

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 8672
385 SCOM10: LOCAL GOVERNMENT STUDY 1979

The most positive aspect of this form of government is that a regionally elected governing body acts on issues concerning education, planning, etc.

The principal disadvantages are that the Legislature still retains the power to make the final decisions concerning performance of services, and levy of taxes, and the unorganized borough form of government would be only temporary in nature.

The third form of regional government discussed was service areas. This concept contains two positive aspects:

- (1) A service area could provide any municipal service and local taxes could be collected to provide a higher level of services; and
- (2) One service area board could be responsible for providing all services within a given area.

There are two distinct disadvantages to the service area concept:

- (1) Service areas are dependent on the Legislature to add or take away services, authorize taxes or change the level of funding; and
- (2) Service areas are a temporary form of government.

The fourth type of regional government discussed was the service area modeled after the Regional Education Attendance Areas concept.

The principal advantage of this concept is that it would allow decision making at the local level.

There are several disadvantages:

1. They are inequitable in that some residents are required to help pay for governmental services, while others aren't taxed;
2. The boards would be so exclusively single purpose that the level of service could actually be lessened if several boards were formed;
3. Overlapping boundaries are likely to result, promoting even more confusion;
4. The Legislature still has the ultimate authority; and
5. If tested in court, REAA's may be declared unconstitutional.

Alaska is presently undergoing a wide variety of changes...development of natural resources, growth in population, and rapid economic expansion. As this growth and change becomes more evident in the Unorganized Borough, Alaskans will be looking for ways in which they can have a stronger voice within their communities and regions. We have presented four alternatives to regional government, which can give Alaskans especially those in smaller communities, the opportunity to shape the future of their region for themselves and their children.

*State
Non-profit
org.*

December 14, 1976

David S. Case, Staff Director
Bush Justice Project
Alaska Federation of Natives, Inc.
550 West 8th Avenue
Anchorage, Alaska 99501

Dear Mr. Case:

As promised, enclosed is a copy of the division's "white paper" on regional government in the unorganized borough. However, because the paper was prepared earlier this year I do not believe it accurately reflects our correct thoughts concerning this subject. Rather, I think it more appropriate to say that we have concluded that much more time and effort must be spent before any course of action may be suggested. Accordingly, legislation dealing with the unorganized borough will not be introduced by us during the coming legislative session. We are suggesting to the Governor, however, that funds be acquired to study the issue of delivery of services to unorganized borough residents.

If the Governor decides to introduce legislation providing for such a study, I will see that a copy of the proposed bill is mailed to you.

Sincerely,

Patrick Poland
Local Government Specialist

Enclosure
PP:sg

LEAD - CORRE
Regional Corp
Non-Profit AS

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS

Lee McAnerney
Commissioner

DATE: September 28, 1976

FILE NO:

TELEPHONE NO:

Patrick Poland
Local Government Specialist

SUBJECT: For Release to the AP

Commissioner Lee McAnerney announced today that she has directed staff of the Department of Community and Regional Affairs to begin drafting legislation which would provide for regional government in the unorganized borough. McAnerney said she made the decision after reviewing a preliminary report from the Department's local government division showing that regional government was needed in the unorganized borough.

McAnerney said the report suggests creation of separate "unorganized boroughs" along lines complementing existing native regional corporation and Rural Education Attendance Area boundaries. Each unorganized borough would be responsible for providing for education and land use planning within its boundaries. Funding of those services would be through existing programs and local tax proceeds. The tax, while being a local tax, would be levied and collected throughout the unorganized borough by the State and then returned to individual regional governments.

McAnerney said staff of the Department will be taking the proposal before the public for comment and discussion before presenting her with a final report and recommended legislation in December.

PP:sg

COMMUNITY & REGIONAL AFFAIRS

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DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

Commissioner McAnerney
Deputy Commissioner Harper
Division Directors
LGAD Staff

DATE: January 5, 1976

FILE NO:

TELEPHONE NO:

Palmer McCarter, Director
Local Government Assistance

SUBJECT: Status - LGAD Proposed
Legislation - 1976

The purpose of this memo is to advise as to the status of several items of proposed legislation which have been requested by LGAD. In general, most legislation is of a "house-keeping" nature; however, other legislation is somewhat substantive. Our apologies for not coordinating and formally advising the Commissioner on the Division's legislative activities. Because of the lateness in being able to submit proposed legislation, the staff of LGAD met on two different occasions with Dick Bradley, Department of Law, to formulate draft legislation.

The following is the status of the Division's proposed legislation.

- 1) Detailed budget on organizational grants - draft prepared by Department of Law; forwarded to Governor's office; returned with fiscal note request; withdrawn by Division.
Note: Upon further consideration by LGAD staff, it was decided not to require a budget from a newly incorporated municipality in order to transmit the organizational grant. The Division withdrew this request in view of the limited amount generally granted to a new municipality and in view of the lack of budgetary training presently available to newly incorporated municipalities by the Division. No further action.
- 2) Elimination of third class boroughs - draft prepared by Department of Law, forwarded to Governor's office; returned with fiscal note request; fiscal note with comment transmitted to Governor's office.
Note: With creation of REAA's, the need for third class boroughs (with powers limited to education and taxation) is basically obviated. The only third class borough (Haines)

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS

Palmer McCarter, Director

DATE: October 6, 1976

FILE NO:

TELEPHONE NO:

Rebecca Burch
Research Analyst *RB*

SUBJECT: Anchorage Trip Report
October 4, 1976

Purpose: In response to a request to meet with Executive Directors of Health Service Area Boards to review regional government proposal and get reaction and comment on the proposal in light of development of Health Service Area Boards and their planning function.

Met with: Judy Janneck, Executive Director, Northern HSA
Roy Hammett, Executive Director, Southcentral HSA
Peggy Wilson, Staff Southcentral Health Service Area Board
Susan Callon, Contract Staff Southcentral Health Service Area Board
Brian Saylo, Contract Staff Southcentral Health Service Area Board
Cintra Price, Planner, Health & Social Services
Gail Zimmerman, Bristol Bay Native Corporation Contract

Questions and Concerns:

1. Advisory Boards - HSA boards are going away from developing subarea health advisory boards, the executive directors see it as possible that they could look to regional assemblies for advisory function.
2. A-95 - a. Health service area boards have A-95 review capacity for health and are somewhat concerned about role of regional governments in relation to their own review.
b. Saw A-95 review capacity as valuable for overview of range of proposed programs, construction, upcoming grants within a given area.
3. Native Corporations -
a. Expressed concern over development of a regional government in relation to regional Native Corporations (both profit and non-profit). Felt that Regional Native Corporations (non-profit) were expressing planning for their areas and are moving from representation of Native groups only to a broader base of the area population.
b. If regional corporations could fulfill function of representing rural areas then, the committee questioned, would constitutional change be feasible? Likely to happen?

4. Financing

- a. Who would pay start-up costs? (If the initial phase not paid from revenue directly collected from region what would be pay back arrangements when sales taxes were collected?)
- b. Is there a fiscal note to be developed for more staff for CRA to aid in making transition?
- c. What will be the total cost of the regional government proposal for the first year year? Second year? (Including cost picked up by State Departments of Community and Regional Affairs, Department of Revenue - administration of tax, etc.)

Judy Jannack wanted copy of draft legislation - I suggested that further inquiries be routed through Community and Regional Affairs Offices to Pat Poland. We will put executive directors on the notification list for meetings in their area.

5. Concerns over where support - resistance for regional governments, where "push" for project came from.
6. Coordination with House Bill 596 (local health districts?) to be reintroduced in 1977.

Flight schedules were changed due to strike so I planned to leave Anchorage on 1:25 Alaska Airlines flight. However, there was a bomb threat on this flight and the plane stayed in Anchorage at the airport until 4:30.

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS
FY '79 Functions by Division by Budget Category

DEVELOPMENT CATEGORY

<u>Commissioner's Office</u>	<u>Local Government Assistance</u>	<u>Community Planning</u>	<u>Administrative Services</u>	<u>Community & Rural Development</u>
Program & Policy Director	Technical Assistance to Local Governments	Planning Services to Local Governments	Budget Coordination	Community Services Program
Department Management	Circuit Rider Program	Regional Development	Fiscal Control & Reporting	- assistance to CSA grantee in Alaska
Inter-departmental Coordination	Local Boundary Commission	Planning	Audit Requirements Coordination	- advocate for low income people in State government
Legislative Liaison	Municipal Revenue Sharing	Munic. Lands Trusteeship	Purchasing & Supply	- citizen participant projects
Monitor & Evaluate CRA Activities	National Forest Receipts	HUD Rural Housing Program	Leasing	Rural Development Grant Program
	Community Legal Assistance	HUD 701 Program	Inventory Control	- management & grant training & assistance to rural communities & non-profit organizations
	Census Coordination	Alaska Coastal Management Program	Property Control & Reporting	
	Municipal Bond Bank	- outer continental shelf planning	Administrative Compliance	
	School Bond Guarantee	- coastal management planning	Records Management	
	Municipal Training Development	National Flood Insurance Program	Grant & Contract Review	
	Technical Assistance to Municipal Assessors	Coastal Energy Impact Program	Special Research & Administrative Projects	
	Agricultural Lands Exemption		CETA Allowance Payments	
	Juneau Indemnification		Personnel Recruitment & Monitoring	
	Coastal Energy Impact Program			
	~~FED. REVENUE SHARING REPORTING~~			

SOCIAL SERVICES CATEGORY

Senior Citizen Property Exemption	Senior Citizen Housing Development Program	Child Assistance Programs
Senior Citizen Renters Equivalency		- day care grants
Senior Citizen Special Assessment		- headstart grants
Senior Citizen Motor Vehicles Exemption		Weatherization Programs
	<u>Manpower</u>	
	Regional Advisory Council	
	State Manpower Services Council	
	Prime Sponsors Planning Council	
	Public Service Employment Program	
	Work Experience Program	
	On-the-Job Training Program	
	Classroom Training Program	
	Services to Clients	

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: Palmer McCarter
Director

DATE: August 20, 1976

FILE NO:

TELEPHONE NO:

FROM: Patrick Poland
Local Government Specialist

SUBJECT: Regional Government

The following is a first draft of legislation that might provide for organization of the unorganized borough.

Section 1. AREAS DESIGNATED. (a) The following areas are designated as unorganized boroughs and possess all the powers and privileges prescribed by AS 29.03. The areas designated are:

- (1) Regional Education Attendance Area #1
- (2) Regional Education Attendance Area #2
- (3) Regional Education Attendance Areas #3, #4 and #5
- (4) Regional Education Attendance Areas #6 and #7
- (5) Regional Education Attendance Areas #8, #9 and #10
- (6) Regional Education Attendance Areas #11, #12, #13 and #14
- (7) Regional Education Attendance Areas #15 and #16
- (8) Regional Education Attendance Area #17
- (9) Regional Education Attendance Areas #18, #19 and #20
- (10) Regional Education Attendance Area #21

(b) Within 180 days of the effective date of this act the Local Boundary Commission shall hold public hearings in each of the unorganized boroughs to determine whether or not boundary adjustments are necessary. If determined necessary, the Local Boundary Commission shall proceed in accordance with law governing

changes of boundaries of municipalities and shall submit any proposed changes for review in accordance with Article X, Section 12 of the Constitution.

(c) If a portion of any unorganized borough becomes incorporated as an organized borough the Local Boundary Commission shall determine whether the remaining portion of the unorganized borough should continue as a separate unorganized borough or be annexed to another unorganized borough.

Section 2. AS 29.03 is amended to read:

CHAPTER 03. ~~[THE]~~ UNORGANIZED BOROUGH~~S~~.

Article

1. Administration
2. Assembly
3. Other officers and employees
4. Elections
5. Recall
6. Powers
7. Home rule charters

ARTICLE I.
ADMINISTRATION.

Sec

- 10. Chief executive officer
- 20. Chief administrative officer

Sec. 29.03.010. CHIEF EXECUTIVE OFFICER. (a) The chief executive officer of an unorganized borough is an elected borough mayor who has, consistent with the provisions of this chapter, the same functions as those of the mayor of a manager-plan city under AS 29.23.240.

(b) An unorganized borough voter is eligible to be borough mayor.

(c) The unorganized borough mayor's regular term of office is three years and until a successor is elected and has qualified and begins on the first Monday following his election which is held at the time of the regular unorganized borough election.

Sec. 29.03.020. CHIEF ADMINISTRATIVE OFFICER. (a) The chief administrative officer of each unorganized borough is a manager selected by the assembly who has, consistent with the provisions of this chapter, the same functions as the manager of a manager-plan borough under AS 29.23.140.

(b) The chief administrative officer serves at the pleasure of the assembly and may be hired or dismissed only by a majority of the authorized assembly membership.

ARTICLE II.

ASSEMBLY.

Sec.

- 30. Assembly
- 40. Composition, apportionment and reapportionment
- 50. Regular term of office
- 60. Qualification
- 70. Filling a vacancy

Sec. 29.03.030. ASSEMBLY. Each unorganized borough shall have an advisory assembly. The assembly may participate in the development and implementation of state programs and projects relating to the borough and may enact legislation necessary to carry out the purposes of this chapter.

Sec. 29.03.040. COMPOSITION, APPORTIONMENT AND REAPPORTIONMENT. (a) The assembly shall be composed of five, seven or nine members elected at large or from designated sections within the unorganized borough equal as near as practicable in population. The initial number of assembly members, a determination as to at large or sectional representation and the initial boundaries of the sections, if any, shall be determined by the department in consultation with the communities within the unorganized borough.

(b) The qualified voters of an unorganized borough may increase or decrease the number of assembly members or alter the manner of representation by submitting a petition to the department requesting a change and bearing the signature of a number of voters equal to at least 25% of the number who voted in the last unorganized borough election.

Sec. 29.03.050. REGULAR TERM OF OFFICE. (a) Assemblymembers are selected for three year terms and until their successors are elected and have qualified.

(b) The initial elected assembly shall determine by lot the length of their terms of office so that a proportionate number of terms expire each year, resulting in staggered terms of office for members subsequently elected.

Sec. 29.03.060. QUALIFICATION. A resident of the borough is eligible to be an assemblymember if he or she is a borough voter. An assemblymember who ceases to be a borough voter immediately forfeits his or her office. An assemblymember elected from or selected to represent an area less than the unorganized borough area at large and who becomes a resident of another area may continue to serve only until the next regular election.

Sec. 29.03.070. FILLING A VACANCY. A vacancy is filled by the majority of the remaining assemblymembers, who designate a voter and, if the assembly seat vacated is other than on an at large basis, a resident of the unorganized borough area to which the seat was apportioned, to serve until the next regular election.

ARTICLE III.

OTHER OFFICERS AND EMPLOYEES.

Sec.

080. Appointment of officers

090. Combining offices

Sec. 29.03.080. APPOINTMENT OF OFFICERS. The manager, acting as chief administrative officer of the unorganized borough, shall appoint a clerk-treasurer,

health officer, public safety officer and planner. Appointments by the chief administrator are subject to confirmation by the assembly.

Sec. 29.03.090. COMBINING OFFICES. At the direction of the assembly no more than two of the above offices shall be combined.

ARTICLE IV.

ELECTIONS.

Sec.

100. Administration

110. Election dates

Sec. 29.03.100. ADMINISTRATION. The Department of Community and Regional Affairs shall adopt regulations for conducting elections in unorganized boroughs. The regulations shall specifically address the issues of candidate nomination, voter qualification, notice requirements, majority elections and election contest and appeal.

Sec. 29.03.110. ELECTION DATES. (a) The date of an unorganized borough's regular election is the first Tuesday of October annually except that the commissioner may, upon receipt of a petition requesting a change and bearing the signature of a number of qualified voters equal to at least 25% of the number of voters who cast ballots in the last regular election, change the date of the regular election.

(b) The commissioner may, with concurrence of the assembly, call a special election upon no less than 20 days notice.

ARTICLE V.

RECALL.

Sec.

110. Procedures

Sec. 29.23.110. PROCEDURES. The members of an unorganized borough assembly are subject to recall in accordance with the provisions of AS 29.28.130 - 29.28.150.

ARTICLE VI.

POWERS.

Sec.

120. General powers

130. Areawide powers

140. Additional areawide powers

Sec. 29.03.120. GENERAL POWERS. Unorganized boroughs have the following general powers, subject to other provisions of law:

(1) to enter into agreements for cooperative or joint administration of any functions or powers with a local government, with the state or with the United States;

(2) to acquire, manage, control use and dispose of real and personal property for a purpose authorized under this title, federal law, or other law, or

in accordance with such law, and irrespective of whether or not the property is situated within or outside the municipal boundaries;

(3) to acquire membership in organizations which promote legislation for the good of the municipality.

Sec. 29.03.130. AREAWIDE POWERS. (a) Unorganized boroughs have the following areawide powers, subject to other provisions of law:

- (1) education as provided at AS 14.08;
- (2) planning, platting and zoning as provided at AS 29.33.070-245;
- (3) health as provided at AS 29.48.030 (5); and
- (4) police and fire protection as provided at AS 29.48.030 (7) and (18).

(b) Subject to the provisions of (c) of this section, unorganized boroughs shall exercise the powers specified in (a) of this section both inside and outside cities within their boundaries.

(c) No unorganized borough may exercise a power within a home rule city unless the city has, in the manner provided by AS 29.33.260, transferred the power to the unorganized borough.

Sec. 29.03.140. ADDITIONAL AREAWIDE POWERS. Unorganized boroughs may not acquire additional areawide powers.

ARTICLE VII.

HOME RULE CHARTERS.

Sec. 29.03.150. ADOPTION OF CHARTER. An unorganized borough established under this chapter may adopt a home rule charter in the manner prescribed by

AS 29.40.010 - 29.40.030 and AS 29.85.110(a) - (d), except that the assembly elected in accordance with sec. 30 of this chapter shall perform the duties assigned to city councils, and except that the charter commission shall consist of 11 members. Vacancies on the charter commission shall be filled in the same manner as vacancies on the assembly.

Sec. 29.03.160. ORGANIZATION. The charter commission shall initiate organization of the borough in accordance with the terms of the charter by submission of their charter to the Department of Community and Regional Affairs. The charter shall be submitted within one year of the first meeting of the commission. The department shall review the charter in light of the circumstances of the particular borough and, within 120 days from receipt shall transmit the charter, together with its findings and recommendations, to the Local Boundary Commission.

Sec. 29.03.170. HEARING. The Local Boundary Commission shall hold at least one hearing in the area proposed to be organized for the purpose of hearing public comment on the charter.

Sec. 29.03.180. LOCAL BOUNDARY COMMISSION DETERMINATION. The Local Boundary Commission, within 90 days from receipt of the charter and the recommendations and findings of the Department of Community and Regional Affairs, shall determine whether the charter meets standards for organization established by the laws and the Constitution of the State of Alaska and by regulations adopted by the commission.

Sec. 29.03.190. REJECTION OF CHARTER. If the Local Boundary Commission determines that the charter fails to meet the standards for organization it shall reject the charter stating in writing its reasons for the rejection.

Sec. 29.03.200. AMENDED CHARTER. A charter commission, within 60 days of rejection, may prepare and submit to the Department of Community and Regional Affairs an amended charter fairly meeting the stated objections to the original charter. The amended charter shall be evaluated in the same manner as the original charter. No more than one original and one amended charter may be submitted within one 12 month period.

Sec. 29.03.210. RATIFICATION OF CHARTER. If the Local Boundary Commission determines that the charter meets the standards for organization it shall notify the lieutenant governor. As soon thereafter as practicable the lieutenant governor shall provide for an election in the borough on the question of whether or not the charter is ratified and for election of the officers provided for in the charter. The election shall be preceded by publication and posting of the proposed charter by the lieutenant governor substantially in the manner provided for other charter elections in AS 29.85.150.

Sec. 29.03.220. CERTIFICATION OF RESULTS. If a majority of the votes cast by the qualified voters of the borough are against ratification the lieutenant governor shall so certify and shall certify that the charter is defeated. If a majority of the votes cast by the qualified voters on the question are in favor of ratification the lieutenant governor shall so certify and declare that the borough in which the election was held is an organized borough and a municipal corporation in accordance with the terms of the charter. The lieutenant governor shall also certify the names of those candidates who received the greatest number of votes for the offices established by the charter.

Sec. 29.03.230. VOTERS, ELECTIONS AND COSTS. (a) A person is qualified to vote in a borough election authorized in this chapter if he is qualified to vote in state elections and if he is a resident of the borough.

(b) The lieutenant governor shall supervise elections under this chapter as provided for supervision of other borough elections under AS 07.10.120 (d).

(c) The state through the office of the lieutenant governor shall assume the costs of elections and charter preparation under this chapter.

*Sec. 2. Nothing in this act may be construed to affect any organization petition pending on the effective date of this act. All such petitions shall be acted upon in the manner provided by law in effect prior to the effective date of this act.

* Sec. 3. AS 29.03.010 and AS 29.03.020 are repealed.

* Sec. 4. This act takes effect immediately in accordance with AS 01.10.070 (c).

* Sec. 5. In each unorganized borough, the lieutenant governor, within not less than 60, nor more than 90 days after the establishment of the unorganized borough, shall provide for election of an advisory assembly.

PKP:ljf

SCOMM

10:66

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

JAY S. HAMMOND, GOVERNOR

DIVISION OF LANDS

323 E. 4TH AVENUE — ANCHORAGE 99501

May 14, 1979

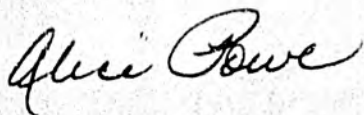
Senator Arliss Sturgulewski
2957 Sheldon Jackson Street
Anchorage, AK 99501

Senator Sturgulewski:

Enclosed please find the Department of Natural Resources organization material you requested through Al Carson. Please note that this is the Department's organization chart that is in effect now. Our department is presently undergoing a reorganization process which is not complete at this time.

If we can be of further assistance, please contact Al Carson.

Sincerely,



Alice Powe
Secretary II.

Enclosures (2)

PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.

Gene -

In your info. then I can
file. I was curious
as to relationship Director
of Parks versus Ted Smith
role w/ most land water
management a/

Line file initial spec we
seek - then I can file

DEPARTMENT OF NATURAL RESOURCES
OFFICE OF THE COMMISSIONER

Steering Committee

March 30, 1979

1060

for *Robert E. LeResche*
Robert E. LeResche
Commissioner

Reorganization of
the Department

The subject of reorganization has now been discussed and analyzed at length through the assistance of Steering and Working Committees. I have reviewed and considered all of the information and recommendations presented by the Committees. The quality of the submissions reflects the outstanding effort made by Committee members to participate in the reorganization and to insure a successful result. Since the various suggestions made were not always identified, I have incorporated what I believe to be the best parts of each. Unquestionably, each of the suggestions influenced my decision and together they represent a valuable contribution to the future operations of the Department.

There are three purposes to this Memorandum:

- (1) to inform you of my decision regarding the basic organizational structure of the Department;
- (2) to describe to you the tasks remaining to be performed in order to complete the reorganization package, including resolution of some previously unaddressed questions; and
- (3) to make specific assignments of responsibilities together with deadlines for completion of the reorganization package.

I wish to emphasize that the "reorganization" is not limited to redrawing boxes on the organizational chart; it is in fact a package consisting of three distinct projects designed to bring Departmental operations to a maximum efficiency level. They are:

- (1) revision of the organizational structure of the Department, described in Part I of this Memorandum;
- (2) establishment of a complete set of Department procedures, described in Part II of this Memorandum.
- (3) creation of a Department wide program management system, outlined in Part III of this memorandum.

While logistical difficulties will undoubtedly be encountered in completing the reorganization package, it is my intent to have it finalized by July 1 of this year. The tasks remaining to be completed and the assignments are contained in the material that follows.

PART I - ORGANIZATIONAL STRUCTURE

The purpose in setting forth the organizational structure is to identify the basic entities within the Department, to make an allocation of primary assignments among entities, to illustrate the relation between the entities, and to identify lines of authority and communication. While there is some minimal inherent flexibility in the structure, it will govern all programs and activities performed by the Department, without exception. To do otherwise would defeat the purpose of reorganization by necessitating special working arrangements for each of numerous Departmental tasks.

A. General Objectives and Premises

In reviewing the views and recommendations of the Steering and Working Committees, it is apparent that the Department performs four basic types of functions:

- (1) Resource assessment;
- (2) Resource research and planning;
- (3) Resource management; and
- (4) Administrative services.

The majority of programs performed by the Department include each of the foregoing as distinct phases or components. Therefore, the intent of the organizational structure described below is to allocate responsibilities among divisions so as to compartmentalize these four discrete functions.

In addition, cognizance must be given to the multiple disciplines housed within the Department and their distribution in various locations around the State. Consequently, some special provisions are included in the organizational structure to smooth communication between Department entities.

B. The Organizational Structure

The organizational structure of the Department will be revised effective July 1, 1979, in accordance with the layout shown on the attached organizational chart.

Departmental divisions are shown in two sections. Those division assigned to perform the resource assessment, resource research and planning, and administrative services functions are in the left section. Those divisions performing the resource management function are in the right section. There is no difference in status between divisions in either section, or between those in the same section.

The explanation which follows outlines the responsibilities of each entity on the organization chart. It is to be emphasized that the explanation describes lead responsibilities only; inclusion of other appropriate divisions in an activity under the lead of a particular division will be handled according to Department Procedures (see Part II of this Memorandum), which will also be completed by July 1, 1979.

C. Explanation of the Organizational Structure

1. Commissioner

Self-explanatory. However, the organization is structured to insure, to the fullest extent possible, that the Commissioner's time is confined to matters which truly warrant his attention, whether they be internal or external to the Department. Efficient use of the Commissioner's time is crucial if members of the Department, as well as persons outside the Department, are to have adequate access to the Commissioner on important matters.

2. Deputy Commissioner

Responsible for general oversight and daily supervision of Department operations. This is a departure from previous practice under which the Deputy Commissioner spent at least 50% of his time as personal staff to the Commissioner on special issues, and reflects that the fundamental emphasis of the Department for the future will be renewed concentration on production, performance, and efficiency in carrying out its mandates.

As such, the Deputy Commissioner will be responsible for insuring that lines of communication and authority between the Commissioner's Office and Divisions operate smoothly, for providing access to the Commissioner personally where appropriate, and for making certain that the Commissioner's time is efficiently spent. The Deputy Commissioner will decide upon matters which do not justify the Commissioner's personal attention.

3. Boards and Commissions

Boards and Commissions will report directly to the Commissioner on matters which are in connection with their formal proceedings. Other Board and Commission matters will be handled through the Deputy Commissioner.

4. Special Assistants, Legislative Assistant
Information Officer

Serve as staff to the Commissioner/Deputy Commissioner. They are shown on the organizational chart to report through the Deputy Commissioner to demonstrate that they are no exception to the need to insure that the Commissioner's time is efficiently allocated. They perform no line decisionmaking function.

The Legislative Assistant should be established through the Division of Administration as a permanent part-time position.

An Information Officer position will be established in Juneau by adjusting existing positions within the Department. This does not preclude having information-type positions elsewhere in the Department, as is presently the case. However, the existing system for dissemination of public information is too localized within DNR to prevent instances of inconsistency or other undesirable consequences. Moreover, the capability for providing the public with regular releases of information does not exist at this time in the Commissioner's Office, which is where it is most often needed on important matters. Creation of the position should substantially shorten the response time on legislative requests and inquiries from the public, which is presently too slow. After this position is established, a Department Procedure will be developed so that appropriate coordination of Department information releases is performed by the Information Officer in Juneau.

5. Division of Geological and Geophysical Survey

The Survey performs one of the four basic functions mentioned at the beginning of this Part --- resource assessment, which is the gathering on a relatively large scale of raw data and information used later in the research and planning and resource management functions. Resource assessment on behalf of the Department will continue as its fundamental mission.

At present, the Survey is primarily oriented towards subsurface resources (although it has some involvement with soils and water); consequently, its assessment capability is incomplete. Measures will be taken to vest in the Survey the expertise to perform overview assessments as needed on timber, soils (with a view towards agriculture), and possibly recreation resources. Details regarding any necessary transfers of positions will be determined prior to July 1.

Consideration should also be given to retitling the Survey to more accurately underscore its broad resource assessment functions.

To the extent that remote sensing consists of field data gathering that program will be housed in the Survey after its is fully designed and on line.

The Survey presently has some responsibilities regarding the Surface Reclamation Act and enforcement of mine safety regulations. It is recognized that there is some interchange of personnel between the Survey and the Division of Minerals and Energy Management on a temporary, informal basis to perform various duties within these programs for purposes of administrative convenience and efficiency; this may continue. However, large portions of both programs are essentially exercises of the State's policy power, and constitute a management function. These programs will continue to be under DMEM from the standpoint of lead responsibility.

6. Division of Research and Planning

A new Division of Research and Planning will be created to encompass, with some important exceptions, the responsibilities presently carried out by the Planning and Classification Section and the Planning and Research Section. The assignment of this Division will be to perform another of the basic functions mentioned before --- resource research and planning. It is to be emphasized that "planning" includes not only figuring out what to do, but also establishing a practical means of getting it done as soon as possible. Its responsibilities will be as follows:

a. Land Status and Entitlement

This consists of actions relating to obtaining and retaining title to State lands, and normally involves dealings with entities outside the Department (such as the Federal Government and native corporations). Included are (d)(2) support activities, State land selections, land grants, ANCSA land matters, navigability issues, major package land exchanges (such as the Cook Inlet Exchange), and title defense.

b. Research and Special Projects

This consists of the formulation of options and proposed policies or courses of action for decision by the Commissioner on various issues, including both surface and subsurface. In many cases, development of policy and program alternatives will, after decision by the Commissioner, move to a resource management division for implementation. In other instances (e.g., development of State position on the disposition of NPR-A for submission to the Federal Government), there will be no resource management action.

Special Projects also encompasses the developmental phases of the ALARS and remote sensing program. After they are on line, they will be moved elsewhere (discussed under DGGS and technical services). An attempt to physically locate all Departmental offices in one location in Anchorage will also be handled by this Division until the Director of Administration's position is filled.

c. Interdivision/Interagency Coordination

This includes such matters as the A-95 Clearing-house process, Coastal Management, and related assignments where reconciliation of the competing interests and mandates of different divisions is required. In these instances, the Division of Research and Planning identifies and mediates, but does not arbitrate, differences of opinion between divisions. If agreements between divisions cannot be achieved, the Division will consolidate a presentation of the positions of the respective divisions for decision by the Commissioner.

Coordination between DNR and other agencies will be handled on an assignment basis only, as this activity is frequently handled directly by the Commissioner's Office in Juneau.

d. Resource Planning

The Division will be responsible for overview planning (as opposed to functional and implementation planning). In all cases it will develop options for decision by the Commissioner with respect to the following types of plans:

(1) Statements of general, long-term (e.g., 50-year) objectives for major resource types, such as timber, agriculture, recreation, oil and gas, etc., reflecting special characteristics or needs of particular geographic regions on a broad basis.

(2) Regional resource use plans consistent with the statements of objectives, containing the basic determination of whether particular lands should be retained or disposed of, and allocation of lands into the management categories set forth in HB 720. Regional resource use plans will also identify particular areas which are of special interest or complexity or controversial, requiring area use plans will have to be meshed with existing programs so as to pose no hindrance; notwithstanding, they must all be completed no later than July 1, 1980.

(3) Area resource use plans, containing a more localized application of HB 720 management categories. They are appropriate only in instances such as identification of state interest lands through the process of joint consideration regarding municipal land selections, and in areas of proposed major developments or activities requiring specific attention (e.g., Haines).

(4) Special resource use plans which do not fit into geographic regions, such as the corridor for Northwest Pipeline project.

Program schedules and plans (e.g., 5-year target plan for timber harvesting) will be performed by the central office or the appropriate resource management division (in this case, the Division of Forest, Land and Water Management). Implementation resource use plans (classifications within HB 720 management categories, and site plans and management prescriptions) will be undertaken (to the extent the capability exists) by district offices within resource management divisions. Since these will still involve some interaction between resource management divisions, Department Procedures will be developed to insure proper contact, and consideration will be given in the future to representation of all divisions at the district level.

There is a deficiency within the existing entities which will comprise the Division of Research and Planning regarding research and planning expertise for oil and gas mineral resources. Given the proposed intensification

of programs and activities for these resources in the immediate future, such expertise will be obtained in the process of filling at least some of the vacancies which presently exist.

Existing resource management divisions (particularly Parks and Agriculture) should be examined to determine whether there are positions devoted to statewide planning which should be moved to the new Division of Research and Planning. While any such move would deprive those divisions of a position, it may be more than offset by a corresponding assurance of proper participation at the overview planning stage.

7. Division of Administration and Management

The Department of Natural Resources was the only Department in State government (excepting Law) without a separate Division of Administration and Management. In advance of reorganization, however, a decision was made to create such a Division to centralize budgeting and personnel administrative services functions. However, since the Director position and immediate support staff are new positions requested on the FY 80 budget, there is no guarantee that such positions will be authorized for FY 80 when the budget is finalized. The need for this Division to be fully developed is absolutely critical if DNR is to improve its management capabilities and maximize efficiency. It is especially necessary if the Program Management System (see Part III of this Memorandum) is to be maintained and to achieve its objective of Department-wide accountability for program management and program cost. While failure to have the division funded in FY 80 would deal a severe setback to the reorganization effort, some contingency must be developed in the event no funding is granted. This will be discussed at the next Steering Committee meeting.

The duties of the Division will be to (1) handle existing fiscal and personnel matters, (2) administer the program management and budget system described in Part III of this Memorandum, which is critical to improved Department efficiency, (3) insure that Department Procedures (described in Part II of this Memorandum) are followed, (4) insure that personnel and fiscal rules and procedures imposed by the Department of Administration are followed, and seek changes in such rules where justified,

(5) monitor Department programs and expenditures thereunder for cost-effectiveness, and (6) generally improve the internal management of the Department of Natural Resources through centralization of the administration functions.

The Director of this Division will be the only Director located in Juneau, largely because constant daily contact with the Commissioner/Deputy Commissioner is essential if Department-wide administration and management is to be a reality.

8. Division of Technical Services

The suggestion that a new Division of Technical Services (to include engineering and land records) be created surfaced in the midst of the Department's reorganization efforts. While these are administrative services functions, there is a strong attraction to grant it division status because it provides important surveying and engineering services to several existing divisions and is responsible for land status records. Moreover, if the land development fund legislation is enacted, responsibilities in this area would be considerably increased. Finally, having land records (particularly after the ALARS system is fully on line) located in one division which uses such records will likely keep the ALARS system more responsive to Department and public needs over the long run.

However, because the creation of this Division arose towards the end of the Steering Committee deliberations, I believe it deserves one final discussion at the next Steering Committee meeting before it is resolved. This is particularly necessary considering that (1) the other alternative is to put it in the Division of Administration and Management, the status of which is as yet uncertain for FY 1980, and (2) that the land development fund involves financing as well as engineering and land records.

If it is created, the existing engineer position in the Division of Parks will be moved.

9. Division of Agriculture

The activity of the Division of Agriculture has, until last year been primarily regulatory. In the future, the focus of the Division will be on the development of agriculture and agricultural infrastructures in the State. Positions in the Division should be monitored to determine if additional or different expertise will be needed to successfully carry out the new direction of the Division. In addition, existing positions within the Planning

and Classification and Planning and Research should be examined and possibly moved to provide for capability within the Division to conduct programs and implementation resource use plans (including agricultural land classifications). Movement of personnel to the district level may also be warranted in the future.

Consideration should also be given to a logical allocation of inspection and consumer protection functions between the Division of Agriculture and the Departments of Health and Social Services and Environmental Conservation. In the interim, the Division will continue to perform its present assignments in this area, and cooperative agreements will be concluded with these two agencies to avoid duplication. To the extent any large-scale field soils assessments are now performed by the Division, they should be assigned to the Division of Geological and Geophysical Survey.

10. Division of Parks

With the exception of a possible loss of an engineer (to Technical Services) and a statewide planner (to Research and Planning), the Division of Parks will remain intact and continue to perform existing assignments. However, the reorganization in total is designed to insure that Parks' considerations are adequately examined at all levels, which has been a problem in the past. Parks should also have at least one person in each of the three district offices of the Division of Forest, Land and Water Management to provide balanced evaluations in land use decisions made at the local level.

11. Division of Minerals and Energy Management

Until last year, the Division was engaged mostly in administration of existing oil and gas leases, accounting for income from leases and other sources, and handling minerals claims. With the advent of a five-year oil and gas leasing program, its responsibilities and duties have vastly increased. Further burdens may be expected in the near future through a minerals leasing program.

The Division, although severely taxed at this time, has the requisite specialists to carry out its assignments. However, it would benefit greatly from the assistance of generalists to perform the bureaucratic tasks associated with active programs but requiring nothing more than review by a hydrocarbon or minerals specialist. By filling vacant positions accruing to the new Division of Research and

Planning with persons experienced with subsurface resources, a major part of the problem could be taken care of. However, additional help in the area of administrative assistance may well be warranted; it should be determined whether particular positions exist within the Department which could be transferred into this capacity.

Royalty and other income accounting is presently handled by one person, which is definitely insufficient. New positions have been asked for in the FY 80 budget. However, an arrangement must be worked out with the Division of Petroleum Revenue, Department of Revenue, for the proper allocation of accounting functions so that no overlap exists and the royalty accounting function is performed in the most efficient manner.

12. State Pipeline Coordinator

This Division will move to Fairbanks.

One position will also be moved to the Division of Forest, Land and Water Management as administration of the right-of-way lease moves into the phase where it is most appropriately handled in that Division. This will occur in FY 1980.

13. Division of Forest, Land and Water Management

This Division will continue to perform existing functions with the exceptions outlined in the discussion of the Division of Research and Planning. However, positions devoted to purely broad resource assessment functions (if any) will be transferred to DGGS.

Enhancement of Juneau liaison capability would be especially desirable for this Division considering the volume and variety of work and the size of the Division.

C. Remaining Tasks and Assignments

There are a number of remaining tasks which must be completed to finish the organizational structure component of the reorganization package. These include:

- (1) establishment of detailed organization charts for each division;
- (2) transfer of positions;
- (3) revision of the budget;
- (4) handling delegations of authority vested below the commissioner in existing law;
- (5) determination of excess positions.

A Steering Committee meeting will be held on at to determine how these will be completed. Final decision on these matters left open in the discussion under B of this Part will be made after hearing the recommendations of the Steering Committee.

PART II - DEPARTMENT PROCEDURES

A. Explanation

For the organization to function properly, there must be an unmistakable understanding of the procedures by which the Department operates. While the details on the internal operating methods within each Division may be largely left to the Directors, there must be a basic set of operating procedures governing all major activities so that Department operations and decisionmaking are completed with uniformity and efficiency.

Included should be such matters as:

- (1) procedures for formulating policy decisions;
- (2) relations between divisions and the Commissioner's office;
- (3) resolution of interdivisional disputes;
- (4) development of Departmental positions and relations with other agencies;
- (5) personnel and fiscal procedures;
- (6) providing for public participation in agency matters and methods for conducting public hearings.

The foregoing are examples only. There are presently a few written procedures, and others have been developed by practice and by verbal understandings. Much of the present business of the Department is conducted properly and in an orderly manner. However, in order for the Department to operate at maximum proficiency, there must be a comprehensive set of procedures, which does not exist at present. They will be drafted and approved by July 1.

B. Assignments

After consulting with appropriate subordinates, each Director will submit to me by April 30 a list of subjects which he/she believes should be covered in the Department Procedures. Proposed content may be included as well if you wish. Drafting assignments will be made in mid-May.

PART III - PROGRAM MANAGEMENT SYSTEM

The Department performs a wide variety of programs and mandates encompassing multiple disciplines and subject matter areas. Many are highly complex. If the Department is to carry out its duties effectively, in accordance with

prescribed schedules and within projected costs, it is necessary for the system by which Department programs are tracked and administered to be substantially improved. This is especially important given the growth in assignments, personnel, and budget which the Department has experienced over the last two or three years and anticipated new or expanded missions in the near future.

Ordinarily, the budget document submitted annually and subsequently amended or approved by the Legislature should be the basis for a Department program management system. Unfortunately, the present budget system and documents have evolved so as to be broken down by rather large subject matter areas rather than actual programs, making it frequently unsuitable as a management tracking and administrative instrument. Concurrently, preparation of the annual budget is burdensome and overly time consuming because costs for particular programs must be translated into what are frequently incongruous subject matter categories. Scrutiny by both the Governor and the Legislature are hampered because programs they are interested in may be distributed among several subject matter areas, making a picture of the complete cost associated with a distinct program difficult to obtain.

By July 1, it is my intent to develop a program management information system so that each discrete program within the Department contains the following as a matter of record:

- (1) Identification of the nature of the program and program activities;
- (2) Establishment of Department objectives and policies to guide the program;
- (3) Performance standards to gauge the success of the program;
- (4) Development of a work plan for the program to include major components, the responsible division(s), deadlines, and decision points;
- (5) Establishment of a monitoring system to oversee progress; and
- (6) Formulation of budgeted cost for the program.

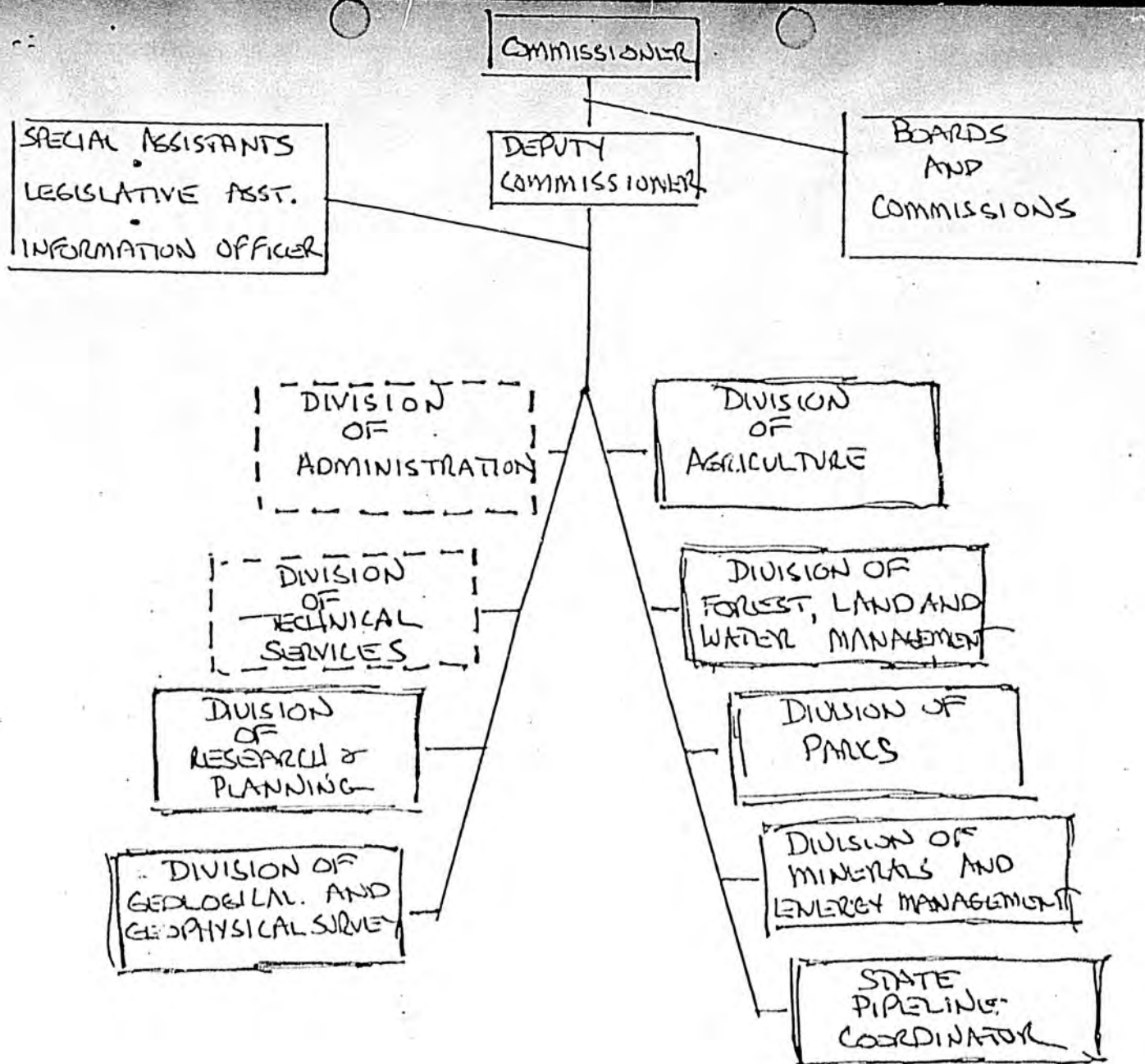
In developing this system, we will be working directly with the Division of Budget and Management, Office of the Governor and will obtain advice from the Division of Legislative Finance so that, to the fullest extent possible, the program management system can be used as the basis for FY 1981 budget submission. In other words, we envision not just program management but program budgeting and management as the ultimate result. If at all possible, we will also assimilate the appropriated FY 1980 budget into this system.

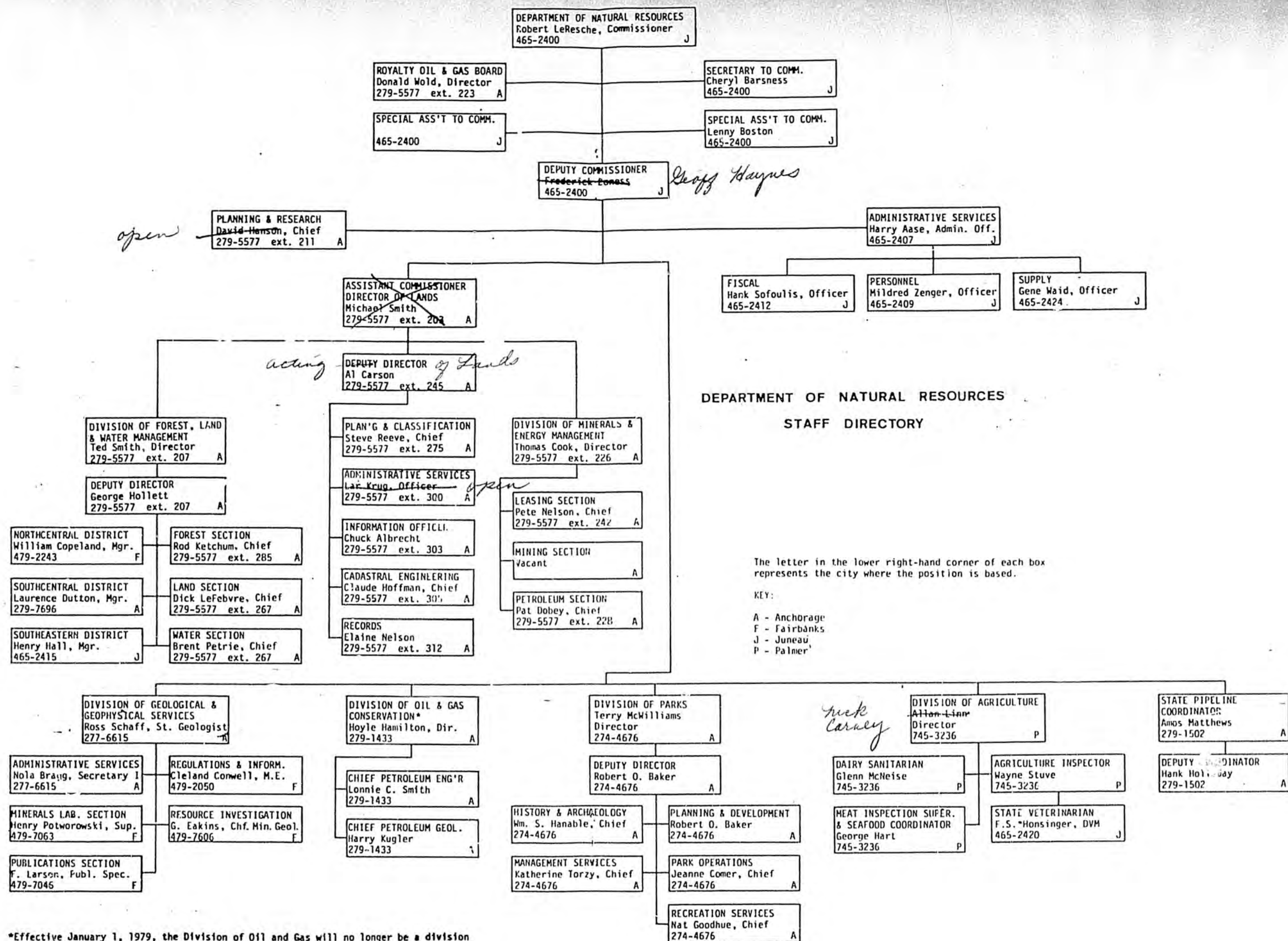
Mike Moorman will be assisting us in the design and implementation of this system, which will be made adaptable to the State data processing system. With the exception of the actual proposed budget figures for 1981, the information necessary to inaugurate the system will be completed by July 1 of this year.

By April 20, I would like each Director to submit a complete list of distinct Department programs presently in effect, together with a recommendation as to any which should be considered for discontinuation and any new ones which may be required or desirable in FY 1981. At a subsequently Director's meeting, we will agree on a final list to be included in the system, at which point the specifics for each will be developed and incorporated.

CONCLUSION

While I will make the final decisions on the components of the reorganization package, I am placing Jeff Haynes, Deputy Commissioner, directly in charge of overseeing completion of the above described tasks. He will, of course, designate members of the Department to perform specific duties as he sees fit.





DIVISION OF GEOLOGICAL & GEOPHYSICAL SERVICES
Ross Schaff, St. Geologist
277-6615 A

ADMINISTRATIVE SERVICES
Nola Bray, Secretary I
277-6615 A

MINERALS LAB. SECTION
Henry Potworowski, Sup.
479-7063 F

PUBLICATIONS SECTION
F. Larson, Publ. Spec.
479-7046 F

REGULATIONS & INFORM.
Cleland Cornwell, M.E.
479-2050 F

RESOURCE INVESTIGATION
G. Eakins, Chf. Min. Geol.
479-7606 F

DIVISION OF OIL & GAS CONSERVATION*
Hoyle Hamilton, Dir.
279-1433 A

CHIEF PETROLEUM ENG'R
Lonnie C. Smith
279-1433 A

CHIEF PETROLEUM GEOL.
Harry Kugler
279-1433 A

DIVISION OF PARKS
Terry McWilliams
Director
274-4676 A

DEPUTY DIRECTOR
Robert O. Baker
274-4676 A

HISTORY & ARCHAEOLOGY
Wm. S. Hanable, Chief
274-4676 A

MANAGEMENT SERVICES
Katherine Torzy, Chief
274-4676 A

PLANNING & DEVELOPMENT
Robert O. Baker
274-4676 A

PARK OPERATIONS
Jeanne Comer, Chief
274-4676 A

RECREATION SERVICES
Nat Goodhue, Chief
274-4676 A

nick Carney **DIVISION OF AGRICULTURE**
~~Allen Linn~~
Director
745-3236 P

DAIRY SANITARIAN
Glenn McNeise
745-3236 P

MEAT INSPECTION SUPER. & SEAFOOD COORDINATOR
George Hart
745-3236 P

AGRICULTURE INSPECTOR
Wayne Stuve
745-3236 P

STATE VETERINARIAN
F.S. Honsinger, DVM
465-2420 J

STATE PIPELINE COORDINATOR
Amos Matthews
279-1502 A

DEPUTY COORDINATOR
Hank Holladay
279-1502 A

PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.

SCOMM

10:67

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM

June 1, 1979

SUBJECT: Taxing Capacity of the Unorganized Borough
(W.O.#7277)

TO: The Honorable Arliss Sturgulewski

FROM: Alexander Hoke
Policy Analyst
Jack Kreinheder
Policy Analyst

AH
JK

You have asked that we investigate the revenue generating capacity of the unorganized borough in relation to a possible sales tax in this area. Our analysis of this matter is summarized in the table and three computer printouts attached to this memorandum, and is based upon actual sales tax revenue (collected in many of the second class, first class and home rule cities within the unorganized borough) in conjunction with revenue estimates based on gross business receipts data for those communities within the unorganized borough which do not presently levy a sales tax. Since a measure of the sales tax capacity in the unorganized borough must of necessity come from multiple sources, the goal of our analysis is to bracket the actual sales tax capacity with a base level estimate and a high-end estimate of revenues generated by a 1, 2, and 3 percent sales tax levied on a borough-wide basis. Our methodology included:

1. Using actual sales tax data (reported to the Department of Community & Regional Affairs by many communities within the unorganized borough for revenue sharing purposes) for communities which levy a sales tax;
2. Using gross business receipts data (filed through 1978 with the Department of Revenue by all businesses operating in the state for the purpose of paying a gross receipts tax) for those communities in which a sales tax is not collected.

Computer Output

The first computer printout provides an alphabetic listing of communities within the unorganized borough for which gross receipts data is available. This gross receipts data is given in units of thousands of

dollars for the calendar years 1974 through 1977. Additionally, actual sales tax revenue for fiscal years 1977 and 1978 along with the present tax rate is listed in the last three columns of the printout. The figures for gross receipts listed on this printout represent that portion of the total business activity within a given community which can be directly attributed to that community. As shown on Table I a significant portion of business activity in the state is filed by businesses whose base of operations lies outside the state (Seattle, San Francisco, etc.). Therefore, one can assume that each community in the unorganized borough shares some portion of the "out-of-state" gross business receipts.

For the purpose of providing an immediate visual assessment of the magnitude of gross business receipts for each community in the unorganized borough for 1977, the second computer printout categorizes communities according the level of gross receipts directly attributable to that community.

Calculation of Sales Tax Capacity

The final computer printout shows our estimate of a 1977 base level sales tax capacity and maximum sales tax capacity calculated at tax rates of 1, 2 and 3 percent for each community within the unorganized borough. Figures for communities flagged by an asterisk are computed in the following manner: Since sales tax revenue data is available on a fiscal year basis only, calendar 1977 estimates were made by averaging fiscal '77 and fiscal '78 revenues. The calendar '77 estimate was then adjusted to a 1% sales tax rate by dividing this value by the sales tax rate listed in the far right column on the printout. Notice that for 1, 2, and 3 percent sales tax revenue estimates, the base level amount equals the maximum amount, indicating that a range estimate was not necessary since actual data was available.

For those communities for which actual sales tax data is not available, estimating the sales tax capacity of a given community is a more complex problem. The base revenue values are calculated using the 1977 gross receipts for each community. The maximum revenue values include the base values plus a per capita share of out-of-state gross receipts times the population of the community. This adjustment is necessary because many firms which conduct operations in Alaska are based outside of the state and report their gross receipts at these out-of-state locations. These out-of-state gross receipts totalled \$1,408.7 million in 1977. It is difficult to determine the exact amount of these out-of-state receipts which was generated by each community; as an approximate indicator we have used a per capita share of these receipts.

The shortcoming of using a per capita share of the out-of-state gross receipts to compute a ceiling for the taxing capacity of communities in the unorganized borough is most noticeable for communities with a low

level of economic activity relative to their population size. This anomaly is clearly visible on the third printout where the relative range between the base level revenue and maximum revenue potential is very large for certain communities while the relative range between base level and maximum for the entire unorganized borough is much narrower.

Since applying a simple 1% sales tax levy against the total gross business receipts for a given community resulted in a much higher level of tax revenue than was actually generated within those communities, it was determined that a multiplier could be found to reduce the gross business receipts amount such that a 1% sales tax would approximate available sales tax revenue data in the greatest number of instances. An iterative series of calculations proved that a multiplier of .42 maximized the accuracy of sales tax revenue estimation using gross business receipts data.* Using the .42 multiplier with a 1% sales tax in the unorganized borough results in a range from a base level of \$2,147,000 to an upper limit of \$2,467,000--a difference of \$321,000 or 15%.

The following table summarizes our best estimate of the sales tax revenue generating capacity of the unorganized borough at tax rates of 1, 2, and 3 percent:

1977 UNORGANIZED BOROUGH SALES TAX CAPACITY*

CAPACITY AT 1%		CAPACITY AT 2%		CAPACITY AT 3%	
<u>Base Level</u>	<u>Maximum</u>	<u>Base Level</u>	<u>Maximum</u>	<u>Base Level</u>	<u>Maximum</u>
\$2,147	\$2,467	\$4,294	\$4,934	\$6,440	\$7,401

* Figures in thousands of dollars.

AH:JK:dh
Attachments

* The accuracy of sales tax revenue estimation using gross business receipts data times the .42 multiplier was 70%, i.e. the range between the base level revenue and maximum level revenue estimates bracketed actual sales tax revenue data 70% of the time when the .42 multiplier was used.

TABLE I
GROSS RECEIPTS SUMMARY

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Unorganized Borough	\$ 263.3	\$ 521.7	\$ 607.7	\$ 640.6
Boroughs	4,923.1	7,929.8	8,195.8	9,687.2
Out-of-state	449.7	2,291.3	1,557.7	1,408.7
TOTAL	\$5,636.1	\$10,742.8	\$10,361.2	\$11,736.5

All figures in millions of dollars

Revenue projections from taxation of the Unorganized Borough pursuant to House Bill 9.

1978-79 School Millages

Anchorage	5.87
Bristol Bay	2.70
Fairbanks	5.50
Haines	2.027
Juneau	6.85 *
Kenai	4.035
Ketchikan	4.25 **
Kodiak	5.00
Mat-Su	6.05
North Slope	1.59 *
Sitka	2.30 *

Total 51.172 divided by 11 (boroughs)
equals 4.652 average.

* rates received by telephone

** rate by telephone, comment was 85% of rate
is school (85% X 5 mills = 4.25)

Value Estimates

Method I

Average value per capita in organized areas (excluding oil & gas)	\$25,369
Population of Unorganized Borough (include second class cities)	43,584
Average value per capita in Unorganized Borough (80% of organized)	20,295

$20,295 \text{ times } 43,584 = \$884,537,280$

$884,537,280 \text{ less vacant land exclusion (20\%)} = \underline{\$707,629,824}$

Method II

Average population per parcel in organized borough	1.96
Average value per parcel in Unorganized Borough (80% of organized)	35,758.00
Parcels in Unorganized Borough	22,374.00

$22,374 \text{ less 20\% for vacancy exclusion} = 17,899$

$17,899 \text{ times } \$35,758 = \underline{\$640,032,442}$

Method III

Average value per parcel - 6 smallest first class cities	19,704
Parcels in Unorganized Borough	22,374

$22,374 \text{ less 20\% for vacancy exclusion} = 17,899$

$17,899 \text{ times } 19,704 = \underline{\$352,661,896}$

Revenue Estimate

Method I - 707,629,824 @ 4.652 mills = \$3,291,893

Method II - 640,032,442 @ 4.652 mills = \$2,977,430

Method III - 352,681,896 @ 4.652 mills = \$1,640,676

Our estimates of revenues range from a low 1,640,676 to a high of 3,291,893 and feel the final result would fall in that area. However, it should be noted that these figures are no more than estimations and could be far afield.

Specific Questions or Concerns

Six first class cities levy no property tax. Act as written seems to ignore them.

Eagle is a second class city that does levy a property tax. Shouldn't some provision be made for them to continue in some way?

Prepared by:

Department of Community and Regional Affairs
State Assessor's Office

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 9
Title Assessment Levy & Collection of Taxes In The Unorganized Borough
Requested by Representative Parr Date _____

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs
Program Category Affected Development
Budget Request Unit(s) Affected Office of State Assessor

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		415.10	440.00	446.40	494.39	524.05
200 TRAVEL		66.50	70.49	74.72	79.20	83.95
300 CONTRACTUAL		852.79	851.66	871.68	281.98	292.09
400 COMMODITIES		19.50	20.67	21.91	23.22	24.62
500 EQUIPMENT		37.34	10.00	5.00	5.00	5.00
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		1,391.23	1,403.12	1,419.71	883.79	930.51

FUNDING (Thousands of Dollars)

GENERAL FUND	1,391.23	1,403.12	1,419.71	883.79	930.51
FEDERAL FUNDS					
OTHER (Specify)					

POSITIONS

FULL TIME	15	15	15	15	15
PART TIME					
TEMPORARY					

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

This analysis is based on the assumption that the original mapping program and establishment of the necessary assessment data and files will be contracted for.

The additional staff included are only to supervise the original project and then maintain system after initial program.

(Continued on attached pages)

IV. DATE February 14, 1979 PREPARED BY Jerry L. Farley, State Assessor
AGENCY Department of Community & Regional Affairs
Original: Legislative Finance PHONE 465-4730
cc: Budget and Management
Prime Sponsor (if not Legislator Named)

BREAK DOWN OF COSTS INCLUDED IN ANALYSIS

ADMINISTRATIVE COSTS

100 Personal Services

MAPPING

FY 80

1 Mapping Supervisor	Range 19 @ 2355	28,260
1 Title Examiner	Range 17 @ 2031	24,372
2 Draftsmen	Range 17 @ 2031	48,744
1 Clerk IV	Range 9 @ 1178	26,592
2 Clerk III	Range 8 @ 1108	26,592

Sub Total \$142,104

ASSESSMENT

State Assessor (upgrade)	Range 24 @ 467	5,604
1 Appraisal Supervisor	Range 20 @ 2532	30,384
4 Appraisers	Range 18 @ 2168	104,928
2 Statistical Clerks	Range 10 @ 1254	30,096
1 Administrative Consultant	Range 12 @ 1426	17,112

Sub Total \$188,124

Sub Total Mapping	142,104
Sub Total Assessment	188,124
	330,228
Fringes @ 25.7%	84,868
Total	\$415,096

200 Travel and Per Diem

FY 80

State Assessor and Supervisors	7,500
Title Examiners and Appraisers	50,000
Review Boards	9,000
Total	\$66,500

300 Contractual

FY 80

Telephone	7,200
Postage	4,500
Printing and Advertising	6,000
Data Processing and Programming	126,000
Machine Rental and Xerox	72,000
Office Space 1400 sq. ft. @ \$1.35	1,890
Professional Fees	700,000
Total	\$932,790

400 Commodities

FY 80

Reference Materials	4,500
Mapping Supplies	5,000
Office Supplies	10,000
Total	\$19,500

500 Equipment

FY 80

Sufficient Equipment to establish new personnel in environment conducive to work	\$37,330
--	----------

Note: Subsequent years are based on inflationary pressure on FY 80 except the \$700,000 for professional fees has been projected to decrease to \$100,000 in FY 83 assuming original establishment of maps and records to be complete by that time. Also the Equipment item has been reduced substantially after initial purchase.

Additional Comments: We would envision the process of setting up the administration as multiple step in nature. The first logical step would be an indepth study to establish proper procedure of implementing the administrative process. Subsequent steps at this point are tentative in nature and would be subject to revision at the conclusion of Step I.

Step Two would be setting up of a mapping program by region. Administratively, mapping of one region at a time would appear appropriate. This mapping program would involve a private contract with supervisory direction and controlled by professional staff to be added to the Department of Community and Regional Affairs.

Step Three would be listing, enumeration and calculation of data into preliminary appraised values (this should be done by geographic area and directly follow Step 2 in each area).

Step Four would be onsite review of finished product by professional staff of the Department of Community and Regional Affairs for acceptance or refusal of contractor's work.

Step Five would be the compilation of all data into final assessment roll and present to review board for their actions.

Step Six - At conclusion of Review process, final assessment roll would be compiled and presented to Revenue for collection.

As you can see, this process will be relatively time consuming, however, it appears to be the best and most logical approach to solution of the problem.

Also, it should be noted that even though some of the work is to be contracted, it is essential that professional staff be heavily involved from the onset to insure the quality of the finished product.

It would appear that another approach at least at the start would be a "Study of Taxation in the Unorganized Borough" to determine both feasibility and cost of administering such a property tax. It is completely possible that the cost of administration could exceed the revenue produced at least for the first few years.



UNIVERSITY OF ALASKA
CRIMINAL JUSTICE CENTER
3211 PROVIDENCE AVENUE
ANCHORAGE, ALASKA 99504

September 5, 1979

Ms. Marjorie Gorsuch
Standing Committee on Community and
Regional Affairs
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Margie:

I enclose a concept paper we have developed in connection with our Justice Innovation Conference next month. Any advice you or Jack Chenoweth may have on topic design or speakers or invitees would be appreciated.

As I mentioned on the phone, on a very limited basis, we will assist you and the Committee in identifying further documentation in addition to those reports which I mentioned, but there is a lot of original work that needs to be done in a number of different areas.

At some juncture, the foundation program Concept in Public Safety interfaces with tax equalization formulae. In early drafting for the Special Session of 1973, a number of concept papers and drafting concepts were developed on this topic which may have some relevance.

Sincerely yours,

John E. Havelock
Director
Criminal Justice Center

JEH:pb

cc: Professor Stephen Conn
Professor John Angell



UNIVERSITY OF ALASKA
CRIMINAL JUSTICE CENTER
3211 PROVIDENCE AVENUE
ANCHORAGE, ALASKA 99504

August 6, 1979

Honorable Arliss Sturgulewski
State Capitol
Pouch V
Juneau, Alaska 99811

Re: Local Self-Government Seminar

Dear Arliss:

Thank you for the invitation to the seminar. Though I did more than my share of complaining about the imposition on private time, I will have to admit that I was a net winner from the occasion in the extent to which my knowledge of some of these issues was improved upon.

I was particularly intrigued by the way a "foundation program" for public safety emerged without a whole lot of special interest prodding on my part.

You might keep in mind the rather extensive work and current involvement which we are in professionally at the Center on this and related topics.

I believe you have a copy of John Angell's comprehensive germinal study of Alaska bush justice. Roger Endell has been working with Russ Meekins' special committee and with the administration on their bush justice corrections facilities planning committees. Steve Conn has been directing a project in which we are all involved on control of alcohol distribution. A report on this topic which will feature local control issues will be out in the fall. Steve has been involved from the beginning in the study of adaptations of traditional problem and dispute resolution techniques. We have also been involved in field paralegal and governmental education projects in Barrow under the auspices of the Alaska Federation of Natives. These are only some of our more prominent activities in the delivery of justice services.

The variety serves, in part, as a reminder that the definition of public safety services is considerably broader than law enforcement, fire fighting and search and rescue. There is a penumbra of essential service activities, of which alcohol control and treatment management is but one cluster, which make up a fully stated public safety function.

Honorable Arliss Sturgulewski
August 6, 1979
Page 2

Dr. Angell has been working with Commissioner Nix and University of Michigan on a federal grant project on social justice training or retraining for police officers which also underlines this aspect of public safety services.

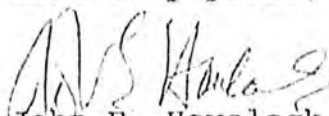
As you know from your experience with the City of Anchorage, there has never been any comprehensive rationale for the division of responsibility between municipal and state governmental entities for public safety functions. If a public safety foundation program is to be developed, that question, too, must receive careful study, and possible solution options formulated.

I realize that the interim committee has little or no money at the time being for the kind of analytical work and studies which the breadth of the topic suggests. However, it may be that some of these matters may emerge as major state issues because of the groundwork done by the committee. If that is the case, I hope that you will keep the Justice Center in mind as a resource cutting across institutional boundaries.

We all share your belief that issues of local control and governmental administration have a very high priority and have strong linkages with those topics, such as the source of funding for state services, which are usually identified as the top state priorities.

I hope these observations are of some use to you and encourage your continuing aggressive pursuit of local control over essential state services.

Sincerely yours,



John E. Havelock
Director
Criminal Justice Center

JEH:pb
cc: Representative Bill Parker



Official Business

Alaska State Legislature

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

Co-Chairmen
Senator Arliss Sturgulewski
Representative Bill Parker

Address all
correspondence to:

LOCAL GOVERNMENT STUDY

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

DATE: December 14, 1979

TO: Mr. Duncan Reed, Director
House Research Division

FROM: Representative Bill Parker

SUBJECT: Foundation Plan

On August 4/5, 1979 a Local Government Symposium was conducted by the Joint Senate and House Community and Regional Affairs Committee. The Symposium participants identified and discussed a number of new approaches to financing and delivery of services in Alaska. Among these were:

1. The provision that a minimum level of service, mandated statewide, be available to all residents of the state. The four basic services identified were education, public safety (including search and rescue, fire, police, justice), public assistance, and health and sanitation.
2. The use of a state foundation plan, similar to that used for education, to fund these basic services. Any formula developed for state support would reflect local population, wealth, and need.

(See the attached Local Government Study Report of the Symposium and other pertinent data)

The objective of the proposed research project related to a foundation approach to service delivery is seen as follows:

OBJECTIVE

Explore the concept of a foundation approach for the delivery of services to provide for a more equitable allocation of the State's financial resources. Such a revenue redistribution system should create incentives for the transfer of service delivery responsibility from the state to municipalities and should recognize the need for local effort in the provision of such services.

Among the issues which should be addressed in the project are:

- * An evaluation of the existing revenue sharing program and of the revenue distribution scheme embodied in HB 192 in light of the above objective.

- * Optional mechanisms, and the fiscal information related to such mechanisms, which meet the criteria for a financial distribution formula contained in the objective.
- * While the foundation approach would be available to organized municipalities, equitable formulas for the provision of services in the unorganized areas should also be explored.
- * At some juncture, the foundation program concept interfaces with tax equalization formulae. An exploration of this issue might be related to this project.



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mayor

Some scribblings on overhaul of police protection -

Use a voucher system -- replace current revenue sharing with system more closely tied to foundation approach.

Units based on population served --

1 - 300	1 unit	2751 - 3000	7 units
301 - 600	2 units	3001 - 5000	8 units
601 - 1000	3 units	5001 - 10,000	9 units
1001 - 1500	4 units	10,001 and over	10 units plus 1 unit for 3000 people or major part thereof
1501 - 2000	5 units		
2001 - 2750	6 units		

So --

Bethel: 3500 people served
translates into 8 units

- ① Need to determine unit price -- say \$ 30,000 (figure set by statute)

Bethel: 8 units x \$ 30,000 = \$ 240,000

- ② Probably need to recognize cost of living:

Bethel, under current revenue sharing, is at 33.3%

So, \$ 240,000 increased by one-third (\$ 80,000) = \$ 320,000

- ③ State will cover not less than 80 nor more than 95% depending on relative property value. Bethel has no property tax, so, presumably, state will pay 95% of \$ 320,000 or \$ 304,000.

Bethel entitled to voucher for this much. May

- (1) use to support own police force, in which case the state pays the money, but instructions issue that troopers assigned there do not enforce local ordinances
- (2) may rely on state troopers, in which case \$ 304,000 plus the required local contribution of the difference (\$ 16,000) is turned over to Commissioner Nix so he can provide more troopers to Bethel station so that these troopers will enforce local ordinances;
- (3) some combination of (1) with (2), depending on how the local government feels about local versus state police protection capacity.

* * *

Participating municipalities have to come forward with a plan of service, indicating ordinances to be enforced. Public Safety Department could lay down some general rules about these plans of service, one of which would be that municipality could not claim dollar support for a local police force without concomitantly enforcing local ordinances -- in other words, that they could not take the money but avoid hassles with public protection by leaving the troopers to enforce municipal ordinances. Not all state statutes would have to have parallel municipal ordinances for the

locals to enforce, but local ordinances should cover those areas where municipalities have authority and where problems are fairly common.

In places where protection is part local, part state (like Juneau), support for police protection from local force would be paid only for population served (7,500 people in downtown and 1,500 in Douglas), while the amount calculated for the rest of the population (valley, Auke Bay, North Douglas) would be kept by state troopers, matched by requisite local contribution, and made available to meet costs of an expanded Juneau trooper detachment.

In rural areas, while some small cities would probably want to try to retain a police officer or constable, in a 1 unit village (i.e. population of less than 300) totalling to a \$ 40,000 grant (1 unit = \$ 30,000 plus 33.3%), a portion could be used for local constable, while balance could be turned back to Public Safety Department and put with money returned from adjacent villages to share the costs of a state trooper.

alternative revenue sharing proposal
which would allow local governments
to provide basic services -
Local participation & control should
be encouraged + state participation
should be equitable -

goals - need reward for efficient
delivery or penalty for inefficient
delivery.

Have Jack H. read and
then return to my files
9/

September 18, 1979

Senator Arliss Sturgulewski
2957 Sheldon Jackson Street
Anchorage, Alaska 99501

Dear Senator Sturgulewski:

In Monday's telephone conversation, in passing, you mentioned that you anticipated a discussion soon with Jim Rhode, on behalf of Representative Hugh Malone, to consider changes in state municipal assistance programs. You indicated a willingness to share with him the suggestion of the Joint Local Government Study Committee to consider a "foundation" approach as one to extend state support for basic services on an additional number of programs, substituting for or supplementing state aid for municipal services.

I went home and thought about that point and want to share with you these thoughts.

As you may know, there has been a fair amount of interest in the general subject of tax relief, stimulated, I suspect, by Representative Randolph's income tax initiative, the several "Proposition 13"-like initiatives brought forward at the local level, and the rumored increase in the revenues returned to the state general fund from the petroleum production tax. While the recent focus has been on major changes in the state's income tax, municipal property taxes have not been immune from consideration.

I respectfully suggest that, if the legislature wants to provide tax relief, it cannot and ought not to make use of "revenue sharing" as a means to force local governments to roll back property tax levies:

(1) There is no straightforward mechanism by which the administrator of a state program of "revenue sharing" may determine conclusively that the governing body of a municipality has effected a reduction of tax levies and is therefore entitled to additional program support from the state. A mayor or manager who understands the program of state aid could well argue, and probably not without justification, that a holding the line against a rate increase, or even a modest increase, represents the best effort on the part of municipal officials to meet public service demands, that the effort to be recognized is the effort to hold down the amount of increase, not the actual reduction of rates. The current program is intended to "reduce [tax] levies in reasonable proportion to state aid," and I respectfully suggest that the program has only moderately succeeded, at best, in meeting that objective.

(2) Coupling state aid to rate reduction virtually ignores the relative fiscal capacity of Alaska's municipalities. The variance among local governments across the state is enormous; it is a variance which, I respectfully suggest, is largely unappreciated by elected

officials at all levels. What Valdez and the Kenai Peninsula Borough may recover from a levy of five mills may require 15 mills in Cordova and the Kodiak Island Borough and 25 mills in Nome or the Haines Borough. Looking only at rate reduction as an index by which to measure state support, is it not essential that we no longer ignore the relative fiscal capacities of the local governments?

(3) The recent history of the existing "revenue sharing" program should serve as ample warning to managers and municipal officials that substitution of state general fund revenues for property tax revenues as the basis for support of general government services ought to be regarded as, at best, a mixed blessing. In contradistinction to the School Foundation Program (AS 14.17), the program of state aid to local governments (AS 43.18) has been regularly underfunded by the present administration and, in the last session, by the state legislature as well. Were I a manager -- and if things continue as they have around here I may have to seek employment in that profession again -- I would have very, very serious reservations about a program that held out the promise of state aid for reduced levies but whose recent record belied full reimbursement.

(4) With state revenues expanding in the intermediate term (through the 1980's), but declining thereafter, the slow, steady, stable pace of change of revenue available to local governments ought not to be overlaid by the "boom-and-bust" of the state's revenue picture. Surely the characteristic local government revenue pattern constitutes a model of stability that ought to be sustained and protected against efforts to make local government tax levies more nearly related to, and dependent on, state support. In the long term, state rewards for local tax reductions probably will have to be withdrawn.

It would probably be too ambitious to consider for enactment in one session, but I think you might consider a "package" by which the "foundation" approach were used as the principal device by which the state would provide financial assistance for the funding of programs and services considered essential, while "revenue sharing" changed from being a means of encouraging property tax reductions to a program by which revenues recovered from local property tax levies were equalized. The programs would be complimentary in the sense that state support under a "foundation" approach would carry, as it does with education, the heavier burden of funding the development and stabilization of basic services -- public safety, land use planning, public health and social services, and others have been mentioned -- while "revenue sharing" would attempt to make more nearly equal, across a state in which per capita recovery from locally-imposed taxes probably is as widely varied as any state in the nation, the return of revenues from taxes levied and fees imposed at the community and regional level. The equalization aspect of a substantially altered "revenue sharing" approach ought to make it possible for local government officials in certain communities -- those whose levies are currently at or above the state average -- to provide a measure of tax relief or, in the alternative, to expand services without tax increases. The approach, I respectfully suggest, might be likened to a "carrot", encouraging local governments to provide tax relief, as compared to any approach using a "stick" by which community leaders may be required to roll back tax levies as a condition of receiving incremental state aid.

End of missive. I hope your discussions with Jim prove mutually satisfactory.

Very truly yours,

John B. Chenoweth

Confidential
Copies to
MMT

HOUSE RESEARCH AGENCY
Pouch Y - State Capitol
Juneau, Alaska 99811
465-3991

January 14, 1980

MEMORANDUM

TO: Representative Bill Parker
Senator Arliss Sturgulewski

FROM: Jack Kreinheder *JK*
Issues Analyst

SUBJECT: A Foundation Approach to the Revenue Sharing
Program (Work Order No. 8)

INTRODUCTION

In this memorandum, I would like to present the following information:

1. Proposed criteria for use in formulating and evaluating alternative methods of revenue sharing
2. A summary of our initial findings regarding the application of a foundation approach to revenue sharing
3. A revised research design for the project

I had indicated in my draft research design of January 4 that I would attempt in this memorandum to identify or develop measurable indicators of factors, such as local need, which could be used in allocating funds for various programs. However, it now appears that the development of such indicators will be one of the major tasks involved in the project and must be deferred to the next phase of my research.

CRITERIA

I have compiled a list of nine proposed criteria for the evaluation of any existing or suggested program of revenue sharing. The criteria were derived from your original research request, through discussion with you and your staffs, and from the conclusions reached at the Local Government Symposium. Please contact me if you have any suggestions

Representative Bill Parker
Senator Arliss Sturgulewski
January 14, 1980
Page 2

or comments concerning these criteria. It is important that I be aware of your priorities in the development of alternative programs, so that the end product will reflect your goals for the revenue sharing system. My interpretation of your preferences is that an alternative revenue sharing program should:

1. provide for equitable allocation of financial resources
2. assure a minimum level of basic services to residents of organized municipalities. These basic services are: public safety (including police, fire, justice, and search and rescue), ~~public assistance and health and sanitation.~~
3. reflect local population, wealth and need ^{✓ and human interest ability}
4. create incentives for transfer of service delivery responsibility from the State to municipalities
5. create incentives for local government formation in the unorganized borough
- ✓ 6. encourage local effort in funding ~~basic services~~
7. consider tax equalization--taxpayers statewide should pay roughly the same percentage of the cost of providing a minimum level of the identified basic services
8. consolidate funding into a minimum number of channels (similar to the School Foundation Program)
9. allow for differences in delivery systems to meet local needs.

Amberle: mild reward for efficient delivery & penalty for inefficient delivery

These criteria are intended to guide the development of an alternative revenue sharing system and to provide a basis for evaluating the current system, HB 192, and any alternative(s) which may be formulated. It is clear, though, that the criteria are subject to interpretation and may conflict in some cases with each other. For example, the first criterion emphasizes the equitable allocation of financial resources. Few would argue with this goal, but the definitions of "equitable" are many. The third criterion states that funding for services should depend on local population,

① 1st
HB 192 - Evaluate if criteria (shortcomings) plugs / what would not be met.
This look at alternative approaches that can be plugged

Representative Bill Parker
Senator Arliss Sturgulewski
January 14, 1980
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wealth and need; while the second provides for a minimum level of services, presumably without regard to these factors.

Nevertheless, these criteria do provide a sense of direction for the project. It is difficult to refine the criteria or render an exact definition outside of a specific context, and the inconsistencies and conflicts can, to some extent, be resolved only in each specific case as the research proceeds.

SCHOOL FOUNDATION

1/23/80 mtg. 20 had personal of School Foundation approach until until time in 11:42 a.m. to criteria defined. Then another session.

Although there has been a considerable amount of discussion by various groups on the use of a foundation approach to revenue sharing, I have read nothing which explains which characteristics of this approach are most desirable. I have therefore done a brief analysis of the School Foundation Program in order to determine which features are most applicable to the use of a similar approach in revenue sharing. Conversations with your staff have indicated that the primary value of the School Foundation Program for my purpose is as a conceptual model, rather than a system in which each detail is to be adapted to a revenue sharing function. However, an assessment of its basic provisions is a necessary and useful step in my research.

We have identified four major provisions or methods of funding in the School Foundation Program which could be applied to a new revenue sharing system:

1. the Average Daily Membership factor. A similar volume or workload concept could be used in computing revenue sharing entitlements for various services.
2. special allocations for particular educational programs. Such allocations could be applied to specific services within service categories, for example, giving funding for crime prevention programs in addition to general police protection entitlements.
3. a sliding scale for determining allocations. Under this provision, more funding is granted per student in smaller schools and districts. This approach could be used for revenue sharing entitlements to account for the higher cost per unit of providing services on a small scale.

4. the equalization provision, in which the property tax base per student is considered in allocation of funds. A similar system, expanded to include all services of locally-generated revenue, has been developed for HB 192.

Average Daily Membership (ADM), or number of students, is the primary determinant of funding levels under the School Foundation Programs. An equivalent workload factor could be employed as a funding criterion for a number of services. For instance, part of the entitlement for fire or search and rescue services could be linked to the number of calls answered or searches conducted. Health entitlements could be partially based on the number of patients served. The major flaw in this approach is that it encourages expanded use of services which are funded in this manner. Some services should be preventive rather than use oriented. Police and fire protection, for example, should ideally prevent crimes and fires from occurring in the first place, so that a low level of use could mean that an active and effective level of service was being provided. Still, the idea does show some promise, particularly for public assistance and health programs, and will be given additional thought.

Special allocations are used in the School Foundation Program to fund vocational, special, and bilingual education programs. Schools can receive funds only for existing programs and entitlements are based on the ADM of each specific program.

Special allocations for specific local services are already used in the current revenue sharing program to a limited extent. For instance, a municipality may receive a per capita grant for general fire protection, and an additional grant if a volunteer fire department is maintained. This concept could be expanded to apply to other specific services.

The use of a sliding scale could be a significant addition to an alternative revenue sharing approach and would be one method of providing for a minimum level of service (similar to Jack Chenoweth's draft proposal for police protection). Further research is necessary to determine the trends in cost levels per capita in communities of various sizes to determine the proper weighting of the funding scales for different services. For example, the relative cost of providing health care in a smaller community may be much higher than that of police protection.

Representative Bill Parker
Senator Arliss Sturgulewski
January 14, 1980
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The School Foundation Program contains an equalization provision in which the tax base per ADM of each district relative to the state average is taken into consideration in allocating funds, but this provision applies to only three percent of the basic funding. Thus, a district receives 97 percent of its entitlement regardless of taxable wealth, and receives more or less of the remaining 3 percent depending on its relative tax base. Although the concept is sound, the equalization formula used in HB 192 appears to be a more comprehensive and effective approach to the equalization question.

RESEARCH DESIGN

Because of the complexity and scope of this issue, I have decided, subject to your approval, to direct my efforts in the next phase of research toward the development of a foundation approach for the provision of public safety services. Public safety is the most clearly defined of the three service categories under consideration, and I feel that the problems inherent in a foundation approach to revenue sharing can be best addressed in this context. Many local governments consider public safety a priority issue and substantial research has already been done in this area. The Criminal Justice Center of the University of Alaska has been working on the idea of a foundation approach to public safety and should be of valuable assistance to us. After exploring the foundation concept in relation to public safety, we should have a sound base from which to analyze the more difficult problems associated with the provision of public assistance and health and sanitation services.

My specific approach to the public safety question will depend somewhat on the results of my contacts with the Criminal Justice Center, Commissioner Nix, and other sources, but I have identified several questions for consideration:

1. What are the current levels of public safety services throughout the state?
2. What systems of service delivery are presently used?
3. What is the consensus, if any, on public safety needs, and what are the available means of assessing need?

Representative Bill Parker
Senator Arliss Sturgulewski
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Page 6

4. How should minimum levels of public safety services be defined?

After these questions have been investigated, I will provide you with a memo summarizing my progress and presenting alternatives for your consideration. At that point, I will shift my efforts to the development of alternative methods of funding public safety through a foundation approach, based on the criteria discussed earlier. If a viable foundation program for the provision of public safety services can be completed, I will then address the other basic services--public assistance and health and sanitation. During the research on public safety, consideration will be given to the development of a program which is applicable to these other services, as well. I noted in my previous memorandum, and would like to repeat, that the scope and complexity of this research project preclude a fixed completion date; however, I understand the importance of fulfilling your request as quickly as feasible.

HOUSE RESEARCH AGENCY
Pouch Y - State Capitol
Juneau, Alaska 99811
465-3991

D R A F T

MEMORANDUM

January 4, 1980

TO: The Honorable Bill Parker
The Honorable Arliss Sturgulewski

FROM: Jack Kreinheder *JK*
Issues Analyst

SUBJ: Foundation Approach for the Delivery of Basic
Services (Work Order No. 8)

You have asked that we explore alternative methods and formulas for the distribution of State revenue sharing funds, including the use of a School Foundation-like approach. This memorandum is intended to provide you with an outline of our suggested research approach to this issue, and to give you an idea of the time necessary to complete the research.

I will be the primary researcher on this work order, but I plan to make use of other House Research staff members and Legal Services staff (particularly Jack Chenowith) as well. As presently envisioned, this project will have three steps or phases. The first step will center on the development of detailed criteria suitable for evaluating alternative methods and formulas for revenue redistribution. We will also attempt to identify reliable indicators of factors (such as local need or wealth) which might be employed in allocating funds in a redistribution system. This first phase should be completed by January 14, with a memo suggesting possible criteria and allocation factors to be provided for your consideration and response.

The second step will involve the exploration of the Foundation approach to revenue sharing and other methods of redistribution which might meet the criteria developed in Phase I, but we first need a clearer definition of basic service levels. This is a subjective question, and we would appreciate hearing your views on the matter. Rather than conducting an analysis of the fiscal impacts of each of the redistribution options, we would prefer

to send you a memo outlining the alternatives, and then proceed with a fiscal analysis for the alternative(s) which you find worthy of further research.

The third and final phase will consist of the fiscal analysis of the preferred alternatives and an assessment of any difficulties which could be encountered in implementing such a proposal. The time necessary to complete this research cannot be readily determined in advance, and will depend to a large extent on the number and complexity of the revenue redistribution options which you would like to pursue.

Please contact us if you have any questions, comments or suggestions regarding your request or the proposed research design. A research project of this nature requires that we be kept informed of your preferences and objectives, and we look forward to working with you and your staff members on this issue.

JK/bf



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Co-Chairmen
Senator Arliss Sturgulewski
Representative Bill Parker

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LOCAL GOVERNMENT STUDY

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

DATE: December 14, 1979
TO: Mr. Duncan Reed, Director
House Research Division
FROM: Representative Bill Parker
SUBJECT: Foundation Plan

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Jack Thompson

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Use a voucher system -- replace current revenue sharing with system more closely tied to foundation approach.

Units based on population served --

1 - 300	1 unit	2751 - 3000	7 units
301 - 600	2 units	3001 - 5000	8 units
601 - 1000	3 units	5001 - 10,000	9 units
1001 - 1500	4 units	10,001 and over	10 units plus 1 unit for 3000 people or major part thereof
1501 - 2000	5 units		
2001 - 2750	6 units		

So --

Bethel 3500 people served
translates into 8 units

Need to determine unit price -- say \$ 30,000 (figure set by statute)

Bethel: 8 units x \$ 30,000 = \$ 240,000

Probably need to recognize cost of living:

Bethel, under current revenue sharing, is at 33.3%

So, \$ 240,000 increased by one-third (\$ 80,000) = \$ 320,000

State will cover not less than 80% or more than 95%, depending on relative property value. Bethel has no property tax, so, presumably, state will pay 95% of \$ 320,000 or \$ 304,000.

Bethel entitled to voucher for this much. May

- (1) use to support own police force, in which case the state pays the money, but instructions issue that troopers assigned there do not enforce local ordinances
- (2) may rely on state troopers, in which case \$ 304,000 plus the required local contribution of the difference (\$ 16,000) is turned over to Commissioner Nix so he can provide more troopers to Bethel station so that these troopers will enforce local ordinances;
- (3) some combination of (1) with (2), depending on how the local government feels about local versus state police protection capacity.

* * *

Participating municipalities have to come forward with a plan of service, indicating ordinances to be enforced. Public Safety Department could lay down some general rules about these plans of service, one of which would be that municipality could not claim dollar support for a local police force without concomitantly enforcing local ordinances -- in other words, that they could not take the money but avoid hassles with public protection by leaving the troopers to enforce municipal ordinances. Not all state statutes would have to have parallel municipal ordinances for the

locals to enforce, but local ordinances should cover those areas where municipalities have authority and where problems are fairly common.

In places where protection is part local, part state (like Juneau), support for police protection from local force would be paid only for population served (7,500 people in downtown and 1,500 in Douglas), while the amount calculated for the rest of the population (valley, Auke Bay, North Douglas) would be kept by state troopers, matched by requisite local contribution, and made available to meet costs of an expanded Juneau trooper detachment.

In rural areas, while some small cities would probably want to try to retain a police officer or constable, in a 1 unit village (i.e. population of less than 300) totalling to a \$ 40,000 grant (1 unit = \$ 30,000 plus 33.3%), a portion could be used for local constable, while balance could be turned back to Public Safety Department and put with money returned from adjacent villages to share the costs of a state trooper.

12/16/79 Times Low Cost Study Foundation

Safety Training In Villages Pays Off In Rescued Lives

On Sept. 26, a young Mekoryuk man saved the life of his sister who had just been shot while in front of her class at the BIA school in the village.

Howard Amos was able to administer immediate emergency medical aid and keep his sister, Elizabeth, in stable condition while she was transferred to a hospital in Bethel.

A few months ago, Amos might not have known what to do in such a crisis situation. But one week before the shooting Amos had graduated from the Public Safety Academy in Sitka as part of the first class of Village Public Safety Officers to be trained by the Alaska State Troopers. Amos' classes in Sitka had included four weeks of emergency medical training, a skill he would not otherwise have had.

On Friday, Amos was among the seventeen Village Public Safety Officers and four constables to be certified as rural fire fighters, another segment of the intensive training the officers will receive before their schooling is over.

The object of the program, sponsored by the troopers, is to improve law enforcement and public safety in the rural areas of Alaska, areas that have traditionally seen the highest loss of life and property due to fire, boating mishaps and drownings in the U.S.

Accessibility to law enforcement services and emergency medical assistance has been sketchy at best. But with the training of the village officers, troopers are hoping that most emergency situations can be handled with skill and professionalism within the village itself.

The village officer program is the brainchild of Department Of Public Safety Commissioner Bill Nix, who has been working toward the implementation of such a program for several years.

Training for selected candidates from a number of villages began this summer when they underwent basic training in one of three regional centers — Bethel, Nome or Sitka.

The one-week training was followed by a four-week advanced course at the trooper academy in Sitka, then an intensive 48-hour program on firefighting held in Anchorage.

The next phase of training will be continued, on-the-job training with the assistance of troopers in the respective villages including carrying out search and rescue operations, a common occurrence in Bush areas.



HE'S A HERO

Howard Amos, public safety officer for the village of Mekoryuk, received a commendation for meritorious service for saving the life of his sister, the victim of a shooting, in the village in September. The award, presented by Col. Tom Anderson of the Alaska State Troopers, was given to Amos at graduation ceremonies Friday for his village public safety officer class.

Original sponsor: Community and Regional
Affairs Committee

Offered: 2/16/77
Referred: Finance

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 70

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to municipal revenue sharing, and the
7 Alaska Business License Act; and providing for an
8 effective date."

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

10 * Section 1. AS 43 is amended by adding a new chapter to read:

11 CHAPTER 17. MUNICIPAL REVENUE SHARING.

12 Sec. 43.17.010. CONSTRUCTION AND IMPLEMENTATION OF CHAPTER. (a)

13 This chapter may not be construed so as to create a debt of the state.

14 (b) The special municipal services account is established. The
15 legislature may annually appropriate funds to the account to carry out
16 the provisions of this chapter. If there are not enough funds in the
17 account to provide for each local government's or other recipient's
18 share authorized under this chapter, the funds which are available shall
19 be distributed in proportion among eligible local governments and other
20 recipients.

21 (c) If any money remains in the special municipal services account
22 at the end of the fiscal year for which the money is appropriated and
23 this remaining money is more than the amount required for the alloca-
24 tions authorized in this chapter, this money reverts to the general
25 fund.

26 Sec. 43.17.020. MINIMUM GRANTS TO MUNICIPALITIES. (a) A munici-
27 pality proposing to provide administrative services or a service pro-
28 vided for in sec. 30(a)(1) of this chapter may, in lieu of obtaining
29 revenue sharing money as provided in this chapter, obtain instead a

1 minimum grant of \$25,000.

2 (b) The department shall issue regulations regarding procedures
3 and time limits for making an election under this section.

4 Sec. 43.17.030. BASIC GRANTS TO MUNICIPALITIES. (a) If a munici-
5 pality elects not to receive the grant provided for under sec. 20 of
6 this chapter, the amount of revenue sharing for which it is eligible
7 shall be $B \times P$ where

8 (1) "B" is the base revenue sharing amount of \$1 times the
9 service units for each service performed by the municipality established
10 as follows:

11	(A) police protection	12 units
12	(B) fire protection	7.5 units
13	(C) water pollution control	2 units
14	(D) land use planning	2 units
15	(E) parks and recreation	5 units
16	(F) small boat harbor or port	5 units
17	(G) mass transit	5 units
18	(H) airport	5 units
19	(I) solid waste disposal	2 units
20	(J) ambulance	2 units
21	(K) air pollution	2 units

22 (2) "P" is the population of the municipality rounded up to
23 the nearest 100.

24 (b) If a municipality provides one or more of the services in
25 (a)(1) of this section under contract to a defined area outside the
26 boundaries of the municipality, the revenue sharing amount for those
27 services shall be increased by the service units for each service times
28 the population of the area served rounded up to the nearest 100.

29 (c) If a municipality contains areas having differential rates of

1 taxation, the entitlement shall be calculated for areawide services and
2 for each area separately and totaled to reach the entitlement of the
3 municipality. Revenue sharing money for which the entitlement is based
4 upon areawide services may be used for areawide purposes only. Revenue
5 sharing money for which the entitlement is based upon service area
6 services may be used for that service area only.

7 Sec. 43.17.040. HEALTH FACILITIES AND HOSPITALS. (a) During each
8 fiscal year the state shall make payments as follows:

9 (1) \$2 per capita to a municipality which has the power to
10 provide health facilities and services and in which a hospital is
11 located;

12 (2) in addition to the payment made under (1) of this sub-
13 section

14 (A) the state shall make payments to a municipality
15 which has the power to provide hospital facilities and services and
16 which exercises the power on the basis of \$1,000 per bed for each
17 bed actually used for patient care limited to the number of beds
18 provided for in the construction design of the hospital, or \$75,000
19 a hospital for those hospitals with 10 or more beds, or \$25,000 a
20 hospital for those hospitals with less than 10 beds, as the muni-
21 cipality may elect; funds received under this subparagraph may be
22 used only for hospitals and shall be apportioned among qualifying
23 hospitals as the municipality determines;

24 (B) the state shall make payments on the basis set out
25 in (A) of this paragraph to a municipality for nonprofit hospitals
26 not operated by a municipality if the municipality first certifies
27 to the department that the hospital is in compliance with all
28 standards for hospitals which have been adopted by the munici-
29 pality; in the absence of this certification the funds which would

1 have gone to the hospital lapse into the state general fund; pay-
2 ments to the municipality shall be transferred to the hospital in
3 accord with the basis by which the entitlement was generated by the
4 hospital and shall be applied to the annual cost of operation and
5 maintenance of the hospital or for the provision of health care
6 service at the hospital as the directors of the hospital determine;

7 (C) a hospital may not receive payment under both (A)
8 and (B) of this paragraph;

9 (3) \$1,000 per bed to an organized borough or city outside an
10 organized borough in which a health facility is operated for each bed
11 actually used for patient care, limited to the number of beds provided
12 for in the construction design of the health facility, or \$4,000 for
13 each health facility as the local government may determine;

14 (4) funds received by a municipality under (1) or (3) of this
15 subsection shall be used for expenses of health services or operation
16 and maintenance of facilities as the municipality determines.

17 (b) If construction of a hospital or health facility began before
18 January 1, 1976, and state matching aid for construction approved under
19 AS 18 for payment to a municipality or other facility sponsor consti-
20 tutes less than 25 per cent of the total project cost, the state shall
21 pay to the municipality or other facility sponsor each fiscal year a sum
22 equal to \$2,500 a bed for the maximum number of beds provided for in the
23 construction design of the facility. State aid provided for in this
24 subsection shall continue until the municipality or other facility
25 sponsor has received an amount which, combined with state matching money
26 for construction of the facility approved under AS 18, equals 25 per
27 cent of the total project cost. No funds received for construction
28 shall be used for any other purpose.

29 (c) In this section

1 (1) "hospital" means a licensed hospital determined by the
2 Department of Health and Social Services to be a general hospital; the
3 term excludes facilities operated or wholly supported by the state or
4 the federal government;

5 (2) "health facility" means public health centers, maternity
6 homes and community mental health centers, facilities for the mentally
7 or physically handicapped, nursing homes and convalescent centers which
8 are licensed, when required, by the state under AS 18.20.010 - 18.20.130
and are owned or operated or both by a local government or by a non-
10 profit corporation or other nonprofit sponsor; the term excludes facili-
11 ties operated or wholly supported by the state or the federal government.

12 Sec. 43.17.050. VOLUNTEER FIRE DEPARTMENTS OUTSIDE MUNICIPALITIES.
13 The state shall pay to a volunteer fire department registered with the
14 state fire marshal and serving an area not in an organized borough or a
15 city a sum for protection purposes equal to \$7.50 per capita for the
16 population served by the department, as determined by the state fire
17 marshal using the latest figures of the United States Bureau of the
18 Census or other reliable data. Grants shall be made on the same basis
19 to facilitate the organization of volunteer fire departments in an area
20 not in an organized borough or a city. Payment shall be made upon
21 application by the proposed fire protection group to the department and
22 approval of the application according to standards of organization and
23 service prescribed by regulations promulgated by the department.

24 Sec. 43.17.060. AREA COST-OF-LIVING DIFFERENTIAL. (a) State
25 payments under this chapter shall reflect area cost-of-living differ-
26 ential. Amounts distributed shall be based upon the sum of the grants
27 due multiplied by the appropriate area cost-of-living differential. The
28 area cost-of-living differential shall be determined annually by elec-
29 tion district under the provisions of AS 39.27.030; however, the area

1 cost-of-living differential to be applied shall not result in an amount
2 to be distributed less than the base allocation.

3 (b) The election districts used in (a) of this section are those
4 designated by the proclamation of reapportionment and redistricting of
5 December 7, 1961, and retained for the house of representatives by
6 proclamation of the governor September 3, 1965.

7 Sec. 43.17.070. FINANCIAL REPORTS. No final payment may be
8 distributed to a municipality under this chapter unless that munici-
9 pality first submits to the department (1) a financial report for each
10 of the two fiscal years immediately preceding the fiscal year in which
11 funds are to be distributed; and (2) a budget for the municipality's
12 fiscal year in which funds are to be distributed. The department may,
13 by regulation, prescribe procedures and filing dates for submitting
14 financial reports and for obtaining all information required to deter-
15 mine the municipality's tax effort.

16 Sec. 43.17.080. POPULATION DETERMINATION. For purposes of this
17 chapter, population shall be determined by the latest figures of the
18 United States Bureau of the Census, Department of Labor estimates or
19 other population data which, in the judgment of the department, is
20 reliable. However, a municipality may not receive state shared revenue
21 based on the population residing on that portion of a military reser-
22 vation annexed to a city or borough after January 1, 1973, except as
23 provided in this section. If a military reservation is located within a
24 city or borough, the city or borough is limited in its entitlement to
25 state shared revenue under this chapter, based on the population re-
26 siding on the reservation, as follows: 50 per cent of the amount paid
27 per capita for police protection; 25 per cent of the amount paid per
28 capita for parks and recreation; 50 per cent of the amount paid per
29 capita for mass transit; 50 per cent of the amount paid per capita for

1 water pollution; and 50 per cent of the amount paid per capita for air
2 pollution.

3 Sec. 43.17.090. ADDITIONAL LIMET. In addition to the limitations
4 on expenditure of funds contained in sec. 40 of this chapter:

5 (1) if a borough exercises the powers in sec. 30(a)(1) of
6 this chapter in the borough area outside cities only, or in a service
7 area only, the grants authorized under this section shall be based on
8 the population of the borough area outside cities or the service area
9 respectively;

10 (2) if a city within an organized borough provides police
11 protection services, the borough may not qualify for aid under sec.
12 30(a)(1)(A) of this chapter unless

13 (A) police protection services are provided in the
14 borough area outside cities, or if limited to a service area, in
15 the service area, through borough contract with a city or with the
16 state or

17 (B) the borough assumes and exercises power to provide
18 police protection services on an areawide basis in the manner
19 provided by law.

20 Sec. 43.17.100. ROAD MAINTENANCE. (a) During each fiscal year the
21 state shall pay to a city or organized borough which has and exercises
22 power to provide road maintenance \$1500 a mile for each mile of road,
23 street, or highway maintained by that local government. No payment may
24 be made for

25 (1) the official state highway system;

26 (2) roads, streets, or highways not dedicated to a public
27 use;

28 (3) roads, streets or highways maintained under the local
29 services road program;