

ALASKA LEGISLATURE

1561

HOUSE and SENATE FINANCE COMMITTEE FILES, 1995-1996

Sec. 29.05.011. Incorporation of a city. (a) A community that meets the following standards may incorporate as a first class or home rule city:

(1) the community has 400 or more permanent residents;

(2) the boundaries of the proposed city include all areas necessary to provide municipal services on an efficient scale;

(3) the economy of the community includes the human and financial resources necessary to provide municipal services; in considering the economy of the community, the Local Boundary Commission shall consider property values, economic base, personal income, resource and commercial development, anticipated functions, and the expenses and income of the proposed city, including the ability of the community to generate local revenue;

(4) the population of the community is stable enough to support city government;

(5) there is a demonstrated need for city government.

(b) A community that meets all the standards under (a) of this section except (a)(1) may incorporate as a second class city. (§ 4 ch 74 SLA 1985; am § 6 ch 58 SLA 1994)

Effect of amendments – The 1994 amendment, effective August 22, 1994, inserted “or home rule” in the introductory language in subsection (a).

Notes to Decisions – Lack of a valid legislative body would not prevent the valid incorporation of a municipality. This conclusion is bolstered by noting that Alaska's newly-enacted Municipal Government Code has completely separated the statutes relating to the incorporation procedure from those relating to the borough's legislative body. *Jefferson v. State*, Sup. Ct. Op. No. 1084 (File No. 2000), 527 P.2d 37 (Alaska 1974), decided under former AS 29.18.010.

The incorporation of a municipality is a process both conceptually and functionally distinct from that of establishing a legislative body for that corporation. *Jefferson v. State*, Sup. Ct. Op. No. 1084 (File No. 2000), 527 P.2d 37 (1974), decided under former AS 29.18.010.

Sec. 29.05.021. Limitations on incorporation of a city. (a) A community in the unorganized borough may not incorporate as a city if the services to be provided by the proposed city can be provided by annexation to an existing city.

(b) A community within a borough may not incorporate as a city if the services to be provided by the proposed city can be provided on an areawide or nonareawide basis by the borough in which the proposed city is located, or by annexation to an existing city. (§ 4 ch 74 SLA 1985)

Sec. 29.05.031. Incorporation of a borough or unified municipality. (a) An area that meets the following standards may incorporate as a home rule, first class, or second class borough, or as a unified municipality:

(1) the population of the area is interrelated and integrated as to its social, cultural, and economic activities, and is large and stable enough to support borough government;

(2) the boundaries of the proposed borough or unified municipality conform generally to natural geography and include all areas necessary for full development of municipal services;

(3) the economy of the area includes the human and financial resources capable of providing municipal services; evaluation of an area's economy includes land use, property values, total economic base, total personal income, resource and commercial development, anticipated functions, expenses, and income of the proposed borough or unified municipality;

(4) land, water, and air transportation facilities allow the communication and exchange necessary for the development of integrated borough government.

(b) An area may not incorporate as a third class borough. (§ 4 ch 74 SLA 1985; am § 7 ch 58 SLA 1994)

• Effect of amendments. – The 1994 amendment, effective August 22, 1994, in subsection (a), added “, or as a unified municipality” at the end of the introductory language and inserted “or unified municipality” in paragraphs (2) and (3).

Notes to Decisions – As to de facto incorporation, see *Jefferson v. State*, Sup. Ct. Op. No. 1084 (File No. 2000), 527 P.2d 37 (Alaska 1974), decided under former, similar law.

Legislation to organize a specific borough unconstitutional. – Chapter 145, SLA 1974, by which the Eagle River-Chugiak Borough was organized, contravened the provisions of Alaska Const., art. II, § 19, since it was special and local legislation creating a new local government without regard to the general statutory provisions that prescribe the method that otherwise governs the creation of new local governmental entities from existing ones. *Abrams v. State*, Sup. Ct. Op. No. 1142 (File No. 2407), 534 P.2d 91 (Alaska 1975), decided under former, similar law.

Proposed area was not cohesive enough for organized borough government. – See *Valleys Borough Support Comm. v. Local Boundary Comm'n*, 863 P.2d 232 (Alaska 1993).

Article 2. Procedure.

Section

- | | |
|-----------------------------|---|
| 060. Petition | 120. Election of initial officials |
| 070. Review | |
| 080. Investigation | 130. Integration of special districts and service areas |
| 090. Hearing | |
| 100. Decision | 140. Transition |
| 110. Incorporation election | 150. Challenge of legality |

CS SB 280 (CRA)

Amend #3
moved Sen Phillips
adopted

Amend as follows:

AS 29.05.031. Incorporation of a borough or unified municipality. (a) An area that meets the following standards may incorporate as a home rule, first class, [OR] second class or third class borough, or as a unified municipality;

Delete

AS 29.05.031(b) "An area may not incorporate as a third class borough.

Amends. 4/3/96
p. 2, line 3
p. 3, line 2
9-LS1640\F
Change
"Second" to
"Third."
4/4/96 Phoned about
change to
Legal
Fix

CS FOR SENATE BILL NO. 280(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 3/14/96

Referred: STA, FIN

Sponsor(s): SENATORS TORGERSON, Green, Phillips, Donley, Halford

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the mandatory incorporation of certain boroughs in the
2 unorganized borough."

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

4 * Section 1. LEGISLATIVE FINDING AND PURPOSE. (a) The legislature finds that
5 the rights, opportunities, and obligations of borough residents are not equal to those of
6 residents in the unorganized borough, particularly in respect to education, taxation, and land
7 use regulation, and that this is not in keeping with art. I, sec. 1, Constitution of the State of
8 Alaska, that states in part, ". . . . that all persons are equal and entitled to equal rights,
9 opportunities, and protection under the law; and that all persons have corresponding
10 obligations to the people and to the State."

11 (b) It is the purpose of this Act to abide by the intent of the framers of the state
12 constitution and the voters who adopted it and to implement a more equitable distribution of
13 rights, opportunities, and obligations among all residents of the state by including most of the
14 unorganized borough within the boundaries of a borough, with the expectation that the few

1 areas not organized under this Act will be annexed to existing municipalities.

2 * Sec. 2. BOROUGH INCORPORATION PROPOSAL. (a) The Department of
3 Community and Regional Affairs shall prepare a ^{third} ~~second~~ class borough incorporation proposal
4 for each of the model boroughs identified for formation in the report issued in 1995 by the
5 Local Boundary Commission entitled "Model Borough Boundaries." During the process of
6 preparing an incorporation proposal, the department shall hold at least one public hearing in
7 the area covered by the proposal and consider recommendations regarding the proposal. The
8 proposal must include the following information:

Sen. Targerson
moved Sen.
Phillips
adopted

- 9 (1) name;
- 10 (2) boundaries;
- 11 (3) maps, documents, and other information considered by the department to
12 be necessary;
- 13 (4) composition and apportionment of the assembly;
- 14 (5) a proposed operating budget for the borough projecting sources of income
15 and items of expenditure through the first full fiscal year of operation; and
- 16 (6) a designation of areawide and nonareawide powers to be exercised.

17 (b) By January 1, 1997, the state assessor shall estimate the full and true value of
18 taxable property in each of the model boroughs identified for formation in the report issued
19 in 1995 by the Local Boundary Commission. The Department of Community and Regional
20 Affairs shall submit each borough incorporation proposal to the Local Boundary Commission
21 by

- 22 (1) July 1, 1997, for model boroughs with an estimated full and true value of
23 taxable property of at least \$550,000,000;
- 24 (2) July 1, 1998, for model boroughs with an estimated full and true value of
25 taxable property of at least \$350,000,000, but less than \$550,000,000;
- 26 (3) July 1, 1999, for model boroughs with an estimated full and true value of
27 taxable property of at least \$75,000,000, but less than \$350,000,000;
- 28 (4) July 1, 2000, for model boroughs with an estimated full and true value of
29 taxable property of less than \$75,000,000.

30 (c) Within six months after receiving a borough incorporation proposal submitted
31 under (b) of this section, the Local Boundary Commission may request the department to

1 make changes to the proposal. When the commission determines that the proposal meets the
2 standards for incorporation of a ^{third} second class borough, the commission shall accept the ^{Sen. Tolson 5/07}
3 proposal and notify the director of elections of its acceptance.

4 * Sec. 3. ELECTION OF INITIAL OFFICIALS. (a) Within 30 days after receiving notice
5 from the Local Boundary Commission of its acceptance of an incorporation proposal, the
6 director of elections shall order an election in the (proposed borough for initial borough)
7 officials. The election shall be held under AS 29.05.120 not less than 30 nor more than 90
8 days after the date of the election order. The election order must specify the dates during
9 which nomination petitions of election of initial officials may be filed.

10 (b) At an election held under this section, each nonareawide power included in the
11 incorporation proposal shall also be placed separately on the ballot. Adoption of a
12 nonareawide power requires a majority of the votes cast on the question, and the vote is
13 limited to the voters residing in the proposed borough but outside all cities in the proposed
14 borough.

15 * Sec. 4. INCORPORATION OF NEW BOROUGHES. A region is incorporated as a
16 second class borough on the first Monday following certification of the election held under
17 sec. 3 of this Act. AS 29.05.130 - 29.05.150 and 29.05.190 - 29.05.210 apply to boroughs
18 incorporated under this section.

4/4/96
am

Instructions from
Kelly not to transmit
to the Senate floor.

Ordered draft CSSB 280
(Fin) this date.

4/9/96

sk

Kelly approved
draft and release to the
floor. sk

4/9/96

Larry -
Attached is the Finance
draft for SB 280 with
highlighted changes. Also
attached are highlighted
copies for Sens. Rieger
and Torgerson. Since
we were asked to hold
and not transmit the
bill, I thought perhaps
Sen. Halford would like
to see this first. Kelly
2018

P.S. -

Lisa Marie at the
Cordova LIO would
like copies of draft
CSSB 280 (Fin) for
Local Boundary Commission
workshop this after-
noon. Fd #

424-5462

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
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130 Seward Street, Suite 409
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MEMORANDUM

April 8, 1996

SUBJECT: Municipalities (CSSB 280(FIN))

TO: Senator Rick Halford
Co-chair, Senate Finance Committee
Attn: Kathy

FROM: Tamara Brandt Cook
Director *TBC*

Here is a draft committee substitute incorporating several amendments into SB 280. I expanded the bill title because of the material added dealing with incorporation of cities and third class boroughs.

Because the bill now provides for formation in the unorganized borough of third class rather than second class boroughs, I eliminated provisions dealing with nonareawide powers. With the exception of education, and tax assessment, third class boroughs may not generally exercise powers on an areawide or nonareawide basis. (AS 29.35.210)

A provision imposing taxes must be specific so that the rate of taxation is clear. The amendment changing the rate of tax levied in the separate unorganized boroughs and adding the phrase "plus cost of collection, or equivalency," is too vague. Who is supposed to determine what the "cost of collection" is? What does "or equivalency" refer to? Any attempt to delegate the legislative power of taxation to an executive branch agency poses problems under the separation of powers doctrine.

I changed the language of the amendment adding the phrase "for the purpose of appropriation by the legislature for funding REAA schools" in an effort to avoid the possibility that a court might view this as an unconstitutional dedication of revenue. (Sonneman v. Hickel, 836 P.2d 936 (Alaska 1992))

TBC:pl
96-111.plm

9-LS1640\G

Cook

4/9/96

CS FOR SENATE BILL NO. 280(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATORS TORGERSON, Green, Phillips, Donley, Halford

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to municipalities; the incorporation of certain boroughs in the
2 unorganized borough; the formation of separate unorganized boroughs; and to
3 property taxation in the unorganized boroughs."

*Amend.
#1*

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

5 * Section 1. LEGISLATIVE FINDING AND PURPOSE. (a) The legislature finds that
6 the rights, opportunities, and obligations of borough residents are not equal to those of
7 residents in the unorganized borough, particularly in respect to education, taxation, and land
8 use regulation, and that this is not in keeping with art. I, sec. 1, Constitution of the State of
9 Alaska, that states in part, ". . . . that all persons are equal and entitled to equal rights,
10 opportunities, and protection under the law; and that all persons have corresponding
11 obligations to the people and to the State."

12 (b) It is the purpose of secs. 3 - 5 of this Act to abide by the intent of the framers of
13 the state constitution and the voters who adopted it and to implement a more equitable
14 distribution of rights, opportunities, and obligations among all residents of the state by

1 providing a mechanism under which most of the unorganized borough may be included within
 2 the boundaries of a borough, with the expectation that the few areas not organized under secs.
 3 3 - 5 of this Act will be annexed to existing municipalities.

4 * Sec. 2. AS 29.05.031(a) is amended to read:

5 (a) An area that meets the following standards may incorporate as a home rule,
 6 first class, [OR] second class, or third class borough, or as a unified municipality:

7 (1) the population of the area is interrelated and integrated as to its
 8 social, cultural, and economic activities, and is large and stable enough to support
 9 borough government;

10 (2) the boundaries of the proposed borough or unified municipality
 11 conform generally to natural geography and include all areas necessary for full
 12 development of municipal services;

13 (3) the economy of the area includes the human and financial resources
 14 capable of providing municipal services; evaluation of an area's economy includes land
 15 use, property values, total economic base, total personal income, resource and
 16 commercial development, anticipated functions, expenses, and income of the proposed
 17 borough or unified municipality;

18 (4) land, water, and air transportation facilities allow the
 19 communication and exchange necessary for the development of integrated borough
 20 government.

21 * Sec. 3. BOROUGH INCORPORATION PROPOSAL. (a) The Department of
 22 Community and Regional Affairs shall prepare a third class borough incorporation proposal
 23 for each of the model boroughs identified for formation in the report issued in 1995 by the
 24 Local Boundary Commission entitled "Model Borough Boundaries." During the process of
 25 preparing an incorporation proposal, the department shall hold at least one public hearing in
 26 the region covered by the proposal and consider recommendations regarding the proposal. The
 27 proposal must include the following information:

28 (1) name;

29 (2) boundaries;

30 (3) maps, documents, and other information considered by the department to
 31 be necessary;

Amend. #1

Amend. #3

Sen. Ingerson's Amend.

1 (4) composition and apportionment of the assembly; and
 2 (5) a proposed operating budget for the borough projecting sources of income
 3 and items of expenditure through the first full fiscal year of operation.

4 (b) By January 1, 1997, the state assessor shall estimate the full and true value of
 5 taxable property in each of the model boroughs identified for formation in the report issued
 6 in 1995 by the Local Boundary Commission. The Department of Community and Regional
 7 Affairs shall submit each borough incorporation proposal to the Local Boundary Commission
 8 by

9 (1) July 1, 1997, for model boroughs with an estimated full and true value of
 10 taxable property of at least \$550,000,000;

11 (2) July 1, 1998, for model boroughs with an estimated full and true value of
 12 taxable property of at least \$350,000,000, but less than \$550,000,000;

13 (3) July 1, 1999, for model boroughs with an estimated full and true value of
 14 taxable property of at least \$75,000,000, but less than \$350,000,000;

15 (4) July 1, 2000, for model boroughs with an estimated full and true value of
 16 taxable property of less than \$75,000,000.

17 (c) Within six months after receiving a borough incorporation proposal submitted
 18 under (b) of this section, the Local Boundary Commission may request the department to
 19 make changes to the proposal. When the commission determines that the proposal meets the
 20 standards for incorporation of a third class borough, *Sen. Torgerson's Amend.* the commission shall accept the proposal
 21 and notify the director of elections of its acceptance.

22 * Sec. 4. INCORPORATION ELECTION. Within 30 days after receiving notice from the
 23 Local Boundary Commission of its acceptance of an incorporation proposal, the director of
 24 elections shall order an election in the region of the proposed borough to determine whether
 25 the voters desire incorporation and, if so, to elect the initial borough officials. The election
 26 shall be held under AS 29.05.110 and 29.05.120 not less than 30 nor more than 90 days after
 27 the date of the election order. The election order must specify the dates during which
 28 nomination petitions of election of initial officials may be filed.

29 * Sec. 5. INCORPORATION OF NEW BOROUGHES. If a majority of the voters voting
 30 on the question approve incorporation, a region is incorporated as a third class borough on the
 31 first Monday following certification of the election held under sec. 4 of this Act.

Amend. #1

1 AS 29.05.130 - 29.05.150 and 29.05.190 - 29.05.210 apply to boroughs incorporated under
2 this section.

3 * Sec. 6. FORMATION OF SEPARATE UNORGANIZED BOROUGHES. If a majority
4 of the voters voting on the question disapprove incorporation under sec. 4 of this Act,
5 notwithstanding other provisions of law, the region becomes a separate unorganized borough
6 on the first Monday following certification of the election. Beginning on January 1 of the
7 year following certification of the election, an annual tax of four mills plus cost of collection,
8 or equivalency, is levied each year on the full and true value of taxable property in that
9 unorganized borough. Money from taxes levied under this section may be appropriated for
10 funding for regional educational attendance areas. The provisions of AS 29.45.010 -
11 29.45.500 apply to taxes levied under this section. The state assessor shall assess the property,
12 collect the taxes levied under this section and deposit them in the general fund, and perform
13 the mandatory duties of a municipality, a board of equalization, or a municipal official under
14 AS 29.45.010 - 29.45.500, except that the state assessor may not act through the adoption of
15 an ordinance or grant exemptions from taxation not required under AS 29.45.010 - 29.45.500.

16 * Sec. 7. By January 1, 2001, the revisor of statutes shall prepare draft legislation to
17 conform the statutes to sec. 6 of this Act and submit the draft to the senate and the house of
18 representatives.

19 * Sec. 8. AS 29.05.011(a)(5), 29.05.021, and 29.05.031(b) are repealed.

*Amend. #1
(as amended)*

*← Rewrite
of
REAA
funding
language
by
drafter*

*↑
Revised Amend.
#2*

*↑
Drafter repeal
of statute
prohibiting
incorporation
as a third
class borough.*

4/8/96

Called Tam Cook

re: omission of
introductory prepositional
phrase at p. 3, line 29
(highlighted in yellow).

She will furnish a
redraft 4/9 morning.

sh

9-LS1640\G
Cook
4/8/96

CS FOR SENATE BILL NO. 280(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
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1 "An Act relating to municipalities; the incorporation of certain boroughs in the
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3 property taxation in the unorganized boroughs."

*Amend.
#1*

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5 * **Section 1. LEGISLATIVE FINDING AND PURPOSE.** (a) The legislature finds that
6 the rights, opportunities, and obligations of borough residents are not equal to those of
7 residents in the unorganized borough, particularly in respect to education, taxation, and land
8 use regulation, and that this is not in keeping with art. I, sec. 1, Constitution of the State of
9 Alaska, that states in part, ". . . . that all persons are equal and entitled to equal rights,
10 opportunities, and protection under the law; and that all persons have corresponding
11 obligations to the people and to the State."

12 (b) It is the purpose of secs. 3 - 5 of this Act to abide by the intent of the framers of
13 the state constitution and the voters who adopted it and to implement a more equitable
14 distribution of rights, opportunities, and obligations among all residents of the state by

1 providing a mechanism under which most of the unorganized borough may be included within
2 the boundaries of a borough, with the expectation that the few areas not organized under secs.
3 3 - 5 of this Act will be annexed to existing municipalities.

4 * Sec. 2. AS 29.05.031(a) is amended to read:

5 (a) An area that meets the following standards may incorporate as a home rule,
6 first class, [OR] second class, or third class borough, or as a unified municipality:

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8 social, cultural, and economic activities, and is large and stable enough to support
9 borough government;

10 (2) the boundaries of the proposed borough or unified municipality
11 conform generally to natural geography and include all areas necessary for full
12 development of municipal services;

13 (3) the economy of the area includes the human and financial resources
14 capable of providing municipal services; evaluation of an area's economy includes land
15 use, property values, total economic base, total personal income, resource and
16 commercial development, anticipated functions, expenses, and income of the proposed
17 borough or unified municipality;

18 (4) land, water, and air transportation facilities allow the
19 communication and exchange necessary for the development of integrated borough
20 government.

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23 for each of the model boroughs identified for formation in the report issued in 1995 by the
24 Local Boundary Commission entitled "Model Borough Boundaries." During the process of
25 preparing an incorporation proposal, the department shall hold at least one public hearing in
26 the region covered by the proposal and consider recommendations regarding the proposal. The
27 proposal must include the following information:

- 28 (1) name;
- 29 (2) boundaries;
- 30 (3) maps, documents, and other information considered by the department to
- 31 be necessary;

Amend #3

Sen. Tongerson Amend.

1 (4) composition and apportionment of the assembly; and
 2 (5) a proposed operating budget for the borough projecting sources of income
 3 and items of expenditure through the first full fiscal year of operation.

4 (b) By January 1, 1997, the state assessor shall estimate the full and true value of
 5 taxable property in each of the model boroughs identified for formation in the report issued
 6 in 1995 by the Local Boundary Commission. The Department of Community and Regional
 7 Affairs shall submit each borough incorporation proposal to the Local Boundary Commission
 8 by

9 (1) July 1, 1997, for model boroughs with an estimated full and true value of
 10 taxable property of at least \$550,000,000;

11 (2) July 1, 1998, for model boroughs with an estimated full and true value of
 12 taxable property of at least \$350,000,000, but less than \$550,000,000;

13 (3) July 1, 1999, for model boroughs with an estimated full and true value of
 14 taxable property of at least \$75,000,000, but less than \$350,000,000;

15 (4) July 1, 2000, for model boroughs with an estimated full and true value of
 16 taxable property of less than \$75,000,000.

17 (c) Within six months after receiving a borough incorporation proposal submitted
 18 under (b) of this section, the Local Boundary Commission may request the department to
 19 make changes to the proposal. When the commission determines that the proposal meets the
 20 standards for incorporation of a third class borough, the commission shall accept the proposal
 21 and notify the director of elections of its acceptance.

22 * Sec. 4. INCORPORATION ELECTION. Within 30 days after receiving notice from the
 23 Local Boundary Commission of its acceptance of an incorporation proposal, the director of
 24 elections shall order an election in the region of the proposed borough to determine whether
 25 the voters desire incorporation and, if so, to elect the initial borough officials. The election
 26 shall be held under AS 29.05.110 and 29.05.120 not less than 30 nor more than 90 days after
 27 the date of the election order. The election order must specify the dates during which
 28 nomination petitions of election of initial officials may be filed.

29 * Sec. 5. INCORPORATION OF NEW BOROUGHS. ~~A~~ region is incorporated as a third
 30 class borough on the first Monday following certification of the election held under sec. 4 of
 31 this Act. AS 29.05.130 - 29.05.150 and 29.05.190 - 29.05.210 apply to boroughs incorporated

- San. Torgerson Amend.

Amend. #1

Amend #1

Amend. #1

If a majority of the voters voting on the question approve incorporating a

(Amend #1)

1 under this section.

2 * Sec. 6. FORMATION OF SEPARATE UNORGANIZED BOROUGHES. If a majority
 3 of the voters voting on the question disapprove incorporation under sec. 4 of this Act,
 4 notwithstanding other provisions of law, the region becomes a separate unorganized borough
 5 on the first Monday following certification of the election. Beginning on January 1 of the
 6 year following certification of the election, an annual tax of four mills plus cost of collection,
 7 or equivalency, is levied each year on the full and true value of taxable property in that
 8 unorganized borough. Money from taxes levied under this section may be appropriated for
 9 funding for regional educational attendance areas. The provisions of AS 29.45.010 -
 10 29.45.500 apply to taxes levied under this section. The state assessor shall assess the property,
 11 collect the taxes levied under this section and deposit them in the general fund, and perform
 12 the mandatory duties of a municipality, a board of equalization, or a municipal official under
 13 AS 29.45.010 - 29.45.500, except that the state assessor may not act through the adoption of
 14 an ordinance or grant exemptions from taxation not required under AS 29.45.010 - 29.45.500.

15 * Sec. 7. By January 1, 2001, the revisor of statutes shall prepare draft legislation to
 16 conform the statutes to sec. 6 of this Act and submit the draft to the senate and the house of
 17 representatives.

18 * Sec. 8. AS 29.05.011(a)(5), 29.05.021, and 29.05.031(b) are repealed.

Amend. #1

Rewrite of REAA funding language by drafter.

Revised Amend. #2

↑ Drafter repeal of prohibition upon incorporation as a third class borough.

an annual tax of four mills plus cost of collection, or equivalency, is levied each year on the full and true value of taxable property in that unorganized borough for the purpose of appropriation by the legislature for funding REAA schools.

4/3/96

JFC Committee language
Re: REAA funding.

traded for new revised #2

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR RIEGER

TO: CSSB 280(CRA)

1 Page 1, line 1, after "relating":

2 Insert "to detachment of an area from a borough or unified municipality and
3 incorporation of the area into a new borough or unified municipality; and relating"

4 Page 1, line 11, after "purpose of":

5 Insert "secs. 3 - 5 of"

6 Page 2, line 1, after "under":

7 Insert "secs. 3 - 5 of"

8 Page 2, after line 1:

9 Insert a new bill section to read:

10 **** Sec. 2.** AS 29.06 is amended by adding a new section to read:

11 **Sec. 29.06.055. DETACHMENT AND INCORPORATION OF AN AREA.**

12 (a) The voters of an area in an ^{organized} borough or unified municipality may file with the
13 municipal clerk a petition for the detachment of a contiguous area of the borough or
14 unified municipality that includes at least ²⁵⁰ 50 residents or three percent of the
15 population of the municipality, whichever is greater. The petition shall be on a form
16 supplied by the clerk or by the Local Boundary Commission. The petition must be
17 signed by a number of voters residing in the area of the proposed detachment equal
18 to at least ¹⁵ 10 percent of the number of residents in the area who voted in the last
19 general election. The petition shall include

20 (1) the class of the borough or unified municipality proposed for
21 incorporation as a result of the detachment;

22 (2) the name of the proposed borough or unified municipality;

1 (3) the boundaries of the proposed borough or unified municipality;

2 (4) the composition and apportionment of the governing body of the
3 proposed borough or unified municipality;

4 (5) a designation of the areawide powers to be exercised by the
5 proposed borough or unified municipality, which must be the same as the areawide
6 powers exercised by the borough or unified municipality from which the area is
7 proposed to be detached;

8 (6) for a second class borough, a designation of the nonareawide
9 powers to be exercised;

10 (7) for a home rule borough or unified municipality, a proposed home
11 rule charter.

12 (b) During the next regular election held after the receipt of a petition that
13 meets the requirement of (a) of this section the question of the proposed detachment
14 and incorporation shall be placed before the voters residing in the area proposed for
15 detachment. Areawide and nonareawide powers included in the petition under (a)(5)
16 and (6) of this section are considered to be part of the detachment and incorporation
17 question. A home rule charter included under (a)(7) of this section is considered to
18 be part of the detachment and incorporation question. If the question is approved by
19 at least 60 percent of those voting on it, the proposed detachment and incorporation
20 takes effect one year after the date of certification of the election.

21 (c) If the proposed detachment and incorporation is approved, nomination
22 petitions for election of initial officials may be filed with the municipal clerk no later
23 than six months after certification of the election under (b) of this section. The
24 election of initial municipal officials shall be held in the area to be detached and
25 incorporated nine months after certification of the election under (b) of this section."

26 Renumber the following bill sections accordingly.

27 Page 3, line 17:

28 Delete "sec. 3"

29 Insert "sec. 4"

Amendment #1
9-LS1640F.2
Cook
4/2/96
Sen. Phillips
moved
Sen. Sharoff
opposed
adopted.

A M E N D M E N T

OFFERED IN THE SENATE
TO: CSSB 280(CRA)

BY SENATOR TORGERSON

- 1 Page 1, line 1:
- 2 Delete "mandatory"

- 3 Page 1, line 2, following "borough":
- 4 Insert "; relating to the formation of separate unorganized boroughs; and relating
- 5 to property taxation in the unorganized boroughs"

- 6 Page 1, line 13:
- 7 Delete "including"
- 8 Insert "providing a mechanism under which"

- 9 Page 1, line 14, following "unorganized borough":
- 10 Insert "may be included"

- 11 Page 3, line 4:
- 12 Delete "ELECTION OF INITIAL OFFICIALS"
- 13 Insert "INCORPORATION ELECTION"

- 14 Page 3, line 6:
- 15 Delete "proposed borough for initial borough"
- 16 Insert "region of the proposed borough to determine whether the voters desire
- 17 incorporation and, if so, to elect the"

- 18 Page 3, line 7, following "under":
- 19 Delete "AS 29.55.120"

1 Insert "AS 29.05.110 and 29.05.120"

2 Page 3, line 15:

3 Delete "A"

4 Insert "If a majority of the voters voting on the question approve incorporation, a"

5 Page 3, after line 18:

6 Insert new bill sections to read:

7 **** Sec. 5. FORMATION OF SEPARATE UNORGANIZED BOROUGHES.** If a majority
 8 of the voters voting on the question disapprove incorporation under sec. 3 of this Act,
 9 notwithstanding other provisions of law, the region becomes a separate unorganized borough
 10 on the first Monday following certification of the election. Beginning on January 1 of the
 11 year following certification of the election, an annual tax of ^{four} six mills ^{or equivalency} is levied each year on ^{Sen. Tolgerson}
 12 the full and true value of taxable property in that unorganized borough. The provisions of
 13 AS 29.45.010 - 29.45.500 apply to taxes levied under this section. The state assessor shall
 14 assess the property, collect the taxes levied under this section and deposit them in the general
 15 fund, and perform the mandatory duties of a municipality, a board of equalization, or a
 16 municipal official under AS 29.45.010 - 29.45.500, except that the state assessor may not act
 17 through the adoption of an ordinance or grant exemptions from taxation not required under
 18 AS 29.45.010 - 29.45.500.

19 * **Sec. 6.** By January 1, 2001, the revisor of statutes shall prepare draft legislation to
 20 conform the statutes to sec. 5 of this Act and submit the draft to the senate and the house of
 21 representatives."

4/3
 Change: six mills to four, plus cost
 of collection, to fund REAA schools.
 or equivalency →

SENATE FINANCE
COMMITTEE

Amendment Number: 2
Bill Number: SB 280
Sponsor: _____ Date: 4/03/96
Logged In By: JS

9-LS1640F.3
Cook
4/3/96

*4/4/96
withdrawn*

A M E N D M E N T

OFFERED IN THE SENATE
TO: CSSB 280(CRA)

BY SENATOR RIEGER

- 1 Page 1, line 1, after "relating":
2 Insert "to detachment of an area from a borough or unified municipality and
3 incorporation of the area into a new borough or unified municipality; and relating"
- 4 Page 1, line 11, after "purpose of":
5 Insert "secs. 3 - 5 of"
- 6 Page 2, line 1, after "under":
7 Insert "secs. 3 - 5 of"
- 8 Page 2, after line 1:
9 Insert a new bill section to read:
10 **** Sec. 2. AS 29.06 is amended by adding a new section to read:**
11 **Sec. 29.06.055. DETACHMENT AND INCORPORATION OF AN AREA.**
12 (a) The voters of an area in a borough or unified municipality may file with the
13 municipal clerk a petition for the detachment of a contiguous area of the borough or
14 unified municipality that includes at least 250 residents or three percent of the
15 population of the municipality, whichever is greater. The petition must be on a form
16 supplied by the clerk or by the Local Boundary Commission. The petition shall be
17 signed by a number of voters residing in the area of the proposed detachment equal
18 to at least 15 percent of the number of residents in the area who voted in the last
19 general election. The petition must include
20 (1) the class of the borough or unified municipality proposed for
21 incorporation as a result of the detachment;
22 (2) the name of the proposed borough or unified municipality;

04/03/96

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM

LTN1150

10:08:57

PARTICIPANT LIST (TESTIFIERS ONLY)

BY:JNU

TCN:60653

SCHEDULED FOR:04/03/96 09:00 TO 11:00

FOR:ALL

PUBLIC HEARING

SENATE FINANCE

LOCATION:ANCHORAGE

SB 280	STEVE	VAN SANT	DCRA-ANS ?	TESTIFY
HB 158	GRANT	CALLOW	SB 199 T ON 2 BL	TESTIFY

LOCATION:CORDOVA

SB 280	MR.	ERIC	WEATHERS	TESTIFY
SB 280	MS.	DENNY	WEATHERS	TESTIFY
SB 280	MS.	MARLA	ADKINS	TESTIFY
HB 158	MS.	DORNE	HAWKHURST	CDFU
				TESTIFY

LOCATION:DELTA JCT.

LOCATION:FAIRBANKS

SB 247	MR.	BILL	HAGAR	TESTIFY
HB 212	MR.	ERIK	HOLLAND	TESTIFY
HB 212	MR.	AL	PAGH	TESTIFY
HB 212	MR.	DAN	RITZMAN	NAEC
				TESTIFY
ALL ITEMS	MR.	LYNN	LEVENGOD	TESTIFY
ALL ITEMS	MR.	TOM	SCARBOROUGH	TESTIFY

LOCATION:VALDEZ



Alaska State Legislature

4/9/96
Received
after
bill
Reported
Out.

Please enter into the record my testimony to the Senate Finance
committee name
committee on SB 280, dated 4/3/96
bill/subject

see
attached

Signed: Steve + Anne Kahn
Testifier

Representing (Optional)

Address 892-6653

Phone No.

Steve and Anne Kahn
HC 34 Box 2619Z
Wasilla, AK 99687
April 3, 1996

Dear Legislator,

We are opposed to any legislation which would expand current borough boundaries or establish new boroughs within the state of Alaska (re: SB 280). The Mat-Su and Kenai Peninsula Boroughs have both shown a propensity to treat remote property owners unfairly. Although tax dollars are collected, services are typically minimal or non-existent. A large percentage of tax monies are used for schools, fire protection and emergency services. Most remote properties which would be annexed into boroughs are used as occasional summer retreats only. Individuals like ourselves, who own remote property would therefore be supporting more than one school district even though our primary residence is in Mat-Su. (Incidentally, as we are by choice a childless couple, these dollars are more of a direct benefit to others.)

Please realize that there are currently many remote property owners who are far from wealthy. SB 280 has the potential of making these parcels affordable for none but the elite.

Finally, we are opposed to this bill because we feel the state's borough system needs more scrutiny. We have little faith in the current borough system. We believe there are fairer ways of levying tax dollars, such as a state income tax or a sales tax. We are both lifelong residents and have a vested interest in this state.

Sincerely,

Steve & Anne Kahn

DEPARTMENT OF EDUCATION
OFFICE OF THE COMMISSIONER

GOLDBELT PLACE
801 WEST 10TH STREET, SUITE 200
JUNEAU, ALASKA 99801-1894

(907) 465-2800
FAX (907) 465-4156

March 28, 1996

RECEIVED
MAR 29 1996

The Honorable John Torgerson
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

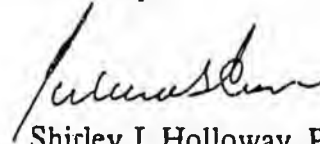
Dear Senator Torgerson:

This purpose of this letter is to correct the record established on SB 280 during the Senate Community and Regional Affairs committee meeting, March 13, 1996. It was estimated \$17.7 million in annual savings would result from the consolidation of approximately 20 school districts as boroughs are incrementally incorporated.

The information compiled by Ms. Deb Davidson, from your office, was researched from the Department of Education's June 1995 publication, "Summary of Alaska's Public School Districts' Report Cards to the Public, School Year 1993-94." The figure Ms. Davidson estimated was totaled by adding the costs of "school administration" listed in an appendix within the report. However, the figure does not reflect what was intended because the report includes in the "administration costs" category, the expenses of site management services, i.e. the costs associated with school principals.

Legislative Audit issued a report a few years ago which estimated cost savings, associated with school district consolidation in the unorganized borough, could range from 5.5% (the percentage referenced from a report conducted by the Institute of Social and Economic Research) to 8.5% (Legislative Audit's percentage associated with merging school districts.)¹ Using DOE FY 94 audit reports, this translates into a potential savings of \$3.36 million, at the low end, or \$5.19 million, the high estimate. These figures more accurately portray the cost savings rather than the \$17.7 million reflected in the committee minutes. School districts would be the recipients of the estimated cost savings, not the formula programs administered through DOE. Restructuring of the administrative unit would be necessary at the local level.

Sincerely,



Shirley J. Holloway, Ph. D.
Commissioner

Attachment

cc: Dr. Jim Elliott, Director of School Finance
Senate Community and Regional Affairs Committee Members



¹ Legislative Audit Report, Potential For Administrative Savings From School District Consolidation. May 11, 1992: p. 17.

REPORT CONCLUSIONS

Using the assumptions, approach, adjustments, and analysis discussed further in this section, we conservatively estimate that \$5.3 million could be saved in district administration costs from the consolidation of schools in the unorganized borough. Our estimates are based on FY 90 expenditures as presented in the audit reports of the various Regional Education Attendance Areas (REAs) and city school districts submitted to the Department of Education. Estimated savings also reflect the assumption that the State's foundation support and local tax effort would remain unchanged.⁸

These estimated savings represent just over 8.5% of the total district administration expenditures statewide. In terms of overall savings to the State the estimated \$5.3 million represents just over 1% of the total FY 90 Foundation Support of \$488 million. In general, our findings appear to be consistent with analysis reported by the Institute of Social and Economic Research (ISER).⁹ In a September 1991 report ISER researchers observed:

Overall, our analysis suggests that if two districts merge to create a new larger district, the combined school district can expect a savings of no more than about 5 percent of operating costs.

District administration savings of 5.5% used as starting place for statewide estimate

As discussed in the Objectives, Scope, and Methodology section, we used the recent formation of the Aleutians East Borough as a case study to evaluate the impact of consolidation on schools. The current superintendent of the new Aleutians East Borough School District (AEBSD) reported that in many respects, the consolidation of schools involved an optimum situation. The two major schools joining the borough district were previously city school districts, with relatively "lean" district administration costs.¹⁰ Compared to

⁸Under the assumption used in the estimates, model boroughs consisting entirely of REAs (such as the Delta/Grceely, Alaska Gateway, and Copper River model borough) would not necessarily have any local taxing authority or be required to make a local contribution for school operations. Similarly, model boroughs made up entirely of incorporated communities (such as the Wrangell/Petersburg model borough) or by a combination of incorporated communities and REAs (such as the Calista model borough) would have the same taxing authority currently in place.

⁹ISER released a report in September 1991, funded by the Legislative Budget and Audit Committee entitled *Education Equity and Taxpayer Equity: A Review of the Alaska Public School Foundation Funding Program*. The report examined in great detail the recent trends in public school funding and spending for all three types of school districts operating in the State.

¹⁰For FY 90, when measured on per ADM basis, district administration expenditures for city school districts in unorganized boroughs were about half of that for REAs. An informed observer felt that this reflected the added accountability for city school districts, brought on by the required local tax effort.

REAs, city school districts generally incur less district administrative cost on a per student basis.¹¹

Almost \$5 million of the \$5.3 million estimated savings are based on comparisons

Each projected consolidation involves a different combination of REAs and city school districts. After calculating a 5.5% savings for projected consolidated districts, we also compared the projected average daily membership (ADM) (based on FY 90 reported figures) of the new district to ADM of existing districts. When we identified existing districts with roughly the same ADM, we then compared the projected administration costs of the district with the actual FY 90 costs for the comparable district. This comparison allowed us to assess the reasonableness of our estimated administrative cost savings.

Each projected hypothetical district involves a differing mixture of REAs and city school districts. Depending on the "mix" of districts in the district, the amount of administrative savings that may be possible fluctuates significantly. As reflected in the Schedule of Estimates beginning on page 24 the major part of the \$5.3 million in estimated savings are based on comparisons. As set out in the three following paragraphs, the comparisons in administrative costs of the three new "consolidated" districts and existing districts yielded more than 90% of the estimated savings. This illustrates the limitation of trying to extrapolate the experience of AEBSD on a statewide basis, although the final figure does appear to be consistent with other estimates.

Comparison method produced large projected savings for three new consolidated districts

The Calista Model Borough involves the most extensive, projected consolidation of current REAs and city school districts currently operating in the unorganized borough. Based on FY 90 figures, this new large model borough would have an ADM of more than 6,200. Based on FY 90 enrollment figures, this would make the Calista Borough the fifth largest district in the State, larger than the Juneau School District. The Fairbanks North Star Borough School District has administration expenses of \$5.5 million with more than twice the enrollment. Another comparison is provided by the North Slope Borough which in FY 90 had \$4.6 million in district administration expenses for an enrollment of less than 1,400. Based on these comparisons we conservatively estimated that district administration costs for the new borough would probably not exceed more than \$5 million. Using such a "ceiling" we projected savings of more than \$3.3 million for the schools covered in the projected new borough consolidation.

¹¹Based on FY 90 audited expenditures. REAs spent an average of \$1,400 in district administration per enrolled full-time student (technically referred to as average daily membership or ADM) while city school districts spent on average, just over \$1,000 per ADM. City school districts such as Petersburg and Wrangell with the relatively homogeneous and centrally located population had FY 90 administrative costs of \$265 per ADM and \$550 per ADM, respectively.

¹ Legislative Audit Report, Potential For Administrative Savings From School District Consolidation, May 11, 1992

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 2/9/96

FURTHER: State Affairs

Date of 5-Day Notice: 2/22/96
 (in accordance with Uniform Rule 23)

DATE TURNED
 INTO OFFICE: _____

The Community & Regional Affairs Committee considered SB 280

Relating to the mandatory incorporation of certain boroughs in the unorganized borough.

and recommends:

- be replaced with CS SB 280 (CRA)
- adopt previous CS _____
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical title
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Roll E Kelly</i>	<input checked="" type="checkbox"/>	<i>John E. Kelly</i>		<input checked="" type="checkbox"/>	
<i>T. Kelly</i>	<input checked="" type="checkbox"/>				
CHAIR: <i>John E. Kelly</i>	<input checked="" type="checkbox"/>	CHAIR:			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
Gov. Office - Elections Administration	3/12/96		25.4
Comm. & Reg. Affairs - LBC	3/12/96	<input checked="" type="checkbox"/>	15.6
Comm. & Reg. Affairs - St. Assessor	3/12/96		63.5
Comm. & Reg. Affairs - Org. Grants	3/12/96	<input checked="" type="checkbox"/>	
Education	3/12/96	<input checked="" type="checkbox"/>	
Law	3/15/96	<input checked="" type="checkbox"/>	
Natural Resources	3/6/96	<input checked="" type="checkbox"/>	
Public Safety	3/15/96	<input checked="" type="checkbox"/>	
Transportation	3/7/96	<input checked="" type="checkbox"/>	

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

STATE OF ALASKA

DEPARTMENT OF EDUCATION

DIVISION OF SCHOOL FINANCE

GOLDBELT PLACE—
801 WEST 10TH STREET, SUITE 200
JUNEAU, ALASKA 99801-1894
(907) 465-8685
FAX (907) 463-5279

March 26, 1996

The Honorable John Torgerson
State Capitol, Room 427
Juneau, Alaska 99801-1182

Dear Senator Torgerson:

The following information has been requested by Deb Davidson and is related to CSSB280, which proposes the mandatory incorporation of certain boroughs in the unorganized borough. Based on the schedule of borough incorporation outlined in section 2 of CSSB280 and the phase-in provisions of AS 29.05.130 and AS 14.17.025(f), all boroughs will be subject to the four mill required local effort of AS 14.17.025 by fiscal year 2007.

Enclosed are the spreadsheets that compare the foundation allocation under the existing program and the allocation proposed under CSSB280 at full implementation in fiscal year 2007.

Please let me know if you have questions regarding the enclosed spreadsheets.

Sincerely,



Eddy Jeans
Project Assistant

Enclosures

cc: Rick Cross, Deputy Commissioner, DOE
Jim Elliott, Acting Director, School Finance, DOE
Karen Rehfeld, Director, Administrative Services, DOE
Kimberly Homme, Special Assistant, DOE

ALASKA DEPARTMENT OF EDUCATION
 FY96 FOUNDATION PROGRAM

3/26/96 File:96FND280.XLS

Mandatory incorporation of certain boroughs - CSSB280

	BASIC NEED \$61,000	REQUIRED LOCAL	ELIGIBLE PL81-874	PL81-874 PERCENT	DEDUCTIBLE	FY96	Estimated
					PL81-874 @ 90%	FOUNDATION STATE AID	1994 FULL VALUE DETERMINATION
ADAK	0	\$0	\$0	100.00%	\$0	\$0	
ALEUTIAN WEST	3,233,610	943,989	75,206	100.00%	67,685	2,221,936	361,535,300
ALEUTIANS EAST	4,268,170	356,423	745,057	37.72%	252,932	3,658,815	89,105,700
ANCHORAGE	234,908,560	49,736,435	2,630,158	64.12%	5,557,372	179,614,753	12,434,108,720
ANNETTE ISLANDS	2,780,990	0	1,096,313	100.00%	986,682	1,794,308	
BERING STRAIT /1	24,850,790	940,561	4,394,309	27.51%	1,087,987	22,822,242	235,140,200
BRISTOL BAY	2,637,030	707,169	333,228	59.35%	177,994	1,751,867	176,792,300
CHATHAM /1	4,729,330	137,961	911,645	27.51%	225,714	4,365,655	34,490,300
COPPER RIVER	5,604,070	2,675,460	113,349	100.00%	102,014	2,826,596	668,865,000
DENALI	4,911,110	366,999	41,482	100.00%	37,334	4,506,777	91,749,700
DILLINGHAM /1	11,397,240	684,481	1,614,974	27.51%	399,851	10,312,908	171,120,300
FAIRBANKS	82,993,550	14,300,072	7,901,408	53.70%	3,818,750	64,874,728	3,575,017,970
GLACIER BAY /1	2,831,620	226,393	571,277	27.51%	141,442	2,463,785	56,598,300
HAINES/SKAGWAY	3,885,090	894,750	21,222	100.00%	19,100	2,971,240	223,687,500
IDITAROD /1	5,843,800	122,400	635,009	27.51%	157,222	5,564,178	30,600,000
JUNEAU	29,272,070	7,070,536	77,892	52.14%	36,552	22,164,982	1,767,634,100
KENAI	58,411,770	14,163,047	94,733	51.61%	44,003	44,204,720	3,540,761,750
KETCHIKAN	13,865,910	3,954,768	28,576	59.03%	15,182	9,895,960	988,691,900
KODIAK	17,883,370	3,435,410	1,498,140	77.00%	1,038,211	13,409,749	858,852,600
KUSPUK /1	5,654,090	127,800	717,779	27.51%	177,715	5,348,575	31,950,000
LAKE AND PENN.	7,259,000	273,430	983,338	16.85%	149,123	6,836,447	68,357,600
LOWER KUSKOKWIM /1	45,759,150	1,357,787	6,042,323	27.51%	1,496,019	42,905,344	339,446,800
LOWER YUKON /1	20,517,960	376,324	5,031,256	27.51%	1,245,689	18,895,947	94,081,000
MAT-SU	65,079,680	9,694,707	45,126	53.46%	21,712	55,363,261	2,423,676,790
NORTH SLOPE	16,401,070	5,489,726	3,357,524	20.08%	606,772	10,304,572	12,291,192,390
NORTHWEST ARCTIC	18,654,410	708,838	2,468,616	27.96%	621,203	17,324,369	177,209,500
PRIBILOF /2	2,397,910	238,102	352,686	50.00%	158,709	2,001,099	59,525,400
PRINCE WILLIAM SOUND /2	10,371,830	3,550,540	251,496	50.00%	113,173	6,698,117	1,272,675,200
SITKA	9,035,930	2,113,115	175,979	59.64%	94,458	6,823,357	528,278,800
PRINCE OF WALES /2	9,788,060	555,480	927,313	50.00%	417,291	8,815,289	138,869,900
UPPER TANANA /2	11,483,860	2,216,383	1,294,523	50.00%	582,535	8,684,942	554,095,700
WRANGELL/PETERSBURG	7,102,230	1,400,744	31,777	96.73%	27,664	5,673,822	350,186,100
YAKUTAT	1,443,870	111,204	85,961	32.35%	25,028	1,307,638	27,801,100
YUKON FLATS /2	6,550,180	1,740,300	725,222	50.00%	326,350	4,483,530	435,075,000
YUKON/KOYUKUK /2	10,925,710	2,088,906	1,483,814	50.00%	667,716	8,169,088	522,226,500
TOTALS	\$762,733,020	\$132,770,240	\$53,758,711		\$20,897,184	\$609,065,596	\$44,619,399,420

PL81-874 Percentage

ALEUTIANS EAST	37.72%	
LAKE AND PENN.	16.85%	
NORTHWEST ARCTIC	27.96%	
Average	27.51%	/1
	50.00%	/2

ALASKA DEPARTMENT OF EDUCATION
FY96 FOUNDATION PROGRAM ENTITLEMENTS

Based on first student count period.

	BASIC NEED \$61,000	REQUIRED LOCAL	ELIGIBLE PL81-874	PL81-874 PERCENT	DEDUCTIBLE PL81-874 @ 90%	FY96 FOUNDATION STATE AID	Existing 1994 FULL VALUE DETERMINATION
ADAK	0	0	\$0	100.00%	\$0	\$0	
ALASKA GATEWAY	5,494,880	0	431,782	100.00%	388,604	5,106,276	
ALEUTIAN REGION	610,610	0	65,498	100.00%	58,948	551,662	
ALEUTIANS EAST	4,268,170	356,423	745,057	37.72%	252,932	3,658,815	89,105,700
ANCHORAGE	234,908,560	49,736,435	9,630,158	64.12%	5,557,372	179,614,753	12,431,108,720
ANNETTE ISLANDS	2,780,990	0	1,096,313	100.00%	986,682	1,794,308	
BERING STRAIT	19,471,200	0	4,311,615	100.00%	3,880,454	15,590,746	
BRISTOL BAY	2,637,030	707,169	333,228	59.35%	177,994	1,751,867	176,792,300
CHATHAM	3,274,480	0	576,956	100.00%	519,260	2,755,220	
CHUGACH	1,853,180	0	170,447	100.00%	153,402	1,699,778	
COPPER RIVER	5,604,070	0	113,349	100.00%	102,014	5,502,056	
CORDOVA	3,294,610	741,350	25,652	83.06%	19,176	2,534,084	185,337,580
CRAIG	2,646,180	254,661	56,010	77.72%	39,178	2,352,341	63,665,300
DELTA/GREELY	5,988,980	0	862,741	100.00%	776,467	5,212,513	
DENALI	3,367,200	301,901	35,413	100.00%	31,872	3,033,427	75,475,300
DILLINGHAM	3,931,450	524,049	569,637	63.95%	327,055	3,079,546	131,012,300
FAIRBANKS	82,993,550	13,811,672	7,901,408	51.87%	3,688,614	65,493,264	3,452,917,970
GALENA	1,601,250	79,335	353,317	29.96%	95,268	1,426,647	19,833,700
HAINES	2,812,100	522,856	21,222	50.48%	9,642	2,279,602	130,714,100
HOONAH	2,179,530	96,718	571,277	16.64%	85,554	1,997,258	24,179,400
HYDABURG	1,034,560	23,129	42,204	13.45%	5,109	1,006,322	5,782,300
IDITAROD	5,843,190	0	635,009	100.00%	571,508	5,271,682	
JUNEAU	29,272,070	7,063,936	77,892	52.09%	36,517	22,171,617	1,765,984,100
KAKE	1,454,850	69,261	394,689	22.13%	66,660	1,318,929	17,315,300
KASHUNAMIUT	2,208,200	0	460,927	100.00%	414,834	1,793,366	
KENAI	58,411,770	14,163,047	94,733	51.61%	44,003	44,204,720	3,540,761,750
KETCHIKAN	13,865,910	3,942,168	28,576	58.84%	15,133	9,908,609	985,541,900
KLAWOCK	1,715,930	59,329	373,452	17.21%	57,844	1,598,757	14,832,300
KODIAK	17,883,370	3,435,410	1,498,140	77.00%	1,038,211	13,409,749	858,852,600
KUSPUK	5,654,090	0	717,719	100.00%	646,001	5,008,689	
LAKE AND PENINSULA	7,259,000	273,430	983,338	16.85%	149,123	6,736,447	68,357,600
LOWER KUSKOKWIM	40,915,140	0	5,077,348	100.00%	4,569,613	36,345,527	
LOWER YUKON	16,873,820	0	1,444,484	100.00%	4,000,036	12,873,784	
MAT-SU	65,079,680	8,602,703	45,126	47.44%	19,267	56,457,710	2,150,675,790
NENANA	1,543,910	65,098	6,069	89.06%	4,865	1,473,947	16,274,400
NOME	5,379,590	531,875	82,694	44.13%	32,844	4,814,871	132,968,700
NORTH SLOPE	16,401,070	5,489,726	3,357,524	20.08%	606,772	10,304,572	12,291,192,390
NORTHWEST ARCTIC	18,654,410	1,168,962	2,468,616	46.11%	1,024,451	16,460,997	292,240,600
PELICAN	652,090	55,876	0	91.79%	0	596,214	13,968,900
PETERSBURG	3,965,000	808,223	25,978	47.53%	11,113	3,145,664	202,055,700
PRIBILOF	2,397,910	0	352,686	100.00%	317,417	2,080,493	
SITKA	9,035,930	2,113,115	175,979	50.15%	79,428	6,843,367	528,278,800
SKAGWAY	1,072,990	360,794	0	64.52%	0	712,196	90,198,400
SOUTHEAST	4,391,390	0	455,647	100.00%	410,082	3,981,308	
SOUTHWEST	7,465,790	0	1,045,337	100.00%	940,803	6,524,987	
ST. MARY'S	1,435,940	18,134	125,845	36.06%	40,864	1,376,942	4,533,500
TANANA	1,198,040	44,931	174,471	35.10%	55,115	1,097,994	11,232,800
UNALASKA	2,623,000	921,680	9,708	58.78%	5,136	1,696,184	358,385,300
VALDEZ	5,224,040	1,789,344	55,397	46.28%	23,074	3,411,622	1,052,513,810
WRANGELL	3,137,230	592,522	5,799	49.20%	2,568	2,542,140	148,130,400
YAKUTAT	1,443,870	111,204	85,961	32.35%	25,028	1,307,638	27,801,100
YUKON FLATS	6,551,400	0	725,222	100.00%	652,700	5,898,700	
YUKON/KOYUKUK	8,126,420	0	956,026	100.00%	860,423	7,265,997	
YUPIIT	4,844,010	0	964,975	100.00%	868,478	3,975,532	
TOTALS	\$762,733,630	\$118,836,466	\$53,758,711		\$34,746,308	\$609,150,856	\$41,361,020,810

Alaska State Legislature

District Address

145 Main St. Loop; Suite 226
Kenai, Alaska 99611
(907) 283-2690 • Fax 283-9267



Session Address

State Capitol; Room 427
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(907) 465-2828; fax 465-4779

Senator John Torgerson

MEMORANDUM

March 28, 1996

TO: Senator Rick Halford, Co-Chair
Senate Finance Committee

FROM: Senator John Torgerson

RE: Schedule Request for Senate Bill 280

Please schedule CSSB 280(CRA) for a hearing in your committee. Attached are the following for your information:

- Sponsor Statement
- Sectional Analysis
- Summary of Legislation
- Fact Sheet, with estimated schedule of incorporation
- Summary of Fiscal Notes Received
- List of schools that could be consolidated as a result of this legislation
- Model Borough Boundary Report

I will forward maps of the proposed borough boundaries to your staff as they are received. Thank you for your time and your consideration of this request.

Alaska State Legislature

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Senator John Torgerson

SENATE BILL 280 SPONSOR STATEMENT

The Alaska Constitution states "that all persons are equal and entitled to equal rights, opportunities, and protection under the law; and that all persons have corresponding obligations to the people and to the State." Unfortunately, this is not the case today, particularly in regard to local efforts required for state programs. Education is just an example of where one part of the State does not have to contribute anything, while others are required to contribute large amounts.

The constitution also requires that boroughs be formed which embrace an area and population with common interests to the maximum degree. Alaska statutes further stipulate that the borough population be "integrated as to its social, cultural, and economic activities." The unorganized borough of Alaska fails to meet this criteria. It is recognized that it embraces an area that is greatly diverse in interests and activities.

Senate Bill 280 is the first step in resolving the above conflicts and concerns by requiring that the unorganized part of Alaska be incorporated into boroughs. The Department of Community and Regional Affairs is directed to submit second-class borough incorporation proposals for all areas of the unorganized borough to the Local Boundary Commission. These proposals are to be based upon the model borough boundary report issued by the Local Boundary Commission. Once accepted by the commission, elections are held for assembly members and the selection of borough powers, and the boroughs are formed upon the certification of the election.

This legislation differs from previous attempts at mandatory incorporation in that it references a specific report as a starting point, sets a deadline for the boundary proposals to be submitted, and provides a timeline for the process of borough incorporation.

The incorporation of the unorganized areas of the state into boroughs has many advantages both to the state and to the areas themselves. The formation of boroughs and the transfer of duties and responsibilities from the state allow greater local involvement in decision making that directly affects the residents. Currently these residents must depend on lawmakers to make these decisions for them.

Residents will have to contribute to the operation and maintenance of programs and projects in their area. This removes the perception held in many organized parts of the state that others are "getting a free ride."

While a certain amount of revenues, as well as costs, will be shifted to local governments, there will also be substantial savings realized by the consolidation of services that will occur through borough formation. In the long run, the organization of the entire state into boroughs is the most cost-effective way of providing comparable and equitable services to all the residents.

COMMITTEE SUBSTITUTE FOR SB 280 SECTIONAL ANALYSIS

Section 1: Legislative finding and purpose

Section 2: Requires the Department of Community and Regional Affairs to submit second-class borough incorporation proposals for all parts of the unorganized borough to the Local Boundary Commission. These proposals are to be based on the 1995 report entitled "Model Borough Boundaries"

Directs the state assessor to estimate the full and true value of taxable property in the unorganized borough by January 1, 1997. The borough incorporation proposals are to be submitted according to the following schedule.

- by July 1, 1997: model boroughs with an FY 97 estimated full property value of \$550,000,000 or more
- by July 1, 1998: model boroughs with an FY 97 estimated full property value of \$350,000,000 or more
- by July 1, 1999: model boroughs with an FY 97 estimated full property value of \$75,000,000 or more
- by July 1, 2000: model boroughs with an FY 97 estimated full property value of less than \$75,000,000 or more

Requires the commission to make a determination on each borough proposal within 6 months of its receipt. Directs the commission, after accepting each proposal to notify the director of elections of its acceptance.

Section 3: Directs the Division of Elections, after receiving notice from the Local Boundary Commission of its acceptance of an incorporation proposal, to order an election in the proposed borough for initial borough officials. Requires that each nonareawide power included in the incorporation proposal be placed separately on the ballot.

Section 4: States that each borough is incorporated as a second-class borough on the first Monday following certification of the election and that AS 29.05.130-29.05.150 (Integration of special districts and service areas; Transition; and Challenge of legality) and AS 29.05.190-29.05.210 (Organization grants to boroughs; Organization grant fund; and Transitional assistance to boroughs) apply to the boroughs formed by the legislation.

CSSB280(CRA)
Summary

- Directs the Department of Community and Regional Affairs to prepare second-class borough incorporation proposals for each of the model boroughs identified in the LBC "Model Borough Boundaries" Report.
- Directs the State Assessor to estimate the full and true value of taxable property in each of the model boroughs identified in the report
- Directs the Department of Community & Regional Affairs to submit the above borough proposals to the Local Boundary Commission for approval based on the following schedule

July 1, 1997: Model boroughs with an estimated taxable property value of at least \$550 million.

July 1, 1998: Model boroughs with an estimated taxable property value of at least \$350 million but less than \$550 million

July 1, 1999: Model boroughs with an estimated taxable property value of at least \$75 million, but less than \$350 million

July 1, 2000: Model boroughs with an estimated taxable property value of less than \$75 million.

These values are used only for setting the order that incorporation proposals are to be submitted to the LBC.

- The Local Boundary Commission must approve the incorporation proposals or request appropriate revisions to make them acceptable within 6 months of receiving them.
- Within 30 days after approval of an incorporation proposal by the Local Boundary Commission, the Division of Elections must be notified. The Division shall then order an election to be held in the proposed borough within 90 days.
- This is an election for the initial borough officials. Also each nonareawide power included in the proposal shall be placed separately on the ballot. Adoption of a nonareawide power requires a majority vote of the residents of the borough who live outside cities in the borough

SENATE BILL 280 FACT SHEET

The Local Boundary Commission report entitled "Model Borough Boundaries" creates 19 new boroughs, expands 5 existing boroughs and leaves 11 boroughs unaltered. Senate Bill 280 directs the Department of Community and Regional Affairs and the Local Boundary Commission to follow this report in creating boroughs in the unorganized part of the state, while allowing the commission modify the borders to account for recent developments.

Organized Boroughs and Unified Municipalities Unaltered by Report

Aleutians East Borough	Kodiak Island Borough	North Slope Borough
Municipality of Anchorage	Lake & Peninsula Borough	Northwest Arctic Borough
Kenai Peninsula Borough	Matanuska-Susitna Borough	City & Borough of Sitka
		City & Borough of Yakutat

Organized Boroughs Expanded by the Report

Denali Borough	Haines Borough	Ketchikan Gateway Borough
Fairbanks North Star	City & Borough of Juneau	

Organized Boroughs Created by the Report

Aleutian-Military \Combine	Glacier Bay	Prince William Sound
Aleutians-West /	Iditarod Region	Pribilof Islands
Annette Island Reserve	Kuspuk	Southwest Region
Bering Straits	Lower Kuskokwim	Upper Tanana Basin
Chatham	Lower Yukon	Wrangell/Petersburg
Copper River Basin	Prince of Wales Island	Yukon Flats
		Yukon-Koyukuk

Schedule of Incorporation

- By July 1, 1997, those model boroughs with an FY 94 estimated full property value of \$550,000,000 or more.
- By July 1, 1998, those model boroughs with an FY 94 estimated full property value of \$350,000,000 or more
- By July 1, 1999, those model boroughs with an FY 94 estimated full property value of \$75,000,000 or more
- By July 1, 2000, those model boroughs with an FY 94 estimated full property value of under \$75,000,000.

Add intent language for LBC to present annexation proposals for the existing boroughs to conform to model boundaries.

BOROUGH	FY 94 FULL VALUE	POPULATION	PER CAPITA VALUE	YEAR FORM
Prince William Sound	1,272,675,200	7,613	167,171	1997
Copper River Basin	668,865,000	2,935	227,893	1997
Upper Tanana	554,095,700	5,160	107,383	1997
Yukon Koyukuk	522,226,500	3,318	157,392	1998
Yukon Flats	435,075,000	1,485	292,980	1998
Aleutians West/Military	361,910,300	4,505	80,335	1998
Wrangell-Petersburg	350,186,100	6,352	55,130	1998
Lower Kuskokwim	339,446,800	13,009	26,093	1999
Bering Straits	235,140,200	8,763	26,833	1999
Prince of Wales	138,869,900	5,290	26,251	1999
Dillingham-Nushagak	171,120,300	4,356	39,284	1999
Lower Yukon	94,081,000	6,491	14,494	1999
Pribilof Islands	59,525,400	793	75,064	2000
Glacier Bay	56,598,300	2,059	27,488	2000
Chatham Region	34,490,300	1,594	21,638	2000
Kuspuk	31,950,000	1,575	20,286	2000
Iditarod	30,600,000	1,545	19,806	2000

Summary of CSSB280 Fiscal Notes Submitted

Department	Division	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
		(Thousands of Dollars)					
Zero Impact							
Administration		0.0	0.0	0.0	0.0	0.0	0.0
Commerce & Economic Dev.		0.0	0.0	0.0	0.0	0.0	0.0
Corrections		0.0	0.0	0.0	0.0	0.0	0.0
Health & Social Services		0.0	0.0	0.0	0.0	0.0	0.0
Labor		0.0	0.0	0.0	0.0	0.0	0.0
Public Safety	DPS Statewide Support	0.0	0.0	0.0	0.0	0.0	0.0
Revenue		0.0	0.0	0.0	0.0	0.0	0.0
Transportation & Public Fac.	Engineering Operations	0.0	0.0	0.0	0.0	0.0	0.0
Fiscal Impact							
Community & Reg'l Affairs	\ Organizational Grants	0.0	0.0	900.0	1,800.0	2,600.0	3,200.0
	State Assessor	63.5	70.7	79.2	79.5	77.4	78.4
	/ Local Boundary Comm.	15.6	31.2	31.2	41.6	0.0	0.0
Education	K-12	0.0	0.0	0.0	0.0	2,530.7	41.2
Elections	Elective Operations	25.4	25.2	64.5	19.8	0.0	0.0
Law	Civil Division	0.0	177.5	171.0	171.0	171.0	0.0
Natural Resources	Resource Development	0.0	0.0	127.0	127.0	247.0	247.0
TOTAL FISCAL NOTES RECEIVED		104.5	304.6	1,372.9	2,238.9	5,626.1	3,566.6
Cumulative		104.5	409.1	1,782.0	4,020.9	9,647.0	13,213.6

DCRA

Organizational Grants: Each new borough receives \$500,000 in transitional grants over a 3-year period.
Year 1=\$300,000; Year 2= \$200,000; Year 3=\$100,000

State Assessor: Additional assessor needed to provide realistic full value determinations of the new boroughs

Local Boundary Commission: Cost of preparing incorporation and annexation petitions
(23 petitions at \$5,200 each)

Education: Cost of the phase in provisions for payment of the local contribution for foundation funding.
This phase in is subsidized by state general funds

Elections: Cost of conducting elections for initial borough officials

Law: Cost of litigation of anticipated lawsuits brought by opponents of this bill

Natural Resources: Cost of conveying state land to new boroughs. Borough has 1 year to select land and state must convey it within 9 months of selection.

CONSOLIDATION OF SCHOOL DISTRICTS UNDER CSSB 280(CRA)

Borough Name	REAA/School District	Notes	Borough Name	REAA/School District	Notes
Unchanged Boroughs			Expanded Boroughs		
Aleutians East	Aleutians East		Fairbanks	Fairbanks	
Anchorage	Anchorage		Juneau	Juneau	
Bristol Bay	Bristol Bay		Ketchikan	Ketchikan	
Kenai Peninsula	Kenai				
Kodiak	Kodiak		Haines	Haines	\ Consolidate 2
Lake & Peninsula	Lake & Pen			Skagway	/ districts into 1
Mat-Su	Mat-Su				
North Slope	North Slope		Denali	Denali	\ Consolidate 2
Northwest Arctic	Northwest Arctic			Nenana	/ districts into 1
Sitka	Sitka				
Yakutat	Yakutat				

New Boroughs

Prince William	Chugach	\ Consolidate 3	Prince of Wales	Craig	\
	Cordova	districts into 1		Hydaburg	Consolidate 4
	Valdez	/		Klawock	districts into 1
				SE Island	/
Copper River	Copper River		Dillingham	Dillingham	\ Consolidate 2
				SW Region	/ districts into 1
Upper Tanana	Alaska Gateway	\ Consolidate 2			
	Delta/Greely	/ districts into 1	Lower Yukon	Kashunamiut	\ Consolidate 3
				Lower Yukon	districts into 1
Yukon Koyukuk	Tanana	\ Consolidate 3		St. Mary's	/
	Galena	districts into 1			
	Yukon/Koyukuk	/	Pribilof	Pribilof	
Yukon Flats	Yukon Flats				
			Glacier Bay	Hoonah	\ Consolidate 2
Aleutian West	Adak	\ Consolidate 3		Pelican	/ districts into 1
	Aleutian Region 1	districts into 1			
	Unalaska	/	Chatham	Chatham	\ Consolidate 2
				Kake	/ districts into 1
Wrangell/Petersburg	Petersburg	\ Consolidate 2	Kuspuk	Kuspuk	
	Wrangell	/ districts into 1			
Lower Kuskokwim	Lower Kuskokwim	\ Consolidate 2	Iditarod	Iditarod	
	Yupiit	/ districts into 1			
Bering Strait	Bering Strait	\ Consolidate 2	Annette	Annette	
	Nome	/ districts into 1			

Total of 20 Schools could be consolidated, changing the total number of school districts from 54 to 34

MODEL BOROUGH BOUNDARIES

PURPOSE OF THE MODEL BOROUGH BOUNDARY STUDY

Article X, Section 3 of Alaska's constitution requires the entire state to be divided into boroughs, organized or unorganized. It further provides that each borough must embrace an area and population with common interests to the maximum degree possible.

To carry out the constitutional mandate that the state be divided into boroughs, the 1961 legislature passed a law providing that all areas not within the boundaries of an organized borough constitute a separate unorganized borough.¹ At the time the law was passed, no organized borough existed. Thus, all of Alaska was originally within the unorganized borough. The establishment of a single residual unorganized borough was seemingly done to preserve maximum flexibility in the setting of boundaries for organized boroughs.

From its beginning, the unorganized borough has always embraced an area and population with greatly diverse interests. Some take the position that the constitutional mandate that each borough embrace an area and population with maximum common interests was never intended to apply to unorganized

boroughs. However, others take the opposite view.²

In the late 1980's four boroughs attempted to annex portions of the unorganized borough. Several factors precipitated those actions. Among them were declining State aid to local governments and local concerns over the allocation and development of resources.

The unorganized borough's lack of maximum common interests among its parts also contributed to the borough annexation frenzy. In some instances, the annexation petitions precipitated the filing of competing proposals to incorporate new organized boroughs.

In October of 1988, the Kodiak Island Borough petitioned to annex an estimated 12,825 square miles. That prompted residents of the Alaska Peninsula to petition for the incorporation of the Lake and Peninsula Borough. The proposed Lake and Peninsula Borough contained an estimated 16,675 square miles, including much of the territory proposed for annexation to the Kodiak Island Borough.

In May of 1989, the Fairbanks North Star Borough petitioned to annex 216 square miles. The area in question contained substantial taxable property,

¹ That law is currently codified as AS 29.03.010.

² The appendix lists the basis for some of the opposing views.

comprised principally of pump station #7 of the trans-Alaska oil pipeline and some 16 miles of the pipeline. Residents of the adjacent area were hostile to the proposed annexation. While the annexation petition prompted the adjacent region to conduct a study of the feasibility of forming a borough, no competing petition was ever filed.

In June of 1989, the City and Borough of Juneau petitioned to annex 140 square miles. The area in question contained the Greens Creek Mine. Again, while the annexation proposal was resolutely opposed by inhabitants of the adjacent region, no competing borough proposal was filed.

In June of 1989, the Matanuska-Susitna Borough petitioned to annex an estimated 9,844 square miles to and including Healy. In October of that year, residents of the Railbelt Regional Educational Attendance Area filed a competing petition for the formation of the Denali Borough. The boundaries of the proposed Denali Borough encompassed an estimated 9,406 square miles, including much of the territory proposed for annexation by the Matanuska-Susitna Borough. That same month, another group of residents filed an unprecedented third competing petition for incorporation of the Valleys Borough. The Valleys Borough proposal took in an estimated 14,900 square miles, including most of the proposed Denali Borough as well as the community of Nenana.

Amid the intensive activity, it was readily apparent that three groups had a significant stakes in any borough boundary decision. These were residents within the proposed boundaries, people of the adjacent areas and the state as a whole. Further, it was amply evident that proposals for the formation of new boroughs or the expansion of boundaries of existing boroughs are sensitive issues in Alaska. Lawsuits or long-standing boundary disputes tend to erupt each time a borough incorporation or annexation proposal is advanced.

On the basis of such factors, the Commission concluded that, rather than examining borough boundaries only when petitions are lodged, it would invite public testimony from throughout the entire state and adopt 'model borough boundaries' throughout the unorganized borough. Such 'model' boundaries were to be used as a frame of reference in the evaluation of future petitions. They were to be considered when existing organized boroughs seek to annex unorganized borough territory or when unorganized borough residents petition for borough incorporation.

The Commission and its staff provided by the Department of Community and Regional Affairs (DCRA) began planning the model borough boundary study in mid-1989. They focused first on the areas of the state for which borough annexation or incorporation petitions



were pending. The effort to determine specific boundaries began in earnest in 1990 and was completed by the end of 1992. Specific funding for the project had been appropriated by the Alaska legislature.

Because borough formation and annexation proposals are often very emotional issues in Alaska, the Commission's reason for pursuing the model borough boundary project was occasionally misunderstood. The purpose of the study was not to force the incorporation of new boroughs or to promote annexation to existing boroughs. Instead, the study was intended to enable the Commission and DCRA to be better prepared for future borough petitions through the information and public comment obtained in the study process. The study also encouraged communities in the unorganized borough to consider where future boundaries should be drawn, as well as give guidance to petitioners on the factors which go into borough incorporation decisions.



The Commission adopted two provisions in its regulations relating to model borough boundaries. Both provisions were adopted prior to the completion of the model borough boundaries project.

The first provision relates to the incorporation of new boroughs. 19 AAC

010.060(b) provides that, "*Absent a specific and persuasive showing to the contrary, the commission will not approve a proposed borough with boundaries extending beyond the model borough boundaries adopted by the commission.*" [effective 10/12/91, register 120]

The second provision relates to borough annexation proposals. 19 AAC 010.190(c) provides, "*Absent a specific and persuasive showing to the contrary, the commission, in its discretion, will not approve a proposed borough or unified municipality with boundaries extending beyond the model borough boundaries adopted by the commission and identified in the 1992 Interim Report on Model Borough Boundaries.*" [effective 7/31/92, register 123]

The provisions in the regulation make it clear that the model borough boundaries are not rigid or unchangeable. Petitioners for borough incorporation or alteration of existing borough boundaries can successfully propose different boundaries if they make a specific and persuasive showing to the Commission why other boundaries are more appropriate.

STUDY PROCEDURES

The Commission began its study of each area by sending out an eight-page tabloid which explained the study and set out the questions the Commission expected to consider in its decision-making process. Each tabloid included a map on which recipients were requested to draw suggested boundaries. DCRA prepared and widely distributed a report of its

findings and recommendations for the area, and then the Commission held hearings in as many communities as resources allowed. At the completion of the project, hearings had been conducted by the Commission in 88 communities (either in person or by teleconference).

The study prompted residents and organizations throughout the state to articulate where they believed future boundaries should be set. Municipal governments and other public and pri-

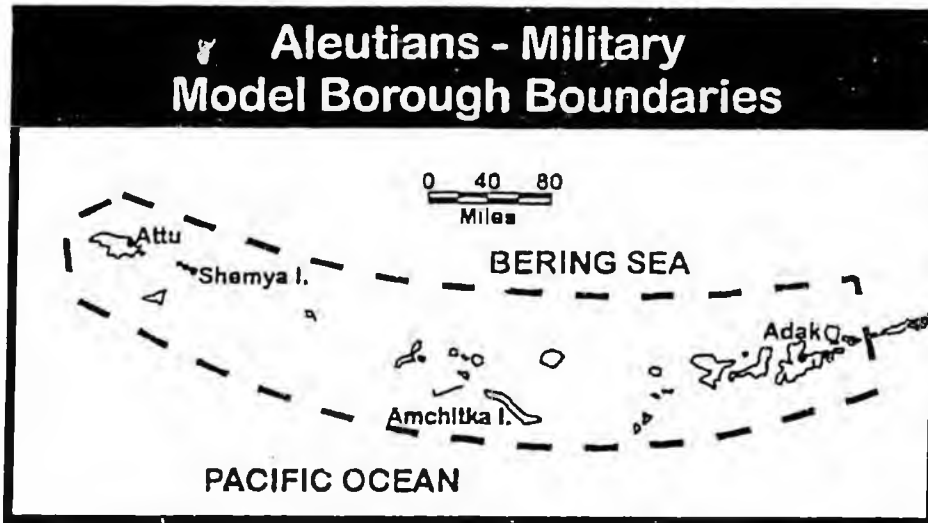
vate local and regional organizations helped execute the model boundaries project. Many hundreds of interested parties provided written comment or oral testimony.

Completion of the study renders the Commission and DCRA much better prepared to evaluate future petitions. A wealth of information and public comment was obtained in the study process.

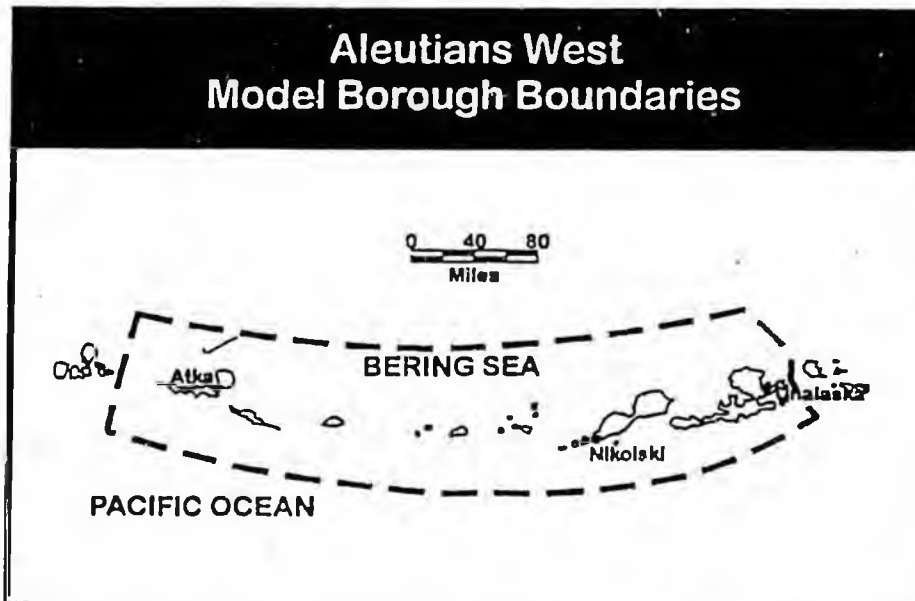
Maps and a brief discussion of model borough boundaries adopted by the Commission follow.

MODEL BOROUGH BOUNDARIES

Aleutians - Military Region. The Commission conducted a public hearing on model boundaries for this region by teleconference with Adak on October 21, 1992. On November 21, 1992, the Commission set model boundaries for the region extending from the mid-point of Fenimore Pass to the boundary of the State at the western end of the Aleutian Chain. The boundaries include the military settlements of Adak, Attu and Shemya. In 1990, the area had a population of 5,345.

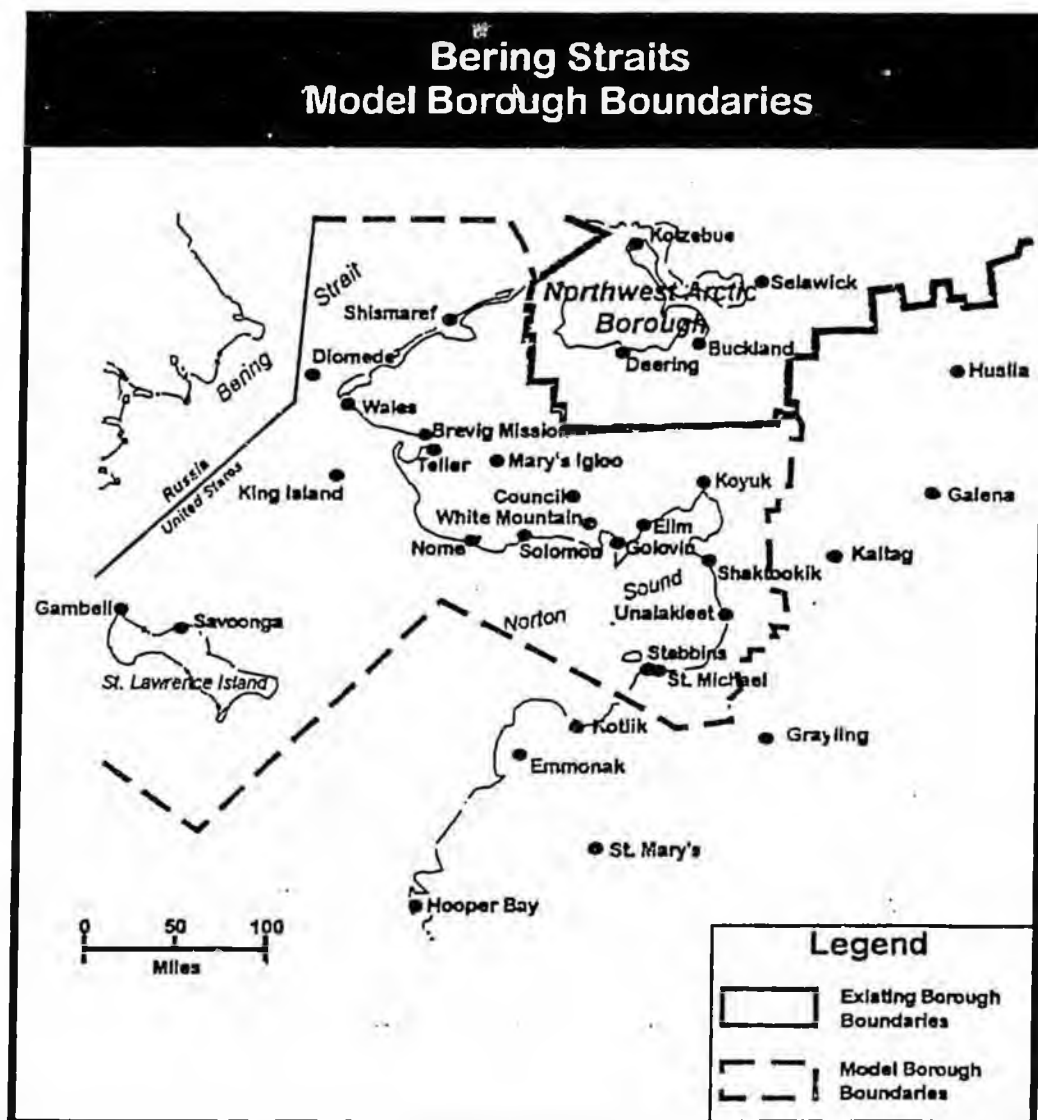


Aleutians West Region. The Commission received testimony on model boundaries in this region through public hearings with teleconference participation from Atka, Unalaska and Akutan on November 5, 1992. The Commission set model boundaries for the area on November 21, 1992. The boundaries extend from the western boundary of the Aleutians East Borough to the mid-point of Fenimore Pass, including Atka, Nikolski and Unalaska. In 1990, the area had a population of 3,232.



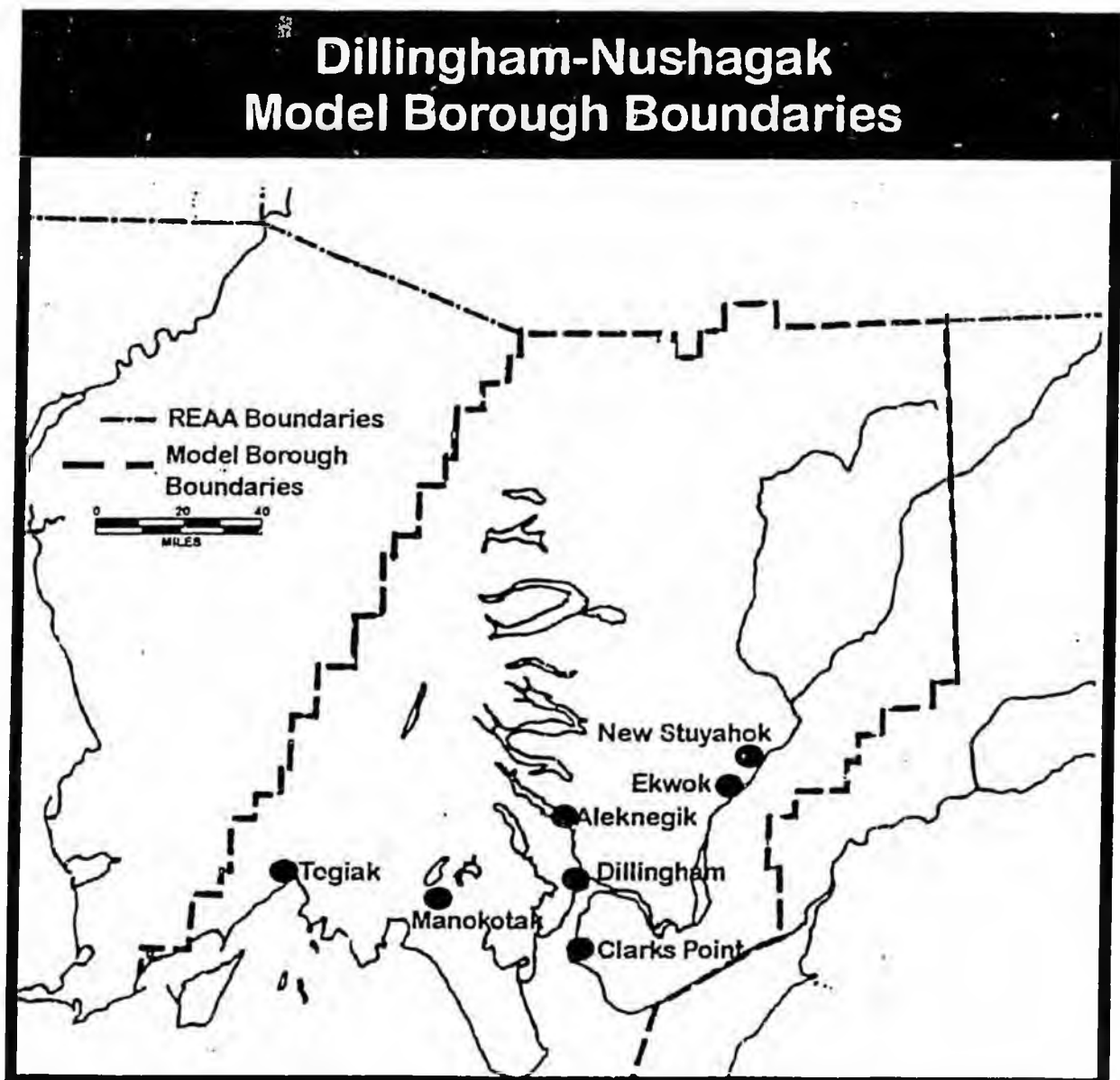
Bering Straits Region. The Commission held two hearings on model boundaries for this region in October 1991. The hearings took place in Nome and Unalakleet, with teleconference sites in Elim, Koyuk, Stebbins and Savoonga. Following the hearings, the Commission approved DCRA's recommendation and formally defined the model boundaries for this region to follow the boundaries of the Bering Straits Regional Educational Attendance Area (REAA). Those boundaries also match the boundaries of the Bering Straits Native Corporation, Bering Straits Coastal Resource Service Area, Nome Census District, Norton Sound Health Corporation and Bering Straits Economic Council.

The model boundaries for a Bering Straits Region borough include an estimated 23,013 square miles of land and 5,264 square miles of water. The area contains two school districts, the City of Nome School District and the Bering Straits REAA. The 1990 Federal Census indicates that the region had 8,288 residents.

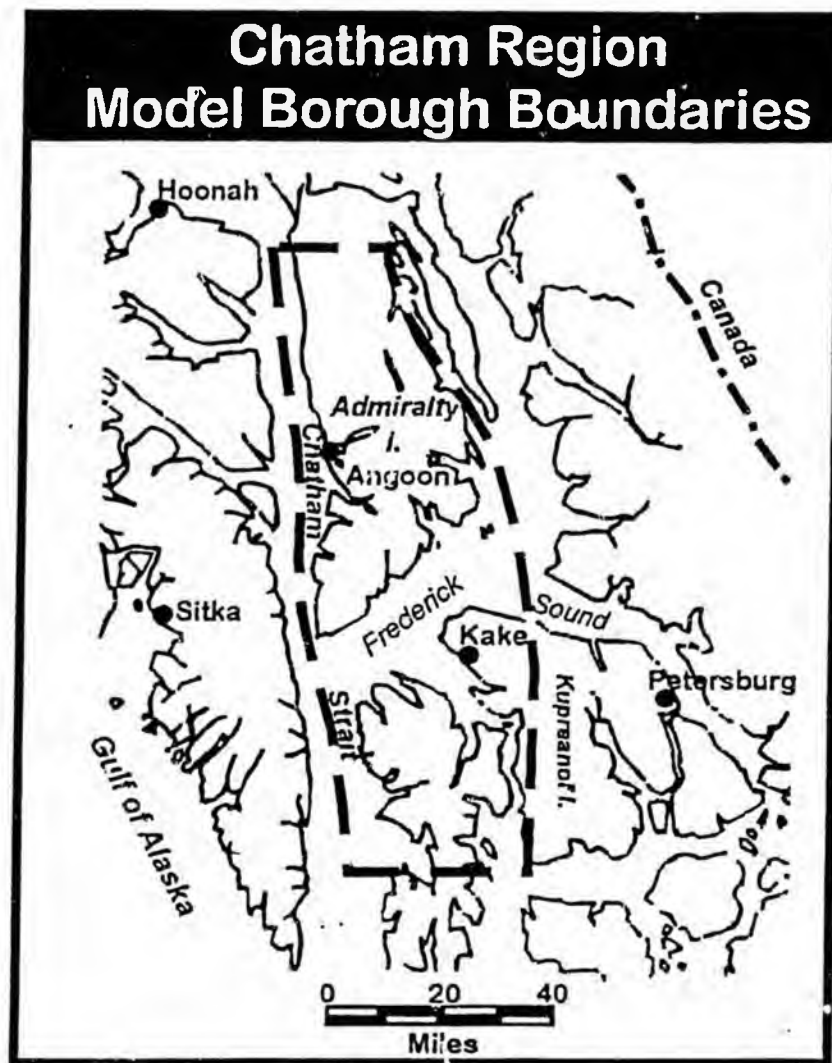


Bristol Bay Region. The Commission conducted public hearings on model borough boundaries for the region in Dillingham, Naknek and Togiak on November 23 & 24, 1992. Kokhanok, Pilot Point, Chignik, Levelock, Egegik, Newhalen, Nondalton and Chignik Lake participated in the November 24 Dillingham hearing by teleconference. Most of the comment and testimony at Naknek urged that Bristol Bay Borough boundaries be left unaltered. Testimony at Togiak suggested a local preference for a Northwest Bristol Bay unorganized borough. Testimony at Dillingham suggested that boundaries based upon existing Dillingham Census Area boundaries would be most appropriate.

On December 4, 1992, the Commission identified model boundaries encompassing the existing Dillingham Census Area. Dillingham, Aleknagik, Clark's Point, Ekuk, Ekwok, Koliganek, Manokotak, New Stuyahok, Portage Creek, Togiak and Twin Hills are included in the model boundaries.

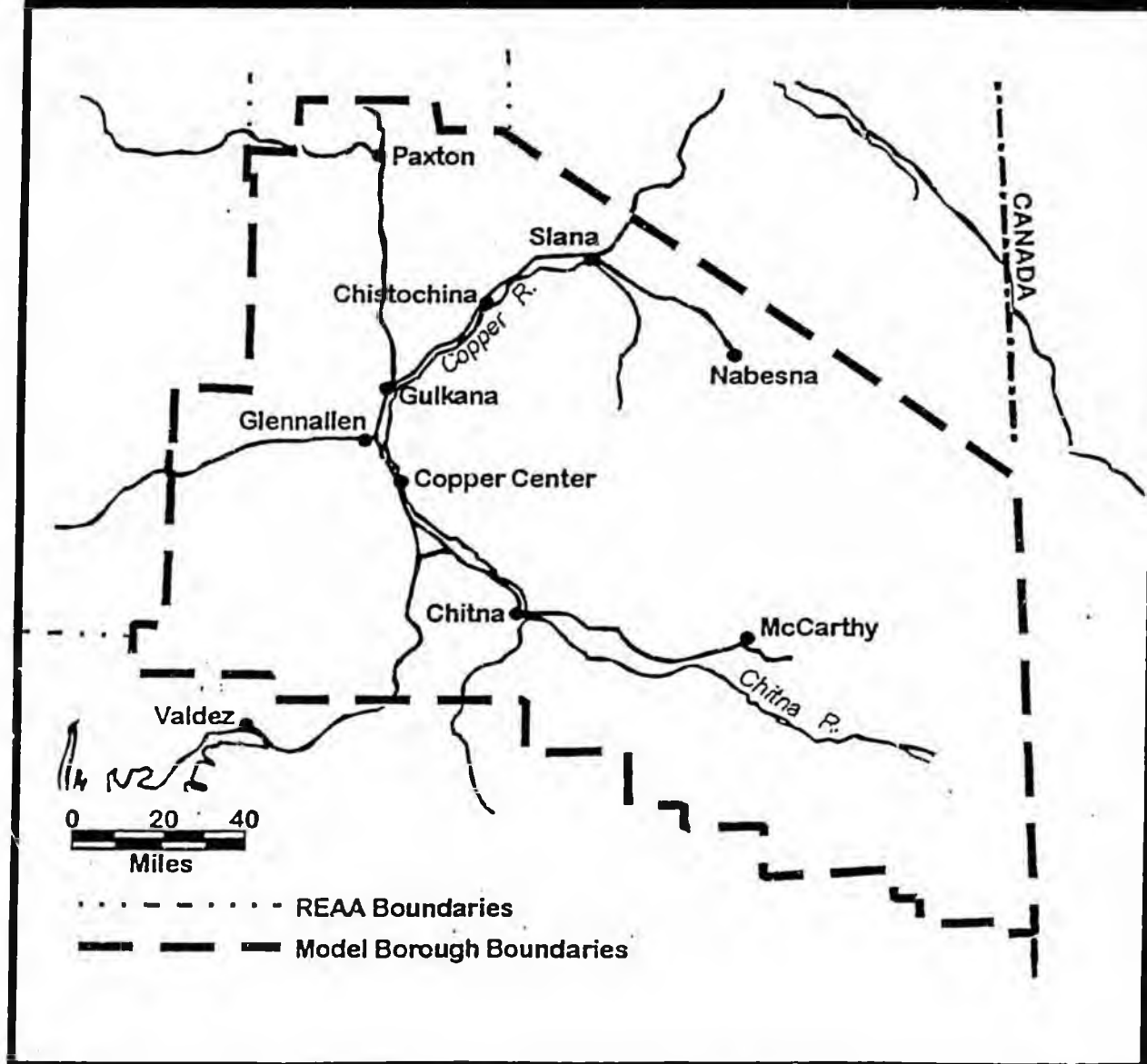


Chatham Region. In November 1990, the Commission conducted public hearings throughout the central portion of Southeast Alaska. Individuals in Gustavus, Haines, Skagway, Yakutat, Tenakee Springs, Pelican, Sitka, Elfin Cove, Port Alexander, Angoon, Hoonah, Kake and Cube Cove participated. On May 8, 1992, the Commission adopted model boundaries for the Chatham region encompassing Kake and Angoon. In 1990, the area had a population of 1,663.

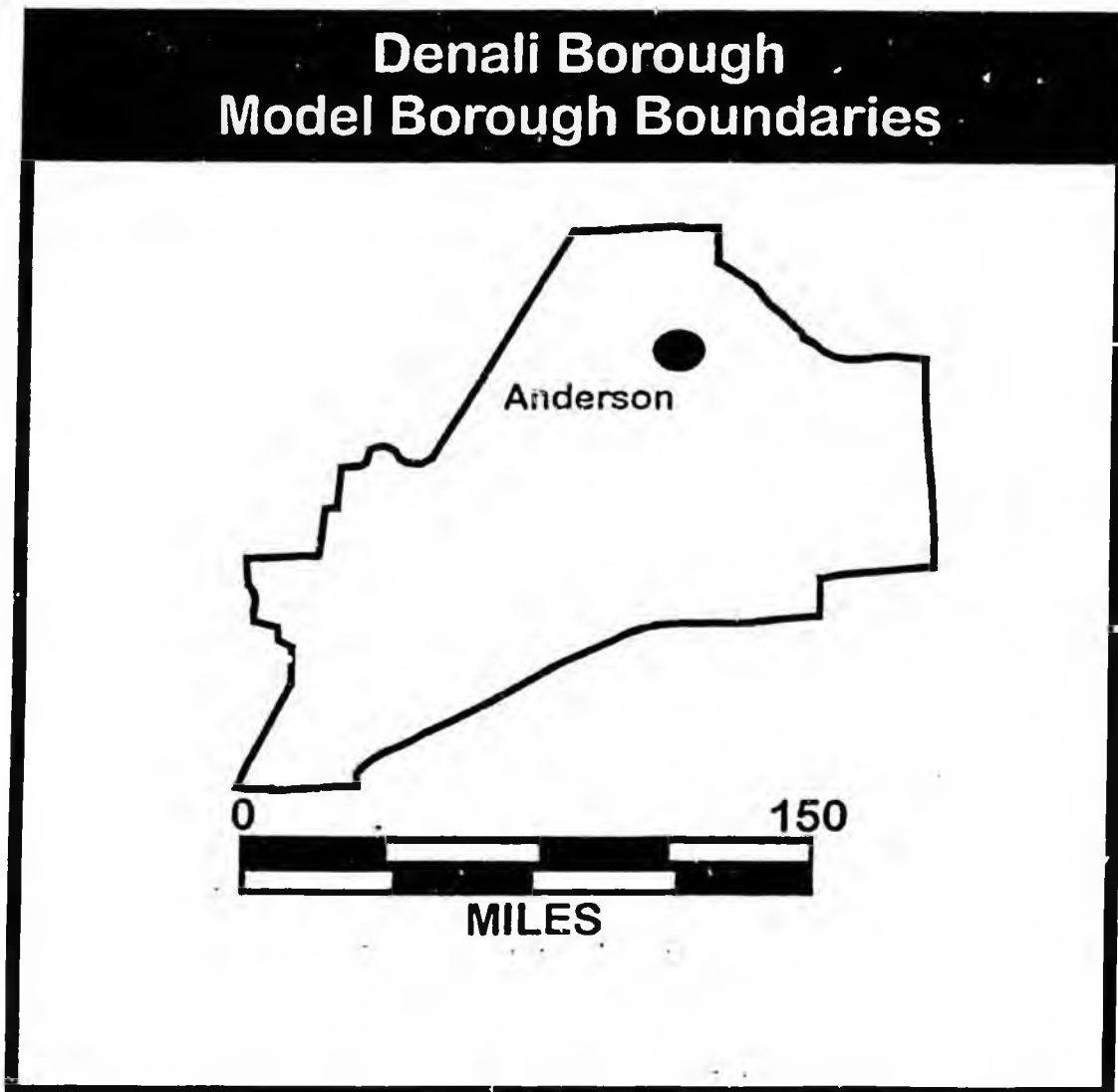


Copper River Basin Region. The Commission held a hearing on model boundaries in Glennallen on May 9, 1992. Additional information concerning the model boundaries for the Copper River Basin was provided to the Commission by residents of the region in June. On November 21, 1992, the Commission determined that the Copper Basin model borough boundaries should follow the boundaries of the Copper River REAA. Communities within the area include, Chistochina, Chitina, Copper Center, Gakona, Glennallen, Gulkana, Kenny Lake, McCarthy, Paxson, Slana, Tazlina and Tonsina. The area encompasses an estimated 20,649 square miles. In 1990, the area had a population of 2,638.

Copper River Basin Model Borough Boundaries

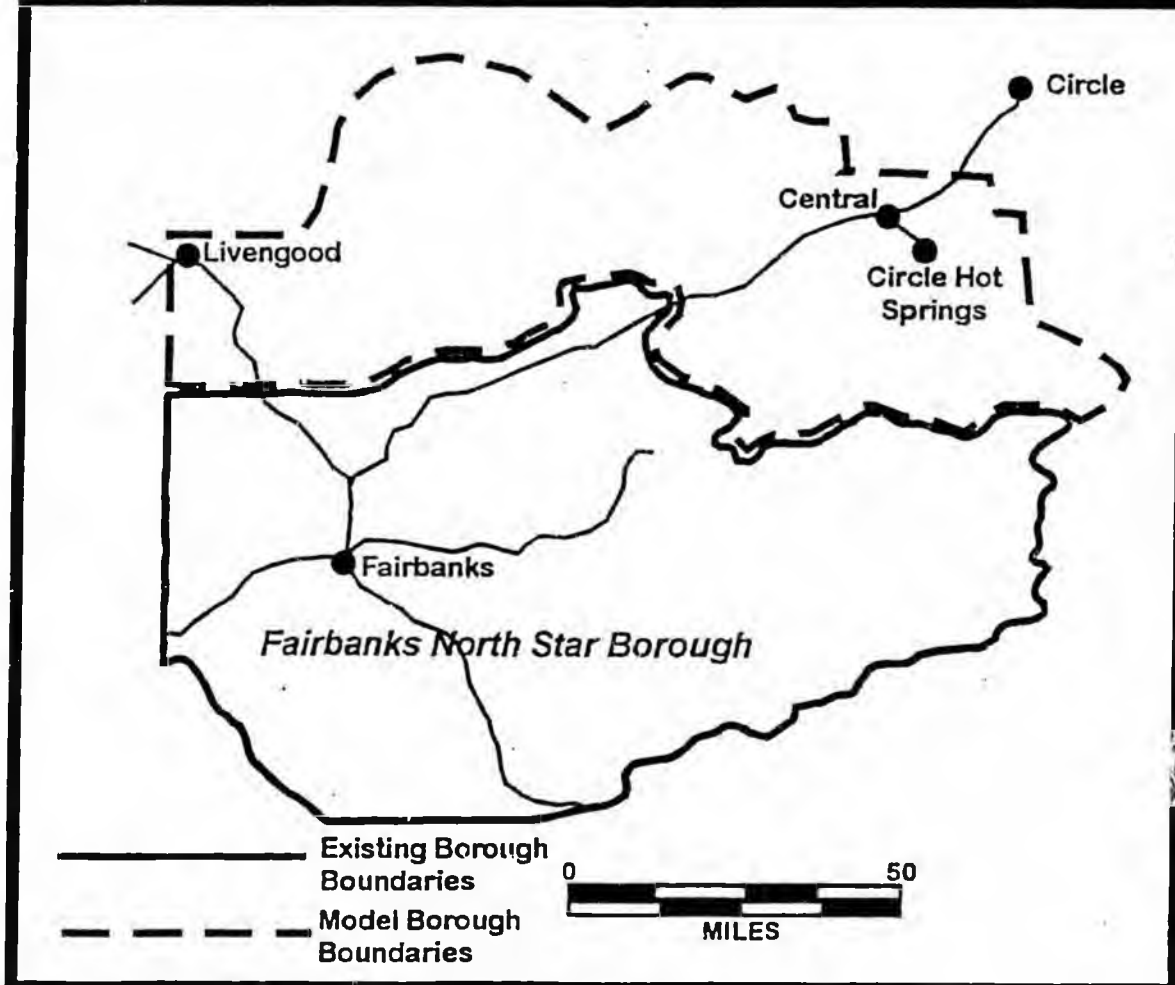


Denali Borough. The Commission conducted public hearings on model borough boundaries for the region in conjunction with hearings on the competing petitions for annexation of territory to the Matanuska-Susitna Borough, incorporation of the Denali Borough and incorporation of the Valleys Borough. Hearings were held in Palmer and Anderson on March 22, 1990. Three more hearings were held in McKinley Park, Fairbanks and Cantwell on March 23, 1990. Two additional hearings were held in Healy and Nenana on March 24, 1990. On April 21, 1990, the Commission held a decisional meeting on the boundaries and the petitions. The boundaries were defined to extend from the northern boundary of the Matanuska-Susitna Borough on the south and from the Delta-Greely Regional Educational Attendance area on the east. The area also takes in that portion of the Denali National Park and Preserve not located within the Matanuska-Susitna Borough. The boundaries border the Fairbanks North Star Borough on the northeast.

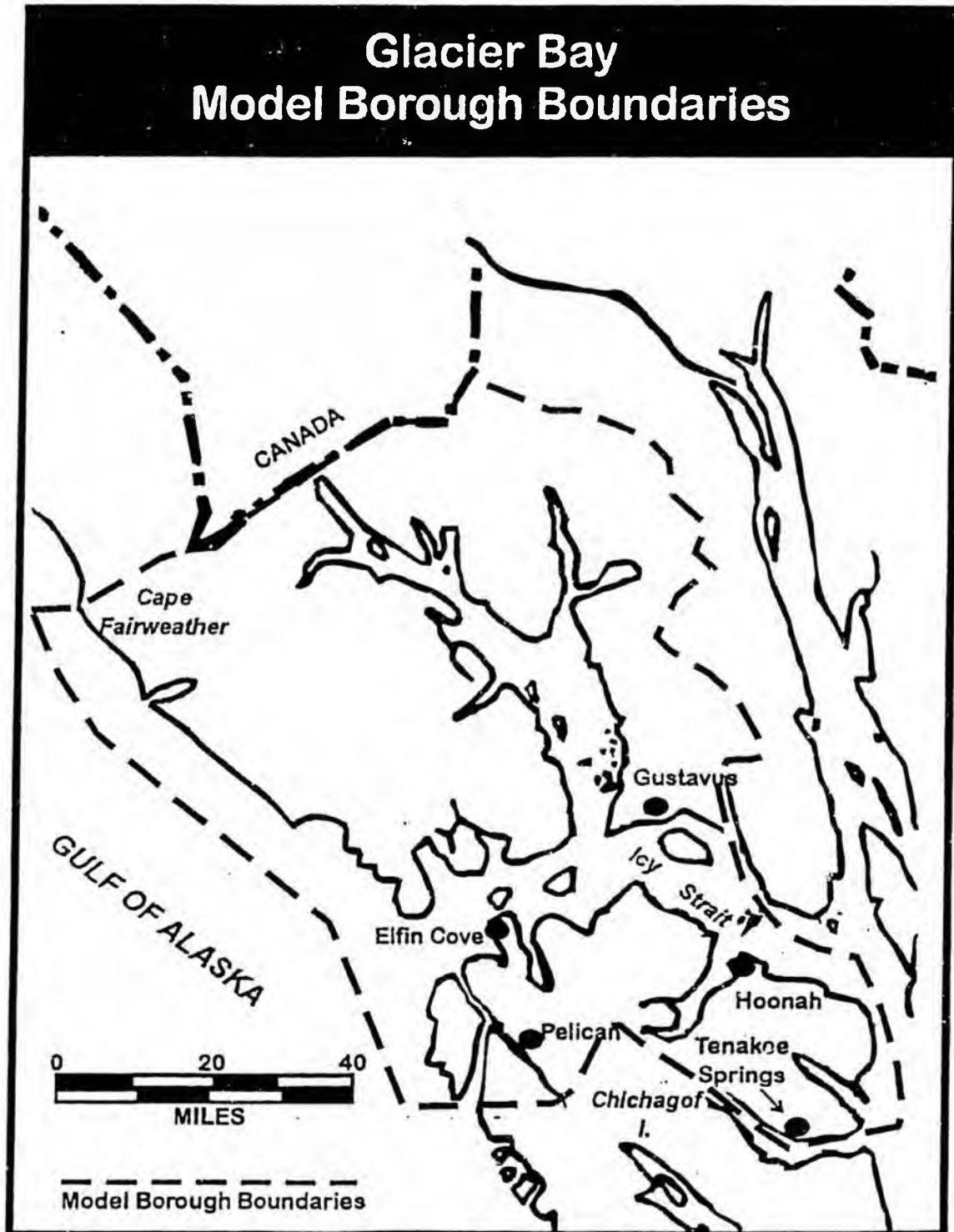


Fairbanks North Star Borough. The Commission conducted public hearings on model borough boundaries for the region in conjunction the petition for annexation of territory to the Fairbanks North Star Borough. Hearings were held in McGrath and Tanana, on May 18, 1990. Two additional hearings were held in Livengood and Fairbanks on May 19, 1990. Two more hearings were held in Fort Yukon and Central on May 20, 1990. On July 14, 1990, the Commission held a decisional meeting on the model boundaries and the petition. The model boundaries of the Fairbanks North Star Borough were defined to include the communities of Livengood, Central and Circle Hot Springs. The model boundaries also encompass the White Mountain National Recreation Area and the Steese National Conservation Area. The model boundaries of the Fairbanks North Star Borough encompass and estimated 4,918 square miles not presently within the corporate boundaries of the Borough.

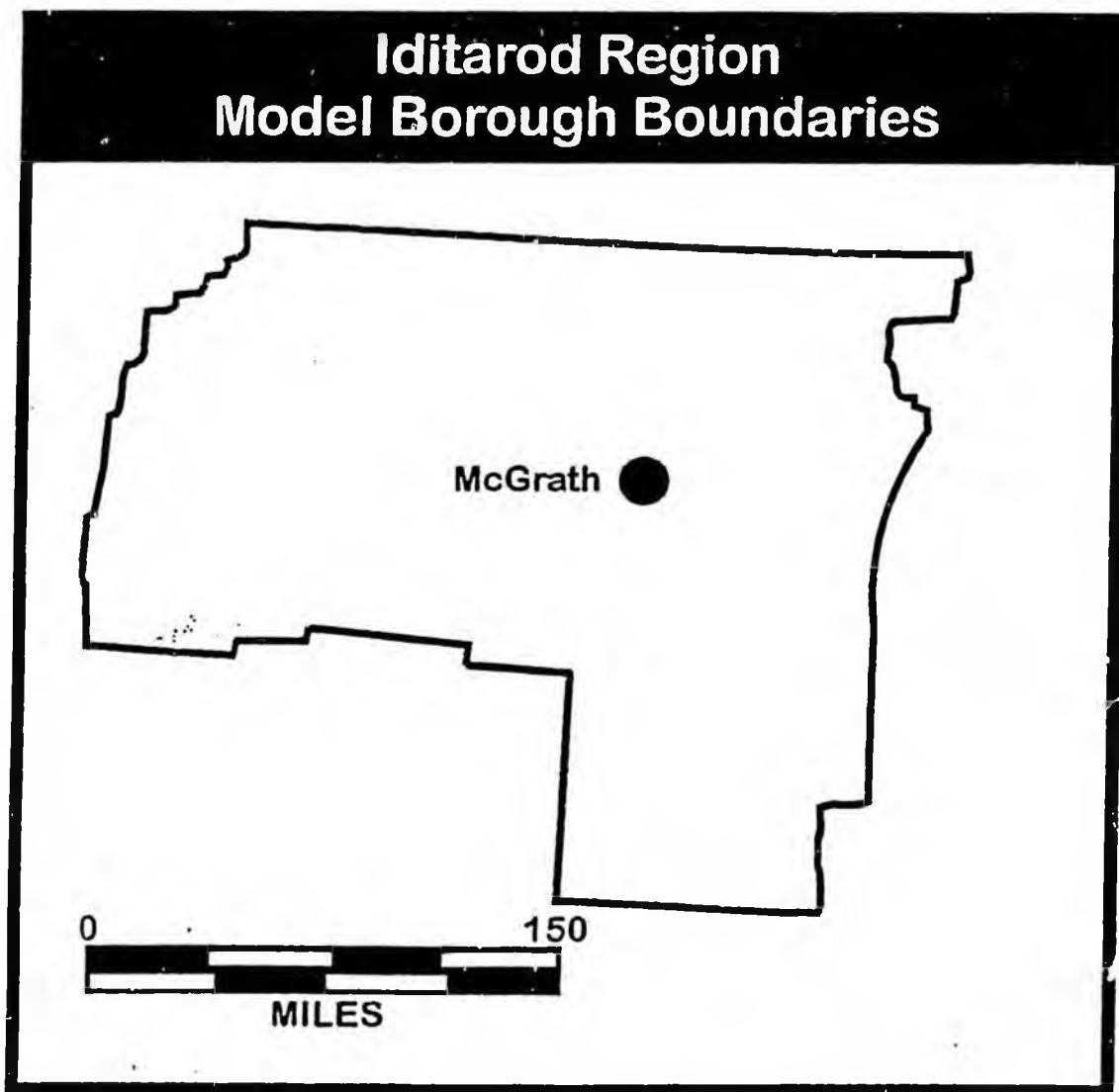
Fairbanks North Star Borough Model Borough Boundaries



Glacier Bay Region. The Commission conducted hearings on model boundaries for this region in Hoonah, Pelican and Gustavus in January 1992. On May 8, 1992,, the Commission defined model borough boundaries for the region extending from Cape Fairweather to Chatham Strait. These model boundaries encompass Glacier Bay and the communities of Elfin Cove, Pelican, Hoonah, Gustavus and Tenakee Springs. In 1990, the region had a population of 1,858.



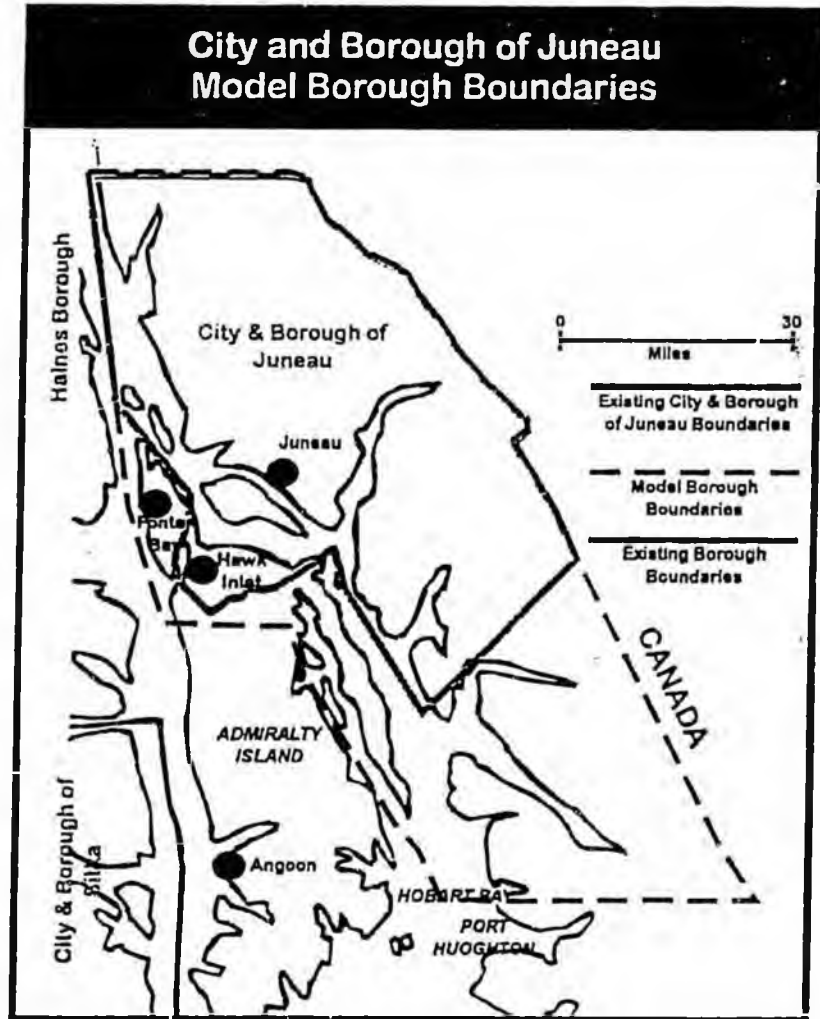
Iditarod Region. The Commission conducted a public hearing on model borough boundaries for the Iditarod region on May 8, 1990. The hearing was held in McGrath, with teleconference sites established in Nikolai and Shageluk. On November 10, 1990, the Commission defined the model borough boundaries for the region to follow the boundaries of the Iditarod Regional Educational Attendance Area, excluding the territory within the model boundaries of the proposed Denali Borough.



City and Borough of Juneau. The Commission conducted a hearing on the model boundaries for the City and Borough of Juneau in July, 1990, but delayed action on the boundaries pending testimony from residents of adjacent regions. In November of 1990, the Commission held model boundary hearings in Kake, Hoonah, Cube Cove, Angoon, Sitka, Elfin Cove, Port Alexander, Pelican, Tenakee Springs, Haines, Skagway, Yakutat and Gustavus (due to weather conditions, the hearings were conducted by teleconference.)

In November, 1991, the Commission defined the model boundaries for the City and Borough of Juneau to include the Mansfield Peninsula, Glass Peninsula, and Seymour Canal areas of Admiralty Island. The model boundaries extend south along Stephens Passage to Hobart Bay on the mainland. From there, the boundaries run due east to the Alaska/Canada border. The boundary continues northward along the Alaska/Canada border following the existing boundaries of the City and Borough of Juneau.

The model borough boundaries take in about 2,400 square miles of land and water outside of the current boundaries of the City and Borough of Juneau. The area defined by the model borough boundaries had a 1990 population of 26,938 residents, all but 187 of whom lived within the established corporate limits of the City and Borough of Juneau.

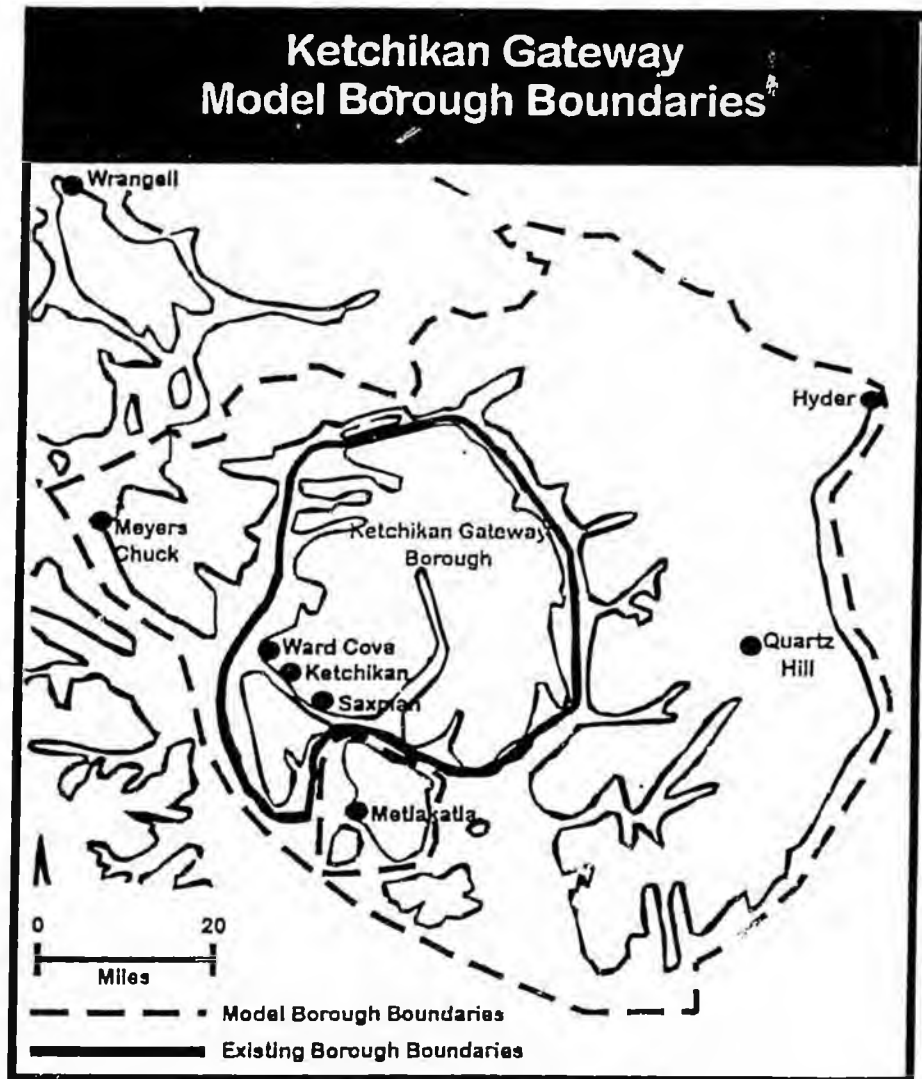


Ketchikan Gateway Borough. The Commission held a hearing on model boundaries for the Ketchikan region in September 1991. Residents of Meyers Chuck and Hyder participated by teleconference. Additional information concerning the model boundaries for the Ketchikan Gateway Borough was provided to the Commission in November of 1991.

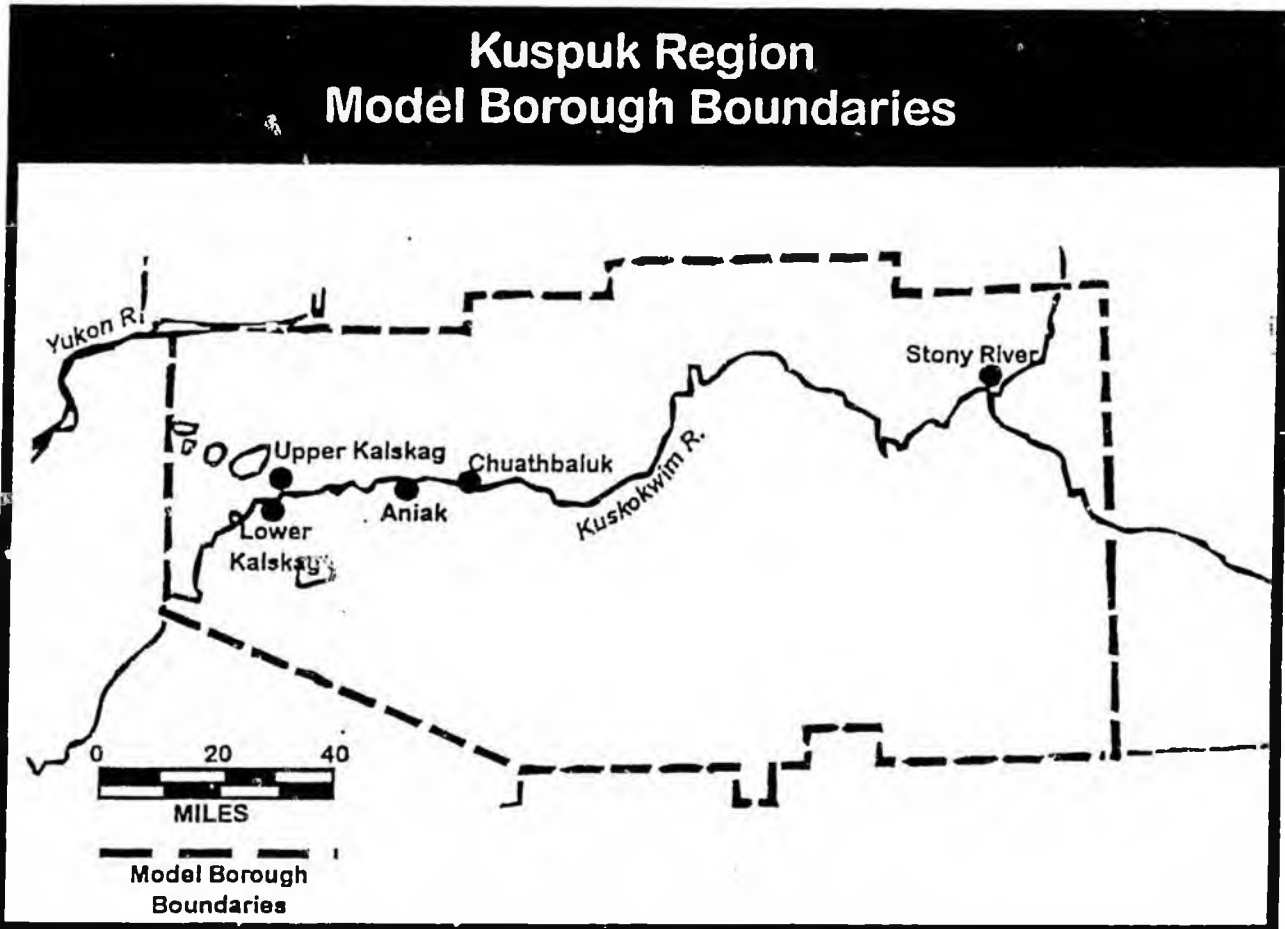
The model borough boundaries defined by the Commission for the Ketchikan area extend from the State's southern boundary along Clarence Strait to Ernest Sound. There, the boundary turns east, following the southern boundary of the Wrangell Ranger District and the northern boundary of the Misty Fjords National Monument to the Alaska/Canada border. From there, the model boundary line turns south along the Alaska/Canada border to the point of beginning. These model borough boundaries exclude the Annette Island Indian Reservation.

The area includes an estimated 7,300 square miles of land and water. Of that, approximately 1,744 square miles are already within the current corporate boundaries of the Ketchikan Gateway

Borough. According to the 1990 Federal Census, the area defined by the model borough boundaries is inhabited by 13,985 people, all but 157 of whom live within the current borough boundaries.

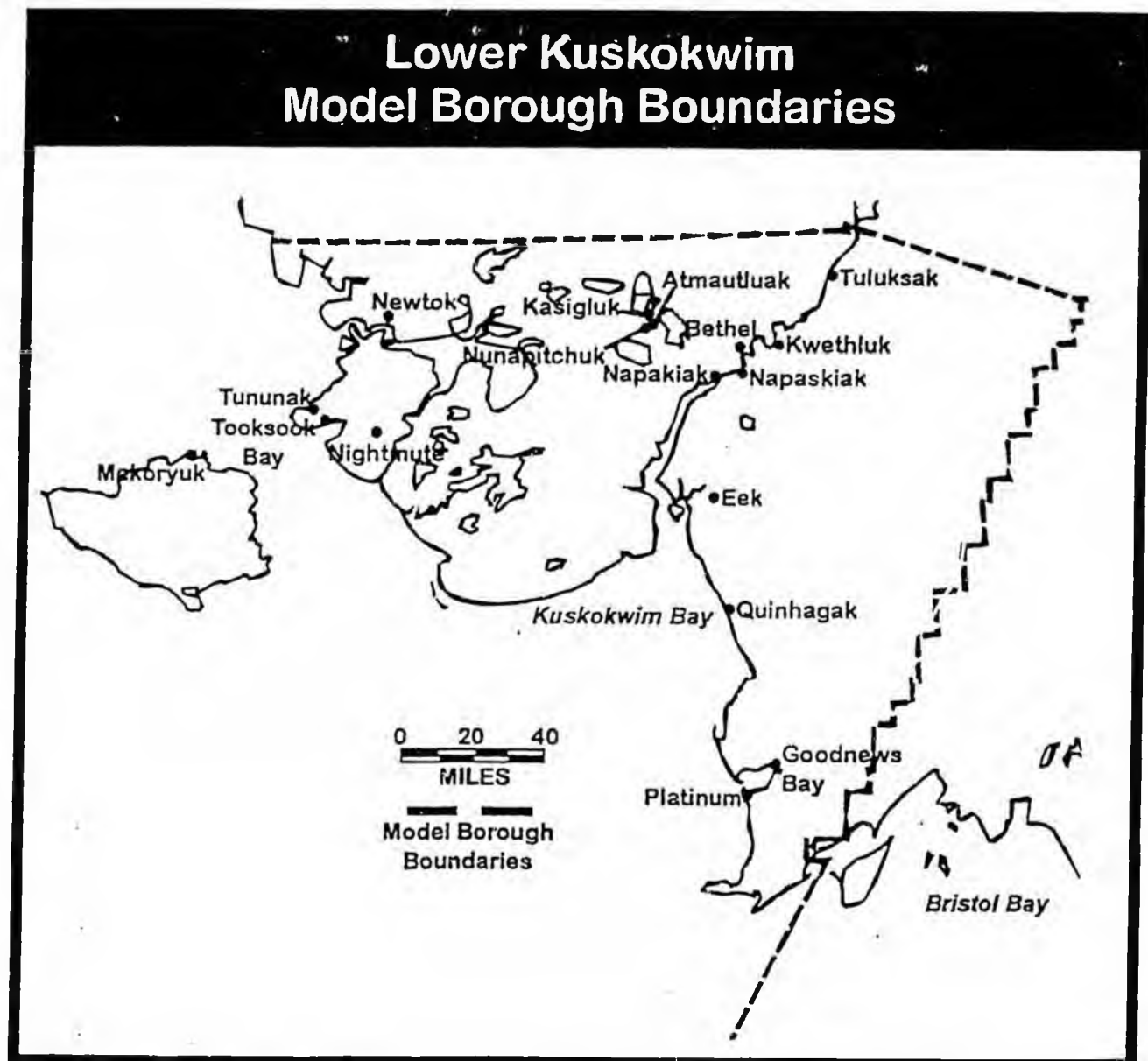


Kuspuk Region. The Commission conducted a public hearing on model borough boundaries for the Kuspuk region in Aniak on October 23, 1992. On November 21, 1992, the Local Boundary Commission set the Kuspuk region model boundaries to conform to those of the Kuspuk Regional Educational Attendance Area. The 1990 population for the region was 1,490 residents. Communities in the region consist of Aniak, Chuathbaluk, Crooked Creek, Sleetmute, Stony River, Upper Kalskag and Lower Kalskag.

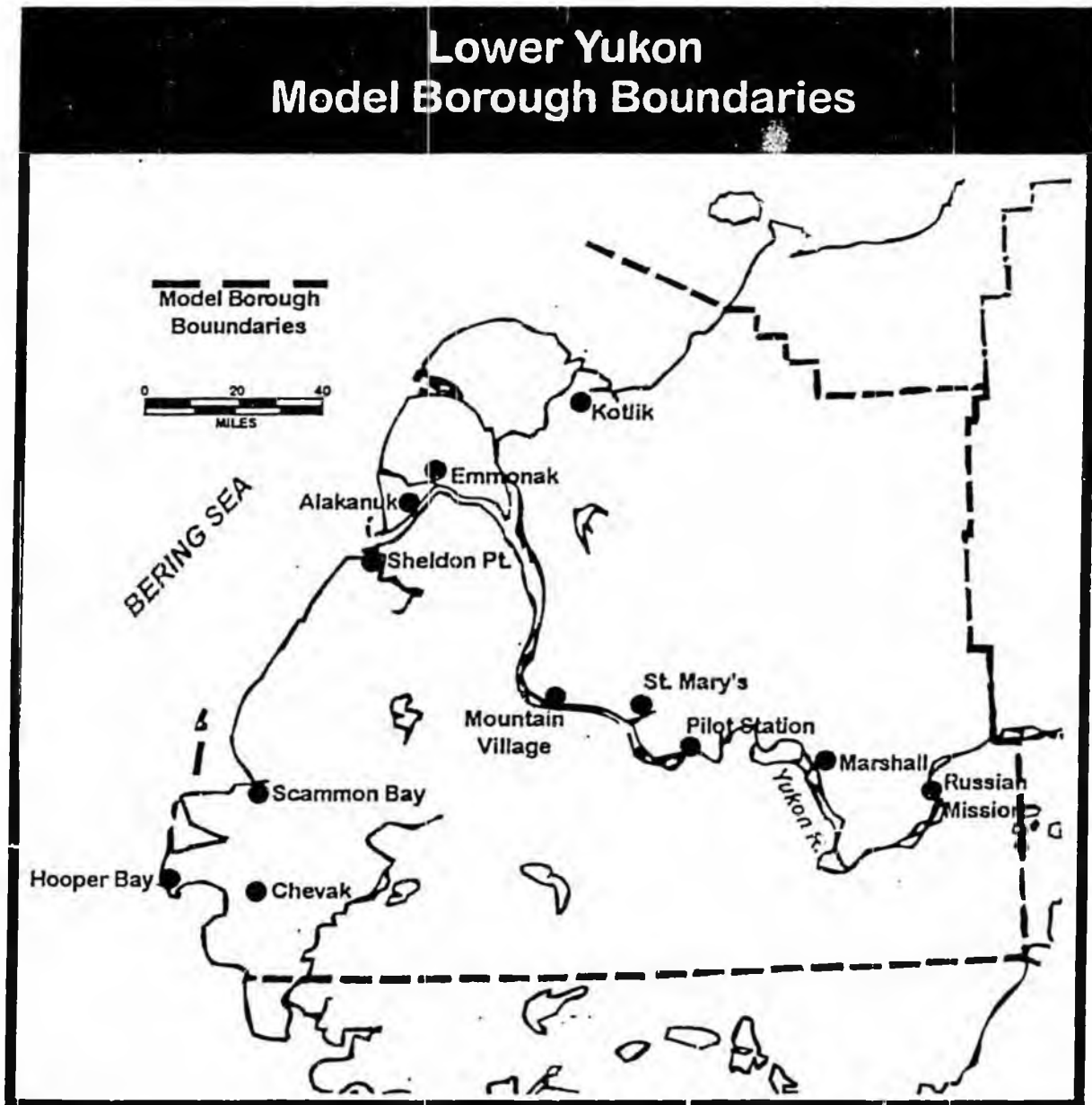


Lower Kuskokwim Region. The Commission held model borough boundary hearings concerning the Lower Kuskokwim region in Bethel on October 24, 1992. On November 21, 1992, the Local Boundary Commission set model borough boundaries for the region to conform to the boundaries of the Lower Kuskokwim Regional Educational Attendance Area (including the smaller Yupiit Regional Educational Attendance Area). The 1990 population of the region was 12,125. The region encompasses 25 communities including Akiachak, Akiak, Atmautluak, Bethel, Chefornak, Eek, Goodnews Bay, Kasigluk, Kipnuk, Kongiganak, Kwethluk, Kwigillingok, Mekoryuk, Napakiak, Napaskiak, Newtok, Nightmute, Nunapitchuk, Oscarville, Platinum, Quinhagak, Toksook Bay, Tuluksak, Tuntutuliak, and Tununak.

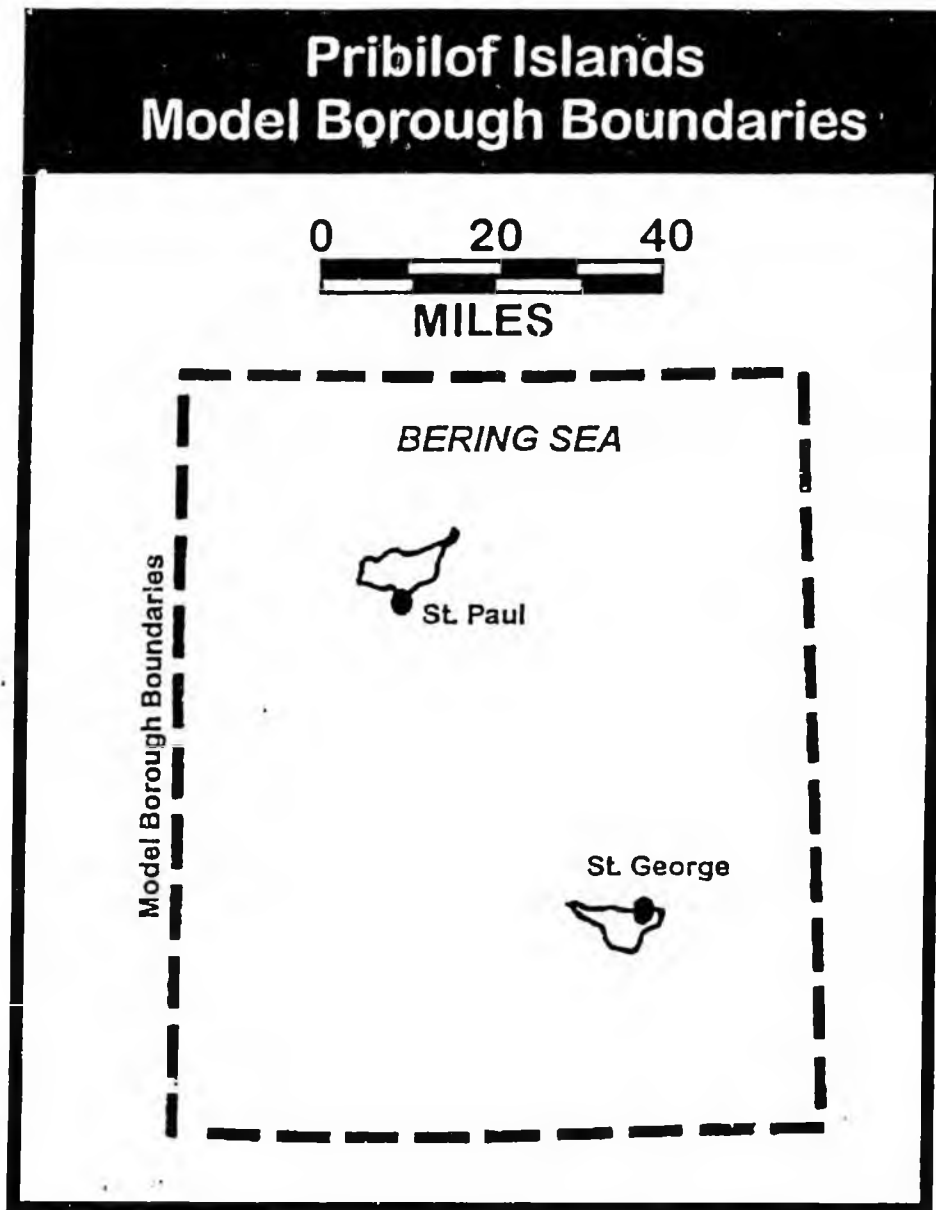
Lower Kuskokwim Model Borough Boundaries



Lower Yukon Region. The Commission held model borough boundary hearings for the Lower Yukon region in St. Mary's on October 23, 1992. On November 21, 1992, the Commission set Lower Yukon model boundaries to conform to the Lower Yukon Regional Educational Attendance Area. The model borough boundaries include the smaller Kashunamiut Regional Educational Attendance Area and the St. Mary's City School District. The area also includes the communities of Alakanuk, Chevak, Emmonak, Hooper Bay, Kotlik, Marshall, Mountain Village, Pilot Station, Russian Mission, Scammon Bay, Sheldon Point and Pitka's Point. In 1990, the area's population totaled approximately 5,791.

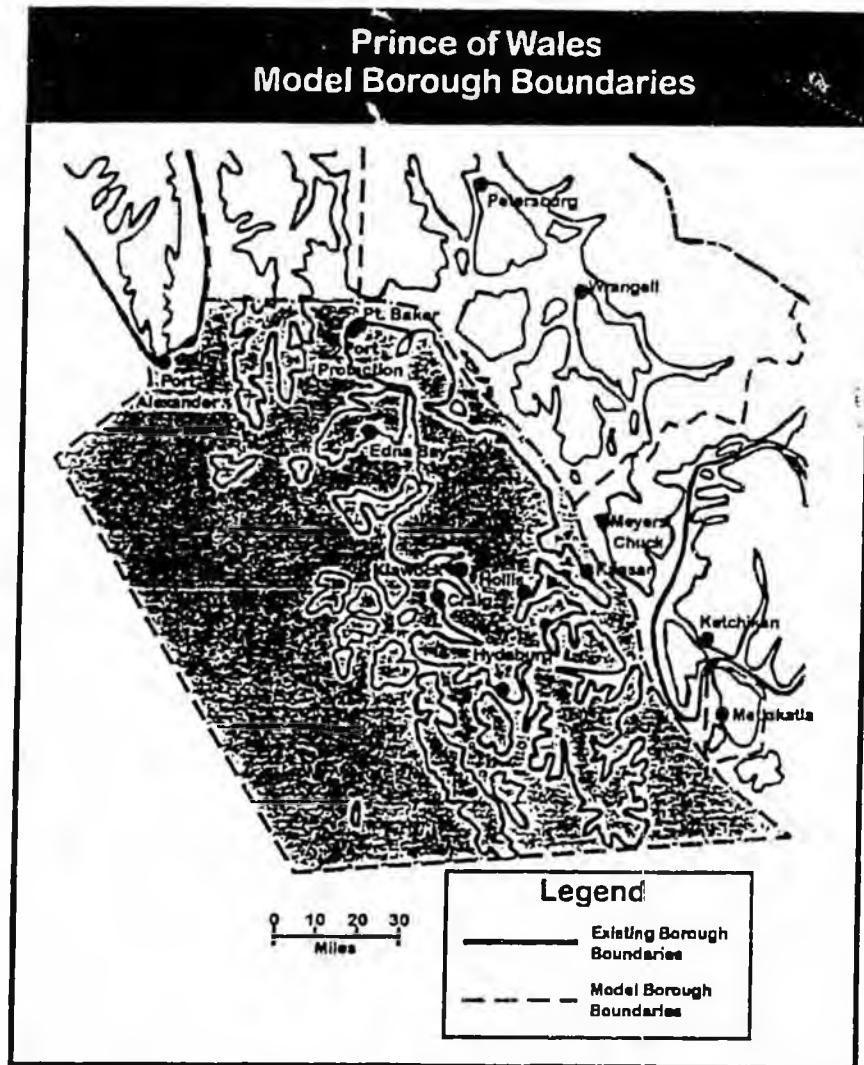


Pribilof Region. The Local Boundary Commission conducted a hearing on model borough boundaries for the Pribilof region on October 20, 1992. Testimony was received by teleconference from St. Paul and St. George. The Commission set model borough boundaries for the area on November 21, 1992. Those boundaries conform to the Pribilof Islands Regional Educational Attendance Area which encompass St. Paul and St. George. That area had a 1990 population of 901.



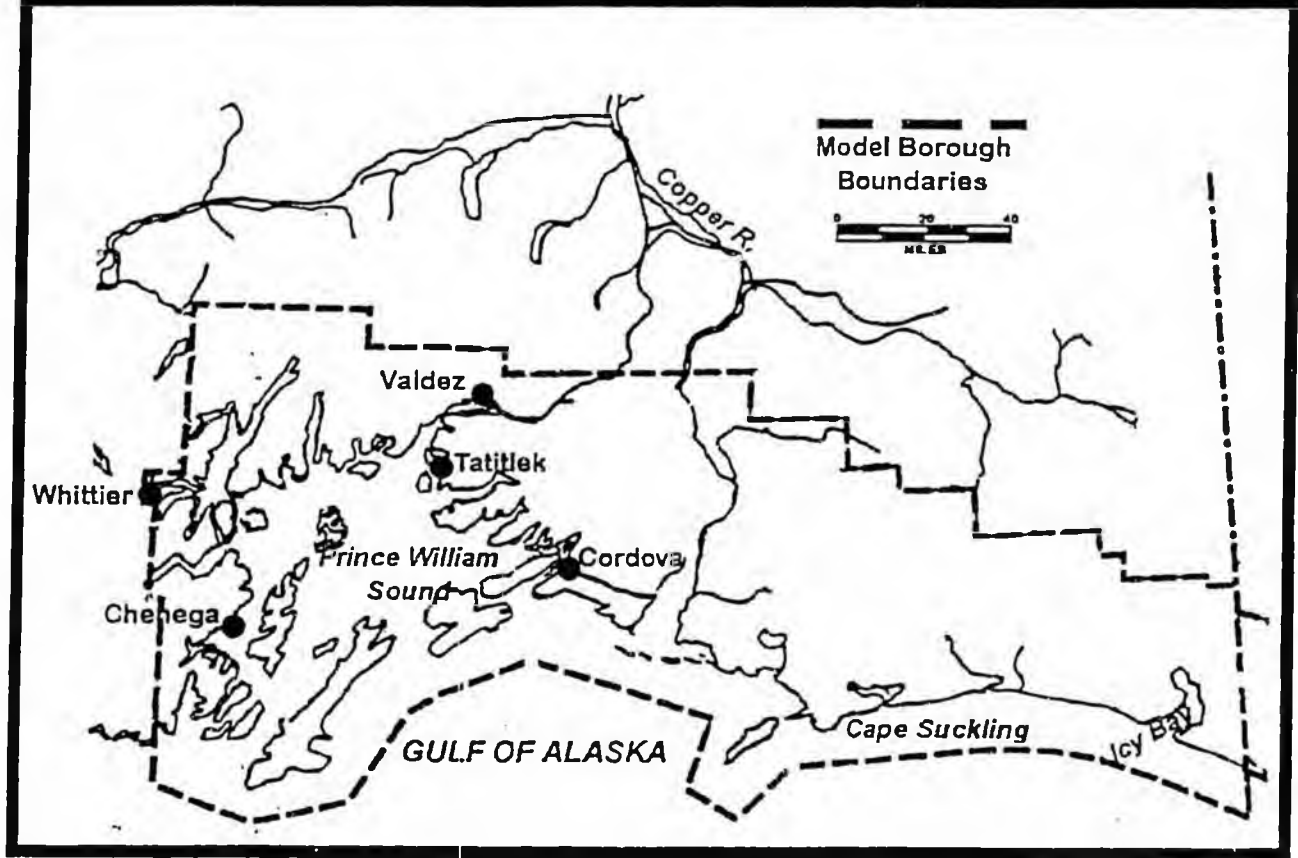
Prince of Wales Island Region. The Commission held its hearing on model borough boundaries for this region in Klawock in September 1991. Additional comments concerning model boundaries for this region were provided to the Commission in November of 1991.

The Commission adopted model boundaries for this region to extend from the southern boundary of the State of Alaska along Clarence Strait and Sumner Strait to an area north of Point Baker (following the Wrangell Ranger District boundary). From there the boundary extends due west across Kuiu Island to the middle of Chatham Strait where it turns south, following the State boundary back to the point of beginning. These model boundaries encompass an estimated 8,200 square miles of land and water. This area is all part of the Southeast Island Regional Educational Attendance Area, and has 4,650+ residents.



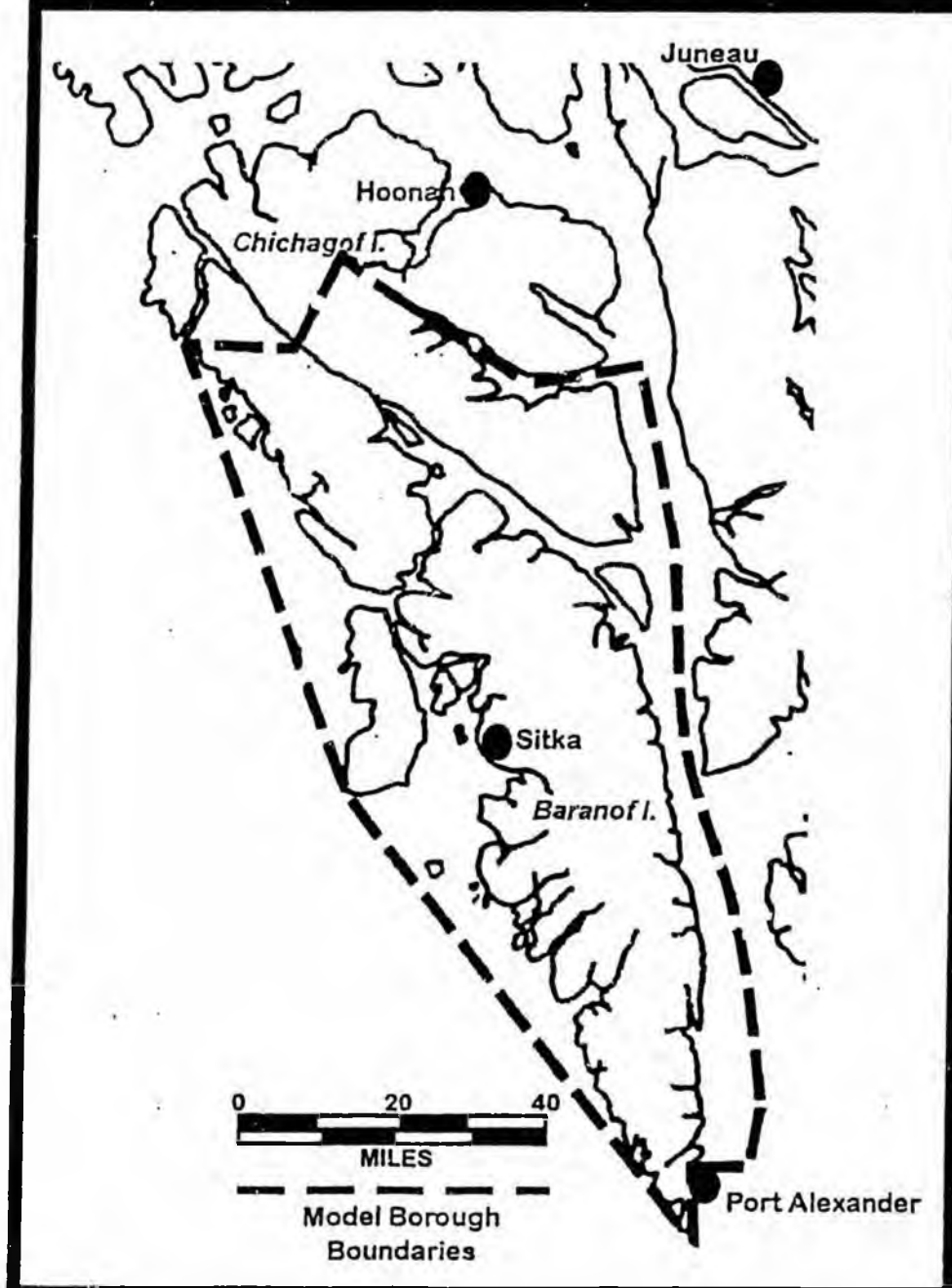
Prince William Sound Region. The Commission conducted a public hearing on model borough boundaries for the Prince William Sound region in January 1992. On May 8, 1992, the Commission set model boundaries for the area to conform to the Chugach REAA, including Cordova City School District and the Valdez City School District. The region also includes the City of Whittier and the unincorporated communities of Chenega and Tatitlek. In 1990, the area had a population of 7,189.

Prince William Sound Model Borough Boundaries



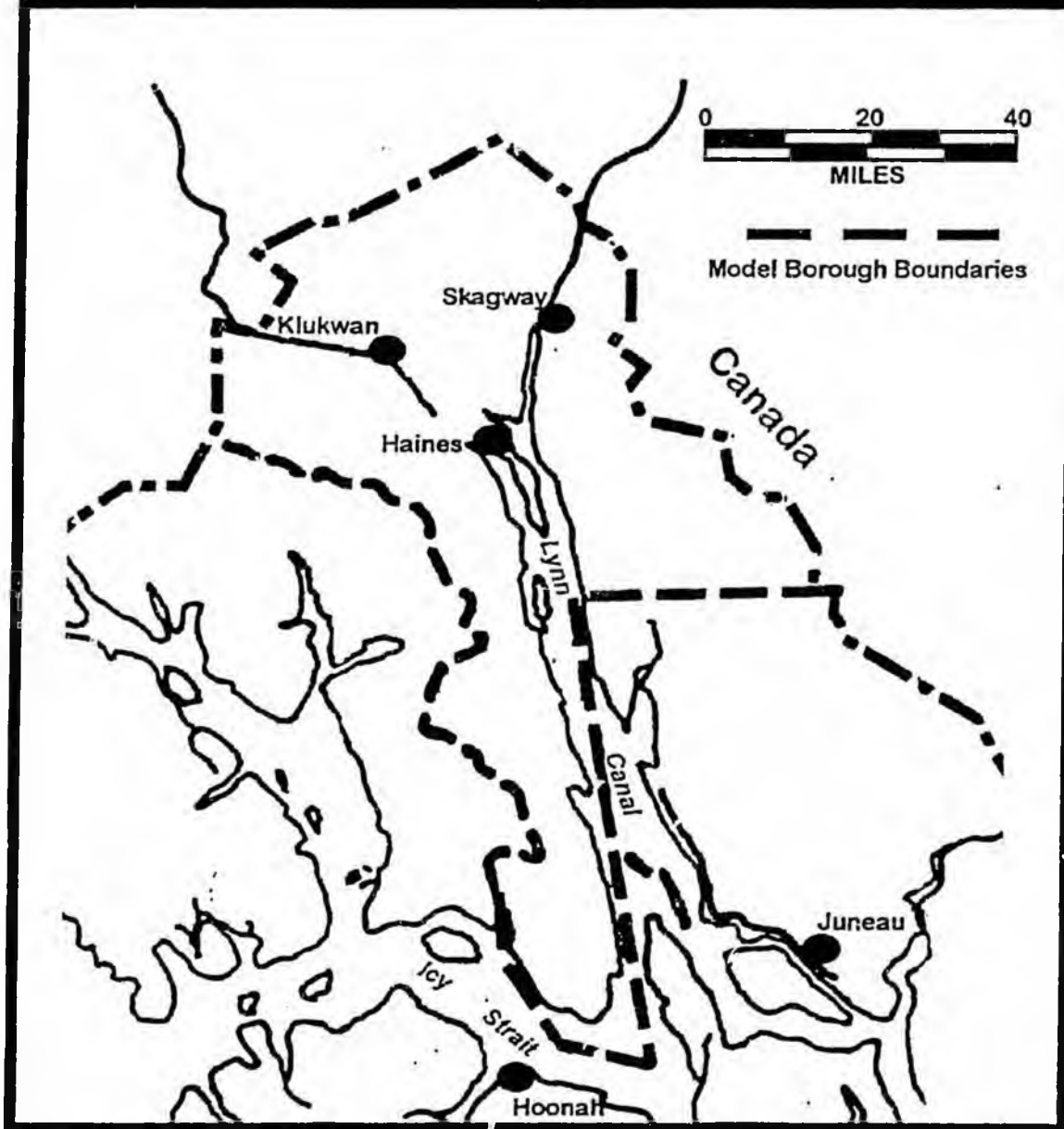
City and Borough of Sitka. The Commission conducted public hearings regarding model borough boundaries for the City and Borough of Sitka by teleconference in November 1990. On May 8, 1992, the Commission set model boundaries for the City and Borough of Sitka identical with its existing boundaries. That area encompasses an estimated 4,849 square miles. In 1990, the area had a population of 8,588.

City and Borough of Sitka Model Borough Boundaries

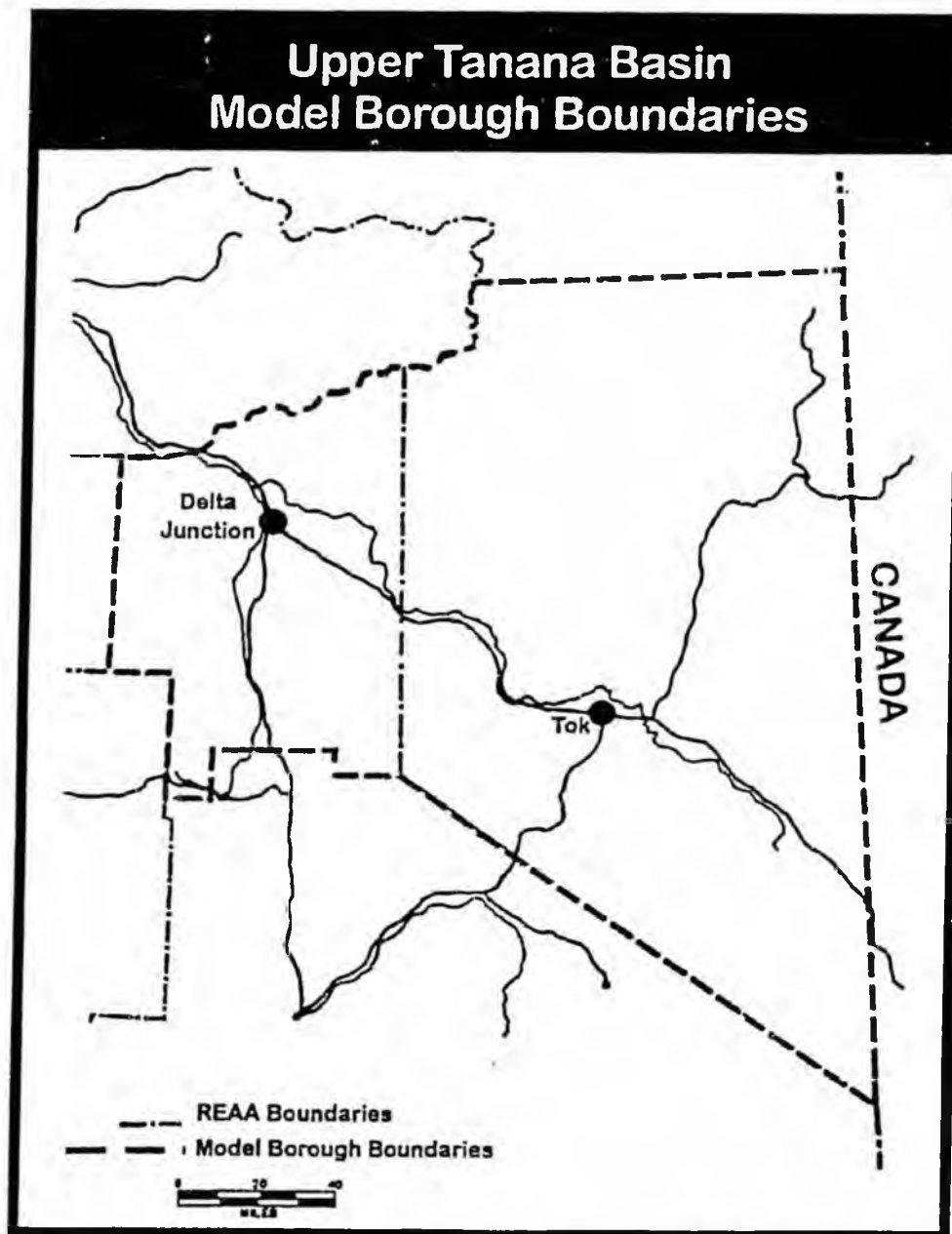


Upper Lynn Canal - Haines Borough Region. On May 8, 1992, the Commission set model borough boundaries for the upper Lynn Canal area. The model boundaries were defined to encompass the area within the present Haines Borough as well as the adjacent City of Skagway and the village of Klukwan. Klukwan is presently an enclave within the Haines Borough. In 1990, the area had a population of 2,938..

Upper Lynn Canal Region Model Borough Boundaries



Upper Tanana Basin Region. The Commission conducted hearings on model borough boundaries for the region in Delta Junction on May 8, 1992 and in Tok on May 9 and June 6, 1992. The Commission set model boundaries for the area on November 21, 1992. The Upper Tanana Basin model boundaries were defined to encompass both the Delta Greely and Alaska Gateway REAA areas. In 1990, the area had a population of 6,021. The model borough boundaries encompass an estimated 26,235 square miles. Communities within the region include two second class cities, the City of Delta Junction and the City of Eagle. Unincorporated communities in the area include Boundary, Chicken, Dot Lake, Dry Creek, the Native Village of Eagle, Fort Greely, Healy Lake, Mentasta Lake, Northway, Tanacross, Tetlin and Tok.

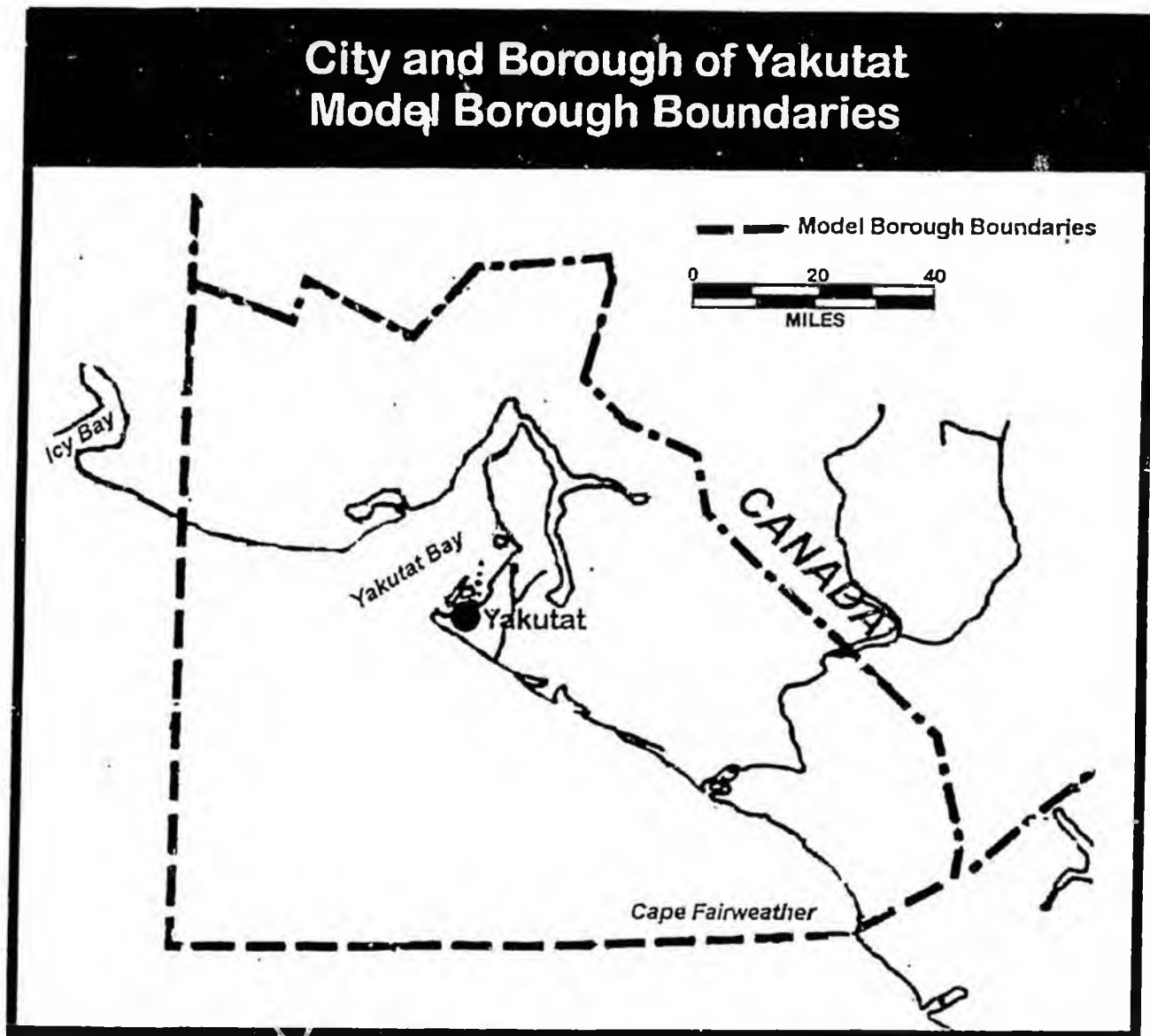


Wrangell/Petersburg Region. The Commission conducted hearings on model boundaries for the region in Wrangell and Petersburg in September 1991. After receiving additional comments in November, the Commission defined model borough boundaries for this region to follow the boundary of the Wrangell Ranger District along the Misty Fjords National Monument to Ernest Sound and along Clarence Strait and Sumner Strait to an area north of the community of Point Baker. From there, the model boundary runs due north to Hobart Bay then due east to the Alaska/Canada border. The boundary then turns south following the border to the point of beginning.

These model boundaries include an area of approximately 7,200 square miles of land and water. The 1990 population of the area was estimated to be approximately 6,000. The model boundaries encompass two complete school districts (Petersburg and Wrangell) and portions of two others (Southeast Island REAA and Chatham REAA).

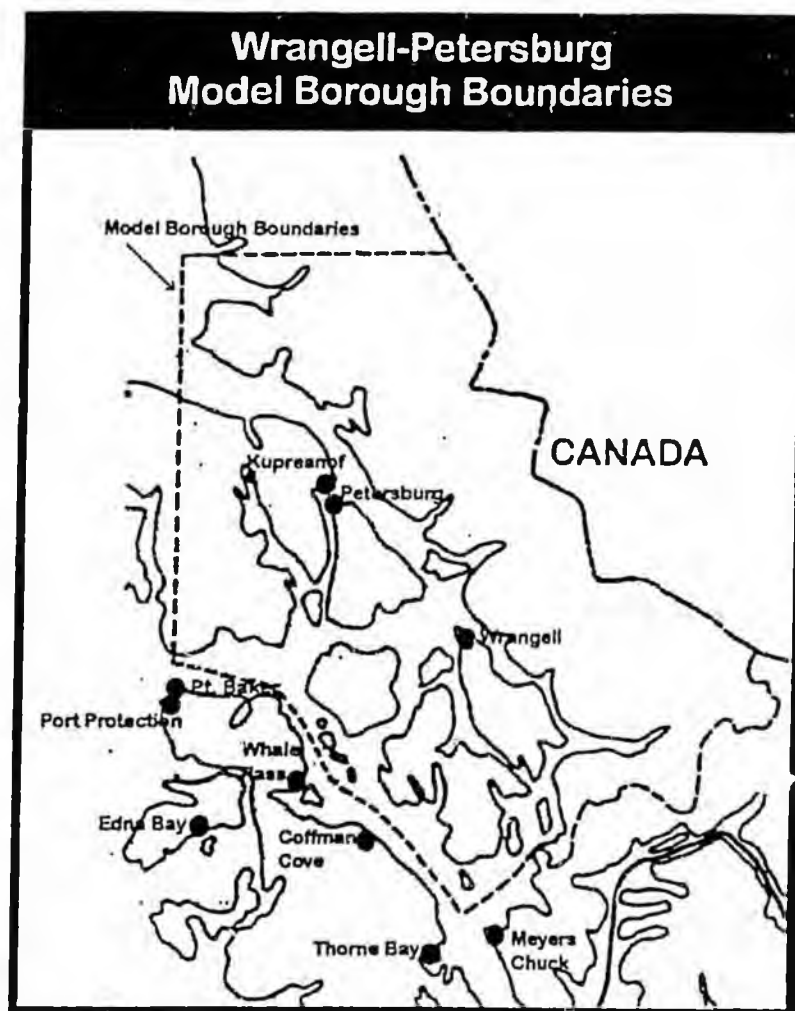


Yakutat Borough. The Commission set model borough boundaries for the Yakutat region on May 8, 1992. The boundaries are identical to those approved by the Commission for incorporation of the City and Borough of Yakutat. The model boundaries encompass approximately 4,224 square miles with boundaries extending from the 141st Meridian to Cape Fairweather. In 1990, the area had a population of approximately 705.

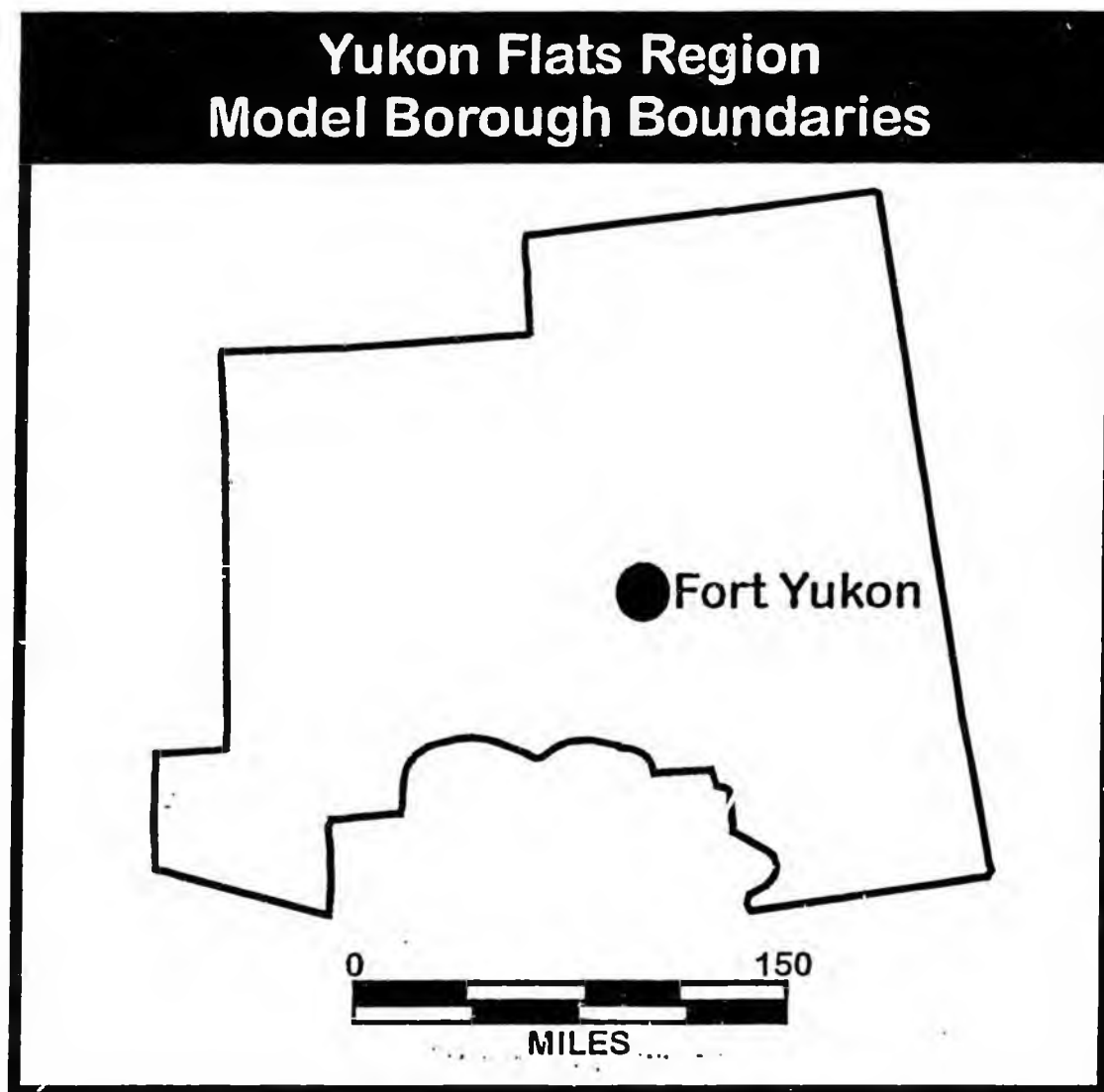


Wrangell/Petersburg Region. The Commission conducted hearings on model boundaries for the region in Wrangell and Petersburg in September 1991. After receiving additional comments in November, the Commission defined model borough boundaries for this region to follow the boundary of the Wrangell Ranger District along the Misty Fjords National Monument to Ernest Sound and along Clarence Strait and Sumner Strait to an area north of the community of Point Baker. From there, the model boundary runs due north to Hobart Bay then due east to the Alaska/Canada border. The boundary then turns south following the border to the point of beginning.

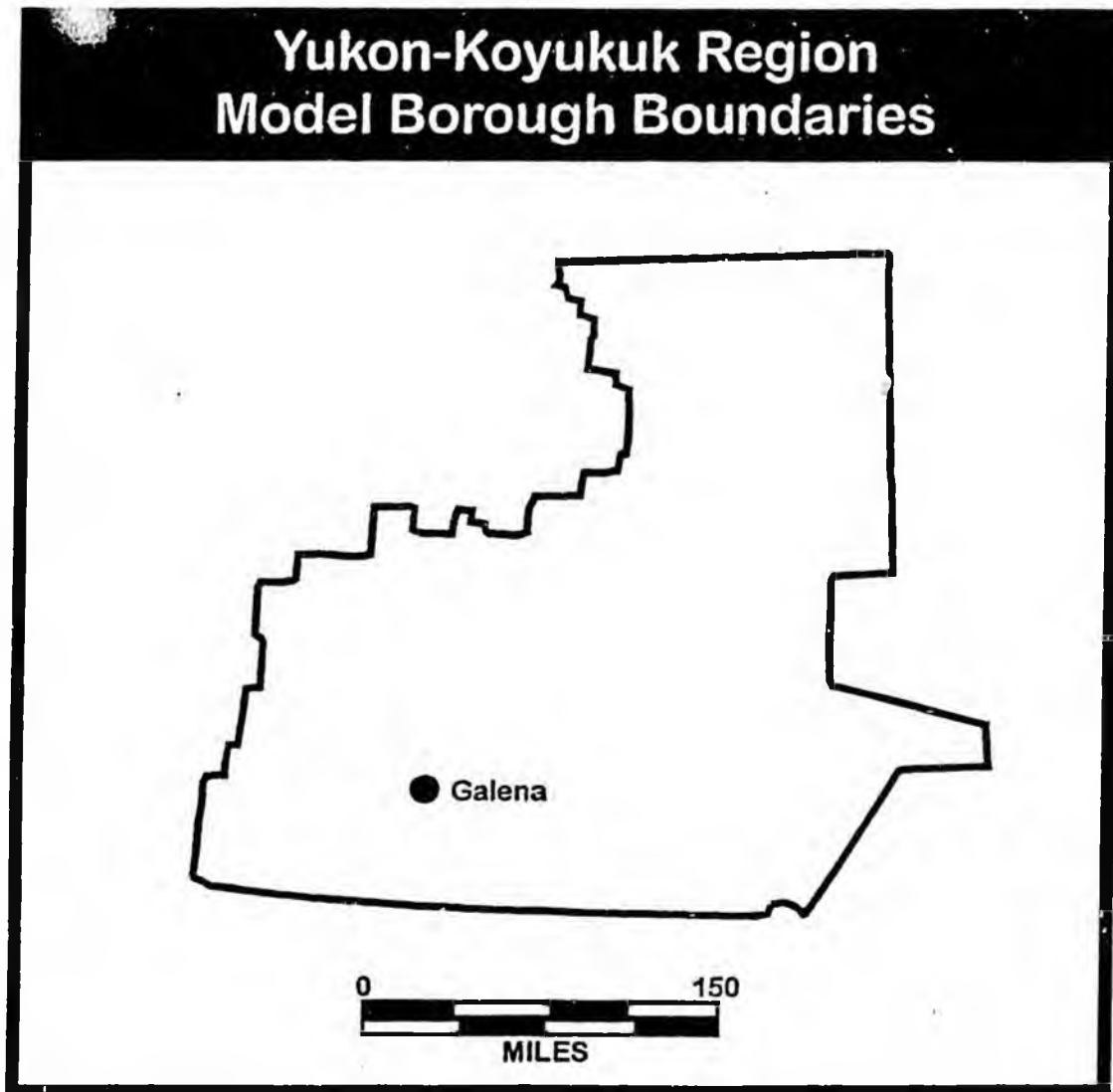
These model boundaries include an area of approximately 7,200 square miles of land and water. The 1990 population of the area was estimated to be approximately 6,000. The model boundaries encompass two complete school districts (Petersburg and Wrangell) and portions of two others (Southeast Island REAA and Chatham REAA).



Yukon Flats Region. The Commission conducted a public hearing on model borough boundaries for the Yukon Flats region on May 20, 1990. The hearing was held in Fort Yukon, with teleconference sites established in Rampart, Birch Creek, Beaver, Arctic Village, Venetie and Stevens Village. On November 10, 1990, the Commission defined the model borough boundaries for the region to follow the boundaries of the Yukon Flats Regional Educational Attendance Area with the exclusion of the territory in the model boundaries of the Fairbanks North Star Borough.



Yukon Koyukuk Region. The Commission conducted a public hearing on model borough boundaries for the Yukon-Koyukuk region on May 18, 1990. The hearing was held in Tanana, with teleconference sites established in Nenana, Ruby, Galena, Nulato, Manley Hot Springs, Kaltag, Hughes, Allakaket and Bettles. On November 10, 1990, the Commission defined the model borough boundaries for the region to follow the boundaries of the Yukon-Koyukuk Regional Educational Attendance Area, excluding the area within the model boundaries of the proposed Denali Borough.



CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION

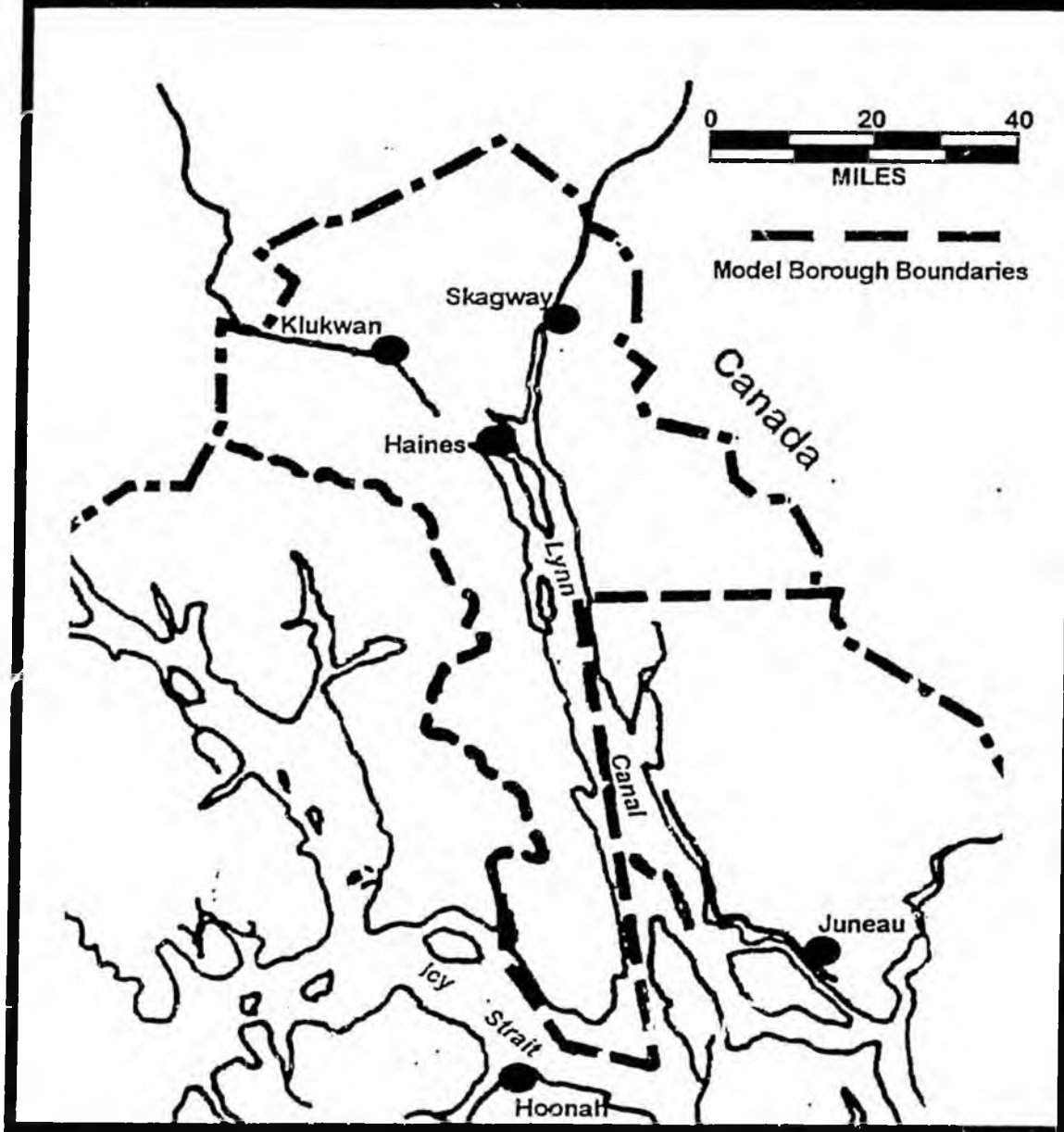


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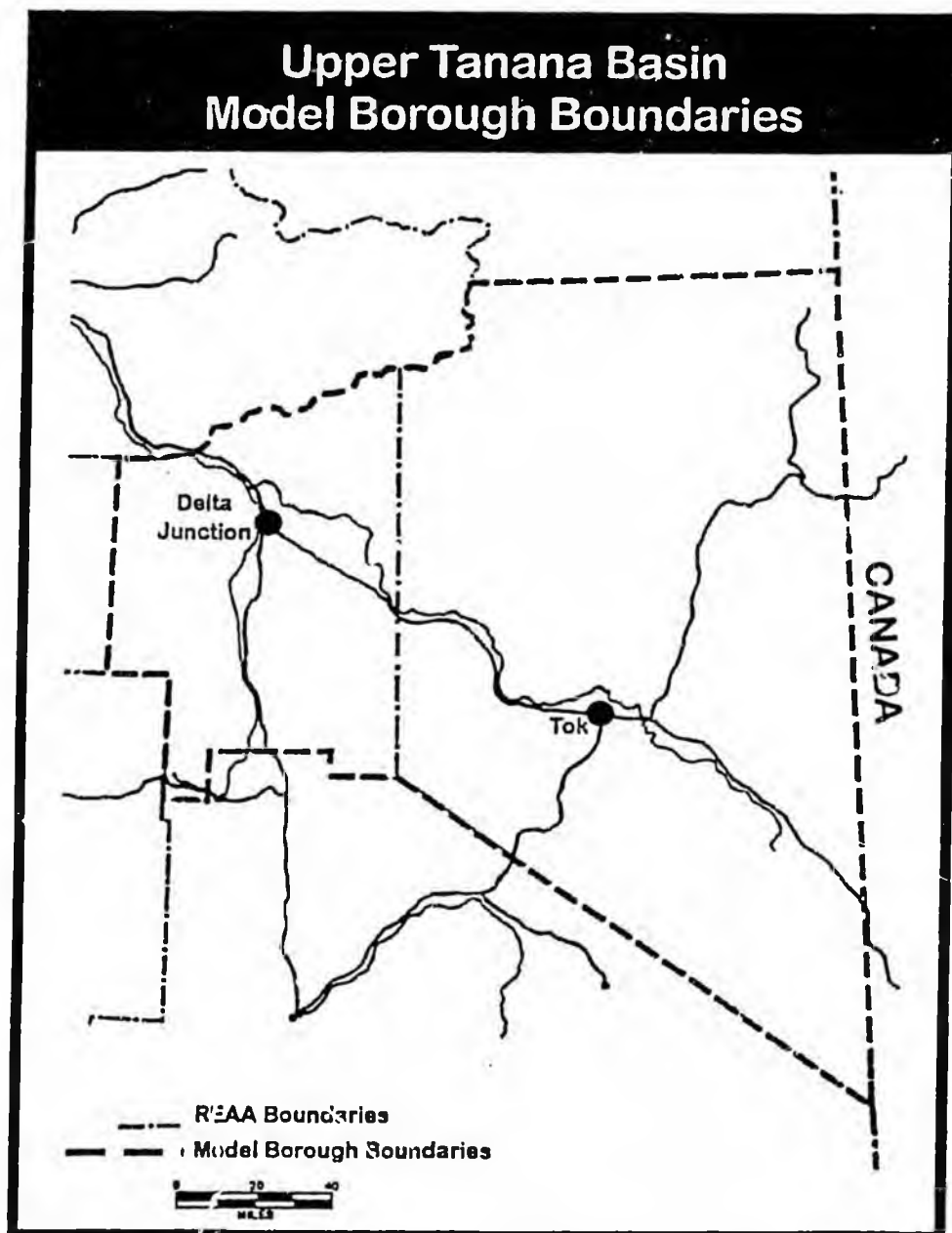
Central Microfilm Services
Department of Education
State of Alaska

Upper Lynn Canal - Haines Borough Region. On May 8, 1992, the Commission set model borough boundaries for the upper Lynn Canal area. The model boundaries were defined to encompass the area within the present Haines Borough as well as the adjacent City of Skagway and the village of Klukwan. Klukwan is presently an enclave within the Haines Borough. In 1990, the area had a population of 2,938..

Upper Lynn Canal Region Model Borough Boundaries



Upper Tanana Basin Region. The Commission conducted hearings on model borough boundaries for the region in Delta Junction on May 8, 1992 and in Tok on May 9 and June 6, 1992. The Commission set model boundaries for the area on November 21, 1992. The Upper Tanana Basin model boundaries were defined to encompass both the Delta Greely and Alaska Gateway REAA areas. In 1990, the area had a population of 6,021. The model borough boundaries encompass an estimated 26,235 square miles. Communities within the region include two second class cities, the City of Delta Junction and the City of Eagle. Unincorporated communities in the area include Boundary, Chicken, Dot Lake, Dry Creek, the Native Village of Eagle, Fort Greely, Healy Lake, Mentasta Lake, Northway, Tanacross, Tetlin and Tok.

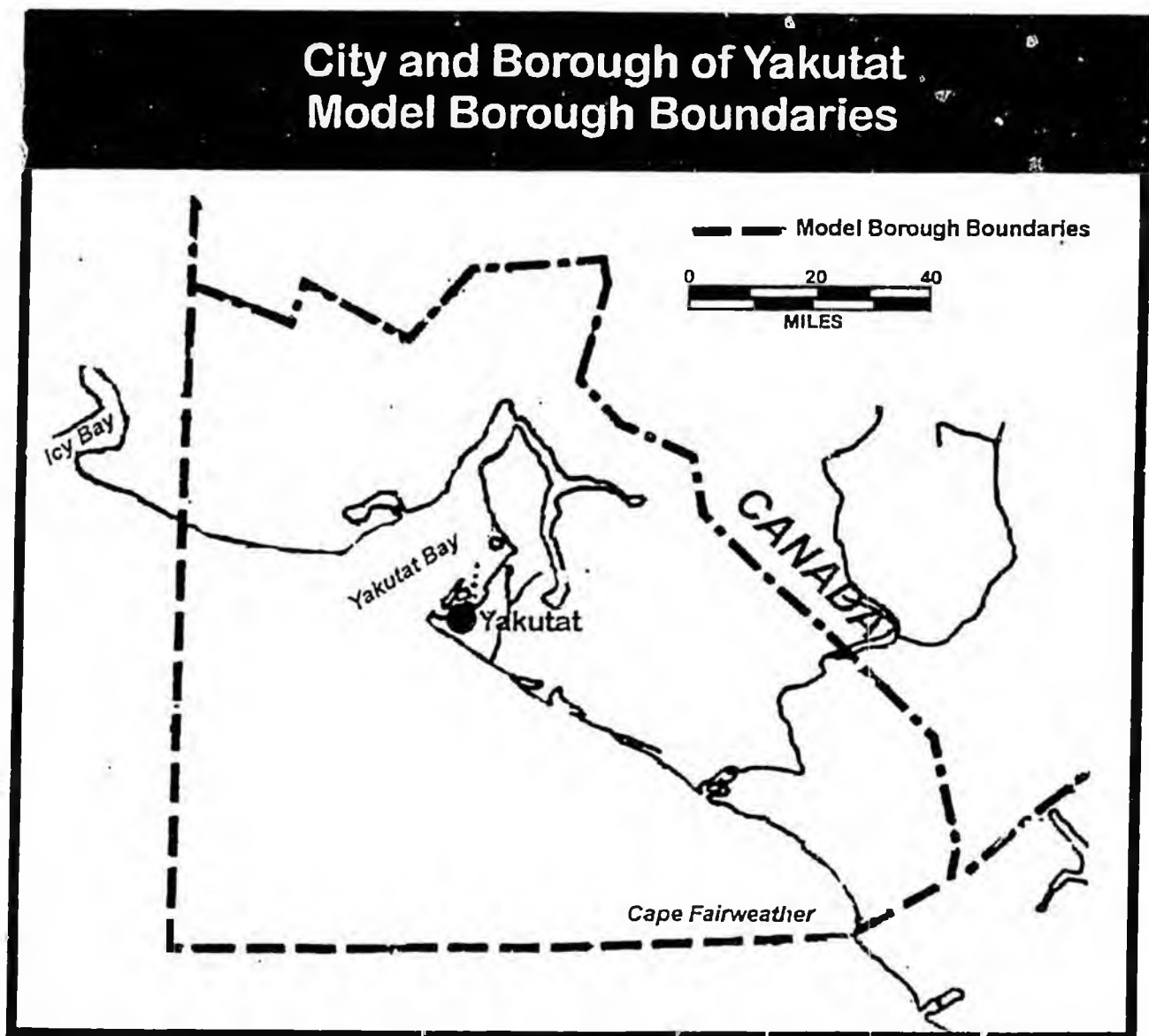


Wrangell/Petersburg Region. The Commission conducted hearings on model boundaries for the region in Wrangell and Petersburg in September 1991. After receiving additional comments in November, the Commission defined model borough boundaries for this region to follow the boundary of the Wrangell Ranger District along the Misty Fjords National Monument to Ernest Sound and along Clarence Strait and Sumner Strait to an area north of the community of Point Baker. From there, the model boundary runs due north to Hobart Bay then due east to the Alaska/Canada border. The boundary then turns south following the border to the point of beginning.

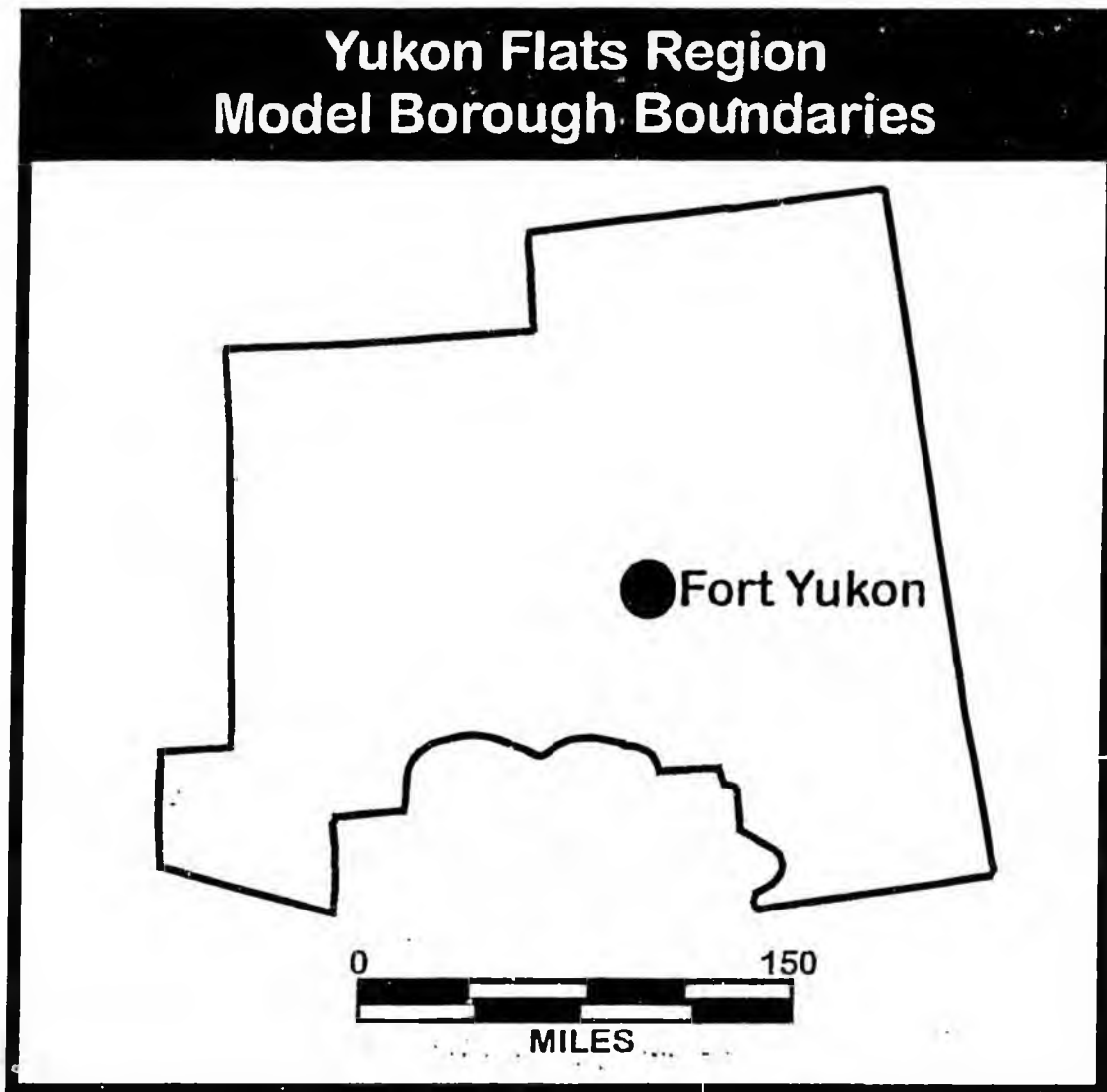
These model boundaries include an area of approximately 7,200 square miles of land and water. The 1990 population of the area was estimated to be approximately 6,000. The model boundaries encompass two complete school districts (Petersburg and Wrangell) and portions of two others (Southeast Island REAA and Chatham REAA).



Yakutat Borough. The Commission set model borough boundaries for the Yakutat region on May 8, 1992. The boundaries are identical to those approved by the Commission for incorporation of the City and Borough of Yakutat. The model boundaries encompass approximately 4,224 square miles with boundaries extending from the 141st Meridian to Cape Fairweather. In 1990, the area had a population of approximately 705.



Yukon Flats Region. The Commission conducted a public hearing on model borough boundaries for the Yukon Flats region on May 20, 1990. The hearing was held in Fort Yukon, with teleconference sites established in Rampart, Birch Creek, Beaver, Arctic Village, Venetie and Stevens Village. On November 10, 1990, the Commission defined the model borough boundaries for the region to follow the boundaries of the Yukon Flats Regional Educational Attendance Area with the exclusion of the territory in the model boundaries of the Fairbanks North Star Borough.



Yukon Koyukuk Region. The Commission conducted a public hearing on model borough boundaries for the Yukon-Koyukuk region on May 18, 1990. The hearing was held in Tanana, with teleconference sites established in Nenana, Ruby, Galena, Nulato, Manley Hot Springs, Kaltag, Hughes, Allakaket and Bettles. On November 10, 1990, the Commission defined the model borough boundaries for the region to follow the boundaries of the Yukon-Koyukuk Regional Educational Attendance Area, excluding the area within the model boundaries of the proposed Denali Borough.



APPENDIX

The following lists certain of the reasons why some believe that the provision of Article X, Section 3 of Alaska's Constitution requiring each borough to embrace an area and population with common interests to the maximum degree possible, applies to both organized and unorganized boroughs.

A direct reading of Article X, Section 3 is unambiguous in its application to unorganized boroughs. The provision states in relevant part, "The entire State shall be divided into boroughs, organized or unorganized. They shall be established in a manner and according to standards provided by law. . . . Each borough shall embrace an area and population with common interests to the maximum degree possible. . . ."

The Public Administration Service (PAS) expressed the view that unorganized boroughs had to conform to the borough boundary standards.³ On page 52 of its Local Government Under the Alaska Constitution (January 1959) the PAS notes that "*Returning then, to the question of the proper size and number of the initial unorganized boroughs, it would seem desirable to begin with a small number of very large boroughs. One possibility would be to begin with only four, which might correspond precisely or substantially to the four major senate districts. Since these districts were drawn primarily on the basis of the way in which the State is divided into natural 'socio-economic' areas, with drainage and other geographic factors such as mountain barriers being considered in setting the boundary lines, this division of the State might well provide a logical*

³ The PAS, a non-profit organization, was selected by the Alaska Statehood Committee to provide research and consulting services in conjunction with the efforts to develop Alaska's constitution. (See Alaska's Constitutional Convention, Victor Fisher, pages 18 - 21.) The PAS also provided consulting services to the First Alaska State Legislature in the implementation of Alaska's constitution.

basis for the differential treatment of local affairs which, as already indicated, the borough system permits. If experience showed the need for further differentiation, the large boroughs could be broken down into somewhat smaller ones. It is important to remember that it is always easier to subdivide a political area than it is to combine areas previously subdivided." (emphasis added).

The Executive Director of the Alaska Legislative Council held those same views. In a December 1, 1959 paper entitled Local Government and the State Constitution - Constitutional Intent, the John C. Doyle wrote that, "*Under the terms of the proposed article, all of Alaska would be subdivided into boroughs. Each would cover a geographic area with common economic, social, and political interests. Boundaries are to be established by the state. . . . Three classes of boroughs might be sufficient, but the legislature is not limited to three. . . . The unorganized borough would be the third class borough. . . .*"⁴

Vic Fischer states on page 119 of

⁴ The paper was submitted to Representative Peter J. Kalamarides, Chairman of the Alaska Legislative Council with the following statement, "*Attached hereto you will find a report on the local government article of the State Constitution. The report is the one which was submitted by the Committee on Local Government to the Constitutional Convention (1955-56), but it has been revised to reflect the amendments and thinking of the Convention when the proposal was discussed and finally approved on the floor. The Committee's report and comments, and the transcript of the Convention's proceedings were used in preparing this revised report. . . .*" At the time the report was submitted, two of the ten members of the Alaska Legislative Council had been delegates to the Constitutional Convention. These were Senator Frank Peratrovich, Vice Chairman of the Council, and Representative Warren A. Taylor.

Alaska's Constitutional Convention (University of Alaska Press 1975) that one of the initial principles set forth by the Convention's Committee on Local Government was that "Provision should be made for subdividing all Alaska into local units (boroughs) based on economic, geographic, social, and political factors; initially, not all need be organized."⁵

Thomas A. Morehouse and Victor Fischer wrote in Borough Government in Alaska under the heading "Organized and Unorganized Boroughs" that, "All of Alaska was to be subdivided into logical borough units. Depending on readiness and capability for government, these would be classified as organized or unorganized boroughs . . ."

Richard W. Garnett, III, wrote in a paper for the Institute of Social, Economic and Government Research that, "The local government article of the state constitution calls for the division of the state into boroughs, organized and unorganized. The language of the article presupposes plural unorganized units.⁶ The specific reference in Section 6 to 'maximum local participation and responsibility' in unorganized boroughs

indicates that manageable units encompassing communities of interest were contemplated for unorganized as well as organized boroughs. It is difficult to believe that the single unorganized borough that now exists complies with the intention expressed in the constitution."

The Local Boundary Commission expressed views consistent with this interpretation during its "Model Borough Boundary Study".⁷ For example, in the LBC's paper announcing the model borough boundary study for the Aleutian/Pribilof Islands Region, the LBC stated, "Clearly, the Unorganized Borough does not meet the requirement of Article X, Section 3 of the Alaska Constitution that, 'each borough embrace an area and population with common interests to the maximum degree possible.'" (August 1991, page A-2)

⁵ Vic Fischer was a Delegate to Alaska's Constitutional Convention and was also a member of the Convention's Committee on Local Government. He is widely regarded as an expert on Alaska's Constitution, particularly the local government article.

⁶ Equalization of Local Government Revenues in Alaska (ISEGR Occasional Papers, January 1973). Richard W. Garnett, III, is a former Assistant Attorney General for the State of Alaska. His remarks may have represented his personal views rather than those of the Department of Law.

⁷ The LBC and its DCRA staff began the Model Boundary study throughout the unorganized borough in mid-1987. The goal of the study was to "identify the best potential boundaries for future boroughs." The project was completed in 1992.

CS SB 280 Fiscal Notes

Department	Division	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
(Thousands of Dollars)							
Administration		0.0	0.0	0.0	0.0	0.0	0.0
Commerce & Economic Dev.		0.0	0.0	0.0	0.0	0.0	0.0
	Organizational Grants	0.0	0.0	900.0	1,800.0	2,600.0	3,200.0
Community & Reg'l Affairs	State Assessor	63.5	70.7	79.2	79.5	77.4	78.4
	Local Boundary Comm.	15.6	31.2	31.2	41.6	0.0	0.0
Corrections		0.0	0.0	0.0	0.0	0.0	0.0
Education	K-12	0.0	0.0	0.0	0.0	2,530.7	41.2
Environmental Conservation							
Fish & Game							
Health & Social Services		0.0	0.0	0.0	0.0	0.0	0.0
Labor		0.0	0.0	0.0	0.0	0.0	0.0
Law	Civil Division	0.0	177.5	171.0	171.0	171.0	0.0
Military & Veterans Affairs							
Natural Resources	Resource Development	0.0	0.0	127.0	127.0	247.0	247.0
Public Safety	DPS Statewide Support	0.0	0.0	0.0	0.0	0.0	0.0
Revenue		0.0	0.0	0.0	0.0	0.0	0.0
Transportation & Public Fac.	Engineering Operations	0.0	0.0	0.0	0.0	0.0	0.0
Elections	Elective Operations	25.4	25.2	64.5	19.8		
TOTAL FISCAL NOTES RECEIVED		104.5	304.6	1,372.9	2,238.9	5,626.1	3,566.6
Cumulative		104.5	409.1	1,782.0	4,020.9	9,647.0	13,213.6

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. SB 280

Revision Date: _____
 Title: An Act relating to the mandatory incorporation of certain boroughs in the unorganized borough providing for an effective date.
 Sponsor: Togerson
 Requestor: _____

Department Affected: Administration
 BRU: Administrative Services
 COMPONENT SERIAL NO. 46

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ()	0	0	0	0	0	0
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FUND SOURCE:

(Thousands of Dollars)

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

The administrative cost of the Capital Matching Grants Program in the Department of Administration would not be substantially impacted.

As new boroughs are created, this bill would increase the number of eligible grantees to the municipal side of the Matching Grants Program and would eliminate the unincorporated portion of this program. Allocated funds would need to be adjusted accordingly.

Prepared by: Sharon Barton
 Division: Administrative Services

Phone: 465-2277
 Date: 3/5/96

Approved by Commissioner: Mark Boyer
 Agency: Department of Administration

Date: 3/11/96

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FISCAL NOTE

No. 1
 Bill Version: SSB280(CRA)
 (S) Publish Date: 3-14-96

STATE OF ALASKA
 1996 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Administration
 Title: An Act relating to the mandatory incorporation of certain
 boroughs in the unorganized borough, providing for an effective date. BRU: Administrative Services
 Sponsor: Togerson
 Requestor: _____ COMPONENT SERIAL NO. 46

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ()	0	0	0	0	0	0
------------------------	---	---	---	---	---	---

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)
 The administrative cost of the Capital Matching Grants Program in the Department of Administration would not be substantially impacted.
 As new boroughs are created, this bill would increase the number of eligible grantees to the municipal side of the Matching Grants Program and would eliminate the unincorporated portion of this program. Allocated funds would need to be adjusted accordingly.

Prepared by: Sharon Barton
 Division: Administrative Services

Phone: 465-2277
 Date: 3/14/96

Approved by Commissioner: Mark Boyer
 Agency: Department of Administration

Date: 3/14/96

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#2

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. SB280

Revision Date: 3/12/96 Dept. Affected: Office of the Governor
 Title: An Act relating to mandatory incorporation of certain boroughs in the unorganized borough BRU: Elective Operations
 Sponsor: Senator Torgerson Component: Elections
 Requester: Senate Community and Regional Affairs COMPONENT SERIAL NO. 21

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 100	FY 01	FY 02
PERSONAL SERVICES	0.0	0.0	0.0	0.0		
TRAVEL	0.0	0.0	0.0	0.0		
CONTRACTUAL	25.4	25.2	64.5	19.8		
SUPPLIES	0.0	0.0	0.0	0.0		
EQUIPMENT	0.0	0.0	0.0	0.0		
LAND & STRUCTURES	0.0	0.0	0.0	0.0		
GRANTS, CLAIMS	0.0	0.0	0.0	0.0		
MISCELLANEOUS	0.0	0.0	0.0	0.0		
TOTAL OPERATING	25.4	25.2	64.5	19.8	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	25.4	25.2	64.5	19.8		
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	25.4	25.2	64.5	19.8	0.0	0.0

Estimate of any current year (FY96) cost: \$ 0.0

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

The contractual costs shown above reflect the cost of conducting the elections for initial borough officials. The division of elections used a schedule prepared by Local Boundary Commission staff to determine the year in which elections for the various boroughs will occur. The FY99 estimate is significantly larger because of the incorporation of boroughs that include two large REAAs.

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

Prepared by: Dana LaTour *D. LaTour* Phone: 465-5347
 Division: Division of Elections Date: 3/12/96
 Approved by: _____ Date: _____
 Commissioner: Lt. Governor Fran Ulmer *Fran Ulmer*
 Agency: Office of the Lt. Governor

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FISCAL NOTE

NC 2

Bill Version: CS SB 28X(CRA)

(S) Publish Date: 3-14-96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date: <u>3/12/96</u>	Dept. Affected: <u>Office of the Governor</u>
Title: <u>An Act relating to mandatory incorporation of certain boroughs in the unorganized borough</u>	BRU: <u>Elective Operations</u>
Sponsor: <u>Senator Torgerson</u>	Component: <u>Elections</u>
Requester: <u>Senate Community and Regional Affairs</u>	COMPONENT SERIAL NO. <u>21</u>

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 100	FY 01	FY 02
PERSONAL SERVICES	0.0	0.0	0.0	0.0		
TRAVEL	0.0	0.0	0.0	0.0		
CONTRACTUAL	25.4	25.2	64.5	19.8		
SUPPLIES	0.0	0.0	0.0	0.0		
EQUIPMENT	0.0	0.0	0.0	0.0		
LAND & STRUCTURES	0.0	0.0	0.0	0.0		
GRANTS, CLAIMS	0.0	0.0	0.0	0.0		
MISCELLANEOUS	0.0	0.0	0.0	0.0		
TOTAL OPERATING	25.4	25.2	64.5	19.8	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	25.4	25.2	64.5	19.8		
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	25.4	25.2	64.5	19.8	0.0	0.0

Estimate of any current year (FY96) cost: \$ 0.0

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

The contractual costs shown above reflect the cost of conducting the elections for initial borough officials. The division of elections used a schedule prepared by Local Boundary Commission staff to determine the year in which elections for the various boroughs will occur. The FY99 estimate is significantly larger because of the incorporation of boroughs that include two large REAAs.

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

Prepared by: <u>Dana LaTour</u> <i>D. LaTour</i>	Phone: <u>465-5347</u>
Division: <u>Division of Elections</u>	Date: <u>3/12/96</u>
Approved by: <u>Lt. Governor Fran Ulmer</u> <i>John Amundson</i>	Date: <u>3/12/96</u>
Agency: <u>Office of the Lt. Governor</u>	

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FISCAL NOTE

No. 3

Bill Version: CS 98280(CRA)

(S) Publish Date: 3-14-96

Revision Date: March 12, 1996 Dept. Affected: Community & Regional Affairs
 Title: An Act relating to the mandatory incorporation of certain boroughs in the unorganized borou BRU: Local Gov't Assistance
 Sponsor: Sen. Torgerson Component: Local Boundary Commission
 Requestor: Senate CRA COMPONENT SERIAL NO. 674

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	15.6	31.2	31.2	41.6		
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	15.6	31.2	31.2	41.6	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0

REVENUE FUND SOURCE:

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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	15.6	31.2	31.2	41.6		
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	15.6	31.2	31.2	41.6	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current (FY94) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

Local Boundary Commission:

The fiscal effects of this legislation on the Local Boundary Commission budget component are discussed in Attachment 1 under the heading "Local Boundary Commission."

Prepared by: Remond Henderson, Director Phone: 465-4708
 Division: Division of Administrative Services Date: 3/12/96
 Approved by Commissioner: [Signature] Date: 3/12/96
 Agency: Community & Regional Affairs

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FISCAL NOTE

C o. 4
Bill Version: CS SB 280(CRA)
(S) Publish Date: 3-14-96

Revision Date: March 12, 1996 Dept. Affected: Community & Regional Affairs
Title: An Act relating to the mandatory incorporation of certain boroughs in the unorganized borou BRU: Local Gov't Assistance
Sponsor: Sen. Torgerson Component: State Assessor
Requestor: Senate CRA COMPONENT SERIAL NO. 673

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	59.0	60.7	62.6	64.5	65.4	68.4
TRAVEL	2.5	7.5	15.6	14.0	10.0	10.0
CONTRACTUAL						
SUPPLIES	0.5	1.0	1.0	1.0	1.0	
EQUIPMENT	1.5	1.5				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	63.5	70.7	79.2	79.5	77.4	78.4
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0

REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	63.5	70.7	79.2	79.5	77.4	78.4
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	63.5	70.7	79.2	79.5	77.4	78.4

POSITIONS:

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

Estimate of current (FY94) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

Office of the State Assessor:

The fiscal effects of this legislation on the Office of the State Assessor budget component are discussed in Attachment 1 under the heading "Office of the State Assessor."

Prepared by: Remond Henderson, Director Phone: 465-4768
Division: Division of Administrative Services Date: 3/12/96
Approved by Commissioner: [Signature] Date: 3/12/96
Agency: Community & Regional Affairs

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FISCAL NOTE

5

Bill Version: CS SB 280 (CRA)

(S) Publish Date: 3-14-96

Revision Date: March 12, 1996 Dept. Affected: Community & Regional Affairs
 Title: An Act relating to the mandatory incorporation of certain boroughs in the unorganized borou BRU: _____
 Sponsor: Sen. Torgerson Component: _____
 Requestor: Senate CRA COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS			900.0	1,800.0	2,600.0	3,200.0
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	900.0	1,800.0	2,600.0	3,200.0

REVENUE FUND SOURCE:

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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF			900.0	1,800.0	2,600.0	3,200.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	900.0	1,800.0	2,600.0	3,200.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current (FY94) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

Organizational Grants:

The requirement for organizational grants is discussed in Attachment 1 under the heading "Organizational Grants." Recent organizational grants have been budgeted under the Capital Budget.

Prepared by: Remond Henderson, Director Phone: 465-4708
 Division: Division of Administrative Services Date: 3/12/96
 Approved by Commissioner: _____ Date: 3/12/96
 Agency: Community & Regional Affairs

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Attachment 1: Fiscal Note Analysis for CSSb 200

This bill provides for the mandatory incorporation of the unorganized borough into a number of new boroughs as well as the expansion of several existing boroughs and unified municipalities. The incorporation process would occur on a phased basis over four years, based on the criteria of the estimated assessed value of the areas to be incorporated. This significant undertaking would involve substantial use of DCRA staff resources, including the staff to the Local Boundary Commission, the Office of the State Assessor, and numerous local government program and technical assistance staff who would be working on an ongoing basis with area residents and other agencies to facilitate the transition to municipally incorporated status.

While this proposal places substantial new demands on the department, we believe that much of the effort can be performed by existing staff and resources. The incremental expenditures presented in this fiscal note reflect those demands that cannot be met by existing staffing and resources. With regard to this department, there are basically three areas of fiscal impact that need to be addressed: Local Boundary Commission support, State Assessor support, and the municipal organizational grants as required by statute.

Local Boundary Commission

DCRA assumes there will be a total of 23 incorporation and annexation petitions developed under this bill. A contractor would be used to prepare the petitions at the cost of \$5,200 for each petition. DCRA will perform all other functions required by law relating to the processing of the petitions utilizing existing resources. These other requirements include publication of notice of filing of the petitions, analysis of the petitions, publication of draft and final reports concerning petitions, conducting public informational meetings concerning the proposed boroughs, publishing notice of the hearings of the Local Boundary Commission (LBC), hearings of the LBC, decisional meetings of the LBC, preparation of decisional statements, opportunity for reconsideration by the LBC, and implementation of the decisions of the LBC including coordination with the Division of Elections, preparation of the federal Voting Rights Act preclearance submissions and filing of legislative review proposals for annexation.

The contractual expenses would occur as follows:

FY 1997 - 3 petitions at \$5,200 each =	\$15,600
FY 1998 - 6 petitions at \$5,200 each =	\$31,200
FY 1999 - 6 petitions at \$5,200 each =	\$31,200
<u>FY 2000 - 8 petitions at \$5,200 each =</u>	<u>\$41,600</u>
Total - 23 petitions at \$5,200 each =	\$119,600

Office of the State Assessor

The bill requires the Office of the State Assessor to complete Full Value Determinations for another eighteen organized boroughs. This is in addition to the existing sixteen boroughs and unified municipalities. This has been accomplished for the last four years with a staff of two. The addition of an Assistant State Assessor position would be needed to effectively accomplish the new annual requirements imposed by the bill. The addition of this position would allow the Full Value Determinations to be realistic representations of the actual value of all boroughs statewide. Additionally, this position could assist the State Assessor meet the increased demands for education and training of the staffs of the new municipalities with regard to correct and