

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBCOMMITTEE

400 SCOM10: LOCAL GOVERNMENT STUDY 1979

administrative office, and planning office, the borough today includes eight departments. The borough's first budget amounted to about \$500,000 while that for the 1977-78 fiscal year totalled over \$35 million.

This geometric increase in size of the borough bureaucracy has complicated intra-borough communication. Directors are sometimes not apprised of parallel developments in sister departments. Borough personnel sometimes learn about "borough policy" only after it has been articulated by the mayor. Thus, the growth in the size and complexity of the borough has not been matched by a tightening of the borough as an organization. In the words of one informant, the borough governs from "crisis to crisis," unable to pull its disparate functions into a unified structure to plan and act coherently. The training of borough personnel is also at issue. To date, no pre-service or in-service training programs have been developed for technical or managerial personnel, and the narrow circle from which employees are drawn puts natural limits on the manpower pool.

Another problem since borough formation has been the employment of Whites as staff directors and consultants. Lacking individuals qualified in specialized functional areas, the borough in 1972 had no choice but to seek Whites as department directors and key staff members. While some Native leaders hope the borough will soon have an "all Native" administration, relatively few Native employees have been trained to assume directorships and other leadership roles in the department structure.

To date, however, few complaints about the borough administration have come from the non-elite members of the North Slope community. And most of the criticism must be balanced by recognition of the obvious fact that the borough is not a normal government bureaucracy operating in a settled political environment.

Representation of Interests

Does the borough represent the people and enhance the control they exercise over their lives? If we apply textbook notions of democratic representation, we would need to answer that it does not.

First, villages outside of Barrow are not always represented in the political decision making of the borough. Instead of using separate districts for selecting assemblymen, they are elected at-large. This has resulted in the election of assemblies that overrepresent Barrow and underrepresent the remainder of the North Slope villages. In fact, for more than one year, no representative from any of the other villages held a seat on the assembly. Each village is represented on borough commissions--History and Culture, Planning, Fish and Game, and Health--but the effectiveness of these delegates varies considerably. Each village has a coordinator who was to have been an intermediary between borough and resident. This system broke down soon after it was initiated, and it has not been redesigned. To gain representation, then, village residents have needed to charter planes to Barrow and appear at special or regular assembly meetings. Their need to do so implies that the assembly and administration sometimes overlook village interests.

Representation in borough government of organized interests on the North Slope is more complex. Officials of the Arctic Slope Regional Corporation (ASRC) dominate the borough assembly, but they have limited influence on the administration. The borough has a "strong mayor" form of government in that the mayor is the undisputed master of the executive agencies of government and has substantial legislative powers in the form of budget making and opportunity to propose ordinances; thus, the ASRC influence is muted. Although ASRC members of the assembly vote as a bloc on budgetary issues and can force

confrontations, they rarely have disapproved of administration proposals. The major tax payers of the borough--the oil companies and industries at Prudhoe Bay--are not represented in either the assembly or the borough administration. While this violates some tenets of representative government, the adversary relationship between the borough and the oil companies (registered through a six year history of law suits) provides oil industry interests the functional equivalent of representation in decision making.

Natives as individuals are represented in the borough--although this requires that they become personally active. The mayor and borough administrators have an "open-door" policy toward residents and appear seriously concerned with their welfare. The borough population is not yet so large that this mechanism cannot work to represent diverse interests. Its defect is that it rewards primarily the self-confident and poised.

The borough government's legitimacy rests most soundly on what could be called "traditional representation." Most people appear to feel that the borough government and particularly the mayor are actively-representing their interests. The mayor has a sense of vision of community needs, wants, and aspirations which he expresses cogently and persuasively within the administration and assembly, and aggressively in negotiations with state and federal agencies.

While it cannot be said that individual residents of the North Slope invariably have an input into political decision making, it does seem safe to say that Eskimo interests collectively are represented and that the borough is very responsive to them. This makes the North Slope Borough qualitatively superior to any "government" Alaska Natives have ever had.

Endnotes

1. Tundra Times, 25 October 1968.
2. Tundra Times, 28 February 1969.
3. Tundra Times, 28 March 1969.
4. Ibid.
5. Tundra Times, 23 January 1970.
6. See Thomas A. Morehouse and Victor Fischer, Borough Government in Alaska (Fairbanks: Institute of Social, Economic and Government Research 1971), pp. 66-83.
7. State of Alaska, Governor's Office, Local Boundary Commission, "Hearings on the Proposal to Create a First Class North Slope Borough," Barrow, December 2 and 3, 1971, pp. 3-11.
8. Tundra Times, 28 June 1972.
9. See Richard W. Garnett, III, "Equalization of Local Government Revenues in Alaska" (Fairbanks: Institute of Social, Economic and Government Research, Occasional Papers No. 9, January 1973).
10. Tundra Times, 2 February 1972.
11. State of Alaska, Governor's Office, Local Boundary Commission, "Decisional Hearing," Anchorage, February 23-25, 1972, Tape 3, side 2.
12. State of Alaska, "Report of the Attorney General to the Local Boundary Commission," on North Slope Borough Petition for Incorporation as a Borough of the First Class, February 1972, p. 3. Also see Garnett, "Equalization of Local Government Revenues in Alaska," p. 16.
13. Tundra Times, 29 March 1972.
14. Local Boundary Commission, Barrow "Hearings," pp. 14-17. Also see David H. Getches, "The North Slope Borough, Oil, and the Future of Local Government in Alaska," UCLA-Alaska Law Review, Vol. 3, No. 1 (Fall, 1973), pp. 55-84, for a comprehensive discussion of the oil companies' opposition to borough incorporation on the North Slope.
15. Local Boundary Commission, Anchorage "Decisional Hearings," Tape 1, side 1.
16. Ibid., Tape 3, side 2.
17. Mobil Oil Corporation et al., appellants, v. Local Boundary Commission of the State of Alaska et al., appellees, No. 1947, filed 29 May 1973.
18. Appellants' Brief, p. 34.

19. Local Boundary Commission, Anchorage "Decisional Hearings," Tape 5, side 1.
20. Provisions for home rule are found in two sections of Article X (local Government), The Constitution of the State of Alaska:

SECTION 9. The qualified voters of any borough of the first class or city of the first class may adopt, amend, or repeal a home rule charter in a manner provided by law. In the absence of such legislation, the governing body of a borough or city of the first class shall provide the procedure for the preparation and adoption or rejection of the charter. All charters, or parts or amendments of charters, shall be submitted to the qualified voters of the borough or city, and shall become effective if approved by a majority of those who vote on the specific question.

SECTION 11. A home rule borough or city may exercise all legislative powers not prohibited by law or by charter.

These home rule provisions were designed to circumvent court limitations on the powers of local governments. Although the Alaska Supreme Court initially ruled out provisions of some home rule charters, in recent years the court has approved local legislation under home rule which does not contradict expressly state statutes.

21. See Minutes, Home Rule Charter Commission, 8 March 1973.
22. Letter from Eben Hopson, North Slope Borough Mayor, to Jacob Adams, Barrow Mayor, 29 January 1976.
23. Eben Hopson, "Warning to the People of the Canadian Arctic," Testimony before the Berger Inquiry, 21 September 1976; also memorandum from Charles Cranston to Mayor Hopson, 3 February 1978.
24. Hopson, "Warning to the People of the Canadian Arctic," pp. 11-12.
25. "Stipulation and Settlement Agreement" between the North Slope Borough and oil and gas leaseholders and property owners, 27 August 1974.
26. See Hearings on Oversight of the Administration of the Alaska Claims Settlement Act, Subcommittee on Fisheries and Wildlife Conservation, Committee on Merchant Marine and Fisheries, U.S. Congressional House (93rd Congress, 2nd Session, 4-6 June 1974).
27. Minutes, North Slope Borough Assembly, 23 August 1975.
28. Correspondence, North Slope Borough reading file, September-December 1976.
29. North Slope Borough, Arctic Coastal Zone Management Newsletter, 6 September 1977.
30. North Slope Borough, Capital Improvements Program, May 1974.

31. North Slope Borough, Amendments, Capital Improvements Program, April 1977.
32. North Slope Population Survey, conducted by the Institute of Social and Economic Research, October-December 1977.

CHAPTER VII. CONCLUSIONS

We have traced changes in rural Native Alaska from the granting of statehood in 1959 to 1978, almost a twenty-year period during which the U.S. and Alaska have passed into a new political generation. The central theme of this analysis has been the development of Native self-government. Initially, we specified four measures of self-government: 1) the development of Native political, social, and economic structures which pursue Native goals; 2) increased Native participation in local, state, and federal government programs affecting them and Native influence on program goals; 3) development of economic security and a capability to protect Native cultural and environmental values; and 4) altered Native perceptions, reflecting belief in greater control over individual and community life. We now summarize our findings on these four measures and assess the changing value of Native identity as Alaska Natives achieve some measure of self-rule.

Structural Development and Adaptation

Within a decade of statehood, a dozen Native regional associations had formed and begun to work together in a statewide federation. The associations developed to protect Native interests in land; during the land claims movement, these associations for concentrated, dynamic political action became truly multi-functional organizations with a broad range of interests.

Upon reaching their goals in the Alaska Native Claims Settlement Act of 1971 (ANCSA), Native associations did not wither away. Instead, these loosely structured socio-political-economic associations divided on the basis of primary function. ANCSA provided for the formation of twelve Native regional for-

profit corporations and over 200 village corporations. In each of the Native regions, a new economic corporation was formed with a defined economic purpose: making money. And these regional business corporations in turn aided the formation of corporations in rural Alaska Native villages.

While economic in form and purpose, the Native corporations have also gained new political influence in their regions. They control current and potential resources that are of overwhelming importance to their communities; many of their officers were the regional association leaders during the land claims movement. In fact, in all Native regions of the state except the North Slope, the regional corporation has become the premier political organization for Natives.

The parent Native regional associations were, for a time, in danger of succumbing for want of resources to exercise their social service functions. However, the federal decentralization of Indian programs gave them the opportunity to contract directly for Indian funds, and many associations have also received grants-in-aid from federal and state agencies and grants from private foundations. Too, several associations have received support from the new regional economic corporations. These developments have enabled the non-profit associations to fund health and social service programs in their regions and to exercise political roles as quasi-governments. Another Native-controlled social and political structure, the Regional Education Attendance Area (REAA), is just now developing, and commands significant resources and exercises other political functions in Native-majority areas of the Unorganized Borough.

Of all Native regions in rural Alaska, only the North Slope people have formed a borough government; it is, in fact, unique nationwide, being the only Native-controlled (non-tribal) regional government. The significance of borough

formation on the North Slope is that it has resulted in increased Native power at the regional level. And the regional corporation, which participates in borough government through membership on the borough assembly and interlocking relationships with borough administrators, is a partner of the borough in the enterprise of Inupiat self-government.

Strong regional corporations in other regions--for example, NANA, in collaboration with Mauneluk, the regional non-profit corporation--have developed great influence within their regions as well. But these regions have not yet faced the tremendous pressures of energy development which have hit the North Slope, making comparisons difficult. The borough itself is in its first stage of political development; it has yet to firmly establish its place in the larger political environment and to order and stabilize its relationships with powerful external agencies affecting the borough's fortunes. It has survived to date and, if it were not for the fact of its current heavy dependence on an oil economy of limited life, its prospects would seem very favorable indeed. It is this condition that presents the borough with its greatest long-term challenge.

Most rural Alaska Natives still reside in the Unorganized Borough, and there has not yet been any serious attempt by Native organizations to establish regional governments in that area. The benefits of borough government in Alaska are control over education, resource development, and, more generally, social change in a region. The principal cost is taxation. At present and for the near future, costs seem to outweigh benefits in the eyes of most rural Native leaders.

We have considered the balance of costs and benefits of borough government above, both respecting the North Slope Borough and Native

communities in the Unorganized Borough. In the Unorganized Borough, REAAs funded by the state appear to give Natives greater control over education than they have had previously, and without having to bear the cost burden locally. And in most areas of the Unorganized Borough, there has not yet been any major development of non-renewable resources that would either necessitate a strong regional governmental organization or provide the tax revenues to support it. On the North Slope, on the other hand, control over education was a chief factor motivating creation of the borough (it was formed three years before the advent of the REAAs). Further, current, in-place development of oil and gas resources at Prudhoe Bay, exploratory activity in the National Petroleum Reserve, and plans for the leasing of offshore areas all argue strongly for a government with strong regulatory powers. And Prudhoe Bay in particular provided not only the financial means for borough government and local public education programs, but an unparalleled economic opportunity for the people of the North Slope.

Another issue may, however, eventually force some form of regional governmental development in rural Alaska. This is the issue of statewide property taxation, an issue that has been raised many times since statehood by urban interests which perceive inequities in the present system and increasing property values in untaxed rural areas. The issue is a real and important one, for it concerns the equitability of the distribution of benefits from resource development, which will naturally occur unevenly throughout the state, and the distribution of the costs of education and government services available statewide.

In general, the period since statehood has seen an explosion of organizational development in rural Native communities. These organizations

are Nativecontrolled, and, for the most part, they pursue Native goals. They represent a regionalization and advancement of Native politics and social life which was unimagined before statehood.

Native Participation in Governmental Programs:
Organizational and Individual

For much of their history in White-dominated Alaska, Natives have been treated as wards of the federal government and second-class citizens of their territory and state. We noted the great change in direction and intensity of group participation of Natives--partly inspired by radical departures from paternalism during the anti-poverty campaigns, partly caused by the organization and mobilization of Native leaders and groups to settle land claims. ANCSA did not extinguish all obligations of the federal government to Alaska Natives, but it did engineer a new method of program administration, emphasizing selfdetermination.

The Indian Self-Determination and Education Assistance Act of 1975 (PL 93-638) brought federal paternalism another step closer to an end. Now, "tribal groups"--meaning, in Alaska, almost any Native village or regional association--can contract directly for program funds in health and social services. These programs are still dependent on federal regulations and the vagaries of federal funding, but they represent the most control Natives have had to date over Indian funds. Potentially more significant, regional Native associations have contracted for grants that are given on a non-discriminatory basis--as in housing and economic development.

Regarding programs of the State of Alaska, Native organizations have had somewhat less opportunity to participate. The one very significant exception we noted above was state decentralization of education in the Unorganized Borough.

This has permitted homogeneous Native regions, in most cases discrete sections of regional corporation areas, to have their own school districts, hire and fire teachers, and design curricula; and this has been done without any direct cost to the Native regions concerned.

At the statewide level, Natives have been at a disadvantage if only because they are a minority of the state's population. In 1978, Natives are still twice as likely to reside in rural areas as in cities, but a "bush caucus" operates in the State Legislature and it has developed coalitions with other areas, enabling it to at least hold its own in state policy matters of special concern to Native interests.

Concerning, then, the participation of Native organizations in local, state, and federal programs, our findings are positive. There has been decentralization of federal and state programs to the regional level in rural Alaska, and Native associations (primarily non-profit) have had an impact on them. However, it should be kept in mind that these Native associations lack secure resources to this day.

Our prognosis about individual Native participation in government programs is mixed. We have focused on Native organizations in this study, which naturally leads to a division of individuals into the classes "leader" and "follower." There has been a great expansion in the size of the Native leadership echelon: twenty years ago, there were few leaders with statewide reputations; now many voices compose the elite choir. Furthermore, there has been a subtle change in the character of leadership. The current leaders of Native communities are far better educated, younger, and likely to be more adapted culturally than any previous group of Native leaders in the state. Without attitudinal data, we hesitate to call these leaders "assimilated;" but they do appear to be "marginal

men" with respect to their traditional cultures. These leaders participate actively in program administration and design, and they are influential in regional and statewide politics.

Our negative findings apply to the followership in rural Native Alaska, for Native followers seem for the most part to have been left behind. We do not mean to imply that Native followers fail to participate. In fact, the increased number of organizations operating in Native areas means there is a serious undersupply of active organizational members. More Natives are now participant than at any previous time in Alaska Native history, but this participation is spread across more groups and is thus diluted.

The North Slope Borough case gave us an opportunity to examine this phenomenon. More North Slope Natives now participate in government programs than at any time previously, but this participation is passive. They participate as borough employees and as consumers of government services, becoming active in borough decision making primarily when their employment and service expectations are not met. This particular condition does not clearly distinguish the people of the North Slope from the people of Anchorage or Fairbanks, but the relative prominence of the borough in the lives of North Slope Natives suggests that opportunities and incentives for their participation should be provided in greater degrees as well.

Economic Security and the Protection of Native Values

The Native Land Claims Settlement Act of 1971 seemed a boon for Natives. It settled close to \$1 billion and 40 million acres on them, which promised economic security of a kind not imagined previously. While inflation

has devalued this monetary settlement, the oil and gas discovery at Prudhoe Bay, oil pipeline construction, and the U.S. energy crisis have revalued the settlement in land in many parts of rural Alaska.

Native for-profit corporations have been the chief vector for development of economic security in Native communities. Some Native regional corporations have so far failed to make profits; a few small village corporations, in particular, have made serious errors in investments and have lost assets. The mistakes made by corporations have not been entirely the mistakes of Native decision makers, for many Native corporations have lacked trained managers and have been heavily reliant on White expertise. The maturity and sophistication of Native corporation leaders is evidenced in their recognition that economic self-determination is an arduous process with no easy routes to success.

ANCSA has not made Natives rich and secure, but it has materially improved the outlook for Native communities—which were once barren of any capital or jobs. There is little doubt that most rural Alaska Natives are better off today than they were twenty years ago. But only on the North Slope has there developed a "full-employment" community where virtually any adult is able to gain employment, and this has been due primarily to a borough government empowered to draw on the Prudhoe Bay tax base.

The future of the land claims settlement is, however, not entirely auspicious. The Native corporations are fiduciary structures, holding land and cash in trust for Native shareholders who cannot alienate stock until 1992. At that time, they must of necessity compete with large non-Native corporations which increasingly have come to dominate the capital sector in Alaska. Most important, the land for which rural Alaska Natives have fought such a long

campaign may come into the open market, up for sale to the highest bidders. Stockholders in some regional corporations are already anxious to increase the size of short-term rewards at the cost of permanent gains. To preserve and expand the value of their capital in land, Alaska Natives must now learn to play an entirely new game.

There is, of course, an ambivalent relationship between the development of economic security and the protection of Native values in their culture and environment. The economic corporations possess resources that can be used to protect subsistence values--aboriginal hunting and fishing and the values, norms, and rituals that go with it. Work on the borough capital improvements program on the North Slope has provided subsistence hunters with the resources, for instance, to buy new equipment to outfit a whaling crew. But the relationship is not, by nature, a direct and positive one; in fact, it seems equally likely that it will be contradictory: capitalist development in Native communities will conflict with subsistence (and environmental) protection. This contradiction has already appeared in relations between borough and regional corporation on the North Slope.

Native Perceptions of Self and Community Control

We lack data on the impact of the land claims movement and ANCSA on the attitudes of leaders and followers in Native communities. But it is our impression that there has been an increase in the sense of power over one's environment, an enhanced efficacy of Native individuals and groups.

Native members of village and regional corporations can now influence the direction of investment and corporation policy in their area. Proxy battles and shareholder participation provide some evidence of this development, as does the

increased pattern of Native political participation (in local, state, and national elections) since statehood. There seems, too, to have been impressive gains in feelings of self-respect and confidence. Two examples may capture these changed perceptions and feelings:

A young Eskimo woman, born in Kotzebue but now resident in Barrow, describes how happy she is to be leaving the North Slope:

"I couldn't wait to get out. ...The place is so isolated. ...There's so much money there and yet things don't work...like the toilets at the airport and hotel have been stopped up for months. ...But there's a different kind of feeling there. I don't speak Inupiaq at all, my mother never taught it to me, but, there, many of the young people speak it. And it's so political. ...But you know, one thing about Barrow that you don't see anywhere else in the state (and I've been in a lot of villages) is that the Eskimos run it. It's their town and their region.

And a regional planner, expecting to find that people would resent the large number of Whites who have come into the North Slope since oil and gas development, was surprised that the people she interviewed were not seriously disturbed by the influx:

They see more Tanniks (Whites) now than before, and its bothers them, of course. But they think Tannik-Eskimo relations are better. ...Now, you see, Whites aren't always the bosses...and they feel they have more of a say.

These examples come from the North Slope and are probably not very representative of Native perceptions elsewhere. But to suggest that such changes have occurred even in one part of rural Native Alaska augurs well for the future of Alaska Native self-government.

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SCOMM

10:73

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

Introduced: 3/7/78
Referred: Community & Regional
Affairs and Finance

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 HOUSE BILL NO. 874

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to a study of provision of local
7 government services in the unorganized borough."

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

9 * Section 1. FINDINGS. (a) Article X of the Constitution of the State
10 of Alaska provides for local government in the state. It states: "The
11 purpose of this article is to provide for maximum local government with a
12 minimum of local government units, and to prevent duplication of tax-levying
13 jurisdictions." It also establishes a local boundary commission and requires
14 establishment in the executive branch of the state government of an agency to
15 advise and assist local government.

16 (b) The constitution became operative on January 3, 1959. Although
17 boroughs have been established in certain areas of the state and cities exist
18 in the unorganized borough, the purpose of the local government article has
19 not otherwise been implemented, leaving large areas of the state without
20 functioning local governments. As a result of the need for services and
21 desirability for local control of provision of these services, single purpose
22 agencies funded entirely by the state have been created to fill the vacuum.
23 These agencies sometimes have overlapping boundaries thereby diluting
24 responsiveness to the public.

25 (c) The factual basis for more fully implementing the constitutional
26 mandate is not available. A study by the Local Boundary Commission, aided by
27 the Department of Community and Regional Affairs and an advisory committee
28 with public participation, would provide needed data.

29 * Sec. 2. STUDY. The Local Boundary Commission shall conduct a study on

1 provision of local government services in the unorganized borough. The study
2 shall consider

3 (1) whether there are areas which should be incorporated as local
4 government units;

5 (2) whether there are areas that should be annexed to existing
6 local government unit

7 (3) whether there are areas which should be established by the
8 legislature as service areas, and, if so, what services should be provided to
9 each area;

10 (4) whether the legislature should consider establishing new
11 classes of local government in the state, or should make changes in existing
12 forms;

13 (5) methods of financing newly created local government units from
14 both state and local finances;

15 (6) other matters the commission considers relevant.

16 * Sec. 3. STAFF SUPPORT. The Department of Community and Regional
17 Affairs shall provide staff services to the Local Boundary Commission for
18 performance of the study, but the commission may, within appropriations
19 available for the purpose, contract with other persons for development of
20 data or recommendations on specific matters.

21 * Sec. 4. ADVISORY COMMITTEE. An advisory committee to the Local Bound-
22 ary Commission for the study is established. The committee is composed of
23 the chairmen of the senate and house community and regional affairs commit-
24 tees, three members who reside in the unorganized borough outside cities, two
25 members representing municipalities in the unorganized borough, one member
26 representing school boards in borough or city school districts in the unor-
27 ganized borough, and one member representing school boards in regional edu-
28 cational attendance areas. The committee shall elect its own chairman. The
29 committee shall review recommendations proposed by the commission, comment to

1 the commission on each proposed recommendation, and perform other duties as
2 assigned by the Local Boundary Commission.

3 * Sec. 5. PUBLIC HEARING. The Local Boundary Commission in conjunction
4 with the advisory committee shall hold public hearings within the unorganized
5 borough. At least one hearing shall be held in each judicial district of the
6 state and other hearings may be held at the discretion of the commission.

7 * Sec. 6. REPORT. The Local Boundary Commission shall prepare a final
8 report with findings and recommendations and submit the report and recommen-
9 dations to the governor and, through the Legislative Council, to the legis-
10 lature on or before September 1, 1979.

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THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

*File
local gov. Comm.*

I. REQUEST

Bill/Resolution No. HB 874

Title "An Act relating to a study of provision of local government services..."

Requested by House Community & Regional Affairs Date 3/7/78

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs

Program Category Affected Development

Budget Request Unit(s) Affected Local Boundary Commission

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL			*	*		

FUNDING (Thousands of Dollars)

GENERAL FUND			*	*		
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

*The Department of Community and Regional Affairs has not estimated the cost of this bill because the Local Boundary Commission has not had an opportunity to review and comment on it.

IV. DATE 3/14/78

PREPARED BY Bruce Aronson *Bruce Aronson*

AGENCY Community & Regional Affairs

PHONE 465-4707

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

M E M O R A N D U M

TO: The Honorable Jay S. Hammond
Governor

FROM: Avrum M. Gross
Attorney General

RE: Attached bill for establishment of a local government
study commission
Our File: J-77-015-78

Attached is a draft bill to establish a local government study commission. The bill is described in greater detail in the following draft transmittal letter:

DRAFT

Under the authority of art. III, Sec. 18, of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill to establish a temporary local government study commission in the Department of Community and Regional Affairs.

The study commission, which will include the chairmen of the community and regional affairs committees, is intended to be a blue-ribbon panel, the task of which will be to make a thorough, two-year study and analysis of all aspects of local government in Alaska and to make specific recommendations for change.

Ours is a strong tradition of local self-government. We have consistently sought to achieve our constitutionally stated goal of maximum local self-government with a minimum of local government units. The study commission's goal will be to see if we can do even better ^{and} to bring us specific recommendations toward that end.

The proposed bill has the Department of Community and Regional Affairs top priority. I urge its favorable consideration.

Sincerely,

Jay S. Hammond
Governor

ANG:pjg:RWP

File in
HB 585 File
(Local Gov. Comm.)

Rural Alaska Community Action Program, Inc.

January 24, 1978

Honorable Lisa Rudd, Chairperson,
House Community & Regional Affairs Committee
Pouch V
Juneau, Alaska 99811

Re: HB 585, "An act establishing a local government study commission; and providing for an effective date."

Dear Lisa:

We have noted with interest the initiative of the Administration in submitting this bill for legislative consideration. Rural CAP has been interested in the establishment of effective and responsive local and regional governments in the Unorganized Borough for years.

As you may recall, the basic idea of a "Local Government Study Commission" was first introduced in the spring of 1975 (SB 136). At that time, proponents of the idea were looking for some method to create appropriate regional governments in the Unorganized Borough to assume the educational powers which, at the time, were being exercised by the Alaska State Operated School System. In the First Session of the Ninth Legislature, HB 35 was passed, regionalizing the ASOSS into the present configuration of 21 REAA's. This action effectively mooted the primary necessity (as it was seen at that time) for the passage of SB 136.

In working on the concepts embodied in the original version of SB 136, this organization, AFN, the Citizens' Participation Conference, and other rural residents and organizations generally agreed that some needed changes were indicated, to wit:

1. Control of the Commission should be more in the hands of officials who reside in the Unorganized Borough, in order to obviate the tendency to merely recommend that the status quo be extended to include the Unorganized Borough.
2. Also, it was felt that some form of "incentive grant" should be provided to local and regional groups who wanted to study the creation of local government on their own terms. Accordingly, through the initiative of Senators Sackett and Ferguson, the bill was amended to authorize up to \$250,000 for the incentive grants program.

As indicated above, the Legislature decentralized ASSOSS and effectively mooted the perceived need for this Commission. Also, at that time, the Administration was not supportive of SB 136 (either as originally submitted, or as amended to include the grant program). In light of these two factors, the bill died when the Ninth Legislature adjourned in the Summer of 1976.

I believe that one of the things that has generally been overlooked in the debate surrounding the creation of regional governments in the unorganized borough is that there are a wide variety of government services which are demonstrably best conducted by a regional structure (whether that be government, a non-profit corporation, an REAA or whatever). Merely decentralizing the educational function throughout the State did not solve the myriad governmental problems experienced in rural Alaska. Among these are such things as coastal zone management, planning and zoning functions, local taxation, localization of the A-95 Clearinghouse procedure etc. All of these functions are most appropriately handled at a local or regional level.

Our position on HB 585, therefore, is that it is a good step in the right direction. However, we would again request that the membership on the council be expanded to include more residents of the Unorganized Borough. As well, I believe that it is most important that the incentive grants program be reinserted into the bill. As you well know, no local government is going to succeed unless and until the people who are to be governed agree that the form and structure of the government is appropriate to their needs. I am quite concerned that, if HB 585 is passed in its present form, the Commission (staffed by the Department of Community and Regional Affairs) will merely recommend minor adjustments to Title XXIX, submit their recommendations to the Legislature, and thereby impose a form of regional government on the Bush which is neither appropriate, needed, nor wanted.

The time has most certainly come to "turn the process around." If the Legislature were to create an incentive grants program, and give state-wide control of the program to a structure in which a reasonable amount of control were granted to residents of the Unorganized Borough, then local people, acting through their local and regional organizations, could request funding for a study, identify and hire their own staff to conduct the study, and have ultimate "sign-off" on the recommendation presented to the Legislature. I believe that this process would be more effective because it would provide the Legislature with recommendations more closely attuned to the wishes of local people.

In my opinion, one of the main reasons that most of Alaska's land mass is presently "unorganized" is that the present Title XXIX is simply inappropriate to rural Alaskan governmental needs. Although the passage of the "Third Class Borough Bill" during the last session of the Legislature presented a few more options for rural residents, the Administration has done virtually nothing to implement either the mandate or the intent of that piece of legislation. Therefore, I suggest that the time has come to put the process into the hands of the people and to permit them to conduct their own studies, come up with their own recommendations, and live by their own decisions.

Honorable Lisa Rudd
January 24, 1978
Page Three

Please excuse this rather hasty analysis. Due to time constraints, I haven't had the opportunity to present a well-documented and researched set of recommendations. Neither have I yet had an opportunity to discuss this issue, in depth, with rural residents. Be assured that, as those opportunities present themselves, we'll be in touch.

Finally, I would request that your Committee take no final action on the bill until its merits are discussed at the Citizens' Participation Conference. As you know, the CPC is scheduled to meet in Juneau on the 23, 24 and 25 of February; and local government issues will be on the agenda.

Thank you very much for your consideration of these remarks.

Sincerely,



Phil Smith,
Executive Director

cc: Palmer McCarter, Director, Division of Local Government Affairs
Department of Community and Regional Affairs

Ross Soboleff, Rural CAP Legislative Liaison

PS/jw

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 585

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a local government study com-
7 mission; and providing for an effective date."

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

9 * Section 1. LOCAL GOVERNMENT STUDY COMMISSION. There is established
10 in the Department of Community and Regional Affairs a temporary local gov-
11 ernment study commission.

12 * Sec. 2. MEMBERSHIP OF COMMISSION. The commission has the following
13 members:

14 (1) the commissioner of community and regional affairs or his
15 designee;

16 (2) the chairman of the senate community and regional affairs
17 committee;

18 (3) the chairman of the house community and regional affairs
19 committee;

20 (4) four municipal officials appointed by the governor, one of
21 whom must be from an organized borough or unified municipality, one from a
22 first-class or home rule city located within an organized borough, and two
23 from cities located within the unorganized borough;

24 (5) two residents of the unorganized borough, outside cities,
25 appointed by the governor.

26 * Sec. 3. POWERS AND DUTIES OF THE COMMISSION. (a) The commission
27 shall make recommendations to the governor and the legislature concerning
28 the sufficiency of the existing local government structure and measures by
29 which it may be improved, and toward that end, it shall

1 (1) study and evaluate existing and alternative means of local
2 government finance;

3 (2) study and evaluate the differences between ^{planning} governmental
4 services and burdens in organized boroughs and the unorganized borough;

5 (3) study and evaluate the relationships between the state and
6 ^{sub-committee} local governments;

7 (4) study and evaluate existing and alternative local government
8 structures;

9 (5) hold public hearings in organized boroughs, cities and the
10 unorganized borough;

11 (6) after one year of study, submit an interim report to the
12 governor and the legislature;

13 (7) after two years of study, submit a final report with find-
14 ings and recommendations to the governor and the legislature.

15 (b) In exercising its powers and fulfilling its responsibilities, the
16 commission may:

17 (1) establish sub-committees to study each of the subjects set
18 out in (a)(1) through (4) of this section;

19 (2) contract through the Department of Community and Regional
20 Affairs for the professional services it considers necessary to prepare its
21 final report.

22 * Sec. 4. DISSOLUTION OF COMMISSION. After presenting its final re-
23 port, the commission is dissolved.

24 * Sec. 5. STAFF. The Department of Community and Regional Affairs
25 through the division of local government assistance shall provide the staff
26 for the commission.

27 * Sec. 6. EFFECTIVE DATE. This Act takes effect July 1, 1978.
28
29

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 585

Title "An Act creating a local government commission"...

Requested by Office of the Governor

Date 11/29/77

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs

Program Category Affected Development

Budget Request Unit(s) Affected Local Government Assistance Division

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES			157.6	167.1		
200 TRAVEL			24.0	25.4		
300 CONTRACTUAL			17.8	218.9		
400 COMMODITIES			2.0	2.1		
500 EQUIPMENT			3.5			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL			204.9	413.5		

FUNDING (Thousands of Dollars)

GENERAL FUND			204.9	413.5		
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME			6	6		
PART TIME						
TEMPORARY						

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

- Six staff members would be employed for the duration of the commission's existence. The staff members would include:
 - One Local Government Specialist IV (Range 19) - supervises, coordinates and directs other staff members, advises commission on fiscal and legal matters of existing and future local governments, completes analysis of data and provides recommendations, responsible for technical reports and public information materials and is responsible for conduct of public hearings. (Monthly Salary (\$2,322) + benefits (\$578) x 12 months = \$34,800)
 - Four Local Government Specialists II (Range 15) - will investigate and collect data on the existing local government's fiscal capacity, intergovernmental relationships, alternative local government structures, draft reports, etc. (Monthly Salary (\$1,727) + benefits (\$475) x 12 months x 4 = \$105,712)
 - One Clerk Typist III (Range 8) - responsible for typing of reports, correspondence, filing and miscellaneous duties. (Monthly Salary (\$1,092) + benefits (\$337) x 12 months = \$17,143)

IV. DATE 11/29/77

PREPARED BY Bruce Aronson
AGENCY Department of Community and Regional Affairs

Original: Legislative Finance

PHONE 465-4700

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Total Personal Services

2. Travel has been computed as follows:

= 9 commission members plus one staff member x average cost per trip per person
(includes per diem) x eight trips per annum $10 \times \$300 \times 8 = \$24,000$

Total Travel \$24,000

3. Contractual expenses have been computed as follows:

A. Telephone - 6 phones @ \$35/month x 12 months = \$ 2,520
- long distance = 2,000

B. Rent - 650 square feet x \$1.25 per square foot per month x 12 months = 9,750

C. Postage, printing, advertising of hearings and miscellaneous 3,500

Total Contractual \$17,770

During the second fiscal year, in-depth reports by private consultants on selected topics will require an additional \$200,000.

4. Commodities - office supplies, etc. \$2,000

Total Commodities \$ 2,000

5. Equipment - six desks and chairs, filing cabinets and one typewriter \$3,476

\$ 3,476

6. Inflation will be approximately six percent per year.

Total First Year Expenses \$204,901

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

DPDP Head
Grant Proposal
Sally Rue / Dona Lila

During FY 79, the division will continue its involvement, begun this year, in state telecommunications issues. There are a variety of important activities presently underway in the telecommunications arena, including expansion of telephone and television service in rural Alaska, FCC proceedings which are addressing the issue of adequate revenue recovery by the state's telephone companies in order to insure fair and reasonable rates for Alaskans, and Congressional efforts to rewrite the Communications Act of 1934.

The division expects to be involved in analyzing the state's position vis a vis these initiatives and recommending actions designed to achieve the goal of universal service in the state.

100.2 Telecommunications Planning

<u>Source of Funds (\$000)</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>
Non-Federal	3.0	4.0	4.0
701 Federal	6.2	8.2	8.2
Other Federal			
Total	<u>9.2</u>	<u>12.2</u>	<u>12.2</u>

<u>First Year Personnel/Cost Requirements</u>	<u>Months</u>	<u>Cost(\$000)</u>
In-House Staff	2.0	5.9
Other Public Agency		
Consultant/Contractual		
Other Expenses		<u>3.3</u>
Total	<u>2.0</u>	<u>9.2</u>

Program Subcategory 100.3 Regional Planning in the Unorganized Borough *

Objective:

- 1) Establish a uniform regional planning structure in the unorganized borough.

Recently, the state has received a proposal sponsored by the Tanana Chief's Conference to establish six sub-regional planning commissions within what are the boundaries of the Doyon Regional Corporation. While it is the intention of TCC to proceed with this effort, they have requested the Governor designate these commissions as planning advisory councils, pursuant to AS 44.19.880(c).

While the state in conjunction with HUD has undertaken a similar planning effort in the NANA region, that initiative is somewhat different in that the NANA area is within the coastal zone and as such, an existing statutory structure for regional planning exists.

In conjunction with its request to the Administration, the Tanana Chiefs has also sought to have legislation submitted to establish the proposed regional planning commissions, vested with substantial local government powers.

how does this differ from what AS 44.19.880 is doing?

While this local initiative is laudable, it poses questions with significant ramifications, including the relationship of these planning commissions to the activities of federal and state agencies in the region and the relationship of these new entities to existing local governments organized under state law.

The division proposes to work jointly with legislative committees on this issue, and to develop an official policy in regard to regional planning in the unorganized borough and the structure through which sustained local involvement can be obtained.

work w/ DCA or their local planning study

100.3 Regional Planning in the Unorganized Borough

<u>Source of Funds (\$000)</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>
Non-Federal	3.9	4.9	4.9
701 Federal	8.0	10.0	10.0
Other Federal			
Total	<u>11.9</u>	<u>14.9</u>	<u>14.9</u>

<u>First Year Personnel/Cost Requirements</u>	<u>Months</u>	<u>Cost(\$000)</u>
In-House Staff	3.0	6.8
Other Public Agency	<i>DCA?</i>	
Consultant/Contractual	1.0	2.0
Other Expenses		<u>3.1</u>
Total	<u>4.0</u>	<u>11.9</u>

PROGRAM CATEGORY 200.0 Budget Process Development

Objectives:

- 1) to provide goals, objectives, and policies for the coordination of state financial resources and state administered federal resources;
- 2) to produce information about the state's budget that will be of use to Alaska's citizens in evaluating the services provided by state agencies;
- 3) to modify the current budget process, making it more directly responsive to the needs of Alaska's citizens.

Problem Statement

The current state budget process is viewed as cumbersome with several steps being superfluous as a result of arbitrary decisions made by the executive and legislative branches. While modifications have been implemented over the past several years, the process has not yet successfully dealt with the problem of establishing agencies'

PROGRAM CATEGORY

400.0

Service Delivery
Patterns in Alaska

*

Objectives:

- 1) develop an information base on service delivery patterns in Alaska.

but what is goal? to assess quality of service delivery? to regionalize
Information on where services are delivered, where they are lacking, and how they can be delivered more effectively and efficiently is needed. *St. Gov. by identifying*
 There is a wide variation in the services offered in rural and urban Alaska, and often some of the most basic services or facilities which most Americans take for granted are non-existent in rural villages. Most of the villages are not connected to urban, or even rural centers by road or even water. This makes air transportation the only link to necessary goods and services. It also often makes them prohibitively expensive. Information on individual types of services, such as health care or education, is often available, but there has been no comprehensive evaluation of the entire range of services and relative levels of distress created because of inequitable service delivery.

There are many uses for such a comprehensive data base, including state budgeting, capital improvements programming, economic development planning, regional planning (health, transportation, education, economic development, resource management, communications, energy development), impact analyses and decisions on allocation of state and federal assistance resources. The conclusions drawn from this study should assist the state in directing services to communities where they are most needed and in identifying regional centers where services may be grouped to provide more cost-efficient and effective service.

The proposed program for FY 79 will consist of the following elements, to be accomplished generally in the following order:

- 1) Literature Survey

This element will entail a search of current literature on regional planning and analysis, specifically including central place theory in order to assure use of state-of-the-art methods.

- 2) Inventory of Services and Facilities

This information will be gathered where possible from existing inventories of various categories of services and facilities. Where it does not exist, it will be necessary to collect it directly. The following services and facilities will be inventoried:

- a) transportation services and facilities, accessibility; DOT
- b) communication services and facilities; DOT
- c) health, education services and facilities; HSS, DOE
- d) commercial services and facilities; CPO
- e) general government services and facilities; DPO, DOT, Admin
- f) energy and power services and facilities; EDO
- g) water, sewer, and other public services and facilities; and DFL, CKA
- h) population distribution and projections. DOL

3) Evaluation and Analysis

Once the inventory information is collected, it must be evaluated and analyzed to be useful to decisionmakers. For instance, a hierarchy of regional and subregional centers may become apparent which will enable consolidation of state facilities and services. If a multitude of inconsistent service areas is identified, the information will enable the state to make a rational decision on whether to maintain them or to redesign them if it will provide more effective services at more efficient costs.

4) Mapping

Inventory information will be mapped so that it can be easily used by state and federal agencies, local communities and others to whom it will be of use.

5) Periodic Update

A system of periodically updating the inventory will be devised so that it will be of continuing use rather than a one-time effort.

6) Decisionmaking

Existing decisionmaking processes will be analyzed to determine how they may best incorporate service delivery pattern information.

400.0 Study of Service Delivery Patterns

<u>Source of Funds (\$000)</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>
Non-Federal	9.3	10.3	10.3
701 Federal	18.5	20.5	20.5
Other Federal			
Total	<u>27.8</u>	<u>30.8</u>	<u>30.8</u>

<u>First Year Personnel/Cost Requirements</u>	<u>Months</u>	<u>Cost(4000)</u>
In-House Staff	6.0	17.7
Other Public Agency		
Consultant/Contractual	1.0	3.1
Other Expenses		<u>7.0</u>
Total	<u>7.0</u>	<u>27.8</u>

PROGRAM CATEGORY

500.0

Index on the Status of AlaskaObjective:

- 1) analyze and make recommendations on the feasibility of establishing a periodic index on the status of Alaska,

Original sponsor: Gardiner

Offered: 5/1/79

*See p. 2
re previous version*

1 IN THE HOUSE

BY THE FREE CONFERENCE COMMITTEE

2 FREE CONFERENCE CS FOR HOUSE BILL NO. 359

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to salmon enhancement."

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

8 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

9 (1) efficiently enhancing the salmon fisheries will result in a
10 substantial contribution to increased food production and is an appropriate
11 use of the resource;

12 (2) efficiently enhancing the common property salmon fisheries
13 will result in a general benefit to the state and in a greater direct benefit
14 to the commercial, subsistence, and sport fisheries;

15 (3) a direct economic benefit to the commercial fisheries results
16 from efficient salmon enhancement and includes enhanced economic return to
17 those persons commercially harvesting the resource;

18 (4) efficient salmon enhancement will result in increased economic
19 benefit to the coastal and interior regions of the state;

20 (5) regional user involvement in salmon enhancement planning and
21 production will promote maximum benefit to the users as well as maximum
22 resource protection;

23 (6) fisheries commerce in the coastal and interior regions of the
24 state overlap many local government boundaries, is not tied to local govern-
25 ment boundaries, and is primarily in the unorganized borough;

26 (7) it is impracticable for the framework of local government in
27 the state to be the vehicle for efficient aquaculture development;

28 (8) regional organizations comprised of user groups will effec-
29 tively promote aquaculture development in the state;

1 (9) the most equitable and nondiscriminatory method for providing
2 revenues for regional salmon enhancement is to authorize regional associa-
3 tions to assess percentage royalty shares against those persons commercially
4 harvesting the resource within the region.

5 (b) It is the purpose of AS 16.10.375 - 16.10.620 to provide for con-
6 tinuing efficient aquaculture development in the coastal and interior regions
7 of the state in a manner which equally affects and benefits all persons
8 similarly situated and to encourage the development of small, private, non-
9 profit hatcheries that may provide important benefits to the state through
10 increased employment, educational training, and research opportunities.

11 * Sec. 2. AS 16.10.380 is amended by adding a new subsection to read:

12 (c) A qualified regional association, when it becomes a nonprofit
13 corporation under AS 10.20, is established as a service area in the
14 unorganized borough under AS 29.03.020 for the purpose of providing
15 salmon enhancement services.

16 * Sec. 3. AS 16.10.440(b) is amended to read:

17 (b) The Board of Fisheries may, after the issuance of a permit by
18 the commissioner, amend by regulation adopted in accordance with the
19 Administrative Procedure Act (AS 44.62), the terms of the permit re-
20 lating to the source and number of salmon eggs, the harvest of fish by
21 hatchery operators, and the specific locations designated by the depart-
22 ment for harvest. The Board of Fisheries may not adopt any regulations
23 nor take any action regarding the issuance or denial of any permits
24 required in [PROMULGATE REGULATIONS NECESSARY TO IMPLEMENT] AS 16.10.-
25 400 - 16.10.470.

26 * Sec. 4. AS 16.10.470(b) is amended to read:

27 (b) A person who holds a permit for the operation of a salmon
28 hatchery under AS 16.10.400 - 16.10.470 and each regional association
29 levying a royalty assessment under AS 16.10.530 shall submit an annual

1 financial report to the Department of Commerce and Economic Development
2 on a form to be provided by the Department of Commerce and Economic
3 Development.

4 * Sec. 5. AS 16.10.510(9) is amended to read:

5 (9) make grants for organizational and planning purposes to
6 qualified regional associations which have formed a nonprofit corpora-
7 tion, in amounts not exceeding \$100,000 per region and up to an addi-
8 tional \$100,000 on a 50/50 cash matching basis with the regional associ-
9 ations which have an authorized royalty assessment under AS 16.10.530 or
10 AS 16.10.540. The state portion of the matching share shall be avail-
11 able when a final vote for assessments is made under AS 16.10.530 or
12 AS 16.10.540. This provision also applies to qualified regional asso-
13 ciations which have formed a nonprofit corporation before June 24, 1977.

14 * Sec. 6. AS 16.10.520(b) is amended to read:

15 (b) Loans for the total project costs may be made if the commis-
16 sioner determines that the applicant has sufficient financial resources
17 to insure the establishment of an equity position in the project equal
18 to 10 per cent of the loan within six years or less, either through
19 a royalty [AN] assessment levied under AS 16.10.530 or AS 16.10.540 or
20 other means approved by the commissioner. For purposes of this subsec-
21 tion, "total project costs" includes planning and construction costs for
22 the facility and the cost of operations for not more than the first six
23 years. The costs for operations shall be loaned on an annual basis.

24 * Sec. 7. AS 16.10.520(c) is amended to read:

25 (c) All loans must be secured by collateral satisfactory to the
26 commissioner, including but not limited to a first deed of trust, assign-
27 ment of lease and leasehold improvements, sale of surplus fish from the
28 hatchery, or royalty assessments from fishermen levied under AS 16.10.-
29 530 - 16.10.540.

1 * Sec. 8. AS 16.10.530 is amended to read:

2 Sec. 16.10.530. ROYALTY ASSESSMENT ON SALE OF SALMON. (a) The
3 commissioner, on request of the qualified regional association for the
4 area in which the royalty assessment is to be levied, [AND] after consul-
5 tation with the commissioner of fish and game and after reaching any
6 necessary agreements with local governments, shall establish areas in
7 which a royalty [AN] assessment shall be levied on the sale of one or
8 more species of salmon caught by persons holding entry permits
9 [LICENSED] under AS 16.43.010 - 16.43.380 [AS 16.05.540 - 16.05.600], in
10 the area in which the royalty assessment is to be levied. A request by
11 the qualified regional association shall include a description of com-
12 pliance with (e) of this section. The commissioner shall determine
13 whether the procedural requirements under (e) of this section were
14 followed and whether the proposed assessment is reasonable. A royalty
15 [AN] assessment levied under this section shall be for the purpose of
16 providing revenue for the qualified regional association for the area in
17 which the royalty assessment is made. The rate and conditions of
18 royalty assessments, including species to be involved, shall be stated
19 by the appropriate qualified regional association in conjunction with
20 the request to the commissioner under this subsection. The royalty
21 assessment may be equal to either two or three per cent of the fair
22 market value of the fish but may not exceed three per cent of the fair
23 market value of the fish.

24 (b) (repealed)

25 (c) The commissioner and the appropriate qualified regional asso-
26 ciation must agree on a means of collection of the royalty assessment
27 and the commissioner may, by regulation, require its collection by
28 buyers of the salmon upon the sale of which a royalty [AN] assessment is
29 levied.

1 (d) The royalty assessment shall terminate

2 (1) upon request of the qualified regional corporation when
3 all financial obligations relating to the royalty assessments have been
4 met; or

5 (2) upon majority vote at an election held under (h) of this
6 section, in the area in which the royalty assessment is levied either
7 before any financial obligations relating to the royalty assessment
8 have been incurred or after all financial obligations relating to the
9 royalty assessment have been met.

10 (e) Before a royalty [AN] assessment is made under this section,
11 the qualified regional association for the area in which the royalty
12 assessment is to be levied shall hold an initial public meeting to
13 explain and discuss the necessity for the royalty assessment and to
14 explain the registration procedure established under (f) of this sec-
15 tion. Reasonable public notice of the meeting shall be sent to all
16 limited entry permit holders actively participating in a fishery in the
17 area, posted in at least three centrally located public places in the
18 area, and published in at least one newspaper of general circulation at
19 least one time a week for three consecutive weeks in the area, if one
20 exists. The notice shall briefly state the amount of the royalty assess-
21 ment and a short general description of the purposes for which the
22 royalty assessment money will be used. A ballot shall be mailed to all
23 limited entry permit holders actively participating in a fishery in the
24 area at least 20 days before the initial public meeting and contain a
25 copy of the notice and ask the question whether a royalty [AN] assess-
26 ment shall be imposed. At the public meeting the returned ballots shall
27 be counted by a special committee appointed by the regional association
28 for that purpose, and a vote by written ballot shall be taken on the
29 question from among the limited entry permit holders present at the :

1 initial public meeting. After the vote is taken at the initial meeting
2 a second public meeting shall be held, upon the limited notice of publi-
3 cation in a newspaper of general circulation, each day for five consecu-
4 tive days and the mailing of personal notice to all limited entry permit
5 holders who actively participate in a fishery in the area at least
6 14 days before the second public meeting, to give those who did not vote
7 by written ballot at the initial public meeting an opportunity to vote.
8 These votes shall be counted with the votes counted at the initial
9 meeting. A majority vote for the royalty assessment is required from
10 the combined total of the returned ballots and the votes by ballot cast
11 at both public meetings, before a royalty [AN] assessment may be im-
12 posed. No person may vote twice.

13 (f) The qualified regional association shall establish standard
14 registration procedures for voting on royalty assessments under this
15 section.

16 (g) A limited entry permit holder who would be qualified to vote
17 on a royalty assessment levied by a regional association may request the
18 commissioner to reduce or terminate a royalty assessment in the region.
19 The commissioner may terminate or reduce the royalty assessment if he
20 finds the royalty assessment to be unreasonable or to be no longer needed
21 by the regional association to meet the purposes of AS 16.10.372 - 16.-
22 10.620.

23 (h) Upon receipt of a petition requesting termination of the
24 royalty assessment and signed by not less than 10 per cent of the number
25 of persons qualified to vote under (e) of this section in the election
26 levying the royalty assessment in the area, the commissioner shall
27 determine if there are any outstanding financial obligations relating
28 to the royalty assessment. If the commissioner determines that there
29 are no outstanding financial obligations relating to the royalty assess-

1 ment, the commissioner shall notify the qualified regional association
2 for the area of his determination. The qualified regional association
3 shall, within two months after receiving notice of the commissioner's
4 determination, hold public meetings and, mail ballots in accordance
5 with (e) of this section. The ballots shall ask the question whether
6 the royalty assessment for the area shall be continued. Only a person
7 who is qualified to vote in accordance with (e) of this section may
8 receive and cast a ballot under this subsection.

9 * Sec. 9. AS 16.10.540(a) is amended to read:

10 (a) In place of or in addition to an assessment levied under
11 AS 16.10.530, an association of persons who hold entry permits [LI-
12 CENSED] under AS 16.43.010 - 16.43.380 [AS 16.05.540 - 16.05.600], which
13 consists of at least 51 per cent of the persons holding entry permits
14 [SO LICENSED] and actively participating in a fishery to be benefited by
15 a hatchery program, may levy and collect an assessment from among its
16 members for the purpose of securing and repaying a loan made under
17 AS 16.10.510.

18 * Sec. 10. AS 44.62.330(a) is amended by adding a new paragraph to read:

19 (46) Department of Commerce and Economic Development con-
20 cerning the Fisheries Enhancement Loan Program (AS 16.10.500 16.10.-
21 620).
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Introduced: 1/10/78
Referred: Community &
Regional Affairs and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 585

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a local government study com-
7 mission; and providing for an effective date."

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

9 * Section 1. LOCAL GOVERNMENT STUDY COMMISSION. There is established
10 in the Department of Community and Regional Affairs a temporary local gov-
11 ernment study commission.

12 * Sec. 2. MEMBERSHIP OF COMMISSION. The commission has the following
13 members:

14 (1) the commissioner of community and regional affairs or his
15 designee;

16 (2) the chairman of the senate community and regional affairs
17 committee;

18 (3) the chairman of the house community and regional affairs
19 committee;

20 (4) four municipal officials appointed by the governor, one of
21 whom must be from an organized borough or unified municipality, one from a
22 first-class or home rule city located within an organized borough, and two
23 from cities located within the unorganized borough;

24 (5) two residents of the unorganized borough, outside cities,
25 appointed by the governor.

26 * Sec. 3. POWERS AND DUTIES OF THE COMMISSION. (a) The commission
27 shall make recommendations to the governor and the legislature concerning
28 the sufficiency of the existing local government structure and measures by
29 which it may be improved, and toward that end, it shall

1 (1) study and evaluate existing and alternative means of local
2 government finance;

3 (2) study and evaluate the differences between governmental
4 services and burdens in organized boroughs and the unorganized borough;

5 (3) study and evaluate the relationships between the state and
6 local governments;

7 (4) study and evaluate existing and alternative local government
8 structures;

9 (5) hold public hearings in organized boroughs, cities and the
10 unorganized borough;

11 (6) after one year of study, submit an interim report to the
12 governor and the legislature;

13 (7) after two years of study, submit a final report with find-
14 ings and recommendations to the governor and the legislature.

15 (b) In exercising its powers and fulfilling its responsibilities, the
16 commission may:

17 (1) establish sub-committees to study each of the subjects set
18 out in (a)(1) through (4) of this section;

19 (2) contract through the Department of Community and Regional
20 Affairs for the professional services it considers necessary to prepare its
21 final report.

22 * Sec. 4. DISSOLUTION OF COMMISSION. After presenting its final re-
23 port, the commission is dissolved.

24 * Sec. 5. STAFF. The Department of Community and Regional Affairs
25 through the division of local government assistance shall provide the staff
26 for the commission.

27 * Sec. 6. EFFECTIVE DATE. This Act takes effect July 1, 1978.
28
29

Introduced: 3/7/78
Referred: Community & Regional
Affairs and Finance

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 HOUSE BILL NO. 874

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to a study of provision of local
7 government services in the unorganized borough."

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

9 * Section 1. FINDINGS. (a) Article X of the Constitution of the State
10 of Alaska provides for local government in the state. It states: "The
11 purpose of this article is to provide for maximum local government with a
12 minimum of local government units, and to prevent duplication of tax-levying
13 jurisdictions." It also establishes a local boundary commission and requires
14 establishment in the executive branch of the state government of an agency to
15 advise and assist local government.

16 (b) The constitution became operative on January 3, 1959. Although
17 boroughs have been established in certain areas of the state and cities exist
18 in the unorganized borough, the purpose of the local government article has
19 not otherwise been implemented, leaving large areas of the state without
20 functioning local governments. As a result of the need for services and
21 desirability for local control of provision of these services, single purpose
22 agencies funded entirely by the state have been created to fill the vacuum.
23 These agencies sometimes have overlapping boundaries thereby diluting
24 responsiveness to the public.

25 (c) The factual basis for more fully implementing the constitutional
26 mandate is not available. A study by the Local Boundary Commission, aided by
27 the Department of Community and Regional Affairs and an advisory committee
28 with public participation, would provide needed data.

29 * Sec. 2. STUDY. The Local Boundary Commission shall conduct a study on

1 provision of local government services in the unorganized borough. The study
2 shall consider

3 (1) whether there are areas which should be incorporated as local
4 government units;

5 (2) whether there are areas that should be annexed to existing
6 local government unit

7 (3) whether there are areas which should be established by the
8 legislature as service areas, and, if so, what services should be provided to
9 each area;

10 (4) whether the legislature should consider establishing new
11 classes of local government in the state, or should make changes in existing
12 forms;

13 (5) methods of financing newly created local government units from
14 both state and local finances;

15 (6) other matters the commission considers relevant.

16 * Sec. 3. STAFF SUPPORT. The Department of Community and Regional
17 Affairs shall provide staff services to the Local Boundary Commission for
18 performance of the study, but the commission may, within appropriations
19 available for the purpose, contract with other persons for development of
20 data or recommendations on specific matters.

21 * Sec. 4. ADVISORY COMMITTEE. An advisory committee to the Local Bound-
22 ary Commission for the study is established. The committee is composed of
23 the chairmen of the senate and house community and regional affairs commit-
24 tees, three members who reside in the unorganized borough outside cities, two
25 members representing municipalities in the unorganized borough, one member
26 representing school boards in borough or city school districts in the unor-
27 ganized borough, and one member representing school boards in regional edu-
28 cational attendance areas. The committee shall elect its own chairman. The
29 committee shall review recommendations proposed by the commission, comment to

1 the commission on each proposed recommendation, and perform other duties as
2 assigned by the Local Boundary Commission.

3 * Sec. 5. PUBLIC HEARING. The Local Boundary Commission in conjunction
4 with the advisory committee shall hold public hearings within the unorganized
5 borough. At least one hearing shall be held in each judicial district of the
6 state and other hearings may be held at the discretion of the commission.

7 * Sec. 6. REPORT. The Local Boundary Commission shall prepare a final
8 report with findings and recommendations and submit the report and recommen-
9 dations to the governor and, through the Legislative Council, to the legis-
10 lature on or before September 1, 1979.

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

Introduced: 3/7/78
Referred: Community & Regional
Affairs and Finance

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 HOUSE BILL NO. 874

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to a study of provision of local
7 government services in the unorganized borough."

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

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12 minimum of local government units, and to prevent duplication of tax-levying
13 jurisdictions." It also establishes a local boundary commission and requires
14 establishment in the executive branch of the state government of an agency to
15 advise and assist local government.

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17 boroughs have been established in certain areas of the state and cities exist
18 in the unorganized borough, the purpose of the local government article has
19 not otherwise been implemented, leaving large areas of the state without
20 functioning local governments. As a result of the need for services and
21 desirability for local control of provision of these services, single purpose
22 agencies funded entirely by the state have been created to fill the vacuum.
23 These agencies sometimes have overlapping boundaries thereby diluting
24 responsiveness to the public.

25 (c) The factual basis for more fully implementing the constitutional
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4 government units;

5 (2) whether there are areas that should be annexed to existing
6 local government unit

7 (3) whether there are areas which should be established by the
8 legislature as service areas, and, if so, what services should be provided to
9 each area;

10 (4) whether the legislature should consider establishing new
11 classes of local government in the state, or should make changes in existing
12 forms;

13 (5) methods of financing newly created local government units from
14 both state and local finances;

15 (6) other matters the commission considers relevant.

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19 available for the purpose, contract with other persons for development of
20 data or recommendations on specific matters.

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22 ary Commission for the study is established. The committee is composed of
23 the chairmen of the senate and house community and regional affairs commit-
24 tees, three members who reside in the unorganized borough outside cities, two
25 members representing municipalities in the unorganized borough, one member
26 representing school boards in borough or city school districts in the unor-
27 ganized borough, and one member representing school boards in regional edu-
28 cational attendance areas. The committee shall elect its own chairman. The
29 committee shall review recommendations proposed by the commission, comment to

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2 assigned by the Local Boundary Commission.

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6 state and other hearings may be held at the discretion of the commission.

7 * Sec. 6. REPORT. The Local Boundary Commission shall prepare a final
8 report with findings and recommendations and submit the report and recommen-
9 dations to the governor and, through the Legislative Council, to the legis-
10 lature on or before September 1, 1979.

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FISCAL NOTE

*File
local boe. comm.*

I. REQUEST

Bill/Resolution No. HB 874Title "An Act relating to a study of provision of local government services..."Requested by House Community & Regional AffairsDate 3/7/78

II. FISCAL DETAIL

Agency Affected Department of Community and Regional AffairsProgram Category Affected DevelopmentBudget Request Unit(s) Affected Local Boundary CommissionEXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL			*	*		

FUNDING (Thousands of Dollars)

GENERAL FUND			*	*		
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

*The Department of Community and Regional Affairs has not estimated the cost of this bill because the Local Boundary Commission has not had an opportunity to review and comment on it.

IV. DATE 3/14/78PREPARED BY Bruce Aronson
AGENCY Community & Regional Affairs

Original: Legislative Finance

PHONE 465-4707

cc: Budget and Management

Prime Sponsor (First Legislator Named)

File in
HB 585 File
(Local Gov. Comm.)

Rural Alaska Community Action Program, Inc.

January 24, 1978

Honorable Lisa Rudd, Chairperson,
House Community & Regional Affairs Committee
Pouch V
Juneau, Alaska 99811

Re: HB 585, "An act establishing a local government study commission; and providing for an effective date."

Dear Lisa:

We have noted with interest the initiative of the Administration in submitting this bill for legislative consideration. Rural CAP has been interested in the establishment of effective and responsive local and regional governments in the Unorganized Borough for years.

As you may recall, the basic idea of a "Local Government Study Commission" was first introduced in the spring of 1975 (SB 136). At that time, proponents of the idea were looking for some method to create appropriate regional governments in the Unorganized Borough to assume the educational powers which, at the time, were being exercised by the Alaska State Operated School System. In the First Session of the Ninth Legislature, HB 35 was passed, regionalizing the ASOSS into the present configuration of 21 REAA's. This action effectively mooted the primary necessity (as it was seen at that time) for the passage of SB 136.

In working on the concepts embodied in the original version of SB 136, this organization, AFN, the Citizens' Participation Conference, and other rural residents and organizations generally agreed that some needed changes were indicated, to wit:

1. Control of the Commission should be more in the hands of officials who reside in the Unorganized Borough, in order to obviate the tendency to merely recommend that the status quo be extended to include the Unorganized Borough.
2. Also, it was felt that some form of "incentive grant" should be provided to local and regional groups who wanted to study the creation of local government on their own terms. Accordingly, through the initiative of Senators Sackett and Ferguson, the bill was amended to authorize up to \$250,000 for the incentive grants program.

As indicated above, the Legislature decentralized ASSOSS and effectively mooted the perceived need for this Commission. Also, at that time, the Administration was not supportive of SB 136 (either as originally submitted, or as amended to include the grant program). In light of these two factors, the bill died when the Ninth Legislature adjourned in the Summer of 1976.

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The time has most certainly come to "turn the process around." If the Legislature were to create an incentive grants program, and give state-wide control of the program to a structure in which a reasonable amount of control were granted to residents of the Unorganized Borough, then local people, acting through their local and regional organizations, could request funding for a study, identify and hire their own staff to conduct the study, and have ultimate "sign-off" on the recommendation presented to the Legislature. I believe that this process would be more effective because it would provide the Legislature with recommendations more closely attuned to the wishes of local people.

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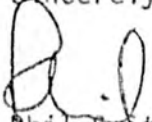
Honorable Lisa Rudd
January 24, 1978
Page Three

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Finally, I would request that your Committee take no final action on the bill until its merits are discussed at the Citizens' Participation Conference. As you know, the CPC is scheduled to meet in Juneau on the 23, 24 and 25 of February; and local government issues will be on the agenda.

Thank you very much for your consideration of these remarks.

Sincerely,



Phil Smith,
Executive Director

cc: Palmer McCarter, Director, Division of Local Government Affairs
Department of Community and Regional Affairs

Ross Soboleff, Rural CAP Legislative Liaison

PS/jw

M E M O R A N D U M

TO: The Honorable Jay S. Hammond
Governor

FROM: Avrum M. Gross
Attorney General

RE: Attached bill for establishment of a local government
study commission
Our File: J-77-015-78

Attached is a draft bill to establish a local government study commission. The bill is described in greater detail in the following draft transmittal letter:

DRAFT

Under the authority of art. III, Sec. 18, of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill to establish a temporary local government study commission in the Department of Community and Regional Affairs.

The study commission, which will include the chairmen of the community and regional affairs committees, is intended to be a blue-ribbon panel, the task of which will be to make a thorough, two-year study and analysis of all aspects of local government in Alaska and to make specific recommendations for change.

Ours is a strong tradition of local self-government. We have consistently sought to achieve our constitutionally stated goal of maximum local self-government with a minimum of local government units. The study commission's goal will be to see if we can do even better^{and} to bring us specific recommendations toward that end.

The proposed bill has the Department of Community and Regional Affairs top priority. I urge its favorable consideration.

Sincerely,

Jay S. Hammond
Governor

ANG:pjg:RWP



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

7/10/79

DISPLAY MATERIALS
LOCAL GOVERNMENT SYMPOSIUM

MAPS/OVERLAYS

1. Service Areas
2. Administrative Units
3. Land Status
 - (a) Federal
 - (b) State
 - (c) Native
4. Cities and Boroughs
5. Quasi Jurisdictional Boundaries (Native Corp. boundaries)
6. Miscellaneous (Transportation, Communication, Renewable/nonrenewable Resources)

MATRICES

1. Local Government Structures
2. Service Areas and Administrative Units (characteristics)
3. Requests Made of Local Boundary Commission
4. Land Statistics
5. Chronology related to traditional, non-traditional, and quasi-governmental native methods of organization for local and regional self government.
6. Municipal League Survey results

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 585

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a local government study com-
7 mission; and providing for an effective date."

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

9 * Section 1. LOCAL GOVERNMENT STUDY COMMISSION. There is established
10 in the Department of Community and Regional Affairs a temporary local gov-
11 ernment study commission.

12 * Sec. 2. MEMBERSHIP OF COMMISSION. The commission has the following
13 members:

14 (1) the commissioner of community and regional affairs or his
15 designee;

16 (2) the chairman of the senate community and regional affairs
17 committee;

18 (3) the chairman of the house community and regional affairs
19 committee;

20 (4) four municipal officials appointed by the governor, one of
21 whom must be from an organized borough or unified municipality, one from a
22 first-class or home rule city located within an organized borough, and two
23 from cities located within the unorganized borough;

24 (5) two residents of the unorganized borough, outside cities,
25 appointed by the governor.

26 * Sec. 3. POWERS AND DUTIES OF THE COMMISSION. (a) The commission
27 shall make recommendations to the governor and the legislature concerning
28 the sufficiency of the existing local government structure and measures by
29 which it may be improved, and toward that end, it shall

1 (1) study and evaluate existing and alternative means of local
2 government finance;

3 (2) study and evaluate the differences between governmental
4 services and burdens in organized boroughs and the unorganized borough;

5 (3) study and evaluate the relationships between the state and
6 local governments;

7 (4) study and evaluate existing and alternative local government
8 structures;

9 (5) hold public hearings in organized boroughs, cities and the
10 unorganized borough;

11 (6) after one year of study, submit an interim report to the
12 governor and the legislature;

13 (7) after two years of study, submit a final report with find-
14 ings and recommendations to the governor and the legislature.

15 (b) In exercising its powers and fulfilling its responsibilities, the
16 commission may:

17 (1) establish sub-committees to study each of the subjects set
18 out in (a)(1) through (4) of this section;

19 (2) contract through the Department of Community and Regional
20 Affairs for the professional services it considers necessary to prepare its
21 final report.

22 * Sec. 4. DISSOLUTION OF COMMISSION. After presenting its final re-
23 port, the commissio. is dissolved.

24 * Sec. 5. STAFF. The Department of Community and Regional Affairs
25 through the division of local government assistance shall provide the staff
26 for the commission.

27 * Sec. 6. EFFECTIVE DATE. This Act takes effect July 1, 1978.
28
29

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

Rural Alaska Community Action Program, Inc.

File in
HB 585 File
(Local Gov. Comm.)

January 24, 1978

Honorable Lisa Rudd, Chairperson,
House Community & Regional Affairs Committee
Pouch V
Juneau, Alaska 99811

Re: HB 585, "An act establishing a local government study commission; and providing for an effective date."

Dear Lisa:

We have noted with interest the initiative of the Administration in submitting this bill for legislative consideration. Rural CAP has been interested in the establishment of effective and responsive local and regional governments in the Unorganized Borough for years.

As you may recall, the basic idea of a "Local Government Study Commission" was first introduced in the spring of 1975 (SB 136). At that time, proponents of the idea were looking for some method to create appropriate regional governments in the Unorganized Borough to assume the educational powers which, at the time, were being exercised by the Alaska State Operated School System. In the First Session of the Ninth Legislature, HB 35 was passed, regionalizing the ASOSS into the present configuration of 21 REAA's. This action effectively mooted the primary necessity (as it was seen at that time) for the passage of SB 136.

In working on the concepts embodied in the original version of SB 136, this organization, AFN, the Citizens' Participation Conference, and other rural residents and organizations generally agreed that some needed changes were indicated, to wit:

1. Control of the Commission should be more in the hands of officials who reside in the Unorganized Borough, in order to obviate the tendency to merely recommend that the status quo be extended to include the Unorganized Borough.
2. Also, it was felt that some form of "incentive grant" should be provided to local and regional groups who wanted to study the creation of local government on their own terms. Accordingly, through the initiative of Senators Sackett and Ferguson, the bill was amended to authorize up to \$250,000 for the incentive grants program.

As indicated above, the Legislature decentralized ASSOSS and effectively mooted the perceived need for this Commission. Also, at that time, the Administration was not supportive of SB 136 (either as originally submitted, or as amended to include the grant program). In light of these two factors, the bill died when the Ninth Legislature adjourned in the Summer of 1976.

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Honorable Lisa Rudd
January 24, 1978
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Finally, I would request that your Committee take no final action on the bill until its merits are discussed at the Citizens' Participation Conference. As you know, the CPC is scheduled to meet in Juneau on the 23, 24 and 25 of February; and local government issues will be on the agenda.

Thank you very much for your consideration of these remarks.

Sincerely,



Phil Smith,
Executive Director

cc: Palmer McCarter, Director, Division of Local Government Affairs,
Department of Community and Regional Affairs

Ross Soboleff, RurAL CAP Legislative Liaison

PS/jw

FISCAL NOTE

*file
local gov. comm.*

I. REQUEST

Bill/Resolution No. HB 874

Title "An Act relating to a study of provision of local government services..."

Requested by House Community & Regional Affairs

Date 3/7/78

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs

Program Category Affected Development

Budget Request Unit(s) Affected Local Boundary Commission

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL			*	*		

FUNDING (Thousands of Dollars)

GENERAL FUND			*	*		
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

*The Department of Community and Regional Affairs has not estimated the cost of this bill because the Local Boundary Commission has not had an opportunity to review and comment on it.

IV. DATE 3/14/78

PREPARED BY Bruce Aronson

AGENCY Community & Regional Affairs

PHONE 465-4707

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

M E M O R A N D U M

TO: The Honorable Jay S. Hammond
Governor

FROM: Avrum M. Gross
Attorney General

RE: Attached bill for establishment of a local government
study commission
Our File: J-77-015-78

Attached is a draft bill to establish a local government study commission. The bill is described in greater detail in the following draft transmittal letter:

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The study commission, which will include the chairmen of the community and regional affairs committees, is intended to be a blue-ribbon panel, the task of which will be to make a thorough, two-year study and analysis of all aspects of local government in Alaska and to make specific recommendations for change.

Ours is a strong tradition of local self-government. We have consistently sought to achieve our constitutionally stated goal of maximum local self-government with a minimum of local government units. The study commission's goal will be to see if we can do even better ^{and} to bring us specific recommendations toward that end.

The proposed bill has the Department of Community and Regional Affairs top priority. I urge its favorable consideration.

Sincerely,

Jay S. Hammond
Governor

AMG:pjg:RWP

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 585

Title "An Act creating a local government commission"...

Requested by Office of the Governor

Date 11/29/77

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs

Program Category Affected Development

Budget Request Unit(s) Affected Local Government Assistance Division

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES			157.6	167.1		
200 TRAVEL			24.0	25.4		
300 CONTRACTUAL			17.8	218.9		
400 COMMODITIES			2.0	2.1		
500 EQUIPMENT			3.5			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL			204.9	413.5		

FUNDING (Thousands of Dollars)

GENERAL FUND			204.9	413.5		
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME			6	6		
PART TIME						
TEMPORARY						

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

- Six staff members would be employed for the duration of the commission's existence. The staff members would include:
 - One Local Government Specialist IV (Range 19) - supervises, coordinates and directs other staff members, advises commission on fiscal and legal matters of existing and future local governments, completes analysis of data and provides recommendations, responsible for technical reports and public information materials and is responsible for conduct of public hearings. (Monthly Salary (\$2,322) + benefits (\$578) x 12 months = \$34,800)
 - Four Local Government Specialists II (Range 15) - will investigate and collect data on the existing local government's fiscal capacity, intergovernmental relationships, alternative local government structures, draft reports, etc. (Monthly Salary (\$1,727) + benefits (\$475) x 12 months x 4 = \$105,712)
 - One Clerk Typist III (Range 8) - responsible for typing of reports, correspondence, filing and miscellaneous duties. (Monthly Salary (\$1,092) + benefits (\$337) x 12 months = \$17,143)

IV. DATE 11/29/77

PREPARED BY Bruce Aronson
AGENCY Department of Community and Regional Affairs
PHONE 465-4700

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Total Personal Services \$157,655

Travel has been computed as follows:

= 9 commission members plus one staff member x average cost per trip per person
(includes per diem) x eight trips per annum $10 \times \$300 \times 8 = \$24,000$

Total Travel \$24,000

3. Contractual expenses have been computed as follows:

A. Telephone - 6 phones @ \$35/month x 12 months = \$ 2,520
- long distance = 2,000

B. Rent - 650 square feet x \$1.25 per square foot per month x 12 months = 9,750

C. Postage, printing, advertising of hearings and miscellaneous 3,500

Total Contractual \$17,770

During the second fiscal year, in-depth reports by private consultants on selected topics will require an additional \$200,000.

4. Commodities - office supplies, etc. \$2,000

Total Commodities \$ 2,000

5. Equipment - six desks and chairs, filing cabinets and one typewriter \$3,476
\$ 3,476

6. Inflation will be approximately six percent per year.

Total First Year Expenses \$204,901

Introduced: 1/27/78
Referred: Community & Regional
Affairs and Finance

BY DANKWORTH, ANDERSON, AKERS,
COWPER, GRUENING, GUY, HAYES,
KELLY, LETHIN, MILES, OSTERBACK
AND PHILLIPS

1 IN THE HOUSE

2 HOUSE CONCURRENT RESOLUTION NO. 94

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 Requesting the Department of Community and
6 Regional Affairs to conduct a preliminary
7 study of governmental services provided to
8 Bethel and Kotzebue.

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

10 WHEREAS a decentralized governmental structure can best meet the special
11 needs of the people in bush areas of Alaska; and

12 WHEREAS state agencies located in Juneau, Anchorage, and Fairbanks may
13 be currently serving Bethel and Kotzebue at costs that could be significantly
14 reduced if offices and personnel were moved to those communities, since
15 travel, communication, and other related expenses could be largely elimi-
16 nated; and

17 WHEREAS regionalization of governmental services would help to alleviate
18 the acute unemployment that continues to burden these areas; and

19 WHEREAS access to government is the key to an informed and responsive
20 citizenry;

21 BE IT RESOLVED that the Alaska State Legislature respectfully requests
22 the Governor to direct the Department of Community and Regional Affairs to
23 conduct a preliminary study of government services presently being provided
24 to Bethel and Kotzebue by agencies located in Juneau, Anchorage, Fairbanks,
25 or other urban areas, to determine the best method of regionalizing these
26 services and employees so that a comprehensive plan can be developed to fully
27 establish Bethel and Kotzebue as a regional economic, cultural and govern-
28 mental center.

29

#

SCOMM

#10:74

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

November 15, 1978

MEMORANDUM

TO: Arliss Sturgulewski, Chairman
Senate Community & Regional Affairs Committee

FROM: Milt Barker, Fiscal Analyst
Legislative Finance Division

SUBJECT: Financial Disincentive to Borough Formation

In this memo the net change in state aid and local effort for all REAA's upon their conversion to organized boroughs is estimated. The date of the assumed conversions is July 1, 1977; the period of state aid is fiscal year 1978. The following principal elements are considered:

1. public school foundation support (AS 14.17)
 - (a) in-lieu funds for REAA's (AS 14.08.121)
 - (b) basic need
 - (c) required local effort (AS 14.17.071)
2. municipal revenue sharing under the terms of HB 192
3. shared corporate income taxes (AS 43.20.016)

Foundation Support

Current state funding for REAA's is at 100% of basic need under the foundation program as well as a state contribution equal to the number of REAA pupils times the average local tax contributions per pupil in the organized school districts during the prior fiscal year, which in this case was \$688 per pupil for FY 77 (AS 14.08.121).

Upon conversion to borough status, an REAA loses this latter "in-lieu" contribution of \$688 per pupil. For all REAA's, the loss of this support would have amounted to

"In-Lieu"

(\$7,610,656)

for FY 78.

Also upon conversion, the new borough would have received less than 100% of basic need, the actual percentage depending on the new borough's assessed value per ADM relative to the average assessed value per ADM for all districts in the state, but in no case being less than 97% (ADM is average daily membership of pupils).

For FY 78 foundation support, the "Alaska Taxable", January 1, 1976, assessed valuation of municipalities of \$9,805,715,960 was used. Using a method described in Appendix I, I estimate assessed value of outside municipalities at \$110,714,000 for a total statewide valuation of \$9,916,429,960 excluding oil and gas property in the unorganized borough.

With 83,274 pupils in ADM for FY 78 according to the Department of Education's "Statistical Report 1978-79", this would have been a statewide average assessed value per ADM of \$119,082. As further described in Appendix I, the average assessed value per ADM for an REAA with no oil or gas property would have been \$19,895.

Plugging these assessed values per ADM into the formula for determining state support (AS 14.17.021(c)) yields a level of state aid equal to 99.5% of basic need for REAA's that would have become boroughs.

From the attached statement of REAA FY 78 revenues prepared by the Department of Education, we see that total basic need for all REAA's is \$47,530,826, this being the sum of amounts under the headings "federal 874" and "foundation" since PL 81-874 funds are deducted from foundation support for both REAA's and organized school districts (AS 14.08.121(a)(1) and AS 14.17.021(a)). Thus, the decrease in foundation support would be \$47,530,826 times .5% or

Basic
Need

(\$237,654)

for all REAA's in total.

Finally, the assumption of borough status by an REAA would have required local effort for the first time. The required local to state match would have been 1 to 199 for all newly formed boroughs on average.

The state contribution would have been the \$47,530,826 in basic need reduced by the \$237,654 equilization amount and by the \$17,485,871 in PL 81-874 funds or \$29,807,301. This would have required a local match of

Local
Effort

(\$149,785)

Thus, the total financial disincentive under the school foundation program for borough formation is

(\$7,998,095)

and is due almost entirely to loss of the "in-lieu" funds. The additional loss is about 5% on top of the "in-lieu" funds. A glance at the DOE table on REAA FY 78 revenues allows one to estimate the disincentive for any particular REAA.

It must be cautioned that these estimates are in terms of averages and that the results could differ for individual REAA's. However, the differences should not be that significant, especially for non-pipeline REAA's; even at the minimal level of 97% state support (which only pipeline REAA's would come close to) the loss of foundation support for all REAA's would have been at most \$1,425,924, with required local effort decreasing to \$44,100 because the match ratio drops to a minimum of 1:32. Thus, the total loss to any individual REAA would probably have been no more than 19% on top of the "in-lieu" loss.

More likely to affect these estimates are changes overtime in the contributions per ADM of organized school districts that determine "in-lieu" funds. The continued increases in the statutory level of basic need (an increase of 10% is scheduled for FY 80 -- AS 14.17.056) should not be significant since the loss due to the equalization factor was only \$237,654 to start with.

Municipal Revenue Sharing

Under the method proposed in HB 192, municipal revenue sharing funds would be distributed based on a formula that takes account of population and local effort in relation to assessed valuation per capita (proposed AS 29.88.010). ^{1/}

^{1/} For purposes of the revenue sharing formula, a municipality's assessed valuation may not be less than 15% of the average statewide assessed value per capita. Using the \$9,916,429,960 statewide assessed value derived above and the "Alaska Taxable 1977" January 1, 1977 statewide population estimate of 398,983, we have average per capita of \$24,854 of which 15% would be \$3,728 per capita. However, estimated un-organized borough valuation per capita is \$6,096. (from Appendix I)

11/15/79

If we use the Appendix I population and valuation per capita figures for the unorganized borough excluding oil and gas property (50,451 persons and \$6,096 per capita) and assume the only local effort is the required school foundation match (\$149,785), the total revenue sharing to all new boroughs would be only

HB 192
Revenue
Sharing

\$64,130

on the assumption that the appropriation for all revenue sharing is \$27,000,000, the level at which HB 192 becomes effective. ^{2/}

The \$149,785 level of local effort is the equivalent of .49 mills. If the new boroughs increased their local effort above the minimum .49 mills required for school foundation aid, they would receive revenue sharing support as follows: ^{3/}

<u>Mills</u>	<u>Local Effort</u>	<u>HB 192 Revenue Sharing</u>
5	\$1,528,418	\$ 654,387
10	3,056,836	1,308,775
20	6,113,673	2,617,551
30	9,170,510	3,926,326

If the revenue sharing appropriation were roughly \$63,000,000 it would on average provide a 1 to 1 match of entitlement to local effort for new boroughs (other than pipeline boroughs).

Depending on the average mill rate in the new boroughs, the appropriation would have to be much larger to offset \$7,610,656 "in-lieu" disincentive under the foundation program:

<u>Mills</u>	<u>Revenue Sharing Appropriation Required to Offset "in-lieu"</u>
5	\$377,000,000
10	220,000,000
20	141,000,000
30	115,000,000

^{2/} Sec. 11 of HB 192 provides a minimum entitlement of \$25,000 plus a COLA during the first fiscal year the act is effective. Thus, if the act takes effect before a new borough formation, this floor is of no value to new boroughs and would not in any event provide increased support beyond the first year.

^{3/} See next page for footnote

11/15/79

Thus, at common borough millages of 5 or 10 and the trigger appropriation level, HB 192 revenue sharing would provide insignificant revenues to any individual non-pipeline, newly-formed borough since the total support to 21 old REAA's would have been from \$65,000 to \$1,300,000.

Shared Corporate Income Taxes

AS 43.20.016 distributes the appropriation for shared corporate income taxes in an amount equal to that received by boroughs in FY 78, or for newly-formed boroughs in amount equal to the FY 78 receipts of the borough closest in population, pro-rated if the appropriation is insufficient to fund these base levels. If it is greater, the excess is distributed per capita.

FY 78 total distribution was \$10,571,500. FY 80's appropriation was just a little above that, \$11,400,000. If appropriation levels remain sufficient to only fund base amounts the entitlements of newly-formed boroughs would be:

<u>REAA</u>	<u>Population</u> 4/	<u>Base Entitlement</u>
Adak	3,200	\$ 7,275
Alaska Central Railbelt	1,095	13,985
Alaska Gateway	788	13,985
Aleutian Region	2,375	7,275
Annette Island	96	13,985

(con't on p. 6)

3/ These estimated new Chapter 88 revenue sharing entitlements are based on a pro-ration factor of 2.61 shown on the attached Legislative Affairs computer simulation of HB 192 dated February 19, 1979. As the new boroughs took a bigger bite of the pie the pro-ration factor would decrease. Thus, the estimates for the higher millages become progressively greater than they should be. However, the estimates still give a rough idea of entitlements and a more accurate picture of the relative fiscal effect if only one or two REAA's should actually convert to boroughs.

4/ Estimated by applying ratio of total population to ages 5 through 18 from appropriate 1970 census divisions to Department of Education pupil ADM figures for FY 78 and adding population of city school districts from "Alaska Taxable 1978". The total population differs from that in Appendix I because of the inclusion of Valdez and one year later data.

<u>REAA</u>	<u>Population</u>	<u>Base Entitlement</u>
Bering Strait	4043	7,275
Chatham	3178	7,275
Chugach	7438	1,220,920
Copper River	1925	7,275
Delta/Greely	3051	7,275
Iditarod	731	13,985
Kuspuk	880	13,985
Lower Kuskokwim	7420	1,220,920
Lower Yukon	2615	7,275
Northwest Arctic	3660	7,275
Pribilof	973	13,985
Southeast Island	9408	208,145
Southwest	2620	7,275
Lake & Peninsula	923	13,985
Yukon Flats	1004	13,985
Yukon Koyukuk	2828	7,275
Total	61,117	\$2,834,615

The pattern here presents a crazy-quilt of aid in which some larger communities get less than smaller ones, with Chugach and the Lower Kuskokwim to receive substantially more than any of the others because their populations were near that of the North Slope Borough which had, of course, large business license tax receipts for FY 78.

Although the administration's estimates for the corporate petroleum income tax have remained at \$160 million a year (the calendar 1978 level), legislative finance estimates the petroleum income taxes alone, disregarding non-petroleum corporate income taxes, will mount to around \$600 million by FY 81. If distributions were at 10% of this level, \$60,000,000, the excess of roughly \$50,000,000 over base entitlements would bring \$7,500,000 to newly-formed boroughs on a per capita distribution, more nearly offsetting the other financial disincentives to borough formation.

The Lower Kuskokwim should clearly gain from borough formation as should Chugach if Valdez is incorporated into the borough, even at current appropriation levels.

Other Considerations

This analysis has not considered the further decline in state support to REAA's that become boroughs that would occur for school construction. Under AS 43.18.100, the state would pick up 80% of the debt service for new borough's school construction debt whereas the state now builds entirely at its own expense the necessary school facilities for REAA's.

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Of course, with the "Hooch" case settlement new boroughs school construction needs may not be that significant for some time.

One incentive not considered is the value of municipal land selections a new borough would be entitled to under AS 29.18.203. However, it may be an incentive to postpone formation since a new borough receives 10% of state lands within its boundary at the time of incorporation. So until Alaska's land status is resolved, there are disincentives here too, considering opportunity costs.