

SB

337

SFIN

FILE

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. SB337

Revision Date (Note if correction) _____	Dept. Affected _____	Office of the Governor _____
Title <u>Relating to mandatory incorporation of certain</u>	BRU _____	Elective Operations _____
<u>boroughs in the unorganized borough</u>	Component _____	Elections _____
Sponsor <u>Senate Finance Committee</u>	Component Serial No. <u>#21</u>	
Requester <u>Senate Finance Committee</u>	_____	

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual	25.4	25.2	64.5	19.8		
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	25.4	25.2	64.5	19.8	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
1002 Federal Receipts						
1003 GF Match						
1004 GF	25.4	25.2	64.5	19.8		
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	25.4	25.2	64.5	19.8	0.0	0.0

Estimate of any current year (FY98) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The contractual costs shown above reflect the cost of conducting the elections for initial borough officials. The division of elections used a schedule prepared by Local Boundary Commission staff to determine the year in which elections for the various boroughs will occur. The FY01 estimate is significantly larger because of the incorporation of boroughs that include two large REAAs.

The contractual line shows the cost of advertising, printing and shipping ballots, payment of election boards, absentee voting officials and state review boards.

Prepared by <u>Dana LaTour</u>	Phone <u>465-5347</u>
Division <u>Division of Elections</u>	Date <u>3/16/98</u>
Approved by <u>C. Lt. Governor Fran Ulmer</u>	Date <u>3/16/98</u>
Agency <u>Office of the Lieutenant Governor</u>	

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FISCAL NOTE

STATE OF ALASKA

BILL NO. SB 337

1998 LEGISLATIVE SESSION

Revision Date:

Department Affected: Education

Title: Mandatory borough incorporation

BRU: K-12 Support

Component: Foundation Program

Sponsor: Senate Finance

Requester: Senate Finance

COMPONENT SERIAL NO. 141

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0	0	0	0	*	*
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	*	*

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0	0	0	0	*	*
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	0	0	0	*	*

POSITIONS:

FULL-TIME	0					
PART-TIME	0					
TEMPORARY	0					

Estimate of current year (FY98) impact: \$ 0

ANALYSIS: (Attach a separate page if necessary.)

There will be a cost to the foundation program if this legislation becomes law. Title 29 allows newly formed boroughs two years after incorporation to assume educational duties. This legislation becomes law only if a version of SB36 is enacted into law. The fiscal impact to the foundation program will not occur until FY03. The department is unable to determine the actual fiscal impact due to the continuing changes to SB36.

Prepared by: Eddy Jeans, School Finance Manager

Phone: 465-8687

Division: Education Support Services

Date: 4/13/98

Approved by Commissioner: Shirley J. Holloway, Ph. D.

Agency: Department of Education

Date: 4/13/98

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FISCAL NOTE

**STATE OF ALASKA
1998 LEGISLATIVE SESSION**

BILL NO. SB 337

Revision Date (Note if correction)		Dept. Affected	Law
Title	An Act relating to the mandatory incorporation of	BRU	Civil Division
	certain boroughs in the unorganized borough ...	Component	Governmental Affairs
Sponsor	Senate Finance Committee		
Requester	Senate Finance Committee	Component Serial No.	2207

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services		113.2	113.2	113.2	113.2	113.2
Travel		10.3	10.3	10.3	10.3	10.3
Contractual		68.2	68.2	68.2	68.2	68.2
Supplies		1.8	1.8	1.8	1.8	1.8
Equipment		6.5				
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	200.0	193.5	193.5	193.5	193.5

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
1002 Federal Receipts						
1003 GF Match						
1004 GF		200.0	193.5	193.5	193.5	193.5
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	200.0	193.5	193.5	193.5	193.5

Estimate of any current year (FY98) cost:

POSITIONS

POSITIONS	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Full-time		1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

SB 337 would require the Department of Community and Regional Affairs to prepare a third class borough incorporation proposal for each of the model boroughs identified for formation in the report issued in 1995 by the Local Boundary Commission entitled "Model Borough Boundaries." The bill has the effect of including most of the unorganized borough within the boundaries of a borough, with the exception that the few areas not organized under the bill will be annexed to existing municipalities. Thus, 18 new boroughs would be established, and areas of 5 existing boroughs would be expanded. These changes would take place over a four year period, beginning in FY99, based on a sliding scale of the estimated full and true value of taxable property in the areas to be incorporated. In addition, the bill designates the new third class boroughs as school districts, excluding first class and home rule city school districts within the new borough boundaries.

Prepared by Joan M. Kasson
 Division Attorney General's Office
 Approved by Commissioner Bruce M. Botelho, Attorney General
 Agency Department of Law

Phone 465-5370
 Date 3/20/98
 Date 3/20/98

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FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. SB 337

ANALYSIS CONTINUATION

The Department of Law believes that the mandatory incorporation of the unorganized borough into a large number of third class boroughs will result in considerable litigation involving opponents residing in several areas of the unorganized borough. Additional litigation is anticipated from first class and home rule cities within the boundaries of the proposed third class boroughs, as an anticipated result of the legislation would be a redistribution of certain revenues currently collected by these cities.

The department estimates a full-time equivalent attorney will be needed to defend the bill if enacted, as well as out-of-pocket trial costs. These costs will begin in FY00 and continue for three or four years, until all the litigation is resolved.

The cost estimate is based on the FY98/99 attorney cost schedule (\$133,500), and includes the weighted overhead costs of clerical support, space, communications, supplies, and other standard overhead costs. One-time new equipment costs are not included in the rate, and are added separately (\$6,500). Additionally, \$10,000 for case-specific travel and \$50,000 for experts and depositions will be required.

Revision Date: _____ Dept. Affected: Revenue
 Title: Mandatory Borough Incorporation BRU: Revenue Operations
 Component: Oil and Gas Audit
 Sponsor: (S) FIN
 Requestor: (S) FIN COMPONENT SERIAL NO. 115

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
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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RANGE OF CHANGE IN REVENUES (4 Mills) to (15 Mills)	(5,449,812.0) to (20,436,796.0)	(5,231,379.0) to (19,617,672.0)	(5,022,124.0) to (18,832,965.0)	(4,822,046.0) to (18,082,675.0)	(4,629,311.0) to (17,359,919.0)
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1001 CBRF						
1048 University of AK receipts						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year cost \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The state anticipates a loss of AS 43.56 (Oil and Gas Production and Pipeline Transportation Property) tax revenue when newly created municipalities levy a property tax against this property. Since the tax paid to the municipality is a credit against the state tax, the state's share of AS 43.56 revenue will be reduced.

Per conversation with the State Assessor's office, even though the proposals for third class status must be submitted by July 1, 1999, incorporation would probably not occur until FY 2000. And, while a phase-in is anticipated by Sec. 2 of SB 337, the proposed third class boroughs have full and true values that when added to oil and gas properties, subject them to the earliest proposal requirement. The above analysis presents a range from 4 mills, which is the minimum local effort required for school funding, to 15 mills, which is slightly lower than the rate seen in other organized municipalities along the pipeline corridor.

Prepared by: Richard Brewer Phone: 343-9268
 Division: Oil and Gas Audit Division Date: March 18, 1998
 Approved by Commissioner: Deborah Vogt, Deputy Commissioner Date: March 18, 1998
 Agency: Revenue

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FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. SB 337

Revision Date: _____ Dept Affected: Natural Resources
 Title: An Act relating to the mandatory incorporation of BRU: Resource Development
certain boroughs in the unincorporated borough. Component: Land Development
 Sponsor: S FIN
 Requestor: S FIN Component Serial No. 431

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY99	FY00	FY01	FY02	FY03	FY04
PERSONAL SERVICES	20.0	20.0	52.8	52.8	105.6	211.2
TRAVEL	1.0	1.0	3.0	3.0	5.0	10.0
CONTRACTUAL	0.5	0.5	2.0	2.0	10.0	20.0
SUPPLIES	1.0	1.0	1.0	1.0	2.0	3.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	22.5	22.5	58.8	58.8	122.6	244.2
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	22.5	22.5	58.8	58.8	122.6	244.2
1005 GF/Program Receipts						
1006 GF/MHTIA						
1007 I/A						
TOTAL	22.5	22.5	58.8	58.8	122.6	244.2

Estimate of any current year (FY98) cost: \$ None

POSITIONS

FULL-TIME	0	0	1	1	2	4
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

The primary impact of this bill for DNR will be that each of the new boroughs would be entitled to a municipal land entitlement grant under AS 29.65. The grant is 10% of the maximum amount of vacant, unappropriated, unreserved state land within the borough. DNR is required to notify the borough of its entitlement within two and a half years of its incorporation. Total entitlements may exceed 2 million acres.

In FY 99 and 00, DNR's role will be to assist DCRA in developing approximate acreages of municipal entitlements for inclusion in the incorporation proposals. In FY 01 and four (4) subsequent years, DNR will need to calculate and certify borough entitlements. DNR assumes approximately 16 new boroughs will form, and certification will take one staff person (Natural Resource Officer II) an average of three months per borough. Starting in FY 03, DNR will need additional staff (2 in FY 03, 4 in FY 04) to process these new municipal entitlements, which are estimated to exceed 2 million acres.

* It is impossible to project the exact amount of revenue these conveyances will eventually remove as leases and permits are transferred from state to borough ownership.

Prepared by: Jane Angvik /rm Phone: 269-8503
 Division: Land Date: 17-Mar-98
 Approved by Commissioner: [Signature] Date: _____
 Agency: Natural Resources

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FISCAL NOTE

Revision Date: _____ Dept. Affected: Community & Regional Affairs
 Title: An Act relating to the mandatory BRU: Local Gov't Assistance
incorporation of certain boroughs in Component: Local Boundary Commission
 Sponsor: Senate Finance Committee
 Requestor: Senate Finance Committee **COMPONENT SERIAL NO.** 674

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES		61.6	61.6	61.6	61.6	0.0
TRAVEL		26.0	29.0	30.8	50.4	
CONTRACTUAL		50.5	50.5	50.5	76.5	
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	138.1	141.1	142.9	188.5	0.0

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		138.1	141.1	142.9	188.5	
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	138.1	141.1	142.9	188.5	0.0

POSITIONS:

FULL-TIME	0	1	1	1	1	0
PART-TIME						
TEMPORARY						

Estimate of current (FY98) Impact \$ none

ANALYSIS: (Attach a separate page if necessary)

Local Boundary Commission:

Implementation of this legislation would have no significant impact on the Local Boundary Commission staff. Local Boundary Commission considerations are discussed in the attached pages under the heading "Fiscal Impacts on the Local Boundary Commission."

Prepared by: Michael Cushing, Research Analyst Phone: 465-4751
 Division: Municipal and Regional Assistance Division Date: 3/17/98
 Approved by Commissioner: [Signature] Date: 3/17/98
 Agency: Community & Regional Affairs

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FISCAL NOTE

Revision Date: _____ Dept. Affected: Community & Regional Affairs
 Title: An Act relating to the mandatory BRU: Local Gov't Assistance
Incorporation of certain boroughs in ... Component: State Assessor
 Sponsor: Senate Finance Committee
 Requestor: Senate Finance Committee COMPONENT SERIAL NO. 673

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES	164.6	223.5	223.5	223.5	223.5	223.5
TRAVEL	30.0	22.5	15.6	14.0	10.0	10.0
CONTRACTUAL						
SUPPLIES	3.0	3.0	3.0	1.5	1.5	1.5
EQUIPMENT	10.5	3.5	2.5	2.0	2.0	2.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	208.1	252.5	244.6	241.0	237.0	237.0
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	208.1	252.5	244.6	241.0	237.0	237.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	208.1	252.5	244.6	241.0	237.0	237.0

POSITIONS:

FULL-TIME	6	6	6	6	6	6
PART-TIME						
TEMPORARY						

Estimate of current (FY98) impact \$ none

ANALYSIS: (Attach a separate page if necessary)
Office of the State Assessor:
 Implementation of this legislation would have significant impact on the Office of the State Assessor. The above figures represent the department's preliminary assessment of the minimum impacts of this legislation. The department awaits further clarification of this legislation through the committee process. The department's final assessment of fiscal impacts could be much higher than the figures presented here. Details are discussed in the attached pages under the heading "Fiscal Impacts on the Office of the State Assessor."

Prepared by: Michael Cushing, Research Analyst Phone: 465-4751
 Division: Municipal and Regional Assistance Division Date: 3/17/98
 Approved by Commissioner: [Signature] Date: 3/17/98
 Agency: Community & Regional Affairs

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FISCAL NOTE

Revision Date: _____ Dept. Affected: Community & Regional Affairs
 Title: An Act relating to the mandatory BRU: _____
incorporation of certain boroughs in Component: _____
 Sponsor: Senate Finance Committee
 Requestor: Senate Finance Committee **COMPONENT SERIAL NO.** _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
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	1,500.0	1,900.0	2,300.0	3,200.0	1,800.0
REVENUE FUND SOURCE:						

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		1,500.0	1,900.0	2,300.0	3,200.0	1,800.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	1,500.0	1,900.0	2,300.0	3,200.0	1,800.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current (FY98) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

Organizational Grants:

The requirement for organizational grants is discussed in the attached pages under the heading "Fiscal Impacts Related to Organizational Grants." Recent organizational grants have been budgeted under the Capital Budget.

Prepared by: Michael Cushing, Research Analyst Phone: 465-4751
 Division: Municipal and Regional Assistance Division Date: 3/17/98
 Approved by Commissioner: [Signature] Date: 3/17/98
 Agency: Community & Regional Affairs

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Attachment: Fiscal Note Analysis for Senate Bill 337

Effects of SB 337

1. Requires DCRA to prepare third class borough incorporation petitions for each area defined by model borough boundaries; in doing so, DCRA would be required to conduct at least one public hearing in every community with a population of 500 or more;
2. Requires DCRA to estimate the value of taxable property in the areas defined by model borough boundaries on or before January 1, 1999;
3. Requires filing of petitions with the LBC for the incorporation of boroughs in areas with taxable property of:
 - a) \$550 million or more by July 1, 1999;
 - b) \$350 million to \$549,999,999.99 by July 1, 2000;
 - c) \$75 million to \$349,999,999.99 by July 1, 2001;
 - d) \$74,999,999.99 or less by July 1, 2002.
5. Provides that the LBC may ask DCRA to alter a borough incorporation petition within 6 months of the filing of a petition;
6. Requires the Division of Elections to conduct a borough incorporation election 31 to 120 days after being notified that the LBC accepted a petition;

Additionally, SB 337 expresses the expectation that those areas not subject to borough incorporation petitions would be subject to petitions for annexation to adjacent existing organized boroughs and unified municipalities.

For purposes of this fiscal note, the department assumes that petitions for incorporation of new boroughs and annexation to existing boroughs and unified municipalities will be prepared and filed according to the following schedule:

FY, 2000

1. Incorporation of Prince William Sound Borough;
2. Incorporation of Copper River Basin Borough;
3. Incorporation of Upper Tanana Basin Borough
4. Incorporation of Yukon Flats Borough
5. Incorporation of Yukon Koyukuk Borough

FY 2001

1. Annexation of Nenana to the Denali Borough
2. Annexation of Livengood, Central and Circle Hot Springs to the Fairbanks North Star Borough
3. Incorporation of Aleutians-West Borough
4. Incorporation of Lower Kuskokwim Borough
5. Incorporation of Wrangell/Petersburg Borough

FY 2002

1. Incorporation of Bering Straits Borough
2. Incorporation of Southwest Region Borough
3. Incorporation of Prince of Wales Island Borough
4. Annexation of Hyder and Meyers Chuck to the Ketchikan Gateway Borough
5. Incorporation of Lower Yukon Borough

FY 2003

1. Incorporation of Aleutians Military (Adak)
2. Incorporation of Pribilof Islands Borough
3. Incorporation of Glacier Bay Borough
4. Incorporation of Chatham Borough
5. Annexation of Skagway and Klukwan to the Haines Borough
6. Annexation of Hobart Bay to the City and Borough of Juneau
7. Incorporation of Kuspuk Borough
8. Incorporation of Iditarod Borough
9. Incorporation of Annette Islands Borough

Anticipated Fiscal Impacts of SB 337 on DCRA

This proposal places substantial new demands on the department. The department believes that much of the effort can be performed by existing staff and resources; however, some additional staff would be needed. The incremental expenditures presented in this fiscal note reflect those demands that cannot be met by existing staffing and resources. With regard to this department, there are three areas of fiscal impact that need to be addressed:

- Local Boundary Commission support
- State Assessor support
- Organizational Grants.

Fiscal Impacts on these areas are discussed in the following pages.

Fiscal Impacts on the Local Boundary Commission (LBC)

The additional LBC activity resulting from implementation of this legislation would significantly increase the requirement for department LBC staff support. The department believes one additional Local Government Specialist IV (Range 19) would be needed to accommodate the increased work load.

DCRA assumes there will be a total of 24 incorporation and annexation petitions prepared under this bill. A contractor would be used to prepare the petitions at the cost of \$5,600 for each petition.

Once a petition is filed, certain procedural steps are mandated by law. These include publication of notice of filing of the petitions, analysis of the petitions, publication of draft and final reports concerning petitions, conducting public informational meetings concerning the proposed boroughs, publishing notice of the hearings of the Local Boundary Commission (LBC), hearings of the LBC, decisional meetings of the LBC, preparation of decisional statements, opportunity for reconsideration by the LBC, and implementation of the decisions of the LBC including coordination with the Division of Elections, preparation of the federal Voting Rights Act pre-clearance submissions and filing of legislative review proposals for annexation.

Personal Services.

One Local Government Specialist IV, Range 19 (\$61,588 in FY 98)

Travel.

Senate Bill 337 requires that during the process of preparing incorporation proposals, the department shall hold at least one public hearing in each city or community with a population of at least 500 in the region covered by the proposal and consider recommendations regarding the proposal. There are 43 communities in the unorganized borough with populations of 500 or more. It is assumed that travel costs associated with each hearing will average \$600. The number of hearings to be conducted each year reflects the schedule for the preparation of petitions outlined earlier.

FY 2000 - 5 DCRA hearings at \$600 each = \$ 3,000
FY 2001 - 10 DCRA hearings at \$600 each = \$ 6,000
FY 2002 - 13 DCRA hearings at \$600 each = \$ 7,800
FY 2003 - 15 DCRA hearings at \$600 each = \$ 9,000
Total - 43 DCRA hearings at \$600 each = \$25,800

DCRA is also required by existing law to hold informational meetings on each incorporation proposal. These hearings would be held after the period allowed for the filing of responsive briefs and after the publication of DCRA's preliminary report on the proposal. Informational meetings are authorized, but not required by law for annexation petitions. Given the manner in

Fiscal Note Analysis for Senate Bill 337

3/17/98

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which SB 337 annexation petitions would be initiated, it is assumed in this fiscal note that DCRA would hold such meetings with regard to the annexation proposals. Travel costs associated with informational meetings are projected to be as outlined below:

FY 2000	5 informational meetings at \$600 each	\$3,000
FY 2001	5 informational meetings at \$600 each	\$3,000
FY 2002	5 informational meetings at \$600 each	\$3,000
FY 2003	9 informational meetings at \$600 each	\$5,400
total	24 informational meetings at \$600 each	\$14,400

Existing State law requires that the Local Boundary Commission conduct hearings on each incorporation in the territory proposed for incorporation, and on each annexation proposal in or near the territory proposed for annexation. The cost of travel associated with such hearings is projected to be as follows:

FY 2000	5 borough incorporation hearings at \$4,000 each	\$20,000
FY 2001	3 borough incorporation hearings and 2 borough annexation hearings at \$4,000 each	\$20,000
FY 2002	4 borough incorporation hearings and 1 borough annexation hearing at \$4,000 each	\$20,000
FY 2003	7 borough incorporation hearings and 2 borough annexation hearing at \$4,000 each	\$36,000
total	19 borough incorporation and 5 borough annexation hearings at \$4,000 each	\$96,000

Contractual.

The contractual expenses relating to the development of the petitions are projected to be as follows:

FY 2000 - 5 petitions at \$5,600 each = \$28,000
FY 2001 - 5 petitions at \$5,600 each = \$28,000
FY 2002 - 5 petitions at \$5,600 each = \$28,000
FY 2003 - 9 petitions at \$5,600 each = \$50,400
Total - 24 petitions at \$5,600 each = \$134,400

Other contractual expenses such as publication of reports and the provision of public notice as required by law are projected to be \$2,000 per incorporation and annexation proceeding. These costs are tallied by fiscal year as follows:

FY 2000 - 5 proceedings at \$2,000 each = \$10,000
FY 2001 - 5 proceedings at \$2,000 each = \$10,000
FY 2002 - 5 proceedings at \$2,000 each = \$10,000
FY 2003 - 9 proceedings at \$2,000 each = \$18,000
Total - 24 proceedings at \$2,000 each = \$48,000

Another contractual expense relates to compensation to the Local Boundary Commission. If Senate Bill 337 became law, the department believes that it would be even more appropriate to provide compensation to the Local Boundary Commission, at least during the years needed to implement the provisions of SB 337.

For the past several years, the Commission has averaged nearly 20 meetings per year. Even currently, the Commission is at the point where the demands placed on members may exceed what can reasonably be asked of volunteers. Consider, for example, that:

- ❖ The Commission formulates fundamental policies that have important statewide political, economic and social implications. Such responsibilities dictate that the Commission dedicate substantial time preparing for hearings. This entails reviewing petitions, responsive briefs, reports, and written comments. Often, the record before the Commission on a single issue exceeds 1,000 pages. Some have exceeded 5,000 pages.
- ❖ There are 161 municipal governments in Alaska today, four times the number that existed at statehood. Even then, the Public Administration Service - which played a consulting role in setting the framework for State government - recommended to the First Session of the First Alaska Legislature that members of the Commission be compensated.
- ❖ As a consequence of the four-fold increase in the number of municipalities since statehood, and an expansion of the scope of the Commission's responsibilities, its duties have grown substantially since its creation. Initially, the Commission was responsible only for municipal annexations and detachments. The courts handled other municipal boundary matters. Over the years, responsibility for municipal incorporations, dissolutions, mergers, consolidations

and city reclassifications has shifted from the courts to the Commission. Not only has this relieved the courts of a substantial burden, but all municipal boundary issues are now placed before a single expert body.

- ❖ Travel and participation at meetings of the Commission takes members away from their livelihoods, often requiring substantial financial sacrifice on the part of each Commission member.
- ❖ Meetings are often held in remote locations. This involves extended travel, often under arduous conditions.

This fiscal note assumes that the legislature would provide for compensation of members of the Local Boundary Commission at the rate of \$150 per day, including days spent traveling. It assumes that the Commission would be compensated at the rate of \$50 per day for meetings held by teleconference.

Expenses associated with compensation for the Commission

Fiscal Year	Meetings in Person Relating to Matters Other than SB 337	Meetings by Teleconference Relating to Matters Other than SB 337	Meetings in Person Relating to SB 337	Meetings by Teleconference Relating to SB 337
FY 2000	22,500	2,500	11,250	1,250
FY 2001	22,500	2,500	11,250	1,250
FY 2002	22,500	2,500	11,250	1,250
FY 2003	22,500	2,500	20,250	2,250

Fiscal Impacts on the Office of the State Assessor

This bill requires the Office of the State Assessor to complete Full Value Determinations (FVDs) for an additional nineteen organized boroughs, in addition to the existing sixteen boroughs. The FVDs for these sixteen boroughs has been accomplished for the last five years with a small staff of two. The creation of these nineteen additional boroughs makes this continued effort impossible. Since the formation of these new boroughs will affect the local contribution to educational funding, it is possible that one or more of the boroughs could decide to implement a local property tax. If that were to occur, this office would be required to assist in developing initial assessment rolls and provide training to the local assessors office or in developing Requests For Proposals for assessment contract services. The requirement for the full value determinations, and the possibility of the implementation of tax levy and collection will require the addition of an Assistant State Assessor (Range 20), an appraiser (new job class, Range 18) and a clerical position (Administrative Clerk III, Range 10) in FY 99. An additional appraiser position (Range 18) will be required in FY 00 through FY 04.

Fiscal Impacts Related to Municipal Organizational Grants

Alaska Statutes (AS 29.05.190) provide for organizational grants to newly incorporated boroughs to defray the start-up costs of establishing local government until the borough can establish its local revenue generation mechanisms. Every borough formed after December 31, 1985 is entitled to organizational grants of \$300,000 for the first full or partial fiscal year, \$200,000 for the borough's second year, and \$100,000 for the third year. The following table presents the anticipated activity and order of borough incorporation and the cumulative schedule of organizational grant requirements. It is assumed that incorporation of boroughs would occur in the same fiscal year that DCRA borough proposals are presented to the LBC.

Borough	Incorporation Date	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Copper River Basin	FY 2000	\$300,000	\$200,000	\$100,000			
Prince William Sound	FY 2000	\$300,000	\$200,000	\$100,000			
Upper Tanana Basin	FY 2000	\$300,000	\$200,000	\$100,000			
Yukon Flats	FY 2000	\$300,000	\$200,000	\$100,000			
Yukon Koyukuk	FY 2000	\$300,000	\$200,000	\$100,000			
Aleutians West Region	FY 2001		\$300,000	\$200,000	\$100,000		
Lower Kuskokwim	FY 2001		\$300,000	\$200,000	\$100,000		
Wrangell/Petersburg	FY 2001		\$300,000	\$200,000	\$100,000		
Bering Straits	FY 2002			\$300,000	\$200,000	\$100,000	
Lower Yukon	FY 2002			\$300,000	\$200,000	\$100,000	
Prince of Wales Island	FY 2002			\$300,000	\$200,000	\$100,000	
Southwest Region	FY 2002			\$300,000	\$200,000	\$100,000	
Aleutians (Military)	FY 2003				\$300,000	\$200,000	\$100,000
Annette Island Reserve	FY 2003				\$300,000	\$200,000	\$100,000
Chatham	FY 2003				\$300,000	\$200,000	\$100,000
Glacier Bay	FY 2003				\$300,000	\$200,000	\$100,000
Iditarod Region	FY 2003				\$300,000	\$200,000	\$100,000
Kuspuk	FY 2003				\$300,000	\$200,000	\$100,000
Pribilof Islands	FY 2003				\$300,000	\$200,000	\$100,000
TOTALS		\$1,500,000	\$1,900,000	\$2,300,000	\$3,200,000	\$1,800,000	\$700,000

19 March, 1988

State Finance Committee Member
Juneau, Alaska

Dear Senator,

Our community is very concerned over SB #337 on which you are holding hearings. It shows little understanding of the burden you would be placing on the small private holdings within the large expanses of land in the interior of Alaska. I would like to invite you to come and visit Eagle City, so we can introduce you to rural Alaska. If your purpose is to depopulate rural Caucasian communities, you are on the right tract.

Eagle City, with a population of 165 mainly Caucasian residents, has been incorporated since 1901 and has been struggling to keep its head above water ever since. Volunteerism holds the area together. There is no economic base in or near the city. It is a small island surrounded by native and federal lands. The closest community is 179 miles away by a summer road only and there is nothing between us and the Arctic Ocean. Most of the residents seek a semi-subsistence life style without an emphasis on materialism and are not looking for services from the government. As the old saying goes, 'You can't get blood out of a turnip.'

As far as education is concerned, it was you state legislators flush with oil money who insisted upon building these outlandish large school buildings in all the rural communities, which has created this financial dilemma. So now you want to not only tax the areas for education and to maintain large expensive buildings, but also shove an additional and unnecessary form of expensive government on us. **MANDATING BOROUGHES IN THE UNORGANIZED BOROUGHES, IS SIMPLY NOT VIABLE.**

We are not looking for a free hand out. Personally, I feel that any services requested should have a user's fee. Below are suggestions which could relieve the high property taxes used for education all over the state **WHICH WOULD BE EQUITABLE FOR ALL ALASKA RESIDENTS, INCLUDING THE RURAL AREAS.** I have lived in Fairbanks and Anchorage and am well acquainted with their high property taxes.

1. Reinstillute the old 'school tax' which is shared by all employed persons working in the state.
2. Support a sales tax election, with the proceeds to be used for education to relieve the property tax burden.
3. Cap the annual dividends at \$1,000 and invest the remainder for an education fund.

Please consider some realistic methods of meeting your financial problems, and put the states problems ahead of your next election to office with your pact "No new taxes."

Sincerely,

Elva R. Scott

Elva R. Scott, Asst. Mayor
Eagle City Council