

SB

96

SFIN

FILE

SENATE FINANCE
 COMMITTEE
 Amendment Number: CS-1
 Bill Number: SB 96
 Sponsor: Kelly Date: 4/10/95
 Logged In By: [Signature]

*To: Mike Grany
 Leg. Fin*
*From: Kathy
 Senate Finance
 4/10/95*

9-LS0751AM ✓
 Cook
 4/8/95

CS FOR SENATE BILL NO. 96()

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY

Offered:
 Referred:

Sponsor(s): SENATOR KELLY

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to municipal activities, services, or programs mandated by the
 2 state and to municipal fiscal notes."

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

4 * Section 1. LEGISLATIVE FINDINGS AND INTENT. (a) In this state, the legislature
 5 has the power during each session to dramatically change the laws of the state. Statutes can
 6 be, and are, enacted, repealed, and amended each year. The law as it applies to citizens in
 7 this state is always changing. Additional changes in the law from year to year based upon
 8 the legislature's funding choices are not different in nature from legislative statutory
 9 amendments because both the statutory changes and the funding decisions are within the
 10 control of the legislature.

11 (b) The legislature finds that

12 (1) an "unfunded mandate" is any statute, administrative regulation, or order
 13 that demands action from a subordinate government without adequate provision for funding
 14 the cost to the subordinate government of implementing the demanded action;

1 (2) unfunded mandates are a nationwide problem because federal or state
2 governments have tended to balance their budgets on the backs of subordinate governments,
3 thereby shielding themselves from taking the fiscal responsibility for their own policy and
4 program decisions; from a purely political standpoint, an unfunded mandate can ensure that
5 the blame for higher taxes or service cuts falls to local elected officials rather than the
6 government that made the decision;

7 (3) the legislature has proposed strong measures against the imposition of
8 unfunded mandates by the federal government on the state;

9 (4) in the United States, 16 states currently have legislation to limit or prohibit
10 state governments from imposing unfunded mandates on municipalities; in addition, anti-
11 mandates legislation was introduced in 22 state legislatures in the 1993 - 1994 legislative
12 session to protect municipalities;

13 (5) according to a September 1994 research report by the National League of
14 Cities titled "Anti-Mandates Strategies - Reimbursement Requirements in the States." it is
15 difficult to quantify the overall effect of mandates because most municipalities are faced with
16 hundreds of unfunded mandates, many of which have relatively low costs, but that together
17 are very expensive and annually increasing in cost; the cost of unfunded mandates is partially
18 covered by state revenue sharing or other state aid to municipalities; however, the problem is
19 intensified because state governments often tend to cut funding programs as they shift services
20 and new mandates to municipalities;

21 (6) state government has cut state aid to municipalities in this state far more
22 deeply than any other major program (over 55 percent in the past 10 years) while it has
23 significantly increased the number of unfunded mandates on municipal governments through
24 statutes, appropriation bills, regulations, and administrative actions;

25 (7) the effects of unfunded mandates and decreased state aid on municipalities
26 has substantially decreased the quality of life in most municipalities through decreases in
27 municipal basic services such as public safety, road maintenance, culture and recreation
28 services, social services, public education, and waste management;

29 (8) the imposition of new unfunded mandates on municipalities while
30 incrementally decreasing state aid to municipalities to implement existing mandates has been
31 a major cause of increased property taxes and other local taxes, as well as a major cause of

1 the destabilization of some communities that has lead, and will lead, to dissolution of
2 municipalities.

3 * Sec. 2. AS 24.08 is amended by adding a new section to read:

4 Sec. 24.08.120. MANDATED MUNICIPAL SERVICES. (a) Except as
5 provided in (d) of this section, a bill enacted after January 1, 1996, that imposes or
6 increases costs mandated by the state as a result of a new activity, service, or program
7 or an increase in the level of municipal funding for an activity, service, or program
8 required of municipalities by the bill is not effective unless sufficient funds are
9 appropriated to fully fund the mandated activity, service, or program by the effective
10 date of the bill sections that mandate the activity, service, or program. Unless
11 sufficient levels of funding continue to be appropriated in each successive legislative
12 session that the mandate is in effect, or new funding is otherwise provided annually,
13 the mandate shall be inoperative in its effect upon a municipality until sufficient state
14 funds are provided to pay the additional costs directly required for the actual
15 performance of the activity, service, or program.

16 (b) Each bill enacted after January 1, 1996, that applies to municipalities must
17 include a municipal fiscal note under AS 24.08.035(e). A bill or resolution without
18 a municipal fiscal note required under this subsection is void.

19 (c) If a municipality disputes a municipal fiscal note required under (b) of this
20 section or under AS 44.99.030, it may, within 30 days after the effective date of the
21 bill, resolution, or regulation file a petition, in writing, with the legislative audit
22 division for a determination of the accuracy of the fiscal note. The legislative audit
23 division shall make its determination public within 60 days after receipt of the petition.

24 (d) This section does not apply to a

25 (1) bill passed in response to a disaster emergency declared by the
26 governor under AS 26.23.020;

27 (2) bill passed by two-thirds of the members of each house;

28 (3) bill that affirms existing law as it has been construed by the courts
29 or enacts federal law or regulation in the form in which it was enacted or promulgated;
30 or

31 (4) bill that creates, eliminates, or changes an offense; in this

1 paragraph, "offense" has the meaning given in AS 11.81.900.

2 (e) For purposes of this section,

3 (1) "costs mandated by the state" means any increased cost creating a
4 significant financial effect that a municipality is required to incur as a result of any bill
5 that, when enacted, mandates a new activity, service, or program, significantly
6 increases a current activity, service, or program, or causes a significant increase in the
7 level of municipal funding for an activity, service, or program; costs mandated by the
8 state do not include costs of the type experienced equally by private and public entities
9 that are incurred by a municipality in its proprietary capacity; costs mandated by a bill
10 include any costs associated with regulations adopted under the authority of the bill
11 if it is enacted;

12 (2) "increase in the level of municipal funding for an activity, service,
13 or program" means any change in a municipality's delivery of a current service,
14 activity, or program, or a reduction in the level of state funding for an activity, service,
15 or program that is required by either a new or amended statute or that would be
16 required by a bill if it is enacted;

17 (3) "new activity, service, or program" means an activity, service, or
18 program that is required as a result of a statute or bill that was not required before
19 enactment of the statute or that is not required unless the bill is enacted and that
20 results in costs mandated by the state;

21 (4) "new funding" means a new appropriation;

22 (5) "significant financial effect" means the employment of additional
23 personnel in one or more municipalities or an increase in expenditures for contracted
24 services or equipment of more than \$20,000 in each of one or more municipalities.

25 * Sec. 3. AS 44.99 is amended by adding a new section to read:

26 Sec. 44.99.030. MUNICIPAL FISCAL NOTES. (a) If a proposed regulation
27 of an agency significantly increases costs to a municipality, there shall be attached to
28 the regulation a municipal fiscal note containing an estimate for the current fiscal year
29 and five succeeding fiscal years of the cost to municipalities that would result from
30 adoption of the regulation. The agency proposing the regulation shall prepare the
31 municipal fiscal note and deliver a copy of it to the Department of Community and

1 Regional Affairs before the first public hearing held on the proposal. The municipal
2 fiscal note must contain information that substantially complies with
3 AS 24.08.035(c)(1), (2), and (6) - (9) to the extent the information is available to the
4 agency. A regulation without a municipal fiscal note required under this section is
5 void if the regulation was adopted after January 1, 1996.

6 (b) For purposes of this section,

7 (1) "agency" means a board, commission, department, or other agency
8 of the executive branch; it does not include a public corporation;

9 (2) "regulation"

10 (A) means a regulation, rule, order, or standard of general
11 application to implement, interpret, or make specific the law enforced or
12 administered by an agency;

13 (B) includes a manual, policy, instruction, guide to enforcement,
14 bulletin, and the like that has the effect of a standard of general application;

15 (C) does not include a regulation that relates only to the internal
16 management of the agency or a form prescribed by an agency or instruction
17 relating to the use of the form.

FISCAL NOTE

BILL NO: SE 96

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL VERSION: CSSB 96 (CRA)

Revision Date: _____
 Title: An Act relating to municipal activities, services,
 or programs mandated by the state.
 Sponsor: Senator Kelly
 Requestor: Senate C&RA Committee

Dept. Affected: Alaska Legislature
 BRU: Budget and Audit Committ
 Components: Legislative Finance Divisio
 Serial #: _____

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
Personal Services	127.8	127.8	127.8	127.8	127.8	127.8
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	2.0	2.0	2.0	2.0	2.0	2.0
Supplies	0.5	0.5	0.5	0.5	0.5	0.5
Equipment	6.0	0.5	0.5	0.5	0.5	0.5
Land & Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING	136.3	130.8	130.8	130.8	130.8	130.8

CAPITAL						
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REVENUE						
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FUNDING: (THOUSANDS OF DOLLARS)


General Fund	136.3	130.8	130.8	130.8	130.8	130.8
Federal Fund						
Other						
TOTAL	136.3	130.8	130.8	130.8	130.8	130.8

POSITIONS:

Full-Time	1	1	1	1	1	1
Part-Time	1	1	1	1	1	1
Temporary						

ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)

Please see attached page.



Prepared by: Michael Greany, Legislative Fiscal Analyst
Legislative Finance Division

Date: April 7, 1995
 Phone: 465-3795

Analysis for CSSB 96 (FIN)

SB 96 would require that the Division of Legislative Finance perform impact analysis and make a formal finding on legislation which will potentially create a fiscal impact on local governments. We estimate the number of bills to be analyzed each session to be between 50 and 75. The bills will be analyzed to varying degrees according to the potential extent of their impact, but each bill effecting municipalities will have to be examined at least initially to determine the extent of further analysis.

In a 1992 study done by the National League of Cities regarding states' fiscal noting of state mandated impacts to local governments, it was found that of 28 states which require fiscal noting, only 3 states prepared analysis which was considered of "good" quality. Many states complained that constraints on staff time and resources prevented them from performing good quality analysis. As Alaska legislation would require a formal finding process, this new task will require the hiring of one full time and one part time fiscal analyst to determine the potential fiscal impact on municipalities. We surveyed several states which perform similar analysis, and discovered that Connecticut initially hired 3 full-time staff for this function, and Rhode Island has 5 full-time staff (in three different agencies) devoted to municipal impact analysis of legislation.

In order to perform fiscal impact analysis on all applicable legislation, the analyst positions would be responsible to establish and maintain contacts within the state's numerous municipalities, and those state, federal and private agencies which work closely with those municipalities. The analysts would also be required to develop an efficient and effective system of surveying pertinent local governments, and to establish a data base of financial information regarding the fiscal workings of municipal governments to facilitate the timely turnaround of analysis of applicable legislation. In addition, the analysts would be expected to update impact analysis on legislation as it is amended.

Contractual costs are for sufficient long distance calls to municipalities to carry out the analysis, and general office equipment leasing and other costs. Some wiring may also be required to adequately set up computer systems to be used by the analysts. Supply costs are comprised of miscellaneous office supplies expenses.

First year equipment costs include initial set up of office furniture, computer systems, and other equipment necessary to carry out the duties of the positions. Subsequent year equipment costs include costs for upgrade of computer systems, and other miscellaneous items.

The costs in this fiscal note do not include the contractual cost of outside office space, and set up costs to house the two analysts, should that be necessary.

FISCAL NOTE

Revision Date: April 5, 1995 Dept. Affected: Community & Regional Affairs
 Title: An Act relating to municipal activities or services mandated by state statute BRU: none
 Component: none
 Sponsor: Senator Kelly
 Requestor: Senate Finance Committee COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
OPERATING						
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	0.0	0.0	0.0	0.0	0.0	0.0

REVENUE FUND SOURCE:

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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

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

Estimate of current (FY94) impact \$ none

ANALYSIS: (Attach a separate page if necessary)
 Under existing statutes, DCRA is required to prepare municipal fiscal notes in the event that a proposed bill could have significant fiscal impacts on municipalities. SB 96 would require DCRA to also make a finding regarding significant fiscal impacts that would result from regulations adopted to implement the legislation. This would impact existing DCRA staff resources. While we are unable to predict the exact level of demand for this activity based on the adoption of future regulations, we do not anticipate the impact to be great enough to indicate hiring new staff or contracting out for such services. Therefore, we anticipate no fiscal impact on DCRA from this bill.

Prepared by: Remond Henderson, Director *R Henderson by M. J. Bone* 465-4708
 Division: Division of Administrative Services Date: 4/5/95
 Approved by Commissioner: *Thane Durwin* Date: 4/5/95
 Agency: Community & Regional Affairs

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P New fiscal note for CS(CRA) w/new analysis.

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR KELLY

TO: CSSB 96(CRA)

- 1 Page 1, line 2, after "state":
- 2 Insert "and to municipal fiscal notes"

- 3 Page 5, after line 3:
- 4 Insert a new bill section to read:
- 5 "* Sec. 3. AS 24.08.035(e) is repealed."

SENATE FINANCE
COMMITTEE

Amendment Number: 1

Bill Number: SB96

Sponsor: Kelly Date: 4/5/95

Logged In By: JK

FISCAL NOTE

Revision Date: March 7, 1995 Dept. Affected: Community & Regional Affairs
 Title: An Act relating to municipal activities or services mandated by state statute BRU: none
 Component: none
 Sponsor: Senator Kelly
 Requestor: Senate C & RA Committee COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
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	0.0	0.0	0.0	0.0	0.0	0.0

REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

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

Estimate of current (FY94) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

Under existing statutes, DCRA is required to prepare municipal fiscal notes in the event that a proposed bill could have significant fiscal impacts on municipalities. SB 96 does not appear to place any additional requirements on DCRA. Therefore, we anticipate no fiscal impact on DCRA from this bill.

Prepared by: Remond Henderson, Director *Remond Henderson* Phone: 465-4708
 Division: Division of Administrative Services Date: 3/7/95
 Approved by Commissioner: *Mike Quinn* Date: 3/7/95
 Agency: Community & Regional Affairs

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SB 96

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR ZHAROFF

TO: CSSB 96(CRA)

Page 3, line 9:

Delete " at the time of enactment to fully fund the mandated activity, service, or program."

Insert "to fully fund the mandated activity, service, or program at the effective date of the provisions that mandate the activity, service, or program."

SENATE FINANCE
COMMITTEE
Amendment Number: 2
Bill Number: SB96
Sponsor: Zharoff Date: 4/6/95
Logged In By: JM

FISCAL NOTE

No. 1
 Bill Version: SB 96
 (S) Publish Date: 3-30-95

STATE OF ALASKA
 1995 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Legislative Audit
 Title: An Act relating to municipal activities or BRU: _____
services mandated by the state & requiring increased. Component: _____
 Sponsor: Senator Kelly
 Requester: _____ COMPONENT SERIAL NO. _____

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
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 EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME	N/A					
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Randy S. Welker
 Division: Division of Legislative Audit
 Approved by Commissioner: *Randy S. Welker*
 Agency: _____

Phone: 465-3830
 Date: 3/29/95
 Date: 3/29/95

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SB 96

MEMBER

ALASKA STATE SENATE

TENTH ALASKA LEGISLATURE
ELEVENTH ALASKA LEGISLATURE
TWELFTH ALASKA LEGISLATURE
THIRTEENTH ALASKA LEGISLATURE
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FIFTEENTH ALASKA LEGISLATURE
SIXTEENTH ALASKA LEGISLATURE
EIGHTEENTH ALASKA LEGISLATURE



STATE CAPITOL
JUNEAU, ALASKA 99801-1132
(907) 465-3822
FAX (907) 465-3756

716 WEST 4TH, SUITE 400
ANCHORAGE, ALASKA 99501
(907) 258-8180
FAX (907) 258-4524

SENATOR TIM KELLY

MEMORANDUM

DATE: March 30th, 1995

TO: Senator Rick Halford, Co-Chairman
Senator Steve Frank, Co-Chairman
Senate Finance Committee

FROM: Senator Tim Kelly

RE: Scheduling of CS SB 96 (CRA), Unfunded State Mandates on
Municipalities

I respectfully request you schedule SB 96, An Act relating to Unfunded State Mandates on Municipalities, for a hearing before the Senate Finance Committee at the Committee's earliest convenience.

As you know, the U.S. Congress recently passed legislation prohibiting unfunded federal mandates on States. This legislation was crafted to address the same problem municipalities are experiencing with unfunded State mandates. SB 96 is a legislative priority for the Alaska Municipal League, the Municipality of Anchorage, the Fairbanks North Star Borough, and the Alaska Conference of Mayors.

A sponsor statement is attached.

Thank you in advance for your timely consideration.

MEMBER

ALASKA STATE SENATE

TENTH ALASKA LEGISLATURE
ELEVENTH ALASKA LEGISLATURE
TWELFTH ALASKA LEGISLATURE
THIRTEENTH ALASKA LEGISLATURE
FOURTEENTH ALASKA LEGISLATURE
FIFTEENTH ALASKA LEGISLATURE
SIXTEENTH ALASKA LEGISLATURE
EIGHTEENTH ALASKA LEGISLATURE



SENATOR TIM KELLY

STATE CAPITOL
JUNEAU, ALASKA 99801-1182
(907) 465-3822
FAX (907) 465-3756

716 WEST 4TH, SUITE 400
ANCHORAGE, ALASKA 99501
(907) 258-8180
FAX (907) 258-4524

Sponsor Statement & Bill Analysis

CS SB 96 (CRA): The Bill of Mandates

Just as the U.S. Congress is attempting to address the considerable financial hardship unfunded federal mandates place on state governments, many state legislatures are beginning to address the same financial hardships unfunded state mandates are placing on local governments. In fact, at present sixteen states currently have laws which either limit or prohibit state government from imposing unfunded mandates on municipalities. Additionally, more than 20 other state legislatures are actively considering such legislation.

SB96 was introduced this year to remedy the problem of unfunded state mandates here in Alaska. This legislation is a high priority for the Alaska Municipal League, the Municipality of Anchorage, the Fairbanks North Star Borough, and the Alaska Conference of Mayors.

Unfunded mandates cause cash-strapped cities to decrease basic municipal services such as public safety, road maintenance, and the local contribution to education to schools, to name a few, in order to pay for the unfunded mandates which most often are much lower priorities than these basic municipal government functions. Moreover, as these unfunded mandates increase for local governments, aid to municipalities has been cut more than 55%. A good example is the Senior Citizen's Property Tax Exemption which has increased 300% in cost to local governments in the last several years. As municipalities and local governments struggle to provide services mandated but not funded by the Legislature, increased property and other local taxes have been used as the funding vehicle.

The principle imperative of this legislation is that the State government should not require municipalities by statute, appropriation, regulation, or administrative action to implement any program, service, or activity which significantly impacts municipalities' budgets unless the legislature provides new funding to cover the costs of these mandates.



CAPITOL TO CAPITOL

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National Conference of State Legislatures

VOL. 3, #12 3/30/95

**MANDATE
RELIEF
BILL
SIGNED BY
PRESIDENT
CLINTON**

PRESIDENT CLINTON SIGNS MANDATE RELIEF BILL. At a White House ceremony attended by NCSL leaders and other state and local officials, President Clinton on March 21 signed into law mandate relief legislation. The bill signing concluded a multi-year lobbying effort by NCSL and other state and local groups. The new law will require cost estimates for mandates of over \$50 million in any fiscal year and will require that revenues to pay for such mandates be identified. All new mandates will be considered repealed if funding is not provided in the appropriations process. Members of Congress will have to go on record with a roll call vote to override these requirements. Representative Jane Campbell of Ohio, the President of NCSL, in her statement issued at the bill signing, called the new law "a historic recognition by the federal government of the fiscal and administrative burdens it has long placed on state and local governments." *(NCSL staff contacts: Scott DeFife; Michael Bird)*

If you have questions regarding Capitol or if you need previous editions, please call Marilyn Turnbow at 202/624-8691

SENATE RESCISSIONS ACTION. The Senate has taken the FY 1995 rescissions bill (H.R. 1158) to the floor in hopes of completing action on the measure this week. During Senate Appropriations Committee consideration of the bill, Senators scaled back the proposed House cuts from \$17.4 billion to \$13.5 billion. The Senate version would not cut funds for the Low Income Home Energy Assistance Program (LIHEAP), and reduces the cuts the House made to unused Highway Administration emergency funds. However, the bill still cuts nearly \$1.2 billion from the Safe Drinking Water Revolving Loan fund and specific water and wastewater projects. In addition, an amendment was agreed to that would direct all savings above the amount needed for disaster relief in California to deficit reduction, rather than the House plan to set aside funds for tax cuts later in the session. *(NCSL staff contact: Scott DeFife)*

WELFARE REFORM PASSES HOUSE. On March 24, 1995, the House passed H.R. 4 (formerly H.R. 1214), 234-199. H.R. 4 transforms existing public assistance programs (including entitlements for AFDC and foster care) into 6 block grants: temporary assistance for needy families; child protection; child care; family based nutrition; school-based nutrition; and services to disabled children. NCSL-supported amendments were passed to increase child care funding and allow disabled, legal immigrants to receive benefits. Another amendment, which NCSL opposed, to mandate that states withhold drivers and professional licenses for nonpayers of child support was included. While allowing states substantial discretion, the bill contains significant mandates, including federal work requirements with prescriptive performance standards, preemptions of state authority, and shifts of costs and needy populations (including legal immigrants cash and medical support) to states. There are significant changes to the SSI and food stamp program. NCSL successfully obtained a provision exempting electronic benefit transfers from Regulation E. A bill analysis is available from NCSL's Washington office. *(NCSL staff contacts: Sheri Steisel; Michael Bird)*

Capitol to Capitol is sent to members of NCSL's Executive Committee; Officers of the Assembly on Federal Issues; and State-Federal Coordinators (Legislative Leaders or their designees)

SENATE CONSIDERS PRODUCT LIABILITY BILL. The U.S. Senate Commerce Committee in early April is expected to mark up S. 565, the proposed federal product liability act that would broadly preempt state law. The bill would impose legal standards and evidentiary rules on the fifty state court systems to be used in adjudicating disputes over injuries resulting from allegedly defective products. For the first time, Congress would impose federal rules by which state courts would be forced to decide such civil cases. Senate floor consideration of S. 565 may be scheduled in late April. *(NCSL staff contacts: Jon Felde; Bill Waren)*

NCSL LEADERS MEETING SUCCESSFUL. State legislative leaders from throughout the country heard from an impressive group of Administration and Congressional officials at NCSL's annual Leader-to-Leader meeting held March 16-17. Speakers from the Administration included President Bill Clinton and five members of his Cabinet. Congressional leaders in the attendance included Senate Majority Leader Bob Dole (R-Kansas) and Senate Minority Leader Tom Daschle (D-South Dakota). Senator John Glenn (D-Ohio) and Senator Dirk Kempthorne (R-Idaho) attended the leaders dinner and received awards for their successful sponsorship of NCSL's mandate relief bill.



William T. Pound
Executive Director

Carl Tubbering
Director
Washington Office

Federal Affairs Staff:
Michael Bird: 202/624-8686
Bill Waren: 202/624-8665
Marilyn Turnbow: 202/624-8691

Washington Office:
444 N. Capitol St., N.W.
Suite 315
Washington, DC 20001
Ph: 202/624-5400
Fax: 202/737-1069

Denver Office:
1560 Broadway
Suite 700
Denver, CO 80202
Ph: 303/830-2200
Fax: 303/863-8013



217 Second Street, Suite 200 • Juneau, Alaska 99801 • Tel (907) 586-1325, Fax (907) 463-5480

TO: Senator Tim Kelly
FROM: Kevin Ritchie, Executive Director
DATE: March 26, 1995
RE: Examples of Unfunded Mandates

Legislative Research Agency (94.083) identified over 600 state mandates on municipal governments. According to Legislative Research (95.092) "Collectively, they (state mandates) account for a major portion of the workloads of local governments, which are under increasing fiscal pressure."

Recent examples of types of state unfunded mandates, both enacted and proposed, follow:

1. State statutory funded mandates which become unfunded mandates- The mandatory Senior Citizen Property Tax Exemption was originally a state funded mandate. Since its enactment, the state has largely withdrawn its funding for the program. The current HB 185 is an example of how state government can respond positively to mandates which become unfunded over time. HB 185 reduces the mandatory exemption from \$150,000 to \$75,000 and allows municipalities the option of granting the exemption over \$75,000.
2. State regulations that are unfunded mandates on local governments - The federal government requires states to establish minimum standards for water quality. The state is now considering adopting new water quality standards above those required by the federal government. The cost to a municipality of complying with the standards required by the federal government, even if the program is administered by the state, is NOT an unfunded state mandate under SB 96.

However, if the state decides to set standards above those required by the federal government, the cost to municipalities to comply with the additional state standards would be an unfunded state mandate created by state administrative regulation. Under SB 96 the administration would have to prepare a finding of the financial effect of this proposed regulation on municipalities.

3. A proposed state statute that could create an unfunded mandate on municipal government- HB 154 deals with regulatory "takings" by the state or municipal government. The bill defines a taking as any municipal government action that "regulates or imposes a restraint on private property". Under this definition, normal municipal powers such as zoning and subdivision regulations, would be considered compensable "takings". Under SB 96 a finding of the potential financial effect on municipalities would be prepared.

MUNICIPALITY OF ANCHORAGE
1995 LEGISLATIVE PROGRAM

LEGISLATIVE ISSUES

TITLE: Bill of Mandates Legislation or Constitutional Amendment

The Municipality of Anchorage supports legislation (or a constitutional amendment) which would require the State to provide full funding for State mandated municipal activities or services. The most prominent and costly of existing State mandates is the Senior Citizens/Disabled Veterans property tax exemption, which underfunded Anchorage by \$7.7 million in 1994. Other examples of State mandates include: alcohol services, domestic violence writs, prisoner transportation costs, % for Art. Davis-Bacon wages, etc. State mandates have resulted in the Municipality assigning artificially high priority to mandated programs/services thereby superseding the funding of higher priority, fundamental local government services.

The Municipality is especially concerned about the potential escalation of unfunded State mandates resulting from the pressure of declining State revenues. Legislation is needed now so that future Legislatures will be discouraged from unfairly burdening local government with unfunded State mandates.

The proposed legislation would also require a State government agency which unilaterally transfers responsibility for a program to a municipality or imposes regulations on a municipality to reimburse the municipality for the costs of the transferred responsibility or the regulations.

Lastly, the Municipality also supports a local option section to be included with proposed legislation, which would allow a municipality faced with an unfunded mandate to decide whether it will provide the activity or service from local funds. Essentially, the unfunded mandate would become an authorization for a Municipality to provide a service or activity at whatever level it deems appropriate.

The propensity of state government to impose mandated programs on local government is by no means limited to the State of Alaska. The tax revolt in California in 1978 and 1979 was fueled, in part, by the state's transfer of certain responsibilities to the county level, placing an onerous tax burden on property owners.

(more)

**Bill of Mandates Legislation or Constitution Amendment
(continued)**

California now has an active reimbursement program. Massachusetts appropriates money with the mandating law as it is passed. In all, fifteen states have statutory or constitutional requirements that payments be made on some level for the financial effects of state statutes. Some state constitutions stipulate that special acts necessitating appropriations by a local government do not become effective unless approved by a voter referendum.

We ask for your support for legislation addressing the issue of municipal fiscal mandates.

Contact: Gene Dusek, Budget Director
Office of Management and Budget
Phone: 343-4490

CITY OF UNALASKA

P.O. BOX 89
UNALASKA, ALASKA 99685
(907) 581-1251
FAX (907) 581-1417



March 18, 1995

Senator Tim Kelly, Chairman
Community and Regional Affairs Committee
Room 101, State Capitol
Juneau, Alaska 99801-1182

RE: Senate Bill 96, an Act relating to municipal activities or services
mandated by state statute

Dear Senator Kelly:

Thank you for extending the opportunity to submit testimony on Senate Bill 96, relating to municipal activities or services mandated by state statute. The City of Unalaska is on record supporting this type of legislation on the federal level. We are extremely pleased that you have sponsored legislation at the state level to address the problem of unfunded state mandates on local governments.

This legislation would significantly relieve local governments of the financial burdens related to future state mandates. We are concerned, however, that the proposed language, as written, may not provide relief from *existing* state mandates. Like local governments across Alaska, the City of Unalaska is already facing potentially crippling financial impacts as a direct result of existing unfunded state and/or federal mandates. In Unalaska, the largest of the existing mandated, but unfunded or underfunded, projects include:

1. constructing a water filter plant at \$6 million (with an annual operating cost increase of \$400,000);
2. constructing an advanced primary or secondary wastewater treatment plant at \$5-10 million (with an annual operating cost increase of \$200,000);

Senator Kelly
March 18, 1995
Page 2

3. constructing a lined landfill and baler facility at \$6 million (with an annual operating cost increase of \$100,000); and
4. reducing emissions from our power generation facility (costs yet to be determined, but identified options range up to \$110 million).

As you know, the problem of complying with unfunded state and federal mandates is left largely to local government officials who must take the heat for increasing local taxes and utility rates. For many tax payers, the cause and effect relationships associated with complying with the myriad existing state and federal laws and regulations are not readily apparent.

Of course we are committed to providing public services that protect and enhance the health, safety, and welfare of our citizens. However, many existing mandates impose unrealistic time schedules for compliance and dictate specific actions when less costly alternatives might serve just as well. Additionally, they direct limited local resources away from other local priorities that could contribute *more* to the health, safety and welfare of local residents than the specific actions dictated by the mandates.

We do not seek to challenge the laudable goals of most state and federal mandates. Yet the accumulated weight of existing state and federal laws and regulations have made it nearly impossible for most local governments to prioritize among their most pressing needs. Solutions to the problems imposed by unfunded mandates must be based on a rational and balanced approach emphasizing outcome-oriented results. There must be greater political accountability at the state level, identification and appropriation of the resources required to pay for the mandates, and greater flexibility at the local level.

This is a national problem that has been dumped on local governments and their elected and appointed officials. We hope that the Alaska State Legislature will follow through with its good intentions and solve not only the problem of future mandates, but also address the onerous problem posed by existing mandates. We respectfully request that you and the Committee consider changes to the proposed legislation, or through other means, to obtain relief from existing unfunded state mandates.

Senator Kelly
March 18, 1995
Page 3

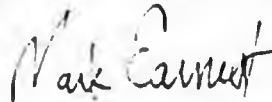
We would support the creation of a Commission on Unfunded State Mandates to review and investigate the impacts of existing state mandates on local governments. The purposes of this Commission would be to make recommendations to the Governor and Legislature regarding flexibility in local compliance, as well as terminating, suspending, or consolidating certain existing state mandates.

We would also support the creation of an advisory panel consisting of local government officials, perhaps coordinated through the Alaska Municipal League, to review and comment on proposed administrative regulations. State agencies should be required to consult with local officials during the development of administrative regulations that impact local governments. State agencies should also be required to prepare a written estimate, including the underlying analysis, of the cost impacts to local governments of administrative regulations.

Again, thank you for the opportunity to testify on this important issue and for your efforts to help local governments in Alaska. Senate Bill 96 represents an important step in addressing our concerns regarding the need for relief from unfunded and underfunded intergovernmental mandates.

Very truly yours,

CITY OF UNALASKA



Mark Earnest
City Manager

Municipality
of
Anchorage



P.O. Box 196650
Anchorage, Alaska 99519-0650
Telephone: (907) 343-3331
Fax: (907) 343-3201

Rick Mystrom, Mayor

OFFICE OF THE MAYOR

March 10, 1995

The Honorable Tim Kelly
Alaska State Senate
State Capitol, Room 101
Juneau, Alaska 99801-1182

Re: Senate Bill 96

Dear Senator Kelly:

Thank you for sponsoring SB 96 relating to municipal mandates.

Across the country unfunded mandates imposed by states upon their municipalities are a focus of legislative efforts. In the 1993-94 legislative session, anti-mandates legislation was introduced in 22 state legislatures. Sixteen states currently have legislation to limit or prohibit state governments from imposing unfunded mandates on municipalities.

The Municipality of Anchorage has previously estimated the burden on its budget of state unfunded mandates and municipally assumed responsibilities to be over \$26,000,000 in 1994.

The Municipality of Anchorage strongly supports CS SB 96 (CRA) as a reasonable and balanced approach to addressing the issue of unfunded mandates imposed by the state on municipalities.

Thanks again for your help on this issue.

Sincerely,

A handwritten signature in dark ink, appearing to read "Rick Mystrom", is written over a light-colored background.

Rick Mystrom
Mayor

Legislative Research Agency

Alaska State Legislature




130 Seward Street, Suite 218
Juneau, Alaska 99801-2196

Phone: (907) 465-3991
Fax: (907) 463-3351

February 3, 1995

MEMORANDUM

TO: Representative Brian Porter

FROM: Gordon Harrison, Director 

RE: Unfunded State Mandates
Research Request 95.092

You asked for information about unfunded mandates imposed by the state government on municipal governments in Alaska. Specifically, you asked for a list of all such unfunded mandates. Although there is a long list of statutory directives to local government, few of these are controversial or contentious when considered individually. Collectively, they account for a major portion of the workload of local governments, which are under increasing fiscal pressure. We believe that it is unproductive to attempt to classify these many, individual directives as either funded or unfunded. The term mandate has come to imply an onerous, expensive and perhaps capricious directive from a higher level of government to a lower level of government intended to accomplish a policy objective of the former. A mandate is a directive that has become a political problem, and a working definition of the term is necessarily political, not technical. This memorandum identifies the few unfunded state mandates that municipal officials have pointed out in recent years as problems for local governments. This is not a long list, however. The source of financial pressures on municipalities today are not individual statutory directives, but rather cutbacks in direct state aid to municipalities (revenue sharing and municipal assistance), and cutbacks in various state services that have required local governments to increase local expenditures.

Defining Mandates

At the national level, the problem of unfunded federal mandates is a prominent political issue. Over the years, Congress has enacted many laws that require compliance, often expensive compliance,

Representative Brian Porter
February 3, 1995
Page 2

by state and local governments.¹ At the state level, many cities and counties have also complained about burdensome state mandates on municipal governments.² On close examination, many of these are actually directives of the state government necessitated by federal environmental laws such as the clean air and clean water acts. However, a number of purely state directives have been identified as especially burdensome.³

In Alaska, the issue of state mandates originally surfaced in connection with a specific grievance of several borough and city governments: the senior citizens' property tax exemption. State law requires municipal governments to exempt \$150,000 of real property owned by residents over 65 years of age (AS 29.45.030 [e-g]). For many years the state reimbursed local governments for the revenue they lost by way of this exemption, but these reimbursements have all but dried up in recent years as the legislature found ways to reduce state spending. Consequently, local governments now bear the fiscal burden of the exemption, and, because state law preempts local ordinance, they have been barred as well from substituting their own senior property exemption tailored to local circumstances.

Beyond the senior's property tax exemption, however, there has not been strong agreement among the municipalities on *specific* onerous state mandates common to them, nor a focused lobbying effort to repeal or amend these particular mandates. Governor Hickel created a Task Force on Governmental Roles that included legislators and municipal officials from around the state. Early on, the group sought a definitive listing of all state mandates, but the effort was eventually

¹The National Conference of State Legislatures (NCSL) has monitored the issue of federal mandates, and it recently published a list of these federal directives to state and local government in the *Mandate Catalog*, NCSL, Washington, D.C., December 1994. To the best of our knowledge, only one effort has been made to estimate the cost of complying with federal mandates in Alaska. In 1993, the Municipality of Anchorage released a study of the cost of complying with federal environmental laws (Municipality of Anchorage, *Paying for Federal Environmental Mandates: A Looming Crisis for Cities and Counties*, January 1993).

²A number of articles on the subject have appeared in recent years. See, for example, articles in the following publications: *State Legislatures*, September, 1989, December, 1991; *Governing*, January, 1992; *State Government News*, April, 1993. Also, NCSL issued a *Legisbrief* entitled "Mandate Relief for Local Governments," June, 1994.

³Unfunded mandates frequently cited in other states are the requirement that counties provide free office space and supplies to local state agencies, and that the school district provide free transportation of pupils.

Representative Brian Porter

February 3, 1995

Page 3

dropped.⁴ A legislative task force member requested from the Legal Services Division of the Legislative Affairs Agency a computer search of the Alaska constitution, statutes, and administrative code for pertinent sections using the key words "shall" and "must" in connection with such words as "local government," "municipality," "political subdivision," etc. The resulting list of twenty-three statutes was considered unenlightening and inconclusive.

During the second session of the Eighteenth Legislature, this agency was asked to compile a comprehensive list of all state directives to local governments. Legislative Research Agency Memorandum 94.083 was the result. While we presume that our list is reasonably comprehensive (we read some sections of the statutes page by page, other sections we searched by computer), we do not think that by itself it is particularly useful in clarifying the dimensions of the issue of mandates as a *political* problem. Municipal governments are creatures of state government. They do not possess inherent powers. In general, state governments may create, dissolve and realign local governments, and direct them to accomplish governmental objectives.⁵ Thus, municipal corporations have a fundamentally different legal relationship to their state government than the states have to the federal government.

The Alaska statutes are full of major and minor directives to municipal governments. For example, Title 29 requires all boroughs and first class cities outside of boroughs to establish, operate, and maintain a system of public schools (AS 29.35.160 and 260). Much of Title 14 is devoted to telling the boroughs and cities how these school systems are to be administered, including where and when to fly the Alaska and United States flags (AS 14.03.130). Each such provision is, strictly speaking, a formal directive from the state to local governments. Similarly, the state criminal code (Title 12) constitutes a type of state-imposed mandate because local police departments are required to apprehend murders and robbers. But even if it were a simple matter to do so⁶, it does not

⁴With regard to state mandates, the final report made this recommendation: "Policymakers should adopt a policy of deliberate restraint with respect to enacting mandates on local governments. The legislature should closely monitor Department of Community and Regional Affairs fiscal notes on legislation that affects municipalities and make a firm commitment to use the estimates in its deliberation." *Final Report; Task Force on Governmental Roles*, published jointly by the Governor's Office of Management and Budget and the Alaska Municipal League, July 10, 1992, p. 3.

⁵See discussion in David J. McCarthy, Jr. *Local Government Law*, 3rd ed. (St. Paul: West Publishing Co., 1990), p. 28 ff.

⁶Individual directives pertaining to local school districts might be said to be funded in the same proportion that district revenues are derived from state grants and entitlement programs. This may also be assumed for the various mandatory duties of the different classes of general government and home rule municipalities: they are funded to the same extent that the municipal revenues are derived from state sources. The percentage of state support for schools and local government generally

Representative Porter
February 3, 1995
Page 4

seem fruitful to categorize as "funded" or "unfunded" these and the many other noncontroversial arrangements that govern the fundamental relationship between Alaska's municipalities and the state. This is not to say that the level of state funding for education and state support for local government are not major political issues. They are major issues and everyone knows that they are. However, the debate over these issues is not advanced by a finding that the directive to display flags on the school house during school hours is funded, unfunded, or partially funded.

Certainly specific mandates that have become a particular source of political irritation to municipal governments deserve attention. The senior citizens tax exemption is one such mandate (unfunded). Municipalities have, from time to time, identified a few other such unfunded mandates. These are discussed below.

Unfunded Mandates Identified by Municipalities

From the information on this subject that we have located, four state mandates have been identified at one time or another as special problems for municipalities, in addition to the property tax exemption for senior citizens.

Other Property Tax Exemptions

State law exempts state-owned property (AS 29.45.030), including property owned by public corporations such as the Alaska Industrial Development and Export Authority (AS 44.88.140), the Alaska Permanent Fund (AS 37.13.180), the Alaska Energy Authority (AS 43.83.150), the Alaska Bond Bank (AS 43.85.160), regional electrical associations (AS 18.57.030), and electric and telephone cooperatives (AS 10.25.540[b]).

PERS and TRS Contribution Rates

Municipalities are members of the Public Employees' Retirement System (PERS) and school districts are members of the Teachers' Retirement System (TRS). Municipal employees and school teachers contribute a certain percentage of their base pay to their respective retirement system; their employer contributes the remainder. When the legislature changes the PERS and TRS statutes in a manner that causes the total contribution for each participant to increase—for example, by increasing benefits, liberalizing service credit rules, or raising contributions to maintain actuarial soundness of the system—the local governments and school districts must bear these higher costs. (AS 14.25, TRS; and AS 39.35, PERS)

Representative Porter
February 3, 1995
Page 5

"Little Davis-Bacon" Wages

The state version of federal Davis-Bacon Act requires that prevailing local wages be paid on all public construction projects. Thus, local governments must require contractors to pay local wage scales even if lower cost labor is available. (AS 36.05.010)

Procurement Preferences

When municipal governments purchase fishery and agricultural products, they must give a 7 percent price preference to bidders who supply products harvested within Alaska. (AS 29.71.040)

In addition to these mandates, municipalities have opposed the shifting of various program costs onto local governments as state agencies reduce their services because of state budget cuts.

The Local Fiscal Effects of State Budget Cuts

Virtually all state agencies have taken budget cuts of some kind in recent years. As a result, most have had to cut back their services. In some cases local governments have had to fill the void. Thus, for example, the City of Wasilla provided local police service when the Alaska State Troopers, for budgetary reasons, withdrew service from the area. The Alaska Department of Transportation and Public Facilities has threatened to turn over to the municipalities maintenance of Class III roads. The Department of Law has talked about local governments prosecuting violators of municipal codes. Shifting to local governments the cost of services now provided by the state is a serious problem for some communities and a major threat to all of them. Note, however, that strictly speaking the issue of "cost shifting" is not one of state mandates in the sense of mandatory statutory directives. It is rather the indirect result of state budget cuts that are made without consideration of their impact on local governments.

Of far greater significance to the municipalities, however, is the steady erosion of *direct* state support of local governments through the state revenue sharing and municipal assistance programs. The fiscal impact of cuts to these programs dwarfs the effect of all of the foregoing state mandates and agency belt tightening. Shoring up these two programs is the highest legislative objective of the Alaska Municipal League (AML).

Representative Porter

February 3, 1995

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Legislative Agenda of the Alaska Municipal League

The overriding legislative priority of the AML is adoption of the league's proposal to combine the state revenue sharing and municipal assistance programs and to avoid further reductions in appropriations for these programs. This proposal, called the Alaska Municipal Basic Services Program, is designed to rationalize, simplify, and strengthen state support of local governments. A full description of the proposal and its rationale are beyond the scope of this memorandum. The point here is to emphasize that municipal officials see the legislative solution to their immediate problem as adequate direct state funding for local governments.

With regard to specific unfunded mandates, the AML is on record in support of legislation that would make senior citizens' tax exemption a matter of local option. More generally, the AML supports legislation that would prohibit the state from transferring any additional responsibilities to local governments through statute, regulation, or *budgetary measures* without commensurate funding. We suggest you contact Kevin Ritchie, Executive Director of the AML (586-1325), for a full discussion of the organization's proposals, legislative objectives, and position on the unfunded mandates identified above.

Although not exactly what you asked for, I nonetheless hope this information is useful. If you have questions about any of this, or would like follow-up information, please call.

A PRIMER ON MANDATES

Adapted from "Mandates: Keeping Citizens Aware," by Janet M. Kelly, *An Issues and Opinions* report by the National League of Cities

Of all the issues that engage local government officials, none is more contentious than mandates. Mandates go to the heart of what governing is all about—autonomy and money. Local officials recognize the need for the policies that ensure basic and equal protection for all citizens and are willing to help implement those policies. In return, they generally ask for two things. The first is the ability to implement the policy consistent with local needs and conditions, and the second is financial assistance to fund the requirement.

Unfunded mandates place additional burdens on already fiscally stressed local governments. They have also strained the intergovernmental relationship, making innovative partnership approaches to providing services and paying for them simultaneously more necessary and more difficult.

What Is a Mandate?

The two most broadly used definitions are based on either cost or penalty. Cost-based definitions begin with some variation of the theme "any statute or rule requiring a local expenditure of funds or restricting local revenue rates or bases...."

A weakness of a simple cost-based definition is that it reduces important arguments about mandates to money. When the definition is cost-based, discussions will center on whether or not the mandate has a cost and what that cost will be. This is especially troublesome as many mandates require localities to use their existing resources differently or more intensively. Because of the proliferation of mandates, local governments bear very high cumulative costs but very low marginal costs. A cost-based definition might not recognize the burden of these mandates at all.

An alternative approach is a penalty-based definition. Rather than ask "will it cost money?" a penalty-based definition asks "must I comply?" The latter is much easier to answer decisively than the former. This test for the mandate is whether the locality can legally res-

For instance, some would argue that if a law impacts the private sector as well as local governments, it cannot be considered a mandate. A penalty-based definition settles that argument in short order. The only disadvantage is that a definition based on penalty tends to reveal the volume of existing mandates, some of which are not important to the local government. However, there is a strong argument to be made that if you aggregate all the "little" mandates their cost would approach if not exceed the cost of the few "big" mandates.

So What?

Is this whole issue, as some contend, really all about money? Well, yes and no. Money spent on compliance with federal mandates is money that cannot be spent on local priorities. So cost is a central issue, but it is opportunity cost displacement caused by the mandate that chafes—the preclusion of spending the money on programs or services valued by the local constituency. If local priorities were equivalent to federally mandated priorities, money spent on compliance with mandates would not be contested. In fact, localities willingly accept responsibility for programs and services when there is popular support for them at the local level. So the mandates issue is more accurately about different priorities and the foregone opportunities they create.

However, the fiscal implications are enormous. There is the loss of local tax dollars that might have been applied to other more pressing and popular uses. There are mandates that limit the ways in which localities raise revenue, putting some potentially lucrative and relatively pain free taxes off limits. These revenue exclusions and exemptions have the effect of forcing more intensive use of the much hated property tax.

Another serious and often ignored fiscal consequence of mandates is that of loss of flexibility. When mandates are procedural—telling the locality not what to do, but how to do it—it should not come as a surprise that Congress or federal agencies are not the best judge of how to run the business of local government. Some local

ciency"—the preclusion by law or rule from taking the most efficient path toward the service or program goal. Not surprising, the administrative routines mandated for a city of 500,000 may not be as workable for a city of 500. Even seemingly innocuous procedural mandates have their consequences. One law requires a social service agency to keep a copy of certain records. A copy is defined by statute in such a way as to prevent the use of computer records or microfiche, alternatives far less expensive than the maintenance of paper copies.

Finally, and most critically, the biggest "so what" of mandates is the loss of responsiveness in local government toward its citizens. Local governments have consistently been shown to be more responsive to citizen preferences for taxes and services than the federal government. Poll respondents are far more likely to say that their local government is more responsive to their needs and is more open to their input than federal government. Local officials often point out that they see their constituents on the street, dine with them, worship with them, and hear about problems daily. Governing, for these elected officials, is about the ability to respond to constituent demands or at least to engage constituents with conflicting goals in negotiation and compromise. When mandates preclude the use of local resources toward the essential function of government, local government loses the trust and the confidence of its people.

All that having been said, it is critical to note that mandates are a necessary part of intergovernmental relations. No locality should have the right to pollute the environment, deny adequate education to children, deny benefits to eligible residents, deny due process and voting rights to citizens, or operate a justice system that is not in conformance with other localities. Mandates are a necessary means by which to achieve these goals and are both the right and the obligation of Congress. However, the proliferation of mandates has also made it clear that local governments are being saddled with an ever expanding load of rules and requirements whose cost over

Resolution of the Alaska Municipal League

Resolution No. 95-2

**A RESOLUTION OPPOSING UNFUNDED STATE MANDATES AND
URGING PASSAGE OF LEGISLATION REQUIRING THE STATE OF
ALASKA TO REIMBURSE MUNICIPALITIES FOR THE COST OF
ANY NEW STATE-MANDATED PROGRAM**

WHEREAS, "the Alaska Municipal League urges passage of legislation that would require a government agency unilaterally transferring responsibility for a program to a municipality or imposing regulations on a municipality to reimburse the municipality for the costs of the transferred responsibility or regulations" (Alaska Municipal League Policy Statement 1995, Part 1 Taxation and Finance, F.2 Reimbursement for Responsibilities Transferred from State); and

WHEREAS, state aid to municipalities in the form of Municipal Assistance and State Revenue Sharing has been reduced by over 55 percent since FY 86, while during the same period the overall state general fund budget has been reduced by only 10 percent; and

WHEREAS, along with the reduction in state financial assistance, there have been increases in state-mandated programs that take the form of increased costs, new programs, and funding shortfalls for existing programs that are costly for municipalities to administer and implement; and

WHEREAS, legislation affecting municipalities is considered and passed by the Alaska State Legislature without the benefit of knowing its fiscal impact on local governments; and

WHEREAS, these mandated programs, funding shortfalls, and shifts in responsibilities have required municipalities to increase local taxes and reduce services in order to balance their budgets and, at the same time, the Alaska Legislature has ignored deficit spending while boasting that the state has no income or sales taxes and that operating budgets have been reduced; and

WHEREAS, costly state-mandated programs provide a significant additional disincentive for communities to incorporate; and

WHEREAS, the National Conference of State Legislatures in 1987 recommended that state legislatures consider relaxing or eliminating costly requirements on local governments or assuming the cost of complying with the requirements:

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League urges the Alaska Legislature and the Governor to pass legislation requiring the state to reimburse municipalities for the costs of any new state-mandated programs or regulations that increase the costs of local government operations.

RESOLUTION OF THE ALASKA CONFERENCE OF MAYORS

RESOLUTION 95-5

A RESOLUTION URGING THE PASSAGE OF LEGISLATION REQUIRING THE STATE TO REIMBURSE MUNICIPALITIES FOR THE COST OF ANY NEW STATE-MANDATED PROGRAMS

WHEREAS, "the League urges passage of legislation that would require a government agency unilaterally transferring responsibility for a program to a municipality or imposing regulations on a municipality to reimburse the municipality for the costs of the transferred responsibility or regulations" (*Alaska Municipal League Policy Statement 1994, Part 1 Taxation and Finance, F.2 Reimbursement for Responsibilities Transferred from State*); and

WHEREAS, state aid to municipalities in the form of Municipal Assistance and Revenue Sharing has been reduced by over 45 percent since FY 86, while during the same period the overall state general fund budget has been reduced by only 10 percent; and

WHEREAS, along with the reduction in state financial assistance there have been increases in state-mandated programs that take the form of increased costs, new programs, and funding shortfalls for existing programs that are costly for municipalities to administer and implement; and

WHEREAS, legislation affecting municipalities is considered and passed by the Alaska State Legislature without the benefit of knowing its fiscal impact on local governments; and

WHEREAS, these mandated programs, funding shortfalls, and shifts in responsibilities have required municipalities to increase local taxes and reduce services in order to balance their budgets and at the same time, the Legislature has ignored deficit spending while boasting that the State has no income or sales taxes and that operating budgets have been reduced; and

WHEREAS, costly state-mandated programs provide a significant additional disincentive for communities to incorporate; and

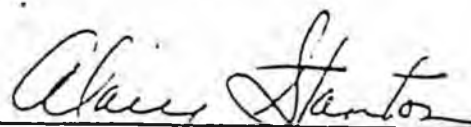
WHEREAS, the National Conference of State Legislatures in 1987 recommended that state legislatures consider relaxing or eliminating costly requirements on local governments or assuming the cost of complying with the requirements:

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League urges the Alaska Legislature and the Governor to pass legislation requiring the State to reimburse municipalities for the costs of any new state-mandated programs or regulations that increase the costs of local government operations.

SUPPORT:

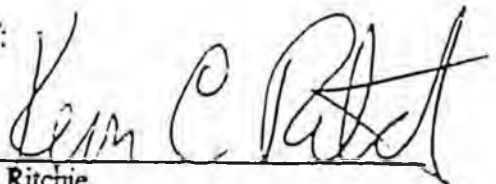
Alaska Conference of Mayors

This resolution was approved for submission to the Alaska Municipal League membership by the governing body of the Alaska Conference of Mayors on November 15, 1994.



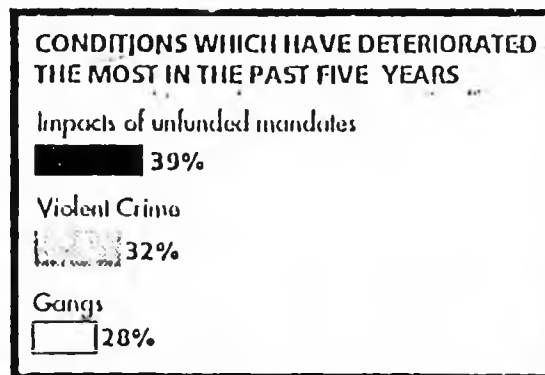
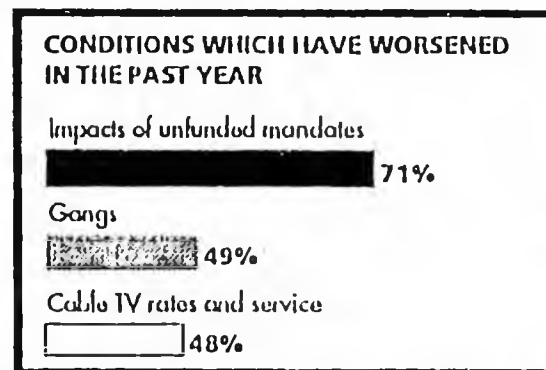
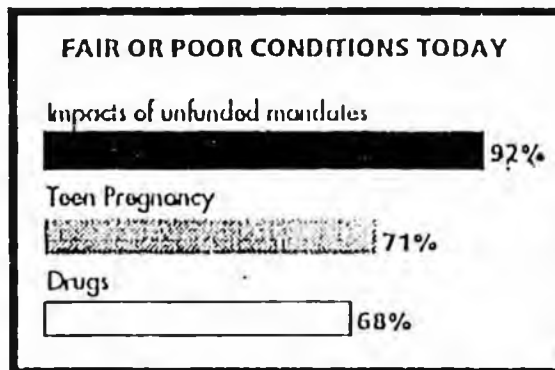
Mayor Alaire Stanton, President

ATTEST:



Kevin C. Ritchie
AML Executive Director

City Officials Understand the Impact of Unfunded Mandates...



Source: NLC Research Report,
"The State of America's Cities," 1994

3/15/95 - S.C.H.P.A.
465-

By: Valeria Therrien
Introduced: 03/09/95
Adopted: 03/09/95

RESOLUTION NO. 95-017

A RESOLUTION SUPPORTING SENATE BILL 96, AN ACT RELATING TO MUNICIPAL ACTIVITIES OR SERVICES MANDATED BY STATE STATUTE

WHEREAS, municipal activities and services mandated by state statute require municipalities to expend great amounts of funds and hire employees who would not be necessary if it were not for the mandates; and

WHEREAS, unless the state funds these mandates, municipalities are and will be required to raise taxes in order to comply with the statutes; and

WHEREAS, Senate Bill 96, a bill which provides that any statute enacted or amended after January 1, 1995, that imposes or increases costs mandated by the state as a result of a new activity or service or an increase in the level of municipal funding for an activity or service required of municipalities by the statute is not effective unless the bill under which the statute was enacted or amended contains an appropriation for the reimbursement of those costs to affected municipalities or grants to municipalities the discretion of electing whether to comply with the statute; and

WHEREAS, should the legislature adopt this legislation, the burden of new state mandated requirements would not cost municipalities additional funds.

NOW, THEREFORE, BE IT RESOLVED that the Assembly of the Fairbanks North Star Borough supports SB 96 or any other bill which would relieve municipalities of the financial burden of future state mandates.

BE IT FURTHER RESOLVED that copies of this resolution shall be sent to the Honorable Tony Knowles, Governor, State of Alaska and all members of the Interior Delegation.

WHEREAS, Governor Tony Knowles has developed a plan to expend \$43 million of state money into the University of Alaska's neglected buildings and grounds with approximately \$20 million allocated for repairs and up-grading on the Fairbanks campus.

NOW, THEREFORE, BE IT RESOLVED that the Fairbanks North Star Borough Assembly appreciates and thanks the Governor for developing a maintenance and repair plan and strongly urges the Alaska State Legislature to take the action necessary to provide approval and the funding necessary to pay for the repair and rehabilitation of the facilities of the University of Alaska.

BE IT FURTHER RESOLVED that copies of this resolution shall be sent to the Honorable Tony Knowles, Governor, State of Alaska and all members of the Interior Delegation.

PASSED AND APPROVED THIS 9TH DAY OF MARCH, 1995.

Hank Bartos
Hank Bartos
Presiding Officer

ATTEST:

Mona Lisa Drexler
Mona Lisa Drexler, CMCI/AE
Municipal Borough Clerk

Ayes: Logan, Hackenmiller, Jones, Hove, LaSota, St John, Thermen, Kilgore and Bartos
Noes: None

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 2/22/95

FURTHER: Finance

amr
Date of 5-Day Notice: 3/2/95
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3/30/95

CRA Committee considered SENATE BILL NO. 96

"An Act relating to municipal activities or services mandated by state statute."

OKN

and recommends:

- be replaced with _____ CS SB 96 (CRA)
- adopt previous _____ CS _____
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

Senate Bill:
 same title
 new title
 House Bill:
 technical change
 new: SCR# _____

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Tom Kelly</i>	<input checked="" type="checkbox"/>	<i>Paul P. Ziff</i>	<input checked="" type="checkbox"/>		
<i>RO. CO. EC. Secy</i>	<input checked="" type="checkbox"/>				
CHAIR: <i>John Torgerson</i>	<input checked="" type="checkbox"/>				

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

<i>LEGISLATIVE BUDGET</i>			
<i>& Audit</i>	<i>3/22/95</i>	<input checked="" type="checkbox"/>	

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill