk	139	\$5,018,582 ✓
City of Shaktoolik	204	\$7,365,401 ✓
City of Sheldon Point	109	\$3,935,435 ✓
City of Shishmaref	456	\$16,463,837 ✓
City of Shungnak	223	2,403,300 \$ ✓
City of Skagway	692	\$63,040,300 ✓
City of Soldotna	3,482	255,294,200 \$ ✓
City of St. George	178	\$6,426,673 ✓
City of St. Mary's	441	\$4,459,300 ✓

. 193 1st & 2nd Class City Populations & F. .

Recipient Name	Population	Assessed Value
City of St. Michael	295	\$10,650,947 ✓
City of St. Paul	763	\$27,548,043 ✓
City of Stebbins	442	\$15,958,368 ✓
City of Tanana	407	\$11,245,600 ✓
City of Teller	151 <<<<<<	\$-545,181 ✓
City of Tenakee Springs	94	\$3,393,861 ✓
City of Thorne Bay	581 <del>569</del>	\$20,543,691 <del>20,933,133</del> ✓
City of Togiak	738	\$26,645,420 ✓
City of Toksook Bay	420	\$15,164,060 ✓
City of Tuluksak	358	\$12,925,556 ✓
City of Unalakleet	714	\$25,778,903 ✓
City of Unalaska	3,450	\$252,148,480 ✓
City of Upper Kalskag	172	\$6,210,044 ✓
City of Valdez	4,360	\$1,209,200,660 ✓
City of Wainwright	492	\$3,740,100 ✓
City of Wales	161	\$5,812,890 ✓
City of Wasilla	4,028	228,230,200 ✓
City of White Mountain	180	\$6,498,883 ✓
City of Whittier	279	\$19,803,750 ✓
City of Wrangell	2,479	\$134,546,700 ✓
City of Yakutat	534	\$21,548,100 ✓

**OFFICE OF THE GOVERNOR**  
OFFICE OF MANAGEMENT AND BUDGET

P.O. BOX AM  
JUNEAU, ALASKA 99811-0199  
PHONE: (907) 465-3568

April 1, 1992

Representative Jerry Mackie  
Chairman, Community and Regional Affairs Committee  
Alaska House of Representatives  
Pouch Y  
Juneau, Alaska 99811

Dear Representative Mackie:

This letter responds to your request for an explanation of the local match formula used in Governor Hickel's proposed capital projects matching grants bill, CSSB 141(Finance). It is provided to assist you and other members of the House Community and Regional Affairs Committee in your deliberations concerning Representative Mark Boyer's proposed HB 390, which uses the same formula to calculate local matching amounts for allocated bond proceeds.

The formula employed in CSSB 141 (Finance) to determine the local matching share for municipalities is shown below:

$$\text{Local Share (In \$)} = \frac{\text{Local Share (as a \% of total project cost)}}{\text{State Share (as a \% of total project cost)}} \times \text{State Share (In \$)}^1$$

where:

- (1) Local Share (as %)<sup>2</sup> = Population Factor x Local Wealth Factor;
- (2) State Share (as %) = 1 - Local Share (as %);

(continued, next page)

<sup>1</sup> Based on the following relationship: (local share expressed in dollars)/(state share expressed in dollars) = (local share expressed as a percentage of total project cost)/(state share expressed as a percentage of total project cost).

<sup>2</sup> Each time that "(as %)" is shown, it is intended to refer to "as a percentage of total project costs".

Population Factor = 0.1 if population is less than 1,000 people,<sup>3</sup>  
0.3 if population is between 1,000-4,999 people,  
0.7 if population is between 5,000-10,000 people, or  
1.0 if population is more than 10,000 people;

- (4) Local Wealth Factor = per capita assessed valuation,<sup>4</sup> divided by the average per capita assessed valuation for all municipalities in Alaska; and,
- (5) Local Share (as %) can not be less than 5 percent of total project cost, nor more than 30 percent of total project cost.<sup>5</sup>

In this formula, the primary calculation is to establish the local share percentage, which is the product of a municipality's population factor and its local wealth factor. Regarding the population factor, one of four factors is used, depending on the population size of the community. This weighting is employed to account, generally, for the differences in economies of scale, costs of doing business, fiscal capacity, and access to capital among municipalities of different size and location. The local wealth factor is employed as a measure of per capita local wealth (as reflected by local assessed valuation), to indicate the relative ability of a municipality to generate matching funds. Finally, CSSB 141 (Finance) establishes minimum and maximum local share percentages of 5 percent and 30 percent, respectively.

Once the local share percentage is established in this fashion, the process of calculating the local matching share in dollars is straightforward, per the formula shown above.

While this formula and its underlying rationale provide a reasonable method for establishing the relative abilities of municipalities to provide matching funds for grants or bond proceeds amounts, it may not apply as well to other potential recipient entities included in HB 390, such as rural education attendance areas. For this reason, Representative Boyer will be providing you and the Community and Regional Affairs Committee with alternative suggestions for addressing the issue of matching amounts for such entities.

Please let me know if you have any questions about our proposed matching grant formulas, or if you wish any additional information.

Sincerely,

*Jack Faugnoti*  
for  
Shelby Stasny  
Director

cc: Representative Mark Boyer

<sup>3</sup> As determined by the Department of Community and Regional Affairs for purposes of state revenue sharing.

<sup>4</sup> Real and personal property value, as determined by the Department of Community and Regional Affairs for purposes of state revenue sharing.

<sup>5</sup> Raised in CSSB 141 (Finance) to ten percent and fifty percent, respectively, after two years.

MEMORANDUM

TO: Community And Regional Affairs Committee members

FROM: Nancy Bernett

Re: Today's Hearing - April 13, 1992

We have three bills on the committee's agenda today; two of them have been in subcommittee: HB 387, regulation of domestic sewage (Rep. Cheri Davis, Chair), and HB 390, G.O. bonds for school construction (Rep. Foster, Chair).

HB 387 - domestic sewage. You have a draft committee substitute in your file, dated 4/7/92, which represents the compromise reached by the subcommittee. The CS provides that DEC shall:

- 1) develop criteria for accreditation of engineers to
  - a) inspect existing wastewater systems;
  - b) review plans for construction or modification of wastewater systems; and
  - c) conduct as-built inspections of new or modified systems to assure it meets the standards developed by DEC.
- 2) develop a training program for engineers to enable them to meet the accreditation standards.

DEC will charge for the accreditation and training programs; the programs apply only to single family homes and duplexes.

HB 390 - G.O. bonds for school construction. You have a draft CS in your file from Rep. Boyer dated 4/11/92, and a spread sheet which shows you which schools were removed from the list, and which schools were added. The column labeled "DOE list" shows the priority number of the project; those without a number in the column have not been reviewed by DOE. You also have three documents from the state assessor's office: 1) AS 29.60.030, determination of millage rate equivalent; 2) full value determinations of second class cities; and 3) assessed value by service areas of boroughs, and full value determinations of 1st and 2nd class cities.

SB 119 - regional electrical authorities' exemption from taxes and assessments. In 1975, the legislature created regional electrical authorities and allowed them to be exempt from taxation for 20 years (due to expire in 1995). There is only one regional electrical authority in the state, the Tlingit and Haida Regional Electrical Authority (THREA). We have a zero fiscal note from DCRA, and the department takes no position on the bill.