

LEG. FINANCE - BILLS 1979 - 1980 1340

SB 348 cont. 1346

CATEGORY: DEVELOPMENT

AGENCY: COMMUNITY AND REGIONAL AFFAIRS

PROGRAM: COMMUNITY DEVELOPMENT

BRU (S): LOCAL GOVERNMENT ASSISTANCE

The Local Government Assistance DRU assists communities in attaining or sustaining viable units of local government according to established criteria. Particular emphasis is given to communities having local governments that are organized under state law with population less than 2,000. Components include Training and Development, State Assessor, Local Boundary Commission (Administration), Revenue Sharing (Administration) and Coastal Energy Impact Program.

The Training and Development Component provides local government officials with an opportunity to learn or improve skills needed to administer local government. Offices in Juneau, Anchorage, Nome and Bethel provide individual technical assistance for specific needs. Included in this program is the administration of Rural Development Assistance grants which, in FY 80, was in the Community and Rural Development DRU.

The State Assessor assists local government with procedures for determining local property taxes based on full and true value. This component also administers property relief programs, and researches economic data relating to property tax assessments and municipal financing.

The Local Boundary Commission component reviews and makes recommendations on requests for changes to or establishment of municipal boundaries. The intent is to ensure that the proposed changes will facilitate improvements in municipal services. This program also administers a grant program which makes grants of up to \$25,000 for newly incorporated municipalities or those assuming special new powers such as police and fire protection.

The Community Legal Assistance Component provides grants to local governments for the purpose of bolstering their legal capabilities by enabling them to purchase appropriate resources to resolve legal issues. These grants may not exceed \$20,000.

The Revenue Sharing Administration Component provides the personnel and expertise required to determine eligibility of municipalities to receive revenue sharing grants as well as determine their program allocation.

The Coastal Energy Impact Program is designed to assist those coastal communities, through federal grants from the U.S. Department of Commerce, who expect to be impacted by off-shore energy projects. Two positions will be federally funded in FY 81 to monitor existing grants and bond guarantees and to make future determinations on awarding bond guarantees from CEIP funds obligated to the Alaska Municipal Bond Bank.

COMPONENT DESCRIPTION	79 AUTH	79 FINAL	79 ACT	80 AUTH	80 SUPPL	80 RP	GOVERNOR
TRAINING, DEVELOP, & RDA	473.4	515.3	471.6	488.9			740.9
STATE ASSESSOR	247.7	258.9	210.1	235.9			283.8
LOCAL BOUND. COMM-ADMIN	87.2	91.2	84.9	86.0			91.7
REVENUE SHARING ADMINISTRATION	85.4	89.9	77.8	72.5			73.7
COAST ENERGY IMPACT PROGRAM	364.7	836.4	585.2	376.9			585.2
ADMINISTRATION	592.9	625.2	578.5	598.5			
** TOTAL	1851.3	2466.9	2008.1	1858.7			1775.3
** CHANGE VERSUS 80 AUTH							-4.4%
OBJECT DESCRIPTION							
PERS. SERV.	1144.1	1184.9	1105.6	1179.8			952.9
TRAVEL	210.4	214.4	170.5	180.9			120.3
CONTRACTUAL	191.6	216.2	188.8	182.3			157.3
COMMODITIES	17.7	16.2	10.9	14.9			12.5
EQUIPMENT	6.5	8.5	8.4	2.1			29.1
LANDS/BLDGS	3.0	3.0	2.9	4.0			3.2
GRANTS, CLMS	278.0	823.7	521.0	294.7			500.0
FUNDING SOURCE							
FED. RECEIPT	648.7	1226.4	856.9	660.9			585.2
G. F. MATCH	71.0	77.3	67.4	71.0			
GENERAL FUND	1131.6	1163.2	1083.3	1126.8			1190.1
** GENERAL FUND CHANGE VS. 80 AUTH							-0.6%
POSITIONS							
FULL-TIME	34.0	34.0	34.0	34.0			25.0
PART-TIME	7.0	7.0	7.0	7.0			9.6
STAFF MONTHS	450.0	450.0	450.0	450.0			357.6

ALASKA STATE LEGISLATURE

ELEVENTH Legislature SECOND Session

SENATE BILL NO. ...348..

By THE RULES COMMITTEE BY
REQUEST OF THE LEGISLATIVE
COUNCIL (for the Community
and Regional Affairs Com-
mittee Interim Joint Local
Government Study)

"An Act establishing unorganized boroughs, amending the responsibilities of state agencies for state programs and services for residents of organized and unorganized boroughs, and authorizing adoption of home rule charters by unorganized boroughs; and providing for an effective date."

Introduced in the Senate 1/21/80, 19.....

HISTORY IN THE SENATE

19	80	Read first time and referred to Committee on
1	21	Community & Regional Affairs and Finance
		Reported back with recommendation that <i>OPD</i>
		<i>replace w/RS 3 do pass</i>
		<i>1 note - to Finance</i>
		Read second time and
		Read third time and
		PASS Effective Date
		Yeas Yeas
		Nays Nays
		Absent Absent
		Excused Excused
		Reconsideration
		PASS Effective Date
		Yeas Yeas
		Nays Nays
		Absent Absent
		Excused Excused
		Reported correctly engrossed
		Signed by President
		Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19	Read first time and referred to Committee on
	Reported back with recommendation that
	Read second time and
	Read third time and
	PASS Effective Date
	Yeas Yeas
	Nays Nays
	Absent Absent
	Excused Excused
	Reconsideration
	PASS Effective Date
	Yeas Yeas
	Nays Nays
	Absent Absent
	Excused Excused
	Reported correctly engrossed
	Signed by Speaker
	Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19	Received from House
	To enrolling
	Reported correctly enrolled
	Sent to Governor
 by Governor
	Filed with Lt. Governor
	Chapter No.

#7569 - Chenoweth

Original sponsor: Rules/Legislative Council

Offered: 3/26/80
Referred: Finance

1 IN THE SENATE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 348

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to unorganized boroughs, establishing
7 unorganized boroughs, establishing a program of finan-
8 cial assistance for the preparation of regional plans
9 by unorganized boroughs, permitting adoption of home
10 rule charters by unorganized boroughs, and directing
11 submission of recommendations concerning adjustment of
12 the boundaries of service areas of the unorganized
13 borough; and providing for an effective date."

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

15 * Section 1. PURPOSE. The legislature finds that the single unorganized
16 borough of the state has proven unworkable in accommodating demands from its
17 residents for change and recognizes that a more systematic approach to the
18 planning and delivery of services for residents of this area is necessary.
19 In providing, in this Act, for identifying a common set of boundaries by
20 which to subdivide the state's single unorganized borough into multiple
21 unorganized boroughs, it is the purpose of the legislature to extend the
22 opportunity to residents of unorganized boroughs to assist in planning and
23 program development by

24 (1) preparing regional plans; and
25 (2) broadening the range of methods by which residents may in-
26 corporate a regional government.

27 * Sec. 2. INTENT. In providing for the division of the state's unorga-
28 nized borough into unorganized boroughs, it is the intent of the legislature
29 that all future transfers of functions or services from state agencies to

1 regions within unincorporated areas be made only within the boundaries for
2 unorganized boroughs established under AS 29.03.011 - 29.03.021, added by
3 sec. 3 of this Act.

4 * Sec. 3. AS 29.03 is amended by adding new sections to read:

5 Sec. 29.03.011. ESTABLISHMENT OF UNORGANIZED BOROUGHES. Except as
6 the boundaries are adjusted as provided in AS 29.03.021, the geographic
7 area within each regional educational attendance area established under
8 AS 14.08.031 is, effective 180 days after the effective date of this
9 Act, established as an unorganized borough.

10 Sec. 29.03.021. ADJUSTMENT OF BOUNDARIES BY COMMISSIONER. (a)
11 The commissioner of community and regional affairs may establish boun-
12 daries other than the boundaries of a regional educational attendance
13 area for an unorganized borough under AS 29.03.011. Before establishing
14 boundaries for unorganized boroughs under this section, the commissioner
15 shall hold at least one public hearing within each regional educational
16 attendance area. In establishing boundaries under this section, the
17 commissioner shall consider

18 (1) the standards applicable to the incorporation of boroughs
19 under AS 29.18.030;

20 (2) the regional boundaries adopted by the Native regional
21 corporations established under the Alaska Native Claims Settlement Act;
22 and

23 (3) census divisions of the state used for the 1980 census.

24 (b) The commissioner of community and regional affairs may not
25 establish boundaries so that an unorganized borough includes territory
26 within more than one Native regional corporation established under the
27 Alaska Native Claims Settlement Act.

28 * Sec. 4. AS 44.47 is amended by adding a new section to read:

29 Sec. 44.47.085. ASSISTANCE FOR REGIONAL PLANS IN THE UNORGANIZED

1 BOROUGH. (a) The commissioner may contract with a municipality, a
2 group of municipalities, or one or more regional Native corporations
3 organized as nonprofit corporations under the laws of the state to
4 prepare a regional plan for an unorganized borough.

5 (b) The commissioner may contract for the preparation of only one
6 regional plan for each unorganized borough. The commissioner may con-
7 tract only if he is satisfied that the party with whom he contracts is
8 capable of preparing a regional plan that considers the entire popu-
9 lation of the unorganized borough.

10 (c) When a municipality, group of municipalities, or one or more
11 regional Native nonprofit corporations proposes to prepare a regional
12 plan for an unorganized borough, the commissioner shall request pro-
13 posals for preparation of a regional plan. The residents of an un-
14 organized borough may petition the commissioner to request proposals for
15 preparation of a regional plan, and the commissioner shall request
16 proposals if the petition is signed by a number of qualified voters
17 equal to not less than 15 percent of the number of votes cast in the
18 unorganized borough at the last state general election.

19 (d) A request for proposal for preparation of a regional plan for
20 an unorganized borough made under (c) of this section shall be adver-
21 tised. The commissioner shall advertise for a period of not less than
22 45 days by public notice announcements provided to newspapers and radio
23 and television stations. The advertisement of a request for a proposal
24 for the preparation of a regional plan shall

25 (1) invite a municipality, group of municipalities or re-
26 gional Native nonprofit corporation to submit a proposal for the
27 preparation of a regional plan;

28 (2) outline the work to be completed; and

29 (3) contain other information which the commissioner believes

1 will inform the public of the work to be completed under the contract,
2 and which will assist him in evaluating proposals received.

3 (e) After receiving the proposals for preparation of a regional
4 plan, the commissioner shall evaluate them. In evaluating the pro-
5 posals, the commissioner may request advice from residents of an un-
6 organized borough for which the regional plan is proposed. The commis-
7 sioner may refuse all proposals and readvertise, or may accept a pro-
8 posal and enter into a contract as provided in (f) of this section.

9 (f) A contract entered into under this section

10 (1) shall require that the regional plan include

11 (A) an analysis and recommendations concerning incor-
12 poration of a borough government for all or a portion of the un-
13 organized borough;

14 (B) an evaluation of the economic development potential
15 of the unorganized borough;

16 (C) a recommendation concerning capital facility needs
17 of the unorganized borough;

18 (D) an examination of demographic, social and environ-
19 mental factors affecting the unorganized borough;

20 (E) an examination of

21 (i) interrelationships among the regional educa-
22 tional attendance area, the coastal resource service area, and
23 any other regional entity responsible for services in the
24 unorganized borough; and

25 (ii) the interrelationships between the governments
26 of cities within the unorganized borough and regional entities
27 listed in (i) of this subparagraph; and

28 (F) a process for implementing the recommendations made
29 as part of the regional plan;

1 (2) shall provide

2 (A) a mechanism for securing public participation in the
3 preparation of the regional plan;

4 (B) that the regional plan be completed not later than
5 the June 30 following the third anniversary of the date of the
6 contract; and

7 (C) that payment for work performed under the contract
8 is subject to legislative appropriation to the account established
9 in (g) of this section;

10 (3) may permit the contractor to subcontract parts of the
11 work to be performed to one or more subcontractors.

12 (g) There is established in the Department of Community and Re-
13 gional Affairs the unorganized borough regional planning account. The
14 account shall be administered by the commissioner and shall be used to
15 pay for contracts entered into under this section.

16 (h) During each fiscal year, the commissioner may not pay to a
17 contractor under a contract authorized by this section more than \$25,000
18 plus \$25 per capita for each person residing within the unorganized
19 borough for which the regional plan is to be prepared, as determined by
20 the commissioner.

21 (i) In this section, "unorganized borough" means a subdivision
22 established under AS 29.03.011 - 29.03.021.

23 * Sec. 5 AS 29 is amended by adding a new chapter to read:

24 CHAPTER 19. DIRECT INCORPORATION OF A HOME RULE BOROUGH.

25 Sec. 29.19.010. INCORPORATION. (a) The residents of an unorgan-
26 ized borough established in accordance with AS 29.03.011 - 29.03.021 may
27 apply for the incorporation of a home rule borough. The petition for
28 borough incorporation shall be filed with the Department of Community
29 and Regional Affairs and shall include the information and signatures

1 required by AS 29.18.050. Petitions for incorporation filed under this
2 section shall be processed, reviewed and determined in accordance with
3 AS 29.18.060 - 29.18.090.

4 (b) A petition submitted under (a) of this section shall

5 (1) specify the number of members of the charter commission,
6 but the number of members may not exceed 15; and

7 (2) describe the manner of election of members of the charter
8 commission; if election is to be by district, a description of the
9 boundaries of each district shall be included in or attached to the
10 petition.

11 (c) If the petition submitted under (a) of this section requests
12 election of charter commission members on a basis other than at large
13 within the unorganized borough, the manner of election of the members of
14 the commission shall conform to standards applicable to the composition
15 and apportionment of legislative bodies which are imposed by art. I,
16 sec. 1 of the state constitution.

17 (d) The standards applicable to the incorporation of an organized
18 borough under art. X, sec. 3 of the state constitution and AS 29.18.030
19 apply to the incorporation of an unorganized borough under this section.

20 Sec. 29.19.020. CHARTER ELECTION. (a) If the Local Boundary
21 Commission accepts the petition filed under AS 29.19.010, it shall
22 immediately notify the lieutenant governor. Within 30 days after noti-
23 fication, the lieutenant governor shall order an election within the
24 proposed home rule borough to determine whether the voters will elect a
25 charter commission, and to determine the persons elected to serve on the
26 charter commission.

27 (b) Charter commission candidates are nominated by petition signed
28 by at least 50 registered voters residing within the unorganized
29 borough. The lieutenant governor shall allow not less than 20 or more

1 than 30 days during which candidates for the charter commission may
2 present nominating petitions.

3 (c) The election on the question of election of a charter com-
4 mission and the determination of persons elected to serve on the charter
5 commission shall be held not less than 60 or more than 75 days after the
6 date of the election order.

7 Sec. 29.19.030. PREPARATION OF CHARTER. (a) If, at the election
8 called by the lieutenant governor under AS 29.19.020, a majority of the
9 voters favors election of a charter commission, the persons receiving
10 the highest number of votes cast at that election constitute the charter
11 commission. The charter commission shall prepare a proposed charter and
12 submit it to the Department of Community and Regional Affairs within one
13 year of the first meeting of the charter commission. The commissioner
14 of community and regional affairs shall review the proposed charter for
15 compliance with laws applicable to home rule municipalities and, if it
16 complies, request the lieutenant governor to submit the proposed borough
17 incorporation petition and proposed home rule charter to residents of
18 the proposed home rule borough. If the proposed charter does not comply
19 with law, the commissioner of community and regional affairs shall
20 return the proposed charter to the charter commission with a statement
21 of the legal deficiencies.

22 (b) Within 90 days of the receipt of the statement of the commis-
23 sioner of community and regional affairs indicating that the proposed
24 home rule charter does not comply with law, the charter commission may
25 prepare and submit to the commissioner an amended charter which meets
26 the objections to the original proposed charter.

27 Sec. 29.19.040. RATIFICATION OF CHARTER. The lieutenant governor
28 shall order an election on the question of whether the unorganized
29 borough shall be incorporated as a home rule borough in accordance with

1 the charter approved by the commissioner of community and regional
2 affairs. The proposed charter shall be posted throughout the proposed
3 borough by the lieutenant governor before the election is held. The
4 election shall be held not less than 60 or more than 90 days following
5 the election order.

6 Sec. 29.19.050. RESULTS OF RATIFICATION ELECTION. (a) The votes
7 cast at an election held under AS 29.19.040 shall be tabulated in two
8 classifications. One classification shall consist of all votes cast
9 within cities of the proposed home rule borough. The second classi-
10 fication shall consist of all votes cast in the remaining area of the
11 proposed borough. If a majority of the votes cast in each classifica-
12 tion by the qualified voters of the proposed borough favors incorporation
13 of the borough under the proposed home rule charter, the lieutenant
14 governor shall declare that the unorganized borough in which the
15 election was held is incorporated as an organized borough and a
16 municipal corporation in accordance with the provisions of the home rule
17 charter. The lieutenant governor shall provide for the election of the
18 officers provided for in the charter.

19 (b) The election and qualification of officers under (a) of this
20 section shall be completed by the lieutenant governor in accordance with
21 AS 29.18.120 and the provisions of the home rule charter of the borough.

22 Sec. 29.19.060. RESUBMISSION OF CHARTER. If a proposed charter is
23 rejected, the charter commission shall prepare, adopt and submit a
24 second proposed charter to the voters in accordance with AS 29.19.030 -
25 29.19.050. The second proposed charter shall be submitted to the voters
26 within one year of the date of the charter election held under AS 29.-
27 19.040. If the second proposed charter is rejected, the charter com-
28 mission is dissolved.

29 Sec. 29.19.070. VOTERS, ELECTIONS, COSTS, AND VACANCIES. (a) A

1 person is qualified to vote in an election authorized by AS 29.19.010 -
2 29.19.060 if he is qualified to vote in state elections and if he is a
3 resident of the unorganized borough proposed for incorporation as a home
4 rule borough.

5 (b) The lieutenant governor shall conduct elections authorized by
6 AS 29.19.010 - 29.19.060 substantially in the manner provided in the
7 Alaska Election Code (AS 15.05 - 15.60), and shall certify the results
8 of all elections under this chapter. Costs of elections under this
9 chapter shall be paid by the office of the lieutenant governor.

10 (c) Costs of charter preparation under this chapter shall be paid
11 by the Department of Community and Regional Affairs.

12 (d) The commissioner of community and regional affairs shall ap-
13 point a registered voter of the unorganized borough for which a charter
14 is being prepared to fill a vacancy occurring on the charter commission
15 established under this chapter.

16 Sec. 29.19.080. APPLICABILITY OF TRANSITIONAL PROVISIONS. The
17 provisions of AS 29.18.130 - 29.18.180 apply to home rule boroughs
18 incorporated under this chapter.

19 Sec. 29.19.090. STATUS OF HOME RULE BOROUGHES. (a) A home rule
20 borough incorporated under this chapter shall exercise all powers
21 required of a borough under AS 29.33.

22 (b) For purposes of acquisition of areawide powers, the provisions
23 of AS 29.36.010 apply to a home rule borough incorporated under this
24 chapter unless otherwise specifically provided in the charter of the
25 borough.

26 * Sec. 6. AS 29.03.010 and 29.03.020 are repealed.

27 * Sec. 7. UNORGANIZED BOROUGH SERVICE AREAS. (a) The commissioner of
28 education shall recommend to the legislature, not later than January 31,
29 1981, whether changes should be made in the boundaries of a regional

1 educational attendance area organized under AS 14.08 to conform the bound-
2 aries of the regional educational attendance area to an unorganized borough
3 of which it is a part.

4 (b) The Alaska Coastal Policy Council shall recommend to the legis-
5 lature, not later than January 31, 1981, whether changes should be made in
6 the boundaries of an existing coastal resource service area organized under
7 AS 46.40 to conform the boundaries of the coastal resource service area to an
8 unorganized borough of which it is a part.

9 * Sec. 8. This Act takes effect immediately in accordance with AS 01.10.-
10 070(c).

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Introduced: 1/21/80
Referred: Community & Regional
Affairs and Finance

BY THE RULES COMMITTEE BY REQUEST
OF THE LEGISLATIVE COUNCIL (for the
Community and Regional Affairs
Committee Interim Joint Local
Government Study)

1 IN THE SENATE

2 SENATE BILL NO. 348

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing unorganized boroughs, amending the
7 responsibilities of state agencies for state programs
8 and services for residents of organized and unorganized
9 boroughs, and authorizing adoption of home rule char-
10 ters by unorganized boroughs; and providing for an
11 effective date."

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

13 * Section 1. PURPOSE. The purpose of this Act is to provide for the
14 division of the state's single unorganized borough into unorganized boroughs
15 to accommodate the delivery of services and programs by state agencies within
16 common boundaries and to require the collection of data and information about
17 state programs with reference to a set of boundaries adopted for use by all
18 state agencies for the purpose of improving the delivery of state services
19 and encouraging the development of regional responsibilities for the planning
20 and implementation of these services.

21 * Sec. 2. AS 29.03 is amended by adding new sections to read:

22 Sec. 29.03.011. ESTABLISHMENT OF UNORGANIZED BOROUGHES. Except as
23 the boundaries are adjusted as provided in AS 29.03.021, the geographic
24 area within each regional educational attendance area established under
25 AS 14.08.031 is, effective 120 days after the effective date of this
26 Act, established as an unorganized borough.

27 Sec. 29.03.021. ADJUSTMENT OF BOUNDARIES BY COMMISSIONER. The
28 commissioner may, after public hearings in the areas affected, establish
29 boundaries other than the boundaries of a regional educational attend-

1 ance area for an unorganized borough under AS 29.03.011. In making
2 adjustments, the commissioner shall consider the standards applicable to
3 the incorporation of boroughs under AS 29.18.030 and the regional boun-
4 daries adopted by the Native regional corporations established under the
5 Alaska Native Claims Settlement Act. The commissioner may not establish
6 boundaries for an unorganized borough which include territory within
7 more than one Native regional corporation established under the Alaska
8 Native Claims Settlement Act unless the inclusion of the territory is
9 reasonably necessary for the efficient administration of programs and
10 services by state agencies.

11 * Sec. 3. AS 44.17 is amended by adding new sections to read:

12 ARTICLE 2. COLLECTION OF DATA AND INFORMATION

13 ABOUT STATE SERVICES IN DISTRICTS.

14 Sec. 44.17.100. DISTRICTS. Each of the following is a district of
15 the state:

16 (1) a borough or unified municipality incorporated under
17 AS 29; and

18 (2) an unorganized borough determined under AS 29.03.011 -
19 29.03.021.

20 Sec. 44.17.110. DATA AND INFORMATION. Each state agency, in-
21 cluding a board or commission assigned to an agency for administrative
22 purposes, shall provide for the administration of the programs for which
23 it is responsible on the basis of districts designated in AS 44.17.100
24 by

25 (1) collecting data, processing and analyzing statistics, and
26 providing information about programs on the basis of each of the dis-
27 tricts;

28 (2) developing program planning for districts;

29 (3) coordinating program planning for agency activities with

1 the plans and activities of other agencies, municipalities, and federal
2 departments and agencies in each district; and

3 (4) providing information to the governor, legislature and
4 the public for use in the preparation and consideration of the state
5 budget and other legislation bearing on the provision of state services
6 in each district.

7 Sec. 44.17.120. EXEMPTIONS AND MODIFICATIONS. (a) An exemption
8 from AS 44.17.110 may be granted by the legislature to an agency if
9 conformity would cause undue expense, hardship, or decreased efficiency
10 in the development and operation of an agency program. The agency
11 requesting the exemption shall submit to the Legislative Council

12 (1) a written statement naming the program for which the
13 exemption is sought and explaining the reasons for seeking the exemp-
14 tion; and

15 (2) an evaluation of the practicality of conforming to AS 44.-
16 17.110 within a five-year period.

17 (b) The boundaries of a district may be modified by the legisla-
18 ture if the requirements of conformity to the boundaries as set out in
19 AS 44.17.100 would be detrimental to the accomplishment of the objec-
20 tives of an agency program. An agency requesting modification of the
21 boundaries shall submit to the Legislative Council

22 (1) a statement naming the program for which modification of
23 district boundaries is requested and the reasons for seeking a modifica-
24 tion;

25 (2) a map depicting the revised boundaries which will be used
26 if a modification of boundaries is granted; and

27 (3) an evaluation of the likelihood of conforming to the
28 boundaries established in AS 44.17.100 within a five-year period.

29 * Sec. 4. AS 29 is amended by adding a new chapter to read:

1 CHAPTER 19. DIRECT INCORPORATION OF A HOME RULE BOROUGH.

2 Sec. 29.19.010. INCORPORATION. (a) The residents of an unorgan-
3 ized borough established in accordance with AS 29.03.011 - 29.03.021 may
4 apply for the incorporation of a home rule borough. The petition for
5 borough incorporation shall be filed with the Department of Community
6 and Regional Affairs and shall include the information and signatures
7 required by AS 29.18.050. Petitions for incorporation filed under this
8 section shall be processed, reviewed and determined in accordance with
9 AS 29.18.060 - 29.18.090.

10 (b) The standards applicable to the incorporation of an organized
11 borough under art. X, sec. 3 of the state constitution and AS 29.18.030
12 apply to the incorporation of an organized borough under this section.

13 Sec. 29.19.020. CHARTER ELECTION. If the Local Boundary Commis-
14 sion accepts the petition filed under AS 29.19.010, it shall immediately
15 notify the lieutenant governor. Within 30 days after notification, the
16 lieutenant governor shall order an election within the proposed home
17 rule borough to determine whether the voters will elect a charter com-
18 mission of 11 members, and to determine the persons elected to serve on
19 the charter commission. The lieutenant governor shall provide not less
20 than 20 or more than 30 days during which candidates for the charter
21 commission may present nominating petitions. The election on the
22 question of election of a charter commission and the determination of
23 persons elected to serve on the charter commission shall be held not
24 less than 60 or more than 75 days after the date of the election order.

25 Sec. 29.19.030. PREPARATION OF CHARTER. (a) If, at the election
26 called by the lieutenant governor under AS 29.19.020, a majority of the
27 voters favors election of a charter commission, the 11 persons receiving
28 the highest number of votes cast at that election constitutes the char-
29 ter commission. The charter commission shall prepare a proposed charter

1 and submit it to the Department of Community and Regional Affairs within
2 one year of the first meeting of the charter commission. The commis-
3 sioner of community and regional affairs shall review the proposed
4 charter for compliance with laws applicable to home rule municipalities
5 and, if it complies, request the lieutenant governor to submit the
6 proposed borough incorporation petition and proposed home rule charter
7 to residents of the proposed home rule borough. If the proposed charter
8 does not comply with law, the commissioner shall return the proposed
9 charter to the charter commission with a statement of the legal defi-
10 ciencies.

11 (b) Within 90 days of the receipt of comments from the commis-
12 sioner of community and regional affairs with respect to provisions of a
13 proposed home rule charter which are not in compliance with the laws
14 applicable to home rule municipalities, the charter commission may
15 prepare and submit to the commissioner an amended charter which meets
16 the objections in the original proposed charter.

17 (c) Only one original and one amended charter may be submitted to
18 the commissioner of community and regional affairs under this section.

19 Sec. 29.19.040. RATIFICATION OF CHARTER. The lieutenant governor
20 shall order an election on the question of whether the area shall be
21 incorporated as a home rule borough in accordance with the charter
22 approved by the commissioner of community and regional affairs. The
23 proposed charter shall be posted throughout the proposed borough by the
24 lieutenant governor before the election is held. The election shall be
25 held not less than 60 or more than 90 days following the election order.

26 Sec. 29.19.050. RESULTS OF RATIFICATION ELECTION. (a) If a
27 majority of the votes cast by the qualified voters of the proposed
28 borough is against the incorporation of a borough under the propos :
29 home rule charter, the proposal is defeated.

1 (b) If a majority of the votes cast by the qualified voters of the
2 proposed borough favors incorporation of the borough under the proposed
3 home rule charter, the lieutenant governor shall declare that the un-
4 organized borough in which the election was held is incorporated as an
5 organized borough and a municipal corporation in accordance with the
6 provisions of the home rule charter. The lieutenant governor shall
7 provide for the election of the officers provided for in the charter.

8 (c) The election and qualification of officers under (b) of this
9 section shall be completed by the lieutenant governor in accordance with
10 AS 29.18.120 and the provisions of the home rule charter of the borough.

11 Sec. 29.19.060. VOTERS, ELECTIONS AND COSTS. (a) A person is
12 qualified to vote in an election authorized by AS 29.19.010 - 29.19.060
13 if he is qualified to vote in state elections and if he is a resident of
14 the unorganized borough proposed for incorporation as a home rule
15 borough.

16 (b) The lieutenant governor shall conduct elections authorized by
17 AS 29.19.010 - 29.19.050 substantially in the manner provided in the
18 Alaska Election Code (AS 15.05 - 15.60), and shall certify the results
19 of all elections under this chapter. Costs of elections under this
20 chapter shall be paid by the office of the lieutenant governor.

21 (c) Costs of charter preparation under this chapter shall
22 be paid by the Department of Community and Regional Affairs.

23 Sec. 29.19.070. APPLICABILITY OF GENERAL TRANSITIONAL PROVISIONS.
24 The provisions of AS 29.18.130 - 29.18.180 apply to home rule boroughs
25 incorporated under this chapter.

26 * Sec. 5. AS 29.03.010 and 29.03.020 are repealed.

27 * Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-
28 070(c).

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. - HB 580 (SB 348)

Title An Act Establishing Unorganized Borough

Requested by Rules Committee (by Legislative Counsel)

Date 2/5/80

II. FISCAL DETAIL

Agency Affected Labor

Program Category Affected Social Services

BRU, Program, or Subprogram(s) Affected Employment Security and Administrative Services

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	-0-	81.6	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	2.3	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	36.0	-0-	-0-	-0-	-0-
400 COMMODITIES	-0-	1.0	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	.7	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	.9	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	122.5	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	122.5	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER (Specify Fund Source)	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS

FULL TIME	-0-	2	-0-	-0-	-0-	-0-
PART TIME	-0-	3	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

1. Assumes an effective date of July 1, 1980.
2. Personal Services at current salary schedule (1/79).
3. One time cost, federal funding is not anticipated.
4. This estimate is for the initial boundary changes only. Subsequent changes have not been estimated

IV. DATE 2/6/80

PREPARED BY Jim Souby

AGENCY Labor

PHONE 465-2720

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

CATEGORY: SOCIAL SERVICES

AGENCY: DEPARTMENT OF LABOR

PROGRAM: EMPLOYMENT STABILIZATION

BRU (s): EMPLOYMENT SECURITY

This BRU contains three separate major components, employment services, unemployment insurance, and the Director's Office.

The State of Alaska Employment Security Division administers the Alaskan portion of a nationwide network of employment centers funded by Congress and operated by the State within federal guidelines and State law. The major purpose of Employment Services is to facilitate communications between potential employees and potential employers for the purpose of enhancing the economic and social well-being of the State's populace. The Employment Service (ES), a component of the Employment Security Division, provides the largest single source of employer/job seeker contact within the State. In addition to offering job placement services, the Employment Service's nine Job Service Centers and eight Rural Offices provide vocational counseling, aptitude and proficiency testing, referrals to institutional and on-the-job training programs and labor market information. The ES services are helpful in matching the skills of those persons looking for employment (or seeking more meaningful employment) with jobs known to be available. The placement of Alaskans in jobs in the rapidly growing seafood industry is a major goal of the Department. A concerted effort is being made to assure that our residents receive first preference, thereby reducing the number of individuals imported for these jobs.

The primary goal of the Unemployment Insurance (UI) component is to pay timely, temporary benefits in lieu of wages to members of the labor force who are able to and available for work (and are otherwise eligible for the benefits under the applicable laws), but who are temporarily unemployed through no fault of their own. A second goal is to provide an economic stabilizer during periods of seasonal unemployment and/or periods of economic recession. The UI program operates from a central office in Juneau through nine field offices located in Ketchikan, Sitka, Juneau, Fairbanks, Anchorage, Kodiak, Wasilla, Seward and Kenai. These nine offices serve "walk-in" claimants who live within a fifty mile radius of their respective offices. The claims of persons not within commuting distance of these offices are served by the mail claims unit in the Central Office. To finance the program, a companion Tax Section with headquarters in Juneau and field offices in Juneau, Anchorage, and Fairbanks, collects and accounts for the quarterly tax contributions received from employers whose participation is mandated by law. Also headquartered in Juneau is an Appeals Tribunal which hears appeals concerning determinations of eligibility and renders decisions on the appeals.

The components of the BRU include the Employment Security Division Director's Office and a Data Processing Section. The Data Processing Section is primarily involved in providing automated data services to the Unemployment Insurance Program and the Employment Service.

The FY 81 budget recommendation includes \$123,100 in new funding to support expanded U.I. fraud detection and investigation efforts.

COMPONENT DESCRIPTION	79 AUTH	79 FINAL	79 ACT	80 AUTH	80 SUPPL	80 RP	GOVERNOR
EMPLOYMENT SERVICES	7366.2	7572.3	7190.5	8270.8			8619.9
UNEMPLOYMENT INSURANCE	9085.1	9292.3	8772.8	10433.1			10786.7
FRAUD INVESTIGATION	100.0	352.6	283.1	400.4			547.0
CETA SERVICES							1283.6
SUPPORT SERVICES	1139.3	1225.6	898.7	1257.1			
ESD DIRECTORS OFFICE							337.3
DP APPLICATIONS							1432.3
DP OPERATIONS							966.5
ES FOR SEAFOOD INDUSTRY							254.6
ANCHORAGE CETA CONTRACT	655.8	661.5	1247.7				
** TOTAL	18346.4	19104.3	18392.8	20361.4			24229.9
** CHANGE VERSUS 80 AUTH							
OBJECT DESCRIPTION	12432.0	12387.8	12533.8	13371.2			15343.3
PERS. SERV.	203.2	226.7	263.5	261.3			359.6
TRAVEL	4771.8	5434.5	4490.4	5712.7			7431.8
CONTRACTUAL	206.4	206.4	235.6	277.4			264.4
COMMODITIES	532.4	654.9	110.1	65.9			134.4
EQUIPMENT	199.6	194.0	146.0	172.0			146.8
LANDS/BLDGS			613.4	500.9			549.6
GRANTS, CLMS							
FUNDING SOURCE	16451.3	17117.2	16146.4	18296.8			19513.1
FED. RECEIPT	100.0	100.0	100.0	38.9			292.9
GENERAL FUND	655.8	661.5	572.8	668.6			668.6
PGM RECEIPTS	139.3	1225.6	1573.6	1357.1			3755.3
OTHER FUNDS							
** GENERAL FUND CHANGE VS. 80 AUTH							
POSITIONS	415.0	417.0	417.0	411.0			406.0
FULL-TIME	110.0	110.0	110.0	116.0			124.0
PART-TIME				8.0			8.0
TEMPORARY							
STAFF MONTHS	5670.0	2802.0	2802.0	5942.0			5960.0

FISCAL NOTE
 HB 580 (SB348)

	<u>Employment Security</u>		<u>Administrative Services</u>		<u>Total</u>
	<u>1 of 4</u>	<u>2 of 4</u>	<u>3 of 4</u>	<u>4 of 4</u>	
100	38,994	25,386	9,946	7,295	81,621
200	790	639	600	300	2,329
300	2,750	7,000	6,800	13,400	35,950
400	310	250	300	100	960
500	375	300	-0-	-0-	675
Other (ASHA)	<u> </u>	<u> </u>	<u>600</u>	<u>300</u>	<u>900</u>
	49,219	33,575	18,246	21,395	122,435

Totals: Employment Security 82.8
 Administrative Services 39.7
122.5

1	POSITION TITLE Systems Analyst II			RANGE/STEP 20A	BARG. UNIT. GGU	LOCATION Juneau	GOV.	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 15	RP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG.		

3	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
4	PERSONAL SERVICES:		
	SALARY	2532 p/m	30,384
5	BENEFITS	.1542	4,685
6	FICA	.0665	2,020
7	HEALTH INS.	127 x 15	1,905
8	TOTAL PERSONAL SERVICES		38,994
9	TRAVEL		790
10	CONTRACTUAL		8,750
11	COMMODITIES		310
12	EQUIPMENT		375
13	OTHER		
14	TOTAL COST		49,219

JUSTIFICATION:

Pers. Serv. current Salary schedule 1/79.
NPS: Cost p.p. as in 1981 Detail Budget

	'81	This form 1.1/4p.
Travel	639	790
Contr.	7,000	8,750
Com.	250	310
Equip.	300	375

This position will design a cross match coding system, data files and report changes to produce area statistics under provisions of AS 44.17.100. The majority of Department reports are automated. Cross coding will be required for upwards of 120,000 files.

	CODE	FUNDING SOURCE
15		FED RCPTS.
16		GF MATCH.
17		GEN. FUND
18		I-A RCPTS.
19		PGM RCPTS
20		OTHER

21 CONTINUATION
22 ADDITION XXXX FOR B&M USE ONLY

AA KEY NUMBER _____ COLUMN NO. _____

AGENCY Labor PROGRAM AREA Employment Stabilization

BRU E.S.D.

COMPONENT Data Processing Applications

13 REQUEST FOR NEW POSITION.

1	POSITION TITLE Employment Security Specialist I			RANGE/STEP 14A	BARG. UNIT. GGU	LOCATION Juneau	APPROV.	DISA
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG.	
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:		
	1	2	'81	3				
4	PERSONAL SERVICES: SALARY		1,629	19,548		Pers. Serv. current salary schedule 1/79.		
5	BENEFITS		1542	3,014		NPS: Cost p.p. as in FY '81 Detail Budget		
6	FICA		0665	1,300				
7	HEALTH INS.		127 x 12	1,524				
8	TOTAL PERSONAL SERVICES			25,386				
9	TRAVEL			639		Travel '81 This form		
10	CONTRACTUAL			7,000		Travel 639 639		
11	COMMODITIES			250		Contr. 14,000. 7,000.		
12	EQUIPMENT			300		Comm. 250 250		
13	OTHER					Equip. 300 300		
14	TOTAL COST			33,575		This position will make manual changes of 20% of all applicant files creating approximately 17,000 computer transactions to adjust the area codes for those clients for which the computer can not automatically generate new area codes.		
	CODE	FUNDING SOURCE						
15		FED RCPTS.						
16		GF MATCH.						
17		GEN. FUND		33,575				
18		I-A RCPTS.						
19		PGM RCPTS						
20		OTHER						
21	CONTINUATION							
22	ADDITION		XXXX	FOR B&M USE ONLY				
4A KEY NUMBER		COLUMN NO.						

AGENCY Labor PROGRAM AREA Employment Stabilizaiton

BRU Employment Security

COMPONENT Employment Service

FY 81

13 REQUEST FOR NEW POSITION.

1	POSITION TITLE Statistical Clerk III			RANGE/STEP 10A	BARG. UNIT.	LOCATION Juneau	GOV	APPROV	DISAP
2	TYPE OF POSITION PFT	STAFF MONTHS 6	RP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG		
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:			
	1	2	3						
4	PERSONAL SERVICES:								
	SALARY	1,254 p/m	7,524	Pers. Services: Salary Schedule eff. 3/78.					
5	BENEFITS	.1542	1,160	Non. Pers. Serv:					
6	FICA	.0665	500	Based on NPS cost per position in the research contract FY '81 Budget.					
7	HEALTH INS.	127 x 6	762						
8	TOTAL PERSONAL SERVICES			9.946					
9	TRAVEL		600						
10	CONTRACTUAL		6,800						
11	COMMODITIES		300						
12	EQUIPMENT		-0-						
13	OTHER		600						
14	TOTAL COST			18,246					
	CODE	FUNDING SOURCE							
15		FED RCPTS.							
16		GF MATCH.							
17		GEN. FUND			18,246				
18		I-A RCPTS.							
19		PGM RCPTS							
20		OTHER							
21	CONTINUATION								
22	ADDITION	XXXX	FOR B&M USE ONLY						
1A KEY NUMBER _____ COLUMN NO. _____									

JUSTIFICATION:
 Pers. Services: Salary Schedule eff. 3/78.
 Non. Pers. Serv:
 Based on NPS cost per position in the research contract
 FY '81 Budget.

	Cost P.P.	This Form 1/2
Travel	1.2	.6
Contr.	13.7	6.8
Comm.	.5	.3
Equip	---	--
Lands. Bldg.	1.2	.6
	16.6	8.3

The individual would assist in developing the detailed coding systems. Using detailed maps and lists of communities and other name places, the individual would insure accurate coding within the overall boundary scheme. Would enter data through an interactive computer terminal for those data series on the University of Alaska and consultant computers. Would give technical support to various statistical programs such as employment, unemployment, occupational information and population, in implementing the coding revisions.

AGENCY Labor PROGRAM AREA Employment Stabilization

BRU Administrative Services

COMPONENT Research Contracts

13 REQUEST FOR NEW POSITION.

Page 3 of 4

REVISED DATE _____

FY 81

1	POSITION TITLE Labor Economist II			RANGE/STEP 16A	BARG. UNIT. GGU	LOCATION	GOV	APPROV	DISAPP																																																																												
2	TYPE OF POSITION PFT	STAFF MONTHS 3	RP No.	PCN No.	PRIORITY	FORM 12	PAGE/LINE	LEG.																																																																													
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:																																																																															
	1	2	3	Pers. Services: Salary Schedule effective 3/78.																																																																																	
4	PERSONAL SERVICES: SALARY	1,888	5,664	NPS: See Page 1 of																																																																																	
5	BENEFITS	1,542	873	<table border="0"> <tr> <td></td> <td>Cost p/p</td> <td>This Form 1/2</td> <td></td> </tr> <tr> <td>6</td> <td>FICA</td> <td>0665</td> <td>377</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>7</td> <td>HEALTH INS.</td> <td>127 p/m</td> <td>381</td> <td>Travel</td> <td>1.2</td> <td>.3</td> <td></td> </tr> <tr> <td>8</td> <td>TOTAL PERSONAL SERVICES</td> <td></td> <td>7,295</td> <td>Contr.</td> <td>13.7</td> <td>3.4</td> <td>+ \$10,000 D.P. Cost</td> </tr> <tr> <td>9</td> <td>TRAVEL</td> <td></td> <td>300</td> <td>Comm.</td> <td>.5</td> <td>.1</td> <td></td> </tr> <tr> <td>10</td> <td>CONTRACTUAL</td> <td></td> <td>13,400</td> <td>Lands</td> <td>1.2</td> <td>.3</td> <td></td> </tr> <tr> <td>11</td> <td>COMMODITIES</td> <td></td> <td>100</td> <td></td> <td>16.6</td> <td>4.1</td> <td></td> </tr> <tr> <td>12</td> <td>EQUIPMENT</td> <td></td> <td>-0-</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>13</td> <td>OTHER</td> <td></td> <td>300</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>14</td> <td>TOTAL COST</td> <td></td> <td>21,395</td> <td></td> <td></td> <td></td> <td></td> </tr> </table>							Cost p/p	This Form 1/2		6	FICA	0665	377					7	HEALTH INS.	127 p/m	381	Travel	1.2	.3		8	TOTAL PERSONAL SERVICES		7,295	Contr.	13.7	3.4	+ \$10,000 D.P. Cost	9	TRAVEL		300	Comm.	.5	.1		10	CONTRACTUAL		13,400	Lands	1.2	.3		11	COMMODITIES		100		16.6	4.1		12	EQUIPMENT		-0-					13	OTHER		300					14	TOTAL COST		21,395				
	Cost p/p	This Form 1/2																																																																																			
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13	OTHER		300																																																																																		
14	TOTAL COST		21,395																																																																																		
	CODE	FUNDING SOURCE		The individual would be responsible for designing and developing a coding system to accommodate the expected boundary changes. Would locate places and boundaries on maps, determine program and projects affected, evaluate various coding schemes and gain comments from affected divisions and sections within the Department of Labor. Would present alternate approaches to management for their review and decision. Would prepare a detailed data processing work request to define and justify project. Would participate in quality data processing reviews through final installation of the coding system. Would prepare a publication defining approved coding scheme.																																																																																	
15		FED RCPTS.																																																																																			
16		GF MATCH.																																																																																			
17		GEN. FUND		21,395																																																																																	
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22	ADDITION	XXXX																																																																																			
1A KEY NUMBER				COLUMN NO.																																																																																	

AGENCY Labor PROGRAM AREA Employment Stabilization

BRU Administrative Services

COMPONENT Research Contracts

13 REQUEST FOR NEW POSITION.

FY 81

Page 4 of 4

REVISED DATE _____

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. H. B. 580 and S. B. 348
 Title An Act Establishing Unorganized Boroughs... and Authorizing Adoption of Home Rule
 Requested by Community & Regional Affairs Committee Date 1-21-80 Charters

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Local Government Assistance
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	0	154.8	167.2	180.6	125.0	210.6
200 TRAVEL	3.0	57.0	30.0	30.0	31.0	30.0
300 CONTRACTUAL	4.8	70.4	40.0	30.0	28.2	28.2
400 COMMODITIES	1.0	3.0	1.0	.6	.6	.6
500 EQUIPMENT	.0	2.0	.5	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
TOTAL	8.8	287.2	238.7	226.6	233.4	247.1

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND	8.8	287.2	238.7	226.6	233.4	247.1
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME	0	5	5	5	5	5
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

FY 80 - Reflects travel expenses, notice requirements, and supplies needed for public hearings on drawing boundary lines that differ from REAA's in the unorganized borough.

FY 81 - 85 - Reflects the addition of 3 Local Government Specialists (Range 17), a Clerk Typist III (Range 8) and Clerk Typist II (Range 7) to assist unorganized boroughs in becoming home rule boroughs. Seven proposed regions are presumed to be likely candidates for the home rule option. These areas are 1) Yukon Flats (REAA 13), 2) REAA 12, 3) NANA region (REAA 1), 4) Petersburg/Wrangell (part of REAA 19), 5) Prince of Wales Island (part of REAA 19), 6) The Aleutian Chain (parts of REAA's 8 and 10), and 7) Prince William Sound (REAA 21). It is anticipated that if this bill passes this session the bulk of the activity will take place during FY 81 and FY 82 and will begin to lessen gradually through FY 85 as the newly incorporated boroughs become more self-sufficient.

The high travel cost during FY 81 reflects the need to administer both of the main

IV. DATE 1-21-80 PREPARED BY Doug Griffin
 AGENCY Community & Regional Affairs
 PHONE 465-4736
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

CATEGORY: DEVELOPMENT

AGENCY: COMMUNITY AND REGIONAL AFFAIRS

PROGRAM: COMMUNITY DEVELOPMENT

BRU (S): LOCAL GOVERNMENT ASSISTANCE

The Local Government Assistance BRU assists communities in attaining or sustaining viable units of local government according to established criteria. Particular emphasis is given to communities having local governments that are organized under state law with population less than 2,000. Components include Training and Development, State Assessor, Local Boundary Commission (Administration), Revenue Sharing (Administration) and Coastal Energy Impact Program.

The Training and Development Component provides local government officials with an opportunity to learn or improve skills needed to administer local government. Offices in Juneau, Anchorage, Nome and Bethel provide individual technical assistance for specific needs. Included in this program is the administration of Rural Development Assistance grants which, in FY 00, was in the Community and Rural Development BRU.

The State Assessor assists local government with procedures for determining local property taxes based on full and true value. This component also administers property relief programs, and researches economic data relating to property tax assessments and municipal financing.

The Local Boundary Commission component reviews and makes recommendations on requests for changes to or establishment of municipal boundaries. The intent is to ensure that the proposed changes will facilitate improvements in municipal services. This program also administers a grant program which makes grants of up to \$25,000 for newly incorporated municipalities or those assuming special new powers such as police and fire protection.

The Community Legal Assistance Component provides grants to local governments for the purpose of bolstering their legal capabilities by enabling them to purchase appropriate resources to resolve legal issues. These grants may not exceed \$20,000.

The Revenue Sharing Administration Component provides the personnel and expertise required to determine eligibility of municipalities to receive revenue sharing grants as well as determine their program allocation.

The Coastal Energy Impact Program is designed to assist those coastal communities, through federal grants from the U.S. Department of Commerce, who expect to be impacted by off-shore energy projects. Two positions will be federally funded in FY 81 to monitor existing grants and bond guarantees and to make future determinations on awarding bond guarantees from CEIP funds obligated to the Alaska Municipal Bond Bank.

COMPONENT DESCRIPTION	79 AUTH	79 FINAL	79 ACT	80 AUTH	80 SUPL	80 RP	GOVERNOR
TRAINING, DEVELOP, & RDA	473.4	515.3	471.6	488.9			740.9
STATE ASSESSOR	247.7	258.9	210.1	235.9			283.8
LOCAL BOUND. COMM-ADMIN	87.2	91.2	84.9	86.0			91.7
REVENUE SHARING ADMINISTRATION	85.4	89.9	77.8	72.5			73.7
COAST ENERGY IMPACT PROGRAM	364.7	836.4	585.2	376.9			585.2
ADMINISTRATION	592.9	625.2	578.5	598.5			
KM TOTAL	1851.3	2466.9	2008.1	1858.7			1775.3
KM CHANGE VERSUS 80 AUTH							-4.4%
OBJECT DESCRIPTION							
PERS. SERV.	1144.1	1184.9	1105.6	1179.8			952.9
TRAVEL	210.4	214.4	170.5	180.9			120.3
CONTRACTUAL	191.6	216.2	188.8	182.3			157.3
COMMODITIES	17.7	16.2	10.9	14.9			12.5
EQUIPMENT	6.5	8.5	8.4	2.1			29.1
LANDS/BLDGS	3.0	3.0	2.9	4.0			3.2
GRANTS, CLMS	278.0	823.7	521.0	294.7			500.0
FUNDING SOURCE							
FED. RECEIPT	648.7	1226.4	856.9	660.9			585.2
G. F. MATCH	71.0	77.3	67.9	71.0			
GENERAL FUND	1131.6	1163.2	1083.3	1126.8			1190.1
KM GENERAL FUND CHANGE VS. 80 AUTH							-0.6%
POSITIONS							
FULL-TIME	34.0	34.0	34.0	34.0			25.0
PART-TIME	7.0	7.0	7.0	7.0			9.6
STAFF MONTHS	450.0	450.0	450.0	450.0			357.6

CONTINUATION

activities in the bill: drawing the boundaries for the unorganized boroughs and assisting the seven areas previously mentioned in drawing up home rule charters.

The Local Boundary Commission's involvement in the incorporation of home rule boroughs under Section 4 of this bill is not budgeted for in this fiscal note. The annual appropriation received by the LBC to perform its constitutional and statutory duties may be adequate to cover the expenses incurred due to passage of this bill. If these expenses cannot be met by the LBC's annual appropriation there should be adequate lead time to secure additional funding so that the Commission may adequately participate in the borough incorporation process.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 580/CSSB 348

Title An Act Establishing Unorganized Boroughs...regional plans...home rule charters

Requested by Community and Regional Affairs Committee Date 4-21-80

II. FISCAL DETAIL

Agency Affected Community and Regional Affairs

Program Category Affected Development

BRU, Program, or Subprogram(s) Affected Local Government Assistance

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	0	154.8	167.2	180.6	195.0	210.6
200 TRAVEL	3.0	57.0	30.0	30.0	31.0	30.0
300 CONTRACTUAL	4.8	70.4	40.0	30.0	28.2	28.2
400 COMMODITIES	1.0	3.0	1.0	.6	.6	.6
500 EQUIPMENT	0	2.0	.5	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
TOTAL	8.8	287.2	238.7	241.2	254.8	269.4

FUNDING (Thousands of Dollars)

GENERAL FUND	8.8	287.2	238.7	241.2	254.8	269.4
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	0	5	5	5	5	5
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

FY 80 - Reflects travel expenses, notice requirements, and supplies needed for public hearings on drawing boundary lines that differ from REAA's in the unorganized borough.

FY 81 - 85 - Reflects the addition of 3 Local Government Specialists (Range 17), a Clerk Typist III (Range 8) and Clerk Typist II (Range 7) to assist unorganized boroughs in becoming home rule boroughs. Seven proposed regions are presumed to be likely candidates for the home rule option. These areas are 1) Yukon Flats (REAA 13), 2) REAA 12, 3) MANA region (REAA 1), 4) Petersburg/Wrangell (part of REAA 19), 5) Prince of Wales Island (part of REAA 19), 6) The Aleutian Chain (parts of REAA's 8 and 10), and 7) Prince William Sound (REAA 21). It is anticipated that if this bill passes this session, the bulk of the activity will take place during FY 81 and FY 82 and will begin to lessen gradually through FY 85 as the newly incorporated boroughs become more self-sufficient.

IV. DATE 4-21-80

PREPARED BY Doug Griffin

AGENCY Community and Regional Affairs

PHONE 465-4736

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

CSHB 580/CSHB 348 (continued)

The high travel cost during FY 81 reflects the need to administer both of the main activities in the bill: drawing the boundaries for the unorganized boroughs and assisting the seven areas previously mentioned in drawing up home rule charters.

There will be no fiscal impact in Sec. 4 of this bill until there is an appropriation (CSHB 886) for regional plans. The Department does anticipate the following additional cost at such time as appropriations are made.

Staff to monitor and oversee contracts.

Personnel		42,156
Local Government Specialist IV (Range 19)		32,934
Benefits @ 28% base pay		9,222
Travel 10 trips @ 600		6,000
Contractural		2,700
Communications	1,000	
Printing and Advertising	200	
Office Space 100 Sq. ft. @ 1.25 x 12	1,500	
Commodities		300
Equipment (one time only)		700
	TOTAL	<u>51,856</u>

CATEGORY: DEVELOPMENT

AGENCY: COMMUNITY AND REGIONAL AFFAIRS

PROGRAM: COMMUNITY DEVELOPMENT

BRU (S): LOCAL GOVERNMENT ASSISTANCE

The Local Government Assistance BRU assists communities in attaining or sustaining viable units of local government according to established criteria. Particular emphasis is given to communities having local governments that are organized under state law with population less than 2,000. Components include Training and Development, State Assessor, Local Boundary Commission (Administration), Revenue Sharing (Administration) and Coastal Energy Impact Program.

The Training and Development Component provides local government officials with an opportunity to learn or improve skills needed to administer local government. Offices in Juneau, Anchorage, Nome and Bethel provide individual technical assistance for specific needs. Included in this program is the administration of Rural Development Assistance grants which, in FY 80, was in the Community and Rural Development BRU.

The State Assessor assists local government with procedures for determining local property taxes based on full and true value. This component also administers property relief programs, and researches economic data relating to property tax assessments and municipal financing.

The Local Boundary Commission component reviews and makes recommendations on requests for changes to or establishment of municipal boundaries. The intent is to ensure that the proposed changes will facilitate improvements in municipal services. This program also administers a grant program which makes grants of up to \$25,000 for newly incorporated municipalities or those assuming special new powers such as police and fire protection.

The Community Legal Assistance Component provides grants to local governments for the purpose of bolstering their legal capabilities by enabling them to purchase appropriate resources to resolve legal issues. These grants may not exceed \$20,000.

The Revenue Sharing Administration Component provides the personnel and expertise required to determine eligibility of municipalities to receive revenue sharing grants as well as determine their program allocation.

The Coastal Energy Impact Program is designed to assist those coastal communities, through federal grants from the U.S. Department of Commerce, who expect to be impacted by off-shore energy projects. Two positions will be federally funded in FY 81 to monitor existing grants and bond guarantees and to make future determinations on awarding bond guarantees from CEIP funds obligated to the Alaska Municipal Bond Bank.

COMPONENT DESCRIPTION	79 AUTH	79 FINAL	79 ACT	80 AUTH	80 SUPL	80 RP	GOVERNOR
TRAINING, DEVELOP, & RDA	473.4	515.3	471.6	488.9			740.9
STATE ASSESSOR	247.7	258.9	210.1	235.9			283.8
LOCAL BOUND. COMM-ADMIN	87.2	91.2	84.9	86.0			91.7
REVENUE SHARING ADMINISTRATION	85.4	89.9	77.8	72.5			73.7
COAST ENERGY IMPACT PROGRAM	364.7	836.4	585.2	376.9			585.2
ADMINISTRATION	592.9	625.2	578.5	598.5			
MM TOTAL	1851.3	2466.9	2008.1	1858.7			1775.3
MM CHANGE VERSUS 80 AUTH							-4.4%
OBJECT DESCRIPTION							
PERS. SERV.	1144.1	1184.9	1105.6	1179.8			952.9
TRAVEL	210.4	214.4	170.5	180.9			120.3
CONTRACTUAL	191.6	216.2	138.8	182.3			157.3
COMMODITIES	17.7	16.2	10.9	14.9			12.5
EQUIPMENT	6.5	8.5	8.4	2.1			29.1
LANDS/BLDGS	3.0	3.0	2.9	4.0			3.2
GRANTS, CLMS	278.0	823.7	521.0	294.7			500.0
FUNDING SOURCE							
FED. RECEIPT	648.7	1226.4	856.9	660.9			585.2
G. F. MATCH	71.0	77.3	67.9	71.0			
GENERAL FUND	1131.6	1163.2	1083.3	1126.8			1190.1
MM GENERAL FUND CHANGE VS. 80 AUTH							-0.6%
POSITIONS							
FULL-TIME	34.0	34.0	34.0	34.0			25.0
PART-TIME	7.0	7.0	7.0	7.0			9.6
STAFF MONTHS	450.0	450.0	450.0	450.0			357.6

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 348
 Title An Act relating to unorganized boroughs, establishing unorganized boroughs.
 Requested by Senate Community & Regional Affairs Committee Date 3-25-80

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Local Government Assistance
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	0	154.8	167.2	180.6	173.6	210.6
200 TRAVEL	5.0	68.0	30.0	30.0	31.0	30.0
300 CONTRACTUAL	4.8	70.4	40.0	30.0	28.2	28.2
400 COMMODITIES	1.0	3.0	1.0	.6	.6	.6
500 EQUIPMENT	0	4.0	.5	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
TOTAL	10.8	300.2	238.7	226.6	233.4	247.1

FUNDING (Thousands of Dollars)

GENERAL FUND	10.8	287.2	238.7	226.6	233.4	247.1
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	0	5	5	5	5	5
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

FY 80 - Reflects travel expenses, notice requirements, and supplies needed for public hearings on drawing boundary lines that differ from REAA's in the unorganized borough.

FY 81 - 85 - Reflects the addition of 3 Local Government Specialists (Range 17), a Clerk Typist III (Range 8) and Clerk Typist II (Range 7) to assist unorganized boroughs in becoming home rule boroughs. Seven proposed regions are presumed to be likely candidates for the home rule option. These areas are 1) Yukon Flats (REAA 13), 2) REAA 12, 3) NANA region (REAA 1), 4) Petersburg/Wrangell (part of REAA 19), 5) Prince of Wales Island (part of REAA 19), 6) The Aleutian Chain (parts of REAA's 8 and 10), and 7) Prince William Sound (REAA 21). It is anticipated that if this bill passes this session the bulk of the activity will take place during FY 81 and FY 82 and will begin to lessen gradually through FY 85 as the newly incorporated boroughs became more self-sufficient.

The high travel cost during FY 81 reflects the need to administer simultaneously both drawing the boundaries for the unorganized boroughs and assisting the seven areas previously

IV. DATE 3-25-80 PREPARED BY Doug Griffin
 AGENCY Community & Regional Affairs
 Original: Legislative Finance PHONE 465-4736
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

FISCAL NOTE - Continued CSSB 348

mentioned in drawing up home rule charters.

There would be no fiscal impact from section 4 of this bill until there is an appropriation to fund the borough regional planning account set up in paragraph (g). However, the Department does anticipate the following additional cost at such time as an appropriation is made.

Staff to monitor and oversee contracts.

1. Local Government Specialist IV	Range 19	Salary	\$31,824
	Fringes		8,910
Travel 10 trips @ 600			6,000
Equipment & Supplies (400 after FY 81)			1,000
Total Position Cost			<u>\$47,734</u>
2. Local Government Specialist III	Range 17	Salary	\$27,468
	Fringes		7,910
Travel 11 trips @ 600			6,600
Equipment & Supplies (400 after FY 81)			1,000
Total Projected Costs for FY 81			90,493
	FY 82		86,111
	FY 83		93,000
	FY 84		100,439
	FY 85		108,475

NOTE: Projections include 8% for inflation.

The above figures are based on the assumption that the initial appropriation would be sufficient to initiate studies in the majority of the unorganized boroughs as established in H. B. 580 or S. B. 348.

CATEGORY: DEVELOPMENT

AGENCY: COMMUNITY AND REGIONAL AFFAIRS

PROGRAM: COMMUNITY DEVELOPMENT

BRU (S): LOCAL GOVERNMENT ASSISTANCE

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The Training and Development Component provides local government officials with an opportunity to learn or improve skills needed to administer local government. Offices in Juneau, Anchorage, Nome and Bethel provide individual technical assistance for specific needs. Included in this program is the administration of Rural Development Assistance grants which, in FY 80, was in the Community and Rural Development BRU.

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LOCAL BOUND. COMM-ADMIN	87.2	91.2	84.9	86.0			91.7
REVENUE SHARING ADMINISTRATION	85.4	89.9	77.8	72.5			73.7
COAST ENERGY IMPACT PROGRAM	364.7	836.4	585.2	376.9			585.2
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** TOTAL	1851.3	2466.9	2008.1	1858.7			1775.3
** CHANGE VERSUS 80 AUTH							-4.4%
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CONTRACTUAL	171.6	216.2	188.8	182.3			157.3
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LANDS/BLDGS	3.0	3.0	2.9	4.0			3.2
GRANTS, CLMS	278.0	823.7	521.0	294.7			500.0
FUNDING SOURCE							
FED. RECEIPT	648.7	1226.4	856.9	660.9			585.2
G. F. MATCH	71.0	77.3	67.9	71.0			
GENERAL FUND	1131.6	1163.2	1083.3	1126.8			1190.1
** GENERAL FUND CHANGE VS. 80 AUTH							-0.6%
POSITIONS							
FULL-TIME	34.0	34.0	34.0	34.0			25.0
PART-TIME	7.0	7.0	7.0	7.0			9.6
STAFF MONTHS	450.0	450.0	450.0	450.0			357.6



Official Business

Alaska State Legislature

JOINT SENATE AND HOUSE
COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
LOCAL GOVERNMENT STUDY

Co-Chairmen
Senator Arliss Sturgulewski
Representative Bill Parker

9
Address all
correspondence to:
LOCAL GOVERNMENT STUDY

Pouch V
State Capitol
Juneau, Alaska 99811

May 14, 1980

Dear Friend:

By this letter we are transmitting to you a copy of one of the pieces of work prepared for the Joint House and Senate Community and Regional Affairs Committees for their Local Government Study.

The positions stated are those of the consultant, Vic Fischer, and are thought-provoking. We feel that the report raises issues that may need to be addressed in the future. We would be interested in learning your response to this report and any suggestions you might have for future legislative action.

Distribution of this report is rather limited, but if you know of other people who might be interested in receiving a copy, please let us know and we will be glad to send one to them.

Sincerely,

Bill Parker

Representative Bill Parker
Co-chairman, C/RA Committee

Arliss Sturgulewski

Senator Arliss Sturgulewski
Co-chairman, C/RA Committee

REGIONAL SELF-GOVERNMENT FOR RURAL ALASKA:

PENDING ISSUES AND STUDY NEEDS

prepared for

Senate Committee on Community and Regional Affairs
Senator Arliss Sturgulewski, Chairman
House Committee on Community and Regional Affairs
Representative Bill Parker, Chairman
Alaska State Legislature

by

Victor Fischer
221 E. 7th Avenue, #204, Anchorage, Ak. 99501

April 20, 1980

TABLE OF CONTENTS

INTRODUCTION AND SUMMARY	1
IMPLEMENTING THE GOAL OF MAXIMUM SELF-GOVERNMENT	5
FISCAL ISSUES AND EQUITY CONSIDERATIONS	7
Revenue Base for Rural Boroughs	7
North Slope Borough	8
Pipeline Boroughs	10
Rest of Unorganized Borough	11
Financial Disparities vs. Equity among Parts of State . .	12
Issues in Equity	15
FINANCIAL AND INSTITUTIONAL ANALYSIS REQUIREMENTS	18
Base Study	19
Incentives and Disincentives to Borough Formation	21
Foundation Plan for Basic Services	25
ALTERNATIVE SERVICE DELIVERY SYSTEMS	26
Study Needs	27
REVISION OF TITLE 29	28
Revision Study Emphases	29
ALASKA NATIVE CLAIMS SETTLEMENT CORPORATIONS	30

PREFACE

The Community and Regional Affairs Committees of the Senate and House joined together between legislative sessions to carry out the "Local Government Study - 1979." The Joint Committee sponsored a series of research papers, conducted a Local Government Symposium that brought participants from all parts of the state, and held meetings and discussions in many rural areas. These activities and their findings and conclusions are summarized in the Interim Report of 9/20/79 and the Final Report of 1/80; both are available from the CRA Committees and from Legislative Information Offices in Juneau.

The results of the joint interim local government study are incorporated in these bills before the Second Session of the Eleventh Legislature:

CSSB 348, CSHB 580	Establishing unorganized boroughs
CSSB 350, CSHB 581	Coordination of state government services, planning, data, etc.
CSSB 351, CSHB 583	State aid to local governments
CSSB 352, CSHB 586	Fiscal notes for bills affecting a municipality
CSSB 353, CSHB 585	Incorporation of second class as home rule boroughs
SB 354, HB 584	Eliminating the third class borough
CSSB 492, HB 482	Appropriation to DCRA for unorganized borough regional planning
SB 546, HB 1010	State aid for local capital projects

This paper has been prepared to outline topics that need further legislative consideration in order to pursue the committees' goal of bringing greater self-determination and better service delivery to all the people and to all parts of Alaska.

INTRODUCTION AND SUMMARY

The purpose of this paper is to review the issues that still need to be addressed if effective self-governing governmental structures are to develop in rural Alaska. Principal considerations relate to creation and financing of organized government in rural Alaska. The points of departure are the Community and Regional Affairs Committees' 1979 Interim Studies, the legislative package listed in the Preface and, to some extent, the pending revisions to the revenue sharing and school foundation programs.

Enactment of these legislative proposals would help provide people in rural regions with an increased opportunity for self-determination and greater possibility of achieving more coordinated provision of state services. However, more problem-solving and legislative action will be required to move toward organized forms of self-governance.

A number of conclusions pertinent to developing a local government package for the 1981 legislative session emerge from the subsequent sections of this paper:

- Pursuit of the principle of maximum self-government as espoused in the state constitution requires elimination of statutory disincentives to moving from unorganized to organized status, provision of inducements for regional governmental organization, and basic financial support for performance of governmental functions.
- Absence of an adequate tax base in most rural areas is the biggest obstacle to creation of organized boroughs.

Should state wealth be shared only with organized local governments or should people in all regions receive a share of the state's resources wealth?

What restrictions should the state place on local governments' abilities to tax resource-related properties that happen to lie within their jurisdictions?

- Attention also needs to be given to assuring that fundamental services to the people are not so dependent on taxable wealth of local jurisdictions as to raise questions of constitutional legality.
- Decentralization and transfer of state services to regional and local governments may benefit both the state and local areas and should be explored.
- Title 29 of Alaska Statutes, containing laws pertaining to municipalities needs revision. Policy considerations in such a revision should address prospective boroughs in rural Alaska.
- Native lands need to be protected and potential opposition of Native corporations to borough organization needs to be dealt with; possible approaches include authorizing land banking and/or providing property tax exemption for undeveloped lands.

Principal study and analysis requirements to provide a foundation for future legislative action to deal with the above issues include these projects:

1. Base study of financial and institutional alternatives for financing services in rural areas, evaluation of such alternatives, and approaches toward improved allocations and sharing arrangements to achieve greater equity.
2. Analysis of means for eliminating existing statutory and program disincentives to establishment of self-governing boroughs

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

INTRODUCTION AND SUMMARY

The purpose of this paper is to review the issues that still need to be addressed if effective self-governing governmental structures are to develop in rural Alaska. Principal considerations relate to creation and financing of organized government in rural Alaska. The points of departure are the Community and Regional Affairs Committees' 1979 Interim Studies, the legislative package listed in the Preface and, to some extent, the pending revisions to the revenue sharing and school foundation programs.

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- Absence of an adequate tax base in most rural areas is the biggest obstacle to creation of organized boroughs.

- Disparities in assessed property values of different regions are tremendous; they range from per capita values of over \$600,000 in the North Slope Borough to less than \$3,000 in southwest Alaska.
- Among unincorporated regions, those along the oil pipeline have the largest and most flexible tax base to support government in the foreseeable future; other regions do not.
- Achievement of some measure of equity among regions or areas of the state is justified by the accidental location of taxable resources-related properties and is made possible by the state's petroleum revenues.
- With large revenues from Prudhoe Bay oil production, and more to be expected from gas production, the state has the ability to provide assistance to all regions of the state. The principal policy question before state government and the public is how to allocate these revenues to provide direct and indirect benefits to the people. A major premise of this paper is that some of the money should be used to redistribute part of the state's wealth among all regions of the state for borough government purposes.
- Pertinent to consideration of interregional equity are these questions:

Should the level of services available to people in different areas depend on availability of taxable property?

Should areas with low per capita valuations have to tax themselves at higher rates than wealthy areas to raise the same revenues?

Should state wealth be shared only with organized local governments or should people in all regions receive a share of the state's resources wealth?

What restrictions should the state place on local governments' abilities to tax resource-related properties that happen to lie within their jurisdictions?

- Attention also needs to be given to assuring that fundamental services to the people are not so dependent on taxable wealth of local jurisdictions as to raise questions of constitutional legality.
- Decentralization and transfer of state services to regional and local governments may benefit both the state and local areas and should be explored.
- Title 29 of Alaska Statutes, containing laws pertaining to municipalities needs revision. Policy considerations in such a revision should address prospective boroughs in rural Alaska.
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2. Analysis of means for eliminating existing statutory and program disincentives to establishment of self-governing boroughs

providing inducements and assistance for organizing boroughs in rural areas.

3. Exploration of alternative financing mechanisms, including a foundation approach to fund basic services in addition to education, including public safety, public assistance, and health and sanitation.
4. Exploration of alternative service delivery systems.

IMPLEMENTING THE GOAL OF MAXIMUM SELF-GOVERNMENT

Alaska's constitution establishes a goal of maximum self-government for the people of the state. To help achieve that end, the constitution requires that the entire state be divided into boroughs, both organized and unorganized. The single unorganized borough that now covers virtually all of rural Alaska is clearly counter to constitutional intent. Bills sponsored by the Community and Regional Affairs Committees of both houses, CS SB 348 and CS HB 580, would carry out constitutional objectives and lead to division of the state into regional unorganized boroughs.

There is no constitutional intent, and there certainly is no requirement, that all boroughs in Alaska be organized as municipal corporations. Rather, the unorganized borough concept was included in the constitution to provide people in all areas of the state with: (1) a voice in the provision of state services in their region; and (2) the opportunity to advance to self-governing status by establishing an organized borough. Both objectives would be furthered by the CRA Committees' legislative package.

Dividing the state into regions and allowing unorganized boroughs to move directly into home rule status provides a vehicle for moving toward organized status. Yet, the principal obstacles to creating organized governments remain: the lack of adequate tax or other financial base, and the existence of state program disincentives to incorporation. These problems are further discussed in the next part of this paper, but it needs to be pointed out.

here that, without their resolution, establishment of organized governments, and thereby achievement of maximal self-determination, is most unlikely throughout most of rural Alaska.

A basic step would be to remove penalties and disincentives to establishment of organized governments in rural Alaska, by identifying all existing disincentives and following up with legislative action. The next step is creating positive incentives to incorporate. Existing organizing grants have been made inadequate by inflation. Land grants to boroughs provide little benefit to rural areas with small amounts of state land or with land that has no near-term economic value. Incentives could be in the form of significantly larger transitional grants and initial state assessment of property in a new borough, as set out in SB 488.

Most important, as discussed below, is establishing a system under which allows all regions of the state to provide local government services, perhaps by sharing Alaska's natural resource wealth. Only then will all areas of the state have a true option of achieving maximum self-government, since an adequate financial base is critical to a region's ability to provide needed services and to carry on the functions of government.

FISCAL ISSUES AND EQUITY CONSIDERATIONS

Revenue Base for Rural Boroughs

If legislation is passed to establish regional unorganized boroughs throughout the state (CSSB 348, CSHB 580), and if coordinated delivery of services within regions is studied and baseline cost and financing information is gathered (CSSB 350, CSHB 581), the major obstacle to effective self-government will remain--absence of an adequate tax base in most rural areas. Alaska boroughs largely rely on real property taxes to sustain performance of municipal functions other than education. Current state distributions to boroughs, through revenue-sharing or otherwise, would not be adequate to support even the most basic general government functions in the absence of economic development or major oil and gas properties in most rural regions.

It is only in unorganized areas where oil and gas properties are located that the foundation exists for support of governmental functions. The North Slope Borough (NSB) provides an excellent example of what a rural region can do when it contains significant taxable property that can generate local revenues. To a lesser degree, a similar situation could apply in other regions located along the trans-Alaska pipeline. Whether a tax base sufficient to support organized boroughs exists in other parts of rural Alaska is problematical.

North Slope Borough

Incorporated as a borough in 1972 with the clear intent of taxing petroleum-related properties for the benefit of the local people, the North Slope Borough has a population of around 8,000. About 5,000 live in Barrow and other traditional communities, while some 3,000 are located in camps tied to oil and gas exploration, development, production and transportation. All are counted for purposes of revenue-sharing.

According to NSB's FY 79-80 budget, expenditures amount to \$74 million, of which \$40.9 million is for operating expenses and \$33.1 million is for capital construction and debt service (all figures are rounded). The total amounts to around \$9,250 per capita in the total population, or \$14,800 per person if only those in traditional communities are counted.*

Revenues are derived principally from oil and gas property taxes -- \$52 million from this source alone. NSB's assessed value is around \$5 billion. The borough raises \$26.2 million for operating purposes, the maximum allowed under AS 29.53.045,** which is equivalent to 5.21 mills on full

*Comparable figures for Anchorage, Fairbanks and Juneau boroughs are roughly \$610, \$340, and \$1,730. It is important to keep in mind when looking at these figures: (1) that operating and construction costs on the North Slope are extremely high; and (2) that the NSB is providing facilities over a short period of time that in other communities have been developed over many decades.

**AS 29.53.045 limits borough taxation on oil and gas production and pipeline property to a maximum of: (1) the product of 225% of the average state per capita assessed value times the number of borough residents times .030 (30 mills), or (2) \$1,500 per capita, whichever is greater. NSB uses the former 30 mill calculation to arrive at its tax limit. The calculated rate is equivalent to 5.21 mills on full assessed value.

assessed value. Under AS 29.53.055, NSB collects another \$25.8 million for debt service, which is not subject to a property tax revenue limit.*

Another \$1.5 million is raised by NSB through sales and use taxes that are applicable mainly to the oil industry and related transactions. The borough also obtains \$13.7 million through intergovernmental transfers, mostly for educational purposes.

Excluding intergovernmental revenues, nearly nine of every ten dollars raised by the borough are derived directly from petroleum industry-related sources. If one took into account indirect income from these sources, the ratio would be even higher.

The statutory limit on property taxation for operations purposes is reportedly beginning to hamper the NSB. As authorized capital improvements are brought on-line, revenues derived under the property tax limit may not be sufficient to operate the facilities and still meet continuing expenditure needs. If and when that point is reached, NSB may have to find other revenue sources or look to legislative revision of tax limitations. The latter action could possibly affect benefits accruing to other regions in the state. By taking a greater share of the state's property tax revenue.

*This amounts to 29.6 mills according to the above calculated formula, or 5.14 mills on full assessed value.

Pipeline Boroughs

Other jurisdictions also benefit from location of pipeline and related properties within their boundaries. Within the Fairbanks North Star Borough, 68.4 percent of all real property assessed value (\$1,158 million) was in oil and gas properties (\$792 million) as of January 1, 1979, bringing in \$5.7 million in property tax revenues. Even more extreme is the 95 percent of the City of Valdez' property tax revenues derived from oil and gas property: \$9,211,293 of the \$9,728,050 total.

A number of rural areas are in a position to emulate the North Slope Borough and incorporate a borough to similarly tax oil and gas properties for the benefit of their residents. These are the areas located along the existing oil pipeline between Prudhoe Bay and Valdez.

The January 1, 1979 assessed value of Alyeska Pipeline Service Company's property within the unorganized borough was \$4.325 million -- or an average of \$8.5 million per mile over a distance of 508.3 miles. Five REAA regions lie in the unorganized borough along the pipeline route. In one of these, the Upper Yukon REAA, steps have been taken to initiate establishment of an organized borough, to be called "Yukon Flats Borough".

The 1979 study of Yukon Flats Borough feasibility concludes that minimum standards for borough incorporation could be met.¹ The key to that conclusion lies in the \$900 million in estimated pipeline-assessed valuation

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Darbyshire and Associates, "Yukon Flats Regional Government Study", prepared for Department of Community and Regional Affairs, 1979.

that would be convertible into property tax revenue for government operations of around \$6 million in FY 81, or approximately \$3,750 per capita. Since there is no limit on revenues raised for bonded debt retirement, tax income derived from pipeline property could go much higher. With projected construction of a gasline through the prospective borough, taxable values would increase further. Similar situations apply in other regions straddling the pipeline corridor.

Rest of Unorganized Borough

The estimated 1978 assessed value of property in the unorganized borough, exclusive of oil and gas property, averaged near \$6,000 per capita,² and many rural areas fall below this average. The comparable figures for organized boroughs, not including those with major oil and gas properties, range between \$20,000 and \$30,000 per capita.

It is clear that, even at the maximum tax rate of 30 mills, regional boroughs in rural Alaska, which do not have oil and gas properties, would not be able to raise sufficient funds from property taxation for general government operations. The problems of local revenue-raising are exacerbated by the generally low income level and lack of commercial development and, therefore, lack of sufficient base for a productive sales tax. Difficulties are further compounded by extremely high cost of living and doing business in rural Alaska.

² 11/15/79 memorandum on "Fiscal Disincentives to Borough Formation" by Milt Barker, Fiscal Analyst, Legislative Finance Division.

Thus, the rural borough dilemma: oil and gas riches to a few, poverty to the rest. Existing state laws and policies are inadequate to provide local government assistance to those who are in need. Other than in the area of education, we do not even know the level of funding for statewide services provided to regions of rural Alaska. While information will be gathered if CSSB 350/CSHB 581 passes, alternative solutions need to be studied.

Financial Disparities vs. Equity among Parts of State

Although the principle of state concern for the local government system is embedded in Alaska's constitution, there is no requirement for a guarantee of equity among governmental units or areas throughout the state. Such a concept has, however, been evolving over the years, principally through state-municipal revenue-sharing and through the school foundation program.

There are two factors that both necessitate extending public (i.e., state) concern with interregional equity and provide a basis for dealing with the issue. First is the accidental location of and the tremendous disparity in the distribution of taxable property among different parts of Alaska. The location of valuable taxable property accords with the location of important natural resources and the facilities used in their exploitation. Because such locations bear no relationship to patterns of local government or to local fiscal needs, the result is a great difference in wealth and services among regions. The extremes this disparity can reach are illustrated by an estimated property value of less than \$3,000 per capita in southwest Alaska and a per capita value of over \$600,000 in the North Slope Borough. The North Slope Borough

raises about \$6,500 per capita from taxes on oil and gas properties; although authoritative property value data is lacking, it is estimated that a 30 mill tax rate in the southwest would probably raise less than \$100 per capita--certainly not enough to even carry out a tax assessment and collection program. The effect of such disparity on the level of services that can be supported by local tax resources is obvious.

The state has stepped in to limit the amount of tax that can be levied by local governments in position to tax oil and gas properties. In effect, the tax ceiling mainly provides protection for owners of such properties against what some would consider unreasonably high or exorbitant tax payments. But, the tax limitation results in no real redistribution or sharing of wealth or revenues, except insofar as the state's share of revenues is distributed by the budget process.

This situation leads to the second factor that makes concern for equity both appropriate and timely: the state's fiscal situation. Revenues from oil and gas put Alaska in a situation where no part of the state needs be left out of sharing the resource wealth belonging to all the people. While the principle of wealth sharing among individuals is embodied in tax and permanent fund legislation passed by the Second Session of the Eleventh Legislature, this principle has yet to be adopted in terms of regional government needs.

It is generally accepted that Alaska's natural resources wealth belongs to all of the people, regardless of the location of resources or of the state's citizens. With few exceptions, state resources revenues--from royalties, severance taxes, and other levies--accrue to the general fund or the permanent fund for the benefit of all Alaskans.

With large revenues from Prudhoe Bay oil production, the state has the ability to provide assistance to all regions of the state. Equitable sharing of state resources revenues with the regions would bring two important benefits. First, it would permit the state and rural regions to pursue the constitutional goal of achieving maximum local self-government. Second, it would establish a means of channeling a greater share of state wealth into the poorer areas of the state. Given appropriate formulas, such distribution could benefit the more needy areas to a greater extent than such vehicles as income tax elimination or per capita distribution of state wealth.

Several issues related to capital construction are also of concern for their equity implications. The state funds a variety of construction projects in organized and unorganized areas of the state. Equitable distribution of construction dollars has been largely at the discretion of legislative appropriations. Many rural communities do not have the ability to operate and maintain buildings in their communities, due to a lack of tax resources. Scheduling of projects and use of shared facilities are economies that have often been ignored in rural Alaska.

For these reasons, as well as other concerns, the House and Senate CRA Committees also introduced SB 546 and HB 1010. These bills provide for a Capital Foundation Fund which will, by appropriation, provide funds to all areas of the state for certain capital improvements. To expend funds, each area will need to develop an areawide capital improvement plan, approved by the local assembly when there is one, and by advisory groups assisted by the Department of Community and Regional Affairs when there is no local government.

Organized boroughs, unified home rule municipalities, and unorganized boroughs are encouraged to conduct regionwide planning to avoid costly duplications of capital projects and to prioritize, on the local level, needs among communities, rather than leaving this process to state level government.

Each area, so long as appropriations are made, is certain of a source of funding for local projects. Each area will receive a formula share of the appropriation. This stability will be advantageous to local governments for planning purposes. Additionally, unlike the current situation, areas may have greater ability to use capital projects for anti-cyclic economic benefits by being in control of fund expenditures. Annual funds do not lapse and may be accumulated for locally determined purposes. Home rule municipalities and organized boroughs expend funds themselves. In unorganized areas, the Department of Transportation and Public Facilities is responsible for fund expenditures. Local governments, under the Capital Foundation Fund program, will be assured of a steady supply of state funds for capital improvements that will be directed toward locally determined project needs and can be expended at a locally determined pace.

Capital Foundation Funds may be used as the local match required for certain state and federal projects. This will be particularly significant in rural areas which do not now have a source of local match.

Issues in Equity

Underlying any approach to state efforts to share wealth and equalize revenues are several basic questions of public policy and philosophy:

- Should the level of services available to people in different regions and local governments depend on taxable property in their jurisdiction?

In education the foundation program provides a basic support level to all, though it does discriminate against organized boroughs.

The Local Government Symposium of August 1979 conducted by Joint CRA Committees recommended establishment of a new additional state-supported foundation program for a number of "basic services": health and sanitation, and public safety.

While tax reduction was a stated goal of the existing local government revenue-sharing program, tax equalization is one of the stated purposes of CSHB 192(Finance) am.

- Should local governments with low per capita property valuations have to tax themselves at higher rates than wealthy areas in order to raise the same revenues--either for needed services or for state matching?

It is generally agreed that the poor should not be burdened with yet greater poverty to supply themselves with services. This philosophy is reflected in the proposed revenue-sharing provisions of CSHB 192 (Finance) am.

- Should people in all regions of the state receive a share of the state's wealth, or should sharing apply only to organized local government?

Revenue-sharing now applies only to organized municipal governments--cities and boroughs. However, legislation introduced as far back as 1970 and 1972 proposed programs

for state wealth-sharing with both organized and unorganized boroughs, with the funds for the latter managed through the Department of Community and Regional Affairs.

- Should local jurisdictions that do include taxable wealth be precluded from, or limited in, taxing resource-related properties in favor of state collection and distribution of such taxes?

To date local governments tax properties in accordance with established limits, save for the exception covering bond repayment requirements. Previous legislative proposals for revenue equalization have preserved existing local taxing prerogatives.

It must be pointed out the legal, as well as equity, considerations are pertinent to policies and decisions on revenue equalization. In 1972, the California Supreme Court held that the state could not maintain a system of education under which the quality of schooling depended upon taxable wealth of school districts; similar decisions have since been handed down in other states. Alaska's educational financing fully meets the California test. However, it is possible that the legal concept could be extended to funding of other fundamental services. For example, it is possible that the courts could hold that Alaska's constitution requires state support of quality public health, safety, and other services for all people in the state regardless of local taxable wealth.

These considerations, together with the basic issue of providing adequate support to permit effective regional governments to function, need to be

addressed if viable borough governments are to evolve in rural Alaska.

FINANCIAL AND INSTITUTIONAL ANALYSIS REQUIREMENTS

Decisions about state policy toward local governments, achievement of equity in state fund distribution, and design of appropriate service delivery systems require a base of knowledge of existing situations and dynamics that is largely absent today. CSSB 350 and CSHB 581 seek fundamental data.

A series of study projects is set out here to fill the void that now exists and to provide a foundation for policy making, program development, and evaluation of alternative institutional and financial schemes.

In view of the limited time available prior to the 1981 session, study tasks that would ideally be sequential will have to be carried out concurrently. Thus, a direct approach will need to be made to a number of practical issues while some of the underlying questions are also being examined. By the end of the study, the pieces should come together into an effective whole--a justifiable legislative program. This strategy can work, principally because the work accomplished during the 1979 study provides sufficient framework and direction for these concurrent activities.

The following is a brief description of the principal study components recommended for pursuit during the balance of 1980. Each project will, of course, require additional development. This, however, should be done once decisions have been made as to the overall study program and allocation of responsibilities for individual projects.

Base Study

A comprehensive approach to local government issues, service delivery, and state-local relations is proposed in this project. It is designed both to provide basic information for developing legislative policy and to establish a base for other studies that need to be undertaken. The aim is to provide necessary answers at an early date and thus speed implementation of ideas and programs that otherwise get hung up due to uncertainty and lack of data.

The study project will be directed toward the following objectives:

- identifying effective institutional alternatives for wealth distribution, services delivery, meeting individual needs
- evaluating costs, advantages, and disadvantages of alternative systems
- defining optimum approaches to establishing/authorizing institutional and financial vehicles to meet public policy objectives (these will need to be defined)
- suggesting additions to and changes in allocations and sharing arrangements that are necessary to achieve equity, i.e., how can existing gaps be closed

- establishing policies and criteria for evaluating institutional systems and wealth sharing arrangements
- testing alternative policies, institutional arrangements, and wealth distribution schemes to estimate effects on different regions or categories of regions.

The study will synthesize information that has been previously collected and which will be provided for this project, examine institutional patterns of service delivery and wealth sharing, and analyze alternatives in terms of their equity and institutional implications.

Two components make up this study project:

Definition and analysis of the financial/economic situation has as its basic purpose determining existing resources and needs, and providing a basis for planning appropriate action to deal with equity and financial issues. Questions and topics include:

- how much does each region now receive from the state in money and in-kind for services, capital improvements, and other purposes? i.e., where is state money going and for what purposes, who is getting what share of state wealth?
- federal funding of regional/local services and facilities such as health, education, welfare, economic development, transportation, etc.
- aggregate and per capita distribution of money, facilities, and services
- specific services costs for different regions

- availability of local resources and economies to support local services and to cover local effort requirements
- special situations created by high value properties, e.g., oil development and related facilities, pipelines, fisheries installations
- operation of the oil and gas property tax.

Review and analysis of institutional arrangements to help define availability and effectiveness of institutional alternatives. Topics under this element include:

- basic patterns of institutional arrangements: state, local, non-profit, regional corporations, federal, boroughs, educational and coastal management service areas
- allocation of roles, functions, and relationship under different arrangements
- attributes of the different arrangements in terms of problems and inadequacies, strengths and effectiveness, relative costs, limitations and potentials
- changing patterns and trends in regional arrangements, including legislative and political history of previous proposals to deal with rural regional organization, wealth sharing, service delivery desires and needs.

Incentives and Disincentives to Borough Formation

In theory, state law should at least be neutral with respect to whether an area incorporates as a borough. This means that state legislation and

programs should, on balance, not discriminate against an area becoming incorporated. Beyond that, the legislature may want to actually provide inducement for establishment of organized boroughs, at least in areas deemed capable of significant levels of self-government.

Today, however, most rural areas would be penalized if they incorporated as a self-governing borough. The loss in state revenues that accrues to areas now unorganized is not compensated by increases that may come from municipal incorporation. Areas that cannot anticipate large tax revenues thus have a definite disincentive to advancement to organized status.

A major problem has existed in the area of educational funding. A regional educational attendance area receives 100 percent funding under the basic aid foundation formula as well as an "in lieu" contribution from the state equivalent to average local tax contributions in city and borough school districts and is guaranteed a minimum amount per pupil in average daily membership (ADM) for fiscal year 1981. Under the existing law, and until July 1981, an REAA, upon incorporation, would lose its "in lieu" payment and would be required to contribute a maximum local share of 3 percent of the basic need formula to achieve 100 percent funding. It has been estimated that total loss to all REAAs from status change would have cost rural areas \$8 million in FY '77: ³

A further cost to an area that changes from an REAA to an organized borough would come about from loss of partial state support for school construction. Under AS 43.18.100, the state pays 80 percent of borough school construction cost, whereas the state funds 100 percent of school facilities costs in unincorporated areas.

³ "Financial Disincentives to Borough Formation," Milt Barker, Fiscal Analyst, Legislative Finance Division, November 1978. The analysis was made as part of the Local Government Study 1979.

Although the school construction funding has not been altered, it appears that changes in the school foundation program passed this session (effective date July 1, 1981) will prove to have reduced the disincentive to borough formation which has existed in the funding of education. Starting FY '82, 100 percent funding of basic need will be accomplished for both incorporated and unincorporated areas and no minimum local contribution will be required of the organized areas. REAAs will be considered "districts" along with school districts in a city or borough and all districts will be eligible for supplemental equalization aid which will take into account the average local tax contributions in the city and borough school districts. A slight advantage for REAA districts will be a reduction from 100 percent to 80 percent of the amount of P.L. 81-874 federal financial assistance monies deducted from the amount of basic aid distributed to the REAAs. However, since the federal government has been reducing funding for categories within this program, the amount of financial gain actually experienced by the REAAs might prove to be small. Additional equalization will be effected by the inclusion of area differentials in the supplemental equalization aid.

Under AS 29.18.180, a newly-incorporated borough is eligible for an organizational grant of at least \$25,000, or \$10 for every voter participating in the borough incorporation election. It is widely recognized that a grant of this size would cover only a small part of the organizational costs of any new borough. The State Assessor's Office has estimated that it would cost at least \$200,000 just to prepare the initial tax assessment roll in any one of the current REAAs. New boroughs would also be faced with the cost of hiring municipal personnel, establishing new services, and other major expenses. In addition, the organizational grant amount has not been changed since 1968, although inflation has

more than doubled costs since that time.⁵

A positive approach toward creating incentives is taken in SB 488 which includes the following provisions pertinent to this discussion: the state establishes the initial tax assessment roll for a new borough and funds the borough assessor and staff for three years after completion of the initial roll. It has been suggested that the organizational grant amounts authorized under AS 29.18.180(a) be increased to \$130 per capita for a minimum of \$125,000 for the first two years and \$75,000 for the third fiscal year.

Other provisions of existing law also affect potential incorporation decisions. For example, a borough is entitled to select 10 percent of the state lands within its boundaries, certainly an incentive. However, this selection right applies only to lands under state jurisdiction as of the time of borough incorporation. This puts a premium on delaying incorporation until the state has received ownership or tentative approval for lands within the contemplated borough.

In all, existing state laws and programs appear to work against borough incorporation except in areas that cover major taxable wealth, such as a pipeline extension or fish processing facilities. Accordingly, (1) existing disincentives should be eliminated to at least establish neutrality with respect to borough organization, and (2) incentives should be provided, assuming state government is interested in encouraging achievement of the constitutional goal of maximum local self-government.

⁵ Memorandum to Rep. Parker and Sen. Sturgulewski on "Incentives for Regional Government Formation and Local Service Delivery" from Jack Kreinheder, Issues Analyst, House Research Agency, April 9, 1980.

Foundation Plan for Basic Services

Over the last several years, increasing attention has been paid to alternative ways to funding basic services throughout the state. One concept which has been discussed is a state foundation plan, similar to that used for education, to fund such "basic services" as public safety (including search and rescue, fire, police, and justice), public assistance and health and sanitation.

The "foundation" approach or any other approach would need to be concerned with the following aspects:

- any formula developed for state support should reflect local population, wealth, and need
- any approach should provide for a more equitable allocation of state financial resources
- a revenue redistribution system should create incentives for the transfer of service delivery responsibility from the state to municipalities and should recognize the need for local effort in the provision of such services (see next section)
- while the foundation approach would be available to organized municipalities, equitable formulas for the provision of services in unorganized areas should also be explored.

ALTERNATIVE SERVICE DELIVERY SYSTEMS

A structure and process for coordinating state functions on a region-by-region basis would be established under legislation sponsored by the CRA Committees. CSSB 350/CSHB 581 require that state agencies use unorganized boroughs as regional units to develop and implement plans for providing services. Agencies are to coordinate program planning and administration with other agencies, municipalities, and the federal government. Provision is also made for region-based collection, analysis, and reporting of program information. Further, the Division of Policy Development and Planning is to develop alternatives and recommendations for improving coordination of programs that provide direct services to the people. Regional planning funds are provided for unorganized boroughs by CSSB 348/CSHB 580; funding for such planning is authorized by CSSB 492/CSHB 886.

Study work developed for the 1979 CRA Committees suggested exploration of a system of contracting for delivery of state services and transfer of some service functions to regional and local governments as a means of facilitating unification of service efforts, providing local choices the types and levels of service to be provided, and generally strengthening regional and community self-determination.

Intergovernmental contracting was seen as one means of furthering decentralization of service delivery through Alaska. Such contracting could be not only with boroughs and cities, but also with nonprofit regional associations that presently contract with the federal government for performance of many social, health, and economic functions in rural areas.

Currently, the state government contracts with municipalities to perform some state functions such as road maintenance. The State Department of Health and Social Services is in process of contracting with a nonprofit regional corporation for delivery of a broad array of services within its region.

This whole approach of the state providing the funding, and regional or local entities performing the public functions, needs further study and evaluation as a state policy. Standards and procedures would need to be established by the state to assure that standards for levels of performance, short and long-term benefits and disadvantages to the people at the local level and to state government, need to be detailed for this approach and for all other alternatives.

Study Needs

To explore the policy implications of service delivery systems, some specific questions need to be addressed:

- What state agencies are currently contracting with whom for performance of what functions?
- What other services would be appropriate for an intergovernmental contracting program?
- What lessons can be learned from federal contracting for service delivery?
- What entities, other than municipal governments, are appropriate deliverers of local services?
- What alternatives exist?
- What costs would be incurred for each alternative?

Depending on what emerges during the study, recommendations may emerge as to what arrangements are appropriate for broad scale implementation, or whether selected demonstration projects would be appropriate to explore and develop an effective alternative service delivery program.

REVISION OF TITLE 29

The Final Report of the Local Government Study - 1979 includes the following among a series of action proposals:

Title 29 of the Alaska Statutes contains state laws pertaining to municipalities. Though the structure of local government organization under Title 29 is basically sound, many of its procedural and administrative provisions are not helpful or relevant to rural and urban municipalities. Steps will, therefore, be proposed to undertake a thorough review and initiate necessary revision of Title 29 to make it more useful to the municipalities of the state.

Review and revision of Title 29 is covered in a memorandum from Senate CRA Committee Chairman Arliss Sturgulewski to Senate President Clem Tillion. The March 31, 1980 memo emphasizes agreement on the need for revision:

It is generally recognized, especially by those who work most closely with it, that AS 29 is in need of revision. Since the time of original enactment, changes in the title, problems in its application, and policy questions of importance have been noted by municipal attorneys, city managers and clerks, and such other municipal officials as assessors. The Legislative Revisor has indicated that AS 29 should be next approached in terms of needed revision.

SCR 66 proposes just such a study and revision take place prior to the start of the Twelfth Legislative Session.

Revision Study Emphases

From the standpoint of this paper and the need to deal with rural area issues, Title 29 revision should consider the following topics for special consideration:

- generally, assuring that prospective rural boroughs as well as small rural communities are adequately provided for
- examination of alternative, simplified forms of municipal governments to meet some of the needs and objectives brought out during the 1979 local government study.

ALASKA NATIVE CLAIMS SETTLEMENT CORPORATIONS

Congress enacted the Alaska Native Claims Settlement Act (ANCSA) in 1971 in recognition that Alaska Natives had valid claims to most land in Alaska. ANCSA provided that Native corporations established under the act would select and retain 44 million acres of land. They would further receive \$962.5 million in compensation for lands taken from them.

Two considerations are pertinent to this paper. First, the function of the money settlement must be clearly understood. Second, the possible effects of regional government organization on Native corporations' abilities to preserve the Native land estate must be recognized and be properly dealt with.

Money provided under ANCSA is to compensate Alaska Natives for property that was taken away from them. It is not a welfare payment; it is not a grant in pursuit of social or economic objectives. The compensation is similar to payments any other property owner receives if, for example, his land is taken to build a highway. These owners are not expected to use the payments to pay for the schooling of their children or otherwise as a substitute for costs that government would otherwise bear. Thus, proceeds under ANCSA should not be viewed as a substitute for government support of public services to predominantly Native communities and regions.

At the same time, income generated by Native corporations and distributed to shareholders constitutes income to individuals. As corporations attain a stage of economic viability that permits them to pay significant dividends (and that may be quite far in the future), ability of individuals and, as a result, of communities, to pay for local services will increase.

ANCSA provides that land owned by Native corporations is exempt from taxation until December 18, 1991, unless the land is used to produce revenues. This time limit may be extended by the U. S. Congress in view of the slow rate of transfer of land from federal to Native jurisdiction.

Most Native village lands were selected on the basis of aboriginal use and subsistence values; a few villages made selections with the hope of generating income. Those regional corporations that had an opportunity to select land themselves, and not all did, generally chose land that had resources or other economic development potential. While some of these lands will be producing revenues over the next ten years, it is unlikely that many of the 44 million acres acquired under ANCSA will be providing cash income to corporations by the end of 1991.

Due to large amounts of economically nonproductive land they will own, even minimal assessed valuations and low tax rates would result in tax levies too large for most village corporations to pay. The consequence of tax levies could, in effect, be unintended expropriation by government

or forced sales to pay taxes. In either case, the Native people could be left without the land that they supposedly received in perpetuity under ANCSA.

Two ways have been suggested to deal with the potential problem of taxing non-productive lands owned by Native corporations in rural Alaska:

1. Land banking can be authorized by the U. S. Congress or by the Alaska legislature to shelter land from taxation while in unused, reserved status.
2. The state can exempt from local property taxes certain classes of land -- e.g., agricultural, forest, subsistence. Such tax exemption might be applied to all property owners.

The issue of taxing Native lands is important in considering establishment of organized boroughs in rural Alaska. The very regional governmental units that would be designed to bring benefits and local self-government to the people could conceivably deprive them of their land, undermine their life-style, and leave them disinherited. It is thus critical that this situation be carefully addressed and resolved before steps toward extensive rural borough organization are undertaken.

Of related practical consideration is the likely opposition of Native corporations to borough incorporation, so long as the taxation issue remains unresolved. In many parts of Alaska, such opposition could thwart efforts to create organized boroughs.

Thus, even though the property taxation issues may not appear significant for another ten years, state policy and implementing action on the matter needs to be taken without delay, so as not to unnecessarily impede action toward self-government in rural Alaska.