

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 86 / 2

401 SCOMM10: LOCAL GOVERNMENT STUDY 1979

APPENDIX I
UNORGANIZED BOROUGH ASSESSED VALUES

The potential average assessed value of real and personal property in the unorganized borough is estimated in a roughshod way here, using data from several points in time, partially because that is the way the Department of Education does it for the foundation formula, and partially to not pretend to insupportable exactitude.

The FY 78 REAA pupil ADM was 10,729 according to the Department of Education's "1978-1979 Statistical Report". The average ratio of total population to school population (ages 5 through 18) for all census divisions outside organized cities or boroughs in the 1970 census was 3.01:1. Thus, total REAA population for FY 78 is estimated at 32,294. For purposes of estimating property values, we deduct 666 persons from this figure for Selawik and Eagle, which levy property taxes and have assessed value figures in "Alaska Taxable", but are part of REAA's.

Using some assumptions from Darbyshire & Associates, August 1979 Yukon Flats Regional Government Study (see attached page 139 from that study) -- namely, 3.5 persons per household, restricted deeds on 50% of residential property, \$20,000 average value per non-restricted dwelling, and \$2,000 taxable personal property per household -- I estimate assessable values outside taxing jurisdictions at \$110,714,000. This is conservative in that no commercial or industrial values are inputted; such properties are assumed to be in the taxing cities in the unorganized borough.

Adding this \$110,714,000 to the January 1, 1976 assessed value for all cities, except Valdez, which are outside organized boroughs, \$196,849,710, we get a total assessable value for the unorganized borough, excluding Valdez and oil and gas property, of \$307,563,710.

As of January 1, 1977, total population, excluding Valdez, that resided outside organized boroughs was 32,294 estimated for REAA's, plus 18,157 for school districts outside organized boroughs (from "Alaska Taxable 1977"), or 50,451.

The total pupil ADM for FY 78 was the 10,729 for REAA's plus 4,730 for all school districts, excluding Valdez, outside organized boroughs, or 15,459.

Based on these figures, the average assessed value per ADM would be \$19,895 and per capita \$6,096 in the unorganized borough for FY 78 excluding oil and gas property.

RURAL EDUCATION ATTENDANCE AREAS
REVENUE
FY-78 Audited

	Other Federal	Federal. 874	Total Federal	Foundation	Pupil Trans	In Lieu Of	Boarding Home	Other State	Total State	Rental	Interest	Other Local Income	Total Local
Adak		1,469,558	1,469,558	245,201	57,737	416,240	---	---	719,178	9,088	60,417	12,889	82,394
Alaska Central		355,136	355,136	1,226,448	160,372	241,488	---	1,107	1,629,415	19,402	35,816	---	55,218
Alaska Gateway		44,531	44,531	1,551,000	163,454	290,336	482	---	2,005,272	2,183	23,248	7,616	33,047
Aleutian		187,079	187,079	1,297,921	---	160,304	10,442	---	1,468,667	2,278	12,890	72,638*	87,806
Annette Is.		974,909	974,909	23,125	5,645	219,472	---	1,984	250,226	---	24,209	2,500	26,709
Bering Strait		661,549	661,549	1,981,201	21,080	304,784	305,784	---	2,612,849	30,133	11,348	2,768	44,249
Chatham		278,532	278,532	410,502	---	127,968	---	---	538,470	24,073	1,670	---	25,743
Chugach		72,804	72,804	230,032	---	33,024	---	---	263,056	---	---	8,903	8,903
Copper River		343,113	343,113	1,870,637	289,715	482,976	9,404	---	2,652,732	---	19,314	21,838	41,152
Delta/Greely		900,583	900,583	1,244,417	267,219	533,200	1,760	---	2,046,596	---	36,343	1,351	37,694
Iditarod		465,099	465,099	1,239,901	---	195,392	---	61,145 ²	1,496,438	20,829	3,101	---	23,930
Kuspuk	16,880	706,247	723,127	1,363,986	31,749	233,920	4,654	33,521	1,667,830	20,255	23,864	3,951 ⁴	48,070
Kower Kuskokwim	89,098	2,173,269	2,262,367	3,154,356	50,582	1,016,176	1,070,870	---	5,292,484	95,177	75,530	142,242 ³	312,949
Lower Yukon		1,480,442	1,480,442	2,227,933	---	615,072	---	51,500	2,894,505	148,234	68,122	46,405 ³	262,761
Northwest Arctic		2,316,087	2,316,087	3,992,413	---	1,033,376	91,811	2,711	5,120,311	169,692	50,415	22,340 ⁴	242,447
Pribilof		439,713	439,713	467,787	---	126,592	---	3,181	597,560	---	20,012	---	20,012
Southeast Is.		896,690	896,690	720,310	12,332	294,464	23,703	3,253	1,054,152	---	29,415	---	29,415
Southwest		1,293,592	1,293,592	1,649,017	---	359,824	---	---	2,008,841	56,890	52,532	26,605	136,027
Lake & Pen.		751,920	751,920	1,635,080	33,708	263,504	4,275	---	1,936,567	36,250	21,541	231	58,022
Yukon Flats		415,576	415,576	1,328,863	---	209,152	17,432	---	1,555,447	---	---	4,339 ⁵	4,339
Yukon-Koyukuk		1,259,442	1,259,442	2,184,325	---	453,392	---	51,500	2,689,217	70,505	43,400	122,574 ⁵	236,479
		17,485,871	17,591,849	30,044,955	1,093,593	7,610,656	1,540,707	209,902	40,499,813	704,959	613,187	499,190	1,817,366

*1 Sale of Capital Equipment

2 Includes 21,000 Insurance Proceeds

3 Federal Payments

4 Includes Indirect Cost Payments

5 Includes AVEL Subsidy

LOCAL EFFORT = MILL RATE EQUIVALENT
USING FULL & TRUE PROPERTY VALUE AND
ALL ALLOWED LOCAL REVENUES.
MILITARY POPULATION TREATED AS CIVILIANS.

PREPARED BY
LEGISLATIVE AFFAIRS AGENCY
RESEARCH DIVISION
FEBRUARY 19, 1979

CHAPTER 88 PRORATION FACTOR IS 2.6136487047
MINIMUM ENTITLEMENT PRORATION FACTOR IS 0.8758661501
HOLD HARMLESS PRORATION FACTOR IS 0.9314967014

LOCAL GOV'T	POPULATION	LOCAL EFFORT	CHAPTER 88 ENTITLEMENT	CHAPTER 89 ENTITLEMENT	MINIMUM ENTITLEMENT	HOLD HARMLESS ADD ON	PROPOSED ENTITLEMENT	PRESENT ENTITLEMENT
BOROUGH AND SERVICE AREAS								
1 ANCHORAGE A.W.	202,101	9.32	\$5,083,464	\$2,752,543	\$0	\$0	\$7,143,711	\$4,457,601
2 CITY S.A.	81,082	1.22	\$259,603	\$0	\$0	\$0	\$259,644	\$272,755
3 EAGLE RIVER	7,921	1.01	\$20,935	\$0	\$0	\$0	\$18,180	\$52,931
4 CHEVIAK	16,481	0.32	\$5,557	\$0	\$0	\$0	\$4,325	\$42,355
5 GLENWOOD	608	1.81	\$2,839	\$0	\$0	\$0	\$2,509	\$6,779
6 GLEN ALPS	65	3.06	\$520	\$0	\$0	\$0	\$452	\$0
7 WIRE S.A.	184,216	1.38	\$668,468	\$0	\$0	\$0	\$580,509	\$1,131,983
8 ROADS & DRAINAGE	155,995	0.47	\$192,103	\$972,200	\$0	\$0	\$1,130,759	\$520,321
9 POLICE S.A.	163,253	3.90	\$1,688,327	\$0	\$0	\$0	\$1,448,806	\$1,561,039
10 PARKS & REC.	201,616	0.70	\$372,734	\$0	\$0	\$0	\$323,689	\$754,653
11 P & R/CHUSIAK	14,476	0.37	\$14,323	\$0	\$0	\$0	\$12,439	\$54,562
12 SOLID WASTE S.A.	184,290	0.14	\$67,874	\$0	\$0	\$0	\$58,943	\$0
13 CHUSIAK/SOLID WASTE	14,476	0.05	\$2,222	\$0	\$0	\$0	\$1,930	\$0
14 BUILDING SAFETY	184,216	0.17	\$81,893	\$0	\$0	\$0	\$71,117	\$0
15 SPECIAL ASSESSMENT	155,995	1.07	\$439,102	\$0	\$0	\$0	\$381,325	\$0
TOTAL							\$11,404,644	\$8,366,057
16 BRISTOL BAY BOROUGH	1,685	19.42	\$85,545	\$0	\$0	\$0	\$74,288	\$27,515
17 SOUTH NAKNEK S.A.	225	1.25	\$738	\$8,370	\$0	\$0	\$8,940	\$7,466
TOTAL							\$83,229	\$34,981
18 FAIRDANKS BOROUGH	66,222	6.99	\$1,210,055	\$112,010	\$0	\$0	\$1,161,802	\$956,404
19 BALLAINE LAKE	168	1.03	\$454	\$891	\$0	\$0	\$1,278	\$476
20 DIANE	66	0.78	\$135	\$4,600	\$0	\$0	\$4,678	\$2,451
21 WILLOWVIEW ACRES	77	0.71	\$143	\$8,050	\$0	\$0	\$8,103	\$4,308
22 SMITH RANCH	438	1.43	\$1,644	\$7,647	\$0	\$0	\$9,010	\$4,062
23 ENGINEER CREEK	144	1.69	\$638	\$8,193	\$0	\$0	\$8,673	\$4,395
24 ESTER LUMP	10	1.32	\$34	\$5,951	\$0	\$0	\$5,930	\$3,185
25 NORTH STAR F.P.	6,500	0.79	\$13,533	\$0	\$0	\$0	\$11,752	\$50,007
26 BECKER RIDGE	108	2.10	\$594	\$18,888	\$0	\$0	\$19,244	\$10,109
27 UNIVERSITY F.P.	7,177	1.98	\$37,322	\$0	\$0	\$0	\$32,411	\$55,216
28 LAKLOEY HILL	50	12.51	\$1,635	\$8,021	\$0	\$0	\$9,373	\$4,292
29 SPRUCE ACRES	50	2.01	\$263	\$1,811	\$0	\$0	\$2,024	\$369
TOTAL							\$1,274,382	\$1,095,911
30 HAINES BOROUGH	1,924	5.55	\$27,946	\$0	\$0	\$0	\$24,268	\$2,611
31 JUNEAU BOROUGH A.W.	22,105	18.75	\$1,083,398	\$149,000	\$0	\$0	\$1,088,575	\$447,077
32 S.A. 1	7,416	12.64	\$245,185	\$35,575	\$0	\$0	\$248,105	\$143,033
33 S.A. 2	1,664	5.16	\$23,448	\$11,725	\$0	\$0	\$31,119	\$25,213
34 S.A. 3	199	16.30	\$8,481	\$80,575	\$0	\$0	\$87,255	\$43,123
35 S.A. 4	1,478	1.67	\$6,475	\$0	\$0	\$0	\$5,623	\$9,837
36 S.A. 5	9,623	1.19	\$30,029	\$0	\$0	\$0	\$26,078	\$64,378
37 S.A. 6	747	0.80	\$1,564	\$0	\$0	\$0	\$1,359	\$4,996
38 S.A. 7	441	0.53	\$611	\$0	\$0	\$0	\$530	\$2,940
39 S.A. 8	537	0.46	\$655	\$0	\$0	\$0	\$569	\$3,592

								TOTAL	\$1,489,307	\$759,259
40	KENAI PENINSULA BOROUGH	25,261	5.41	\$357,975	\$0	\$0	\$0	\$310,372	\$36,967	
41	CENTRAL HOSPITAL	15,398	1.00	\$42,012	\$80,625	\$0	\$0	\$116,423	\$71,917	
42	SOUTH HOSPITAL	6,282	2.28	\$37,485	\$80,625	\$0	\$0	\$112,492	\$71,917	
43	NIKISKI F.P.	3,489	1.54	\$14,095	\$0	\$0	\$0	\$12,241	\$25,092	
44	NORTH KENAI REC.	3,800	0.36	\$3,532	\$0	\$0	\$0	\$3,110	\$18,219	
45	BEAR CREEK F.P.	687	1.37	\$2,472	\$0	\$0	\$0	\$2,147	\$4,340	
								TOTAL	\$557,237	\$289,054
46	KETCHIKAN BOROUGH	13,071	6.02	\$205,670	\$0	\$0	\$0	\$178,608	\$31,615	
47	SHORELINE S.A.	683	0.80	\$1,442	\$0	\$0	\$0	\$1,252	\$4,569	
								TOTAL	\$179,861	\$36,185
48	KODIAK ISLAND BOROUGH	8,926	8.21	\$191,759	\$49,450	\$0	\$0	\$215,556	\$88,730	
49	FIRE DISTRICT I	1,853	1.76	\$8,532	\$0	\$0	\$0	\$7,409	\$13,326	
50	ROAD DISTRICT	352	0.62	\$574	\$40,312	\$0	\$0	\$40,463	\$21,575	
								TOTAL	\$263,435	\$123,632
51	MAT-SU BOROUGH	20,360	7.37	\$392,204	\$152,512	\$0	\$0	\$491,313	\$119,309	
52	WASILLA F.P.	3,619	1.24	\$11,313	\$0	\$0	\$0	\$10,259	\$25,119	
53	BUTTE F.P.	2,122	0.51	\$2,845	\$0	\$0	\$0	\$2,470	\$14,723	
54	GREATER PALMER F.P.	3,027	0.00	\$21	\$0	\$0	\$0	\$13	\$21,009	
55	SUTTON F.P.	693	0.72	\$1,313	\$0	\$0	\$0	\$1,140	\$4,310	
56	NON AREA-WIDE	15,595	0.19	\$7,776	\$0	\$0	\$0	\$6,753	\$0	
57	TALKEETNA FLOOD S.A.	271	1.13	\$802	\$0	\$0	\$0	\$697	\$0	
58	GARDEN TERRACE	69	1.87	\$338	\$0	\$0	\$0	\$294	\$0	
								TOTAL	\$513,446	\$184,977
59	NORTH SLOPE BOROUGH	8,187	6.00	\$128,419	\$111,580	\$0	\$43,322	\$265,107	\$267,361	
60	SITKA BOROUGH	8,787	10.13	\$232,863	\$134,382	\$0	\$39,683	\$374,313	\$378,027	
FIRST CLASS CITIES										
61	BARROW	2,715	6.48	\$45,982	\$0	\$0	\$215	\$40,145	\$40,489	
62	CORDOVA	2,780	23.70	\$172,209	\$122,475	\$0	\$0	\$270,983	\$202,482	
63	CRAIG	587	10.49	\$16,093	\$14,675	\$0	\$0	\$26,526	\$26,822	
64	DILLINGHAM	1,360	18.01	\$64,043	\$11,993	\$0	\$0	\$67,503	\$57,786	
65	FAIRBANKS	36,457	18.22	\$1,736,606	\$899,773	\$0	\$0	\$2,400,223	\$1,541,810	
66	GALENA	936	6.07	\$15,627	\$24,008	\$0	\$4,192	\$41,531	\$41,667	
67	HAINES	1,366	19.40	\$69,276	\$28,057	\$0	\$0	\$87,979	\$58,836	
68	HEMER	2,055	9.03	\$48,536	\$23,193	\$0	\$8,780	\$73,852	\$74,485	
69	HODNAH	1,093	4.03	\$11,537	\$19,350	\$0	\$16,983	\$46,044	\$46,439	
70	HYDABURG	380	0.00	\$0	\$9,900	\$15,103	\$0	\$22,923	\$19,335	
71	KAKE	679	4.30	\$7,643	\$2,645	\$15,648	\$0	\$22,859	\$16,088	
72	KENAI	5,354	21.03	\$294,948	\$117,416	\$0	\$0	\$372,556	\$224,863	
73	KETCHIKAN	8,293	18.83	\$408,344	\$161,500	\$0	\$0	\$514,740	\$362,267	
74	KING COVE	566	5.98	\$8,846	\$5,050	\$17,666	\$0	\$28,031	\$24,582	
75	KLAWDOCK	323	0.00	\$0	\$8,225	\$16,775	\$0	\$22,722	\$14,040	
76	KODIAK	5,754	15.70	\$236,211	\$99,452	\$0	\$0	\$244,247	\$194,916	
77	NEENAH	503	15.89	\$20,900	\$34,970	\$0	\$0	\$52,323	\$35,323	
78	NOME	2,692	30.50	\$230,582	\$230,701	\$0	\$0	\$456,743	\$340,050	
79	NORTH POLE	461	5.60	\$6,759	\$30,820	\$0	\$0	\$36,427	\$26,882	
80	PALMER	2,141	16.42	\$91,896	\$124,035	\$0	\$0	\$202,834	\$100,550	
81	PELICAN	221	18.63	\$10,764	\$7,256	\$8,354	\$0	\$24,231	\$9,126	
82	PETERSBURG	3,197	25.00	\$208,900	\$105,435	\$0	\$0	\$285,952	\$190,706	
83	SAND POINT	773	13.23	\$26,848	\$42,925	\$0	\$0	\$65,875	\$43,491	
84	SAINT MARY'S	436	0.00	\$0	\$22,847	\$9,652	\$8,152	\$39,118	\$39,454	
85	SELDOVIA	612	0.00	\$0	\$21,715	\$5,160	\$4,233	\$30,209	\$30,468	
86	SEWARD	2,130	14.56	\$81,092	\$149,425	\$0	\$0	\$218,576	\$133,287	
87	SWANAY	877	16.55	\$17,952	\$29,871	\$0	\$0	\$62,536	\$43,990	

89 UVALDE	619	29.71	\$48,078	\$128,838	\$0	\$0	\$169,495	\$93,240
90 VALDEZ	4,481	4.32	\$50,711	\$128,309	\$0	\$97,919	\$268,343	\$270,644
91 ZONE I	4,002	0.00	\$0	\$0	\$0	\$0	\$0	\$0
92 ZONE II	419	0.00	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL							\$268,343	\$270,644
93 WRANGELL	3,325	12.08	\$105,010	\$100,222	\$0	\$0	\$190,563	\$192,121
94 ZONE III	997	5.89	\$15,370	\$0	\$0	\$0	\$13,347	\$0
95 ZONE IV	2,323	8.20	\$49,923	\$0	\$0	\$0	\$43,358	\$0
TOTAL							\$247,269	\$192,121
97 YAKUTAT	442	0.00	\$0	\$13,195	\$13,679	\$0	\$24,962	\$17,708
SECOND CLASS CITIES								
98 ANCHORAGE	118	0.00	\$0	\$0	\$26,875	\$0	\$26,875	\$1,414
99 AKIACHAK	354	0.00	\$0	\$29,250	\$3,250	\$109	\$31,931	\$32,205
100 AKIAK	192	0.00	\$0	\$5,200	\$27,300	\$0	\$28,863	\$3,423
101 AKOENIUT	608	0.00	\$0	\$155,837	\$0	\$0	\$154,512	\$107,913
102 ALAYANUK	503	0.00	\$0	\$26,000	\$6,500	\$456	\$31,876	\$32,149
103 ALIENAGIK	227	0.00	\$0	\$0	\$31,562	\$0	\$27,409	\$0
104 ALLAKAVET	216	0.00	\$0	\$9,028	\$24,409	\$0	\$30,148	\$8,053
105 AMBLER	273	0.00	\$0	\$21,400	\$12,037	\$0	\$31,671	\$21,993
106 ANAKTUVUK PASS	173	0.00	\$0	\$0	\$32,437	\$0	\$29,037	\$0
107 ANDERSON	584	0.00	\$0	\$16,718	\$16,718	\$0	\$31,095	\$16,297
108 ANSON	527	0.00	\$0	\$13,435	\$12,501	\$0	\$24,178	\$23,529
109 ANILAK	355	0.00	\$0	\$19,059	\$14,378	\$0	\$31,363	\$22,486
110 ANNIK	102	0.00	\$0	\$0	\$33,437	\$0	\$29,037	\$0
111 ATMAUTLUAK	186	0.00	\$0	\$34,450	\$0	\$0	\$34,157	\$25,577
112 BETHEL	3,608	14.25	\$134,404	\$171,112	\$0	\$0	\$305,376	\$242,307
113 BREWSTER MISSION	194	0.00	\$0	\$0	\$31,562	\$0	\$27,409	\$0
114 BUCKLAND	176	0.00	\$0	\$5,350	\$28,087	\$0	\$29,696	\$8,241
115 CHESTERNAK	204	0.00	\$0	\$5,200	\$27,300	\$0	\$28,863	\$6,412
116 CHEVAK	461	0.00	\$0	\$0	\$32,500	\$0	\$28,223	\$9,097
117 CHUATHMALUK	119	0.00	\$0	\$5,350	\$28,087	\$0	\$29,696	\$8,535
118 CLARK'S POINT	98	0.00	\$0	\$0	\$31,562	\$0	\$27,409	\$0
119 DELTA JUNCTION	392	0.00	\$0	\$29,295	\$0	\$1,292	\$30,323	\$30,583
120 DICKSON	125	0.00	\$0	\$5,050	\$26,512	\$0	\$28,031	\$5,560
121 EAGLE	124	1.85	\$605	\$11,335	\$16,759	\$0	\$26,368	\$8,370
122 EKK	307	0.00	\$0	\$0	\$32,500	\$0	\$28,223	\$8,722
123 EMMOK	111	0.00	\$0	\$0	\$31,562	\$0	\$27,409	\$0
124 ELIN	283	0.00	\$0	\$0	\$31,562	\$0	\$27,409	\$0
125 EMMONAK	558	0.00	\$0	\$7,832	\$24,667	\$0	\$29,187	\$10,983
126 FORT YUKON	637	0.00	\$0	\$56,776	\$0	\$0	\$56,294	\$52,435
127 FORTUNA LEDGE	210	0.00	\$0	\$5,200	\$27,300	\$0	\$28,863	\$9,336
128 GANDELL	447	0.00	\$0	\$22,093	\$9,468	\$0	\$30,123	\$24,158
129 GILDEVIN	118	0.00	\$0	\$5,050	\$26,512	\$0	\$28,031	\$7,760
130 GOODNEWS BAY	248	0.00	\$0	\$2,437	\$30,062	\$0	\$29,523	\$7,487
131 GRAVELINE	181	0.00	\$0	\$0	\$33,437	\$0	\$29,037	\$431
132 HOLY CROSS	302	0.00	\$0	\$18,725	\$14,712	\$0	\$31,342	\$17,154
133 HODDER BAY	648	0.00	\$0	\$0	\$32,500	\$0	\$28,223	\$16,531
134 HONISTON	440	0.00	\$0	\$63,702	\$0	\$0	\$63,180	\$39,183
135 HUGHES	98	0.00	\$0	\$0	\$33,437	\$0	\$29,037	\$1,461
136 HUSLIA	216	0.00	\$0	\$57,412	\$0	\$0	\$56,923	\$36,372
137 KACHENAK	151	0.00	\$0	\$0	\$26,875	\$0	\$23,338	\$0
138 KAKTOVIK	192	0.00	\$0	\$0	\$33,437	\$0	\$29,037	\$2,853
139 KAL TAG	257	0.00	\$0	\$6,687	\$26,750	\$0	\$29,860	\$3,025
140 KAGASH	46	0.00	\$0	\$4,000	\$21,000	\$0	\$22,202	\$4,080
141 KIANA	331	0.00	\$0	\$15,448	\$17,989	\$0	\$30,939	\$19,852
142 KIVALINA	227	0.00	\$0	\$5,350	\$28,087	\$0	\$29,696	\$11,407
143 KODUK	176	0.00	\$0	\$0	\$33,437	\$0	\$29,037	\$0
144 KOTLIK	305	0.00	\$0	\$5,200	\$27,300	\$0	\$28,863	\$10,650
145 KOTLOU	2,525	15.41	\$101,325	\$58,916	\$0	\$0	\$146,756	\$126,462

147 KOYUKUK	124	0.00	\$0	\$5,350	\$28,087	\$0	\$29,038	\$0,010
148 KUDREANNE	42	0.00	\$0	\$0	\$25,937	\$0	\$28,524	\$369
149 KUTTHUK	444	0.00	\$0	\$5,200	\$27,300	\$0	\$28,563	\$17,252
150 LARSEN BAY	137	0.00	\$0	\$0	\$26,875	\$0	\$23,338	\$0
151 LOWER KALSKAG	218	0.00	\$0	\$0	\$33,437	\$0	\$20,037	\$0
152 MANDOKOTAK	250	0.00	\$0	\$5,050	\$26,512	\$0	\$28,031	\$10,557
153 MORRATH	382	0.00	\$0	\$24,777	\$8,560	\$0	\$28,087	\$13,957
154 MOKORYAK	166	0.00	\$0	\$5,200	\$27,300	\$0	\$28,563	\$10,354
155 MOUNTAIN VILLAGE	573	0.00	\$0	\$16,575	\$15,325	\$0	\$30,263	\$25,012
156 NARAKIAK	307	0.00	\$0	\$8,060	\$24,440	\$0	\$29,215	\$13,036
157 NARASKIAK	215	0.00	\$0	\$5,200	\$27,300	\$0	\$28,563	\$9,939
158 NEWALEN	105	0.00	\$0	\$0	\$31,562	\$0	\$27,409	\$0
159 NEW STUYAHOK	297	0.00	\$0	\$5,050	\$26,512	\$0	\$28,031	\$10,859
160 NEWTON	154	0.00	\$0	\$0	\$32,500	\$0	\$28,223	\$4,375
161 NIGHTMUTE	136	0.00	\$0	\$0	\$32,500	\$0	\$28,223	\$3,835
162 NIKOLAI	152	0.00	\$0	\$8,426	\$25,011	\$0	\$30,074	\$7,325
163 NORDALTON	226	0.00	\$0	\$0	\$31,562	\$0	\$27,409	\$3,690
164 NORSVIK	524	0.00	\$0	\$7,356	\$26,081	\$0	\$29,943	\$20,503
165 NULATO	382	0.00	\$0	\$19,059	\$14,373	\$0	\$31,393	\$17,806
166 NULOGUT	182	0.00	\$0	\$0	\$33,437	\$0	\$29,037	\$0
167 OLD HARBOR	342	0.00	\$0	\$10,346	\$16,528	\$0	\$24,612	\$15,867
168 OUZINKIE	177	0.00	\$0	\$1,881	\$24,993	\$0	\$23,570	\$3,128
169 PILOT STATION	301	0.00	\$0	\$3,250	\$29,250	\$0	\$29,623	\$10,989
170 PLATINUM	58	0.00	\$0	\$0	\$32,500	\$0	\$28,223	\$1,647
171 POINT HOPE	464	0.00	\$0	\$0	\$33,437	\$0	\$29,037	\$0
172 PORT ALEXANDER	101	0.00	\$0	\$0	\$25,937	\$0	\$28,524	\$1,168
173 PORT HEIDEN	89	0.00	\$0	\$89,006	\$0	\$0	\$88,249	\$50,691
174 PORT LIONS	232	0.00	\$0	\$6,587	\$20,317	\$0	\$24,145	\$10,517
175 QUINNAGAK	451	0.00	\$0	\$6,825	\$25,675	\$0	\$29,063	\$11,783
176 RUDY	219	0.00	\$0	\$0	\$33,437	\$0	\$29,037	\$3,266
177 RUSSIAN MISSION	167	0.00	\$0	\$8,060	\$24,440	\$0	\$29,215	\$0,880
178 SAINT MICHAEL	283	0.00	\$0	\$5,050	\$26,512	\$0	\$28,031	\$12,313
179 SAINT PAUL	550	0.00	\$0	\$114,571	\$0	\$0	\$113,597	\$75,721
180 SANDONGA	409	0.00	\$0	\$5,050	\$26,512	\$0	\$28,031	\$13,486
181 SAYMAN	272	0.00	\$0	\$7,250	\$17,750	\$0	\$22,802	\$7,398
182 SCANTON BAY	193	0.00	\$0	\$0,262	\$23,237	\$0	\$29,363	\$12,744
183 SELANK	554	0.00	\$0	\$0	\$33,437	\$0	\$29,037	\$12,868
184 SHAGELUK	329	0.00	\$0	\$16,551	\$16,865	\$0	\$31,074	\$14,093
185 SHAKTOOLIK	163	0.00	\$0	\$38,821	\$0	\$0	\$38,491	\$26,526
186 SHILOON POINT	149	0.00	\$0	\$0	\$32,500	\$0	\$28,223	\$0
187 SHIMMAREF	353	0.00	\$0	\$11,290	\$20,263	\$0	\$25,800	\$15,601
188 SHUNSHAK	198	0.00	\$0	\$5,350	\$28,087	\$0	\$29,606	\$4,772
189 STERRINS	326	0.00	\$0	\$0	\$31,562	\$0	\$27,409	\$3,394
190 TAHANA	499	0.00	\$0	\$36,948	\$0	\$0	\$36,634	\$29,855
191 TELLER	258	0.00	\$0	\$13,540	\$18,032	\$0	\$29,075	\$10,501
192 TENANEE SPRINGS	134	0.00	\$0	\$2,593	\$23,343	\$0	\$28,843	\$5,046
193 TONIAK	455	0.00	\$0	\$15,781	\$15,781	\$0	\$29,351	\$15,619
194 TONGOOK BAY	336	0.00	\$0	\$5,200	\$27,300	\$0	\$28,563	\$14,963
195 TULUKSAK	231	0.00	\$0	\$0	\$32,500	\$0	\$28,223	\$4,553
196 TUNINAK	299	0.00	\$0	\$5,200	\$27,300	\$0	\$28,563	\$11,400
197 UNALAKLEET	632	0.00	\$0	\$34,150	\$0	\$6,212	\$40,020	\$40,363
198 UPPER KALSKAG	164	0.00	\$0	\$0	\$33,437	\$0	\$29,037	\$0
199 WAINWRIGHT	429	0.00	\$0	\$0	\$33,437	\$0	\$29,037	\$0
200 WALLS	130	0.00	\$0	\$0	\$31,562	\$0	\$27,409	\$0
201 WAGTLLA	2,184	0.00	\$0	\$111,660	\$0	\$0	\$110,711	\$69,866
202 WHITE MOUNTAIN	115	0.00	\$0	\$0	\$31,562	\$0	\$27,409	\$0
203 WHITTIER	356	0.00	\$0	\$0	\$28,750	\$0	\$24,967	\$0
204 DEERING	117	0.00	\$0	\$5,350	\$28,087	\$0	\$29,606	\$7,494
205 EXT FIRE AREAS	1	0.00	\$0	\$67,587	\$0	\$0	\$67,012	\$60,297

TOTAL \$17,753,155 \$9,246,844 \$2,516,100 \$231,559 \$27,000,000 \$18,592,973

Shared Revenue

Fiscal 1977-1978
Last quarter 1976-77

	1976-77	1977-78	1977-78	1977-78	1977-78	1977-78
	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	1st Quarter	Total
						Sharing
Anchorage Boro.	104689229	12151746	12210715	357270090	105160758	121892369
City & Borough of Juneau	9255358	1212722	1962200	31437013	3070703	37255698
City & Borough of Seward	1679620	296014	355498	11437417	1082501	13163926
Barrow Boro.	142790	18944	-0-	1312611	67021	1392576
North Star Boro.	12901001	2313966	271135	47606318	247913	56612732
Haines Boro.	302698	164669	7500	278832	276190	127497
Kachik Boro.	2820910	1231832	161700	30237216	3089885	34761133
Kachik Gateway Boro.	355091	36973	14880	1727173	1461330	3260956
Kodiak Island Boro.	288579	57280	13500	1815030	195641	2021451
Kotzebue Boro.	2099668	519292	157430	6971053	1433213	9081795
North Slope Boro.	14665116	131500	77905	101513240	20364292	122092037
Total Boro's	142204560	23212948	14725543	11704339	142681353	112308228
Aktait	-0-	1500	-0-	-0-	42182	43682
Akiak	10582	-0-	-0-	-0-	-0-	-0-
Aktashak	-0-	1932	1500	11707	1501	44690
Akiak	-0-	6278	-0-	11435	-0-	13712
Aksimint	-0-	-0-	-0-	3300	28027	31327
Alakanuk	58980	-0-	-0-	120523	405176	527109
Aleknagik	-0-	-0-	-0-	47452	1500	45952
Alut Com. & St. Paul	3000	16430	-0-	51007	2997	50432
Allakakik	-0-	-0-	-0-	13666	-0-	13666
Amblew	20820	1500	1500	42967	11984	43452
Anaktuvuk	-0-	-0-	-0-	1000	1500	10500
Anderson	17459	9259	9531	80543	51257	135643
Angoon	6172	3000	1500	230817	50728	296090
Aniak	15794	3000	-0-	231331	85352	324746
Anvik	1500	-0-	-0-	7235	3200	10435
Barrow	24123	13877	-0-	2117138	242262	2403947
Almuntluk	4865	-0-	-0-	6407	1500	7409
Bettil	392626	315492	33500	602585	234305	1601155
Bering Division	-0-	-0-	-0-	15119	1500	17414
Buckland	7683	1500	-0-	23184	13709	10375
Chukotak	-0-	-0-	-0-	21247	26474	55741
Chukotak	7447	15713	-0-	3131	-0-	24204
Chukotak	2306	-0-	-0-	20100	-0-	22406

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
YEAR	POPULATION	HOUSEHOLDS	PER	MAXIMUM	LOCALLY ASSESSED PROPERTY			STATE ASSESSED PROP.		TOTAL TAXABLE PROPERTY	
			CAPITA ASSESSED VALUE \$		TOTAL PROPERTY \$M	RESIDENTIAL EXEMPTIONS \$M	NET TAXABLE \$M	OIL PIPELINE \$M	GAS PIPELINE \$M	INCLUDING GAS PIPELINE \$M	EXCLUDING GAS PIPELINE \$M
1980	1,667	476	49,710	5,593	10,712	2,380	8,332	875,500		883,832	883,832
81	1,717	490	52,190	6,049	11,030	2,450	8,580	901,850		910,430	910,430
82	1,768	505	54,800	6,540	18,865	2,525	16,340	929,550	155,480	1,101,370	938,390
83	1,821	520	57,540	7,073	19,204	2,600	16,604	957,100	368,960	1,342,664	966,204
84	1,876	536	60,420	7,651	17,060	2,680	14,380	985,150	522,750	1,522,280	994,530
1985	1,932	552	63,440	8,273	14,920	2,760	12,160	1,014,900	526,800	1,553,860	1,024,560
86	1,990	569	66,610	8,947	12,798	2,845	9,953	1,045,500	511,000	1,566,453	1,055,453
87	2,050	586	69,950	9,679	13,181	2,930	10,251	1,014,050	495,200	1,519,501	1,024,301
88	2,111	603	73,440	10,465	13,570	3,015	10,555	983,450	479,390	1,473,395	994,005
89	2,175	621	77,120	11,322	13,976	3,105	10,871	953,700	463,580	1,428,151	964,571
1990	2,240	640	80,970	12,243	14,400	3,200	11,200	925,650	447,780	1,384,630	936,850
91	2,307	659	85,020	13,240	14,829	3,295	11,534	897,600	431,970	1,341,104	909,134
92	2,376	679	89,270	14,317	15,277	3,395	11,882	870,400	416,170	1,298,452	882,282
93	2,448	699	93,730	15,488	15,731	3,495	12,236	844,900	400,370	1,257,506	857,136
94	2,521	720	98,420	16,748	16,203	3,600	12,603	819,400	384,560	1,216,563	832,003
1995	2,597	742	103,340	18,115	16,694	3,710	12,984	794,750	368,760	1,176,494	807,734
96	2,675	764	108,510	19,593	17,192	3,820	13,372	770,950	352,960	1,137,282	784,322
97	2,755	787	113,930	21,187	17,708	3,935	13,773	748,000	337,150	1,098,923	761,773
98	2,837	811	119,630	22,909	18,244	4,055	14,189	725,050	321,350	1,060,589	739,239
99	2,923	835	125,610	24,783	18,788	4,175	14,613	703,800	305,540	1,023,953	718,413
2000	3,010	860	131,890	26,797	19,350	4,300	15,050	682,550	289,740	987,340	697,600

Column 1 - The year of projection.

Column 2 - Population - Base year is 1978 - population 1,571. The annual increase in population is projected to be 3% per year. From Darbyshire & Associates "Technical Report #2 - Data Reconnaissance."

Column 3 - Households - The number of households was estimated by dividing the projected population by 3.5 persons per household.

Column 4 - Per Capita Assessed Value - The average per capita assessed value for the state as published annually by the Department of Community and Regional Affairs. It is estimated the annual increase for the projection period will be 5% per year. From 1978 to 1979 the per capita assessed value for the state increased 12%, excluding oil and gas property. Therefore, the writer estimates a 5% annual increase over the projection period is reasonable to anticipate.

Column 5 - Maximum Operating Budget - The estimated maximum amount of revenue that can be levied through property tax for the operating budget of the proposed borough.

Formula:

Population x 225% Average per Capita Assessed Value x 30 Mills = Maximum Operating Budget.

Example: 1980

1,667 x 349,710 x 2.25 x 0.03 = \$5,593,493.48 -- Say \$5,593,490.00.

Population - As certified by the Commissioner of Community and Regional Affairs on the Assessment Date (A.S. 29.53.045c).

Average Per Capita Assessed Value - A.S. 29.53.045c.

30 Mills - A.S. 29.53.050.

Column 6 - Locally Assessed Property/Total Property - Includes:

Real Property -

A - Residential,

B - Commercial-Industrial

Personal Property -

C - Individual,

D - Commercial-Industrial

A - Real Property/Residential: A survey of deeds issued by the townsite trustee indicates 50% of the residential property is subject to the covenants and restrictions of the restricted deed, and therefore not subject to property tax. It is estimated there is one dwelling unit per household with an average value of \$20,000;

Therefore:

Households x 50% x \$20,000 = Residential Assessed Value.

B - Real Property/Commercial-Industrial: It is estimated that there is \$2,500/capita invested in commercial and industrial development to support the population of the proposed borough. The growth of commercial and industrial properties will equal the growth of the population.

C - Personal Property/Individual: It is estimated the taxable personal property will average \$2,000/household.

D - Personal Property/Commercial-Industrial: It is estimated that there is \$600/capita invested in commercial and industrial equipment and inventory to support the population of the proposed borough. Value will increase in direct proportion to the population.

Column 7 - Residential Exemptions - It is assumed 50% of the dwelling units are owner-occupied and the proposed borough will enact the \$10,000 single-family owner-occupied exemption allowed under A.S. 29.53. This column gives the projected assessed value that would be exempt from taxation.

Column 8 - Locally Assessed Property/Net Taxable - Column 6 minus Column 7.

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

MEMORANDUM

May 23, 1979

SUBJECT: Taxing Capacity of the Unorganized Borough

TO: The Honorable Arliss Sturgulewski

FROM: Alexander Hoke, Policy Analyst
Jack Kreinheder, Policy Analyst

You have asked that we investigate the revenue generating capacity of the unorganized borough in relation to a possible sales tax in this area. We have based our analysis on gross business receipts data compiled by the Department of Revenue.¹ Although this data has certain limitations and is available only through 1977, gross receipts represent the most accurate measure available of business activity in the unorganized borough.

The attached computer printouts provide a series of gross receipts breakdowns. The first printout is a complete listing of all communities and boroughs in the state with gross receipts data. The second printout lists only those communities within the unorganized borough with gross receipts data. The total gross receipts for each year are listed at the bottom of each printout. Table I (attached to this memorandum) summarizes gross receipts for the boroughs, the unorganized borough, and out-of-state receipts from 1974 to 1977.

The third printout divides the communities of the unorganized borough into five groups according to the magnitude of gross receipts for each community in 1977. This format allows one to easily compare the relative taxing capacity of the various communities. The fourth and final printout provides the estimated sales tax capacity of each community and of the unorganized borough as a whole. Six values are calculated for each community, based on sales tax rates of one, two, and three percent and a base value and maximum value for each tax rate.

¹ Gross receipts data used in this analysis was obtained from the Department of Revenue computer data files. These files include data extracted from gross receipts tax returns filed by all businesses operating within the state. For the purposes of maintaining confidentiality, this data was made available to us aggregated by community.

The base revenue values are calculated using the 1977 gross receipts for each community. The maximum revenue values include the base values plus a per capita share of out-of-state gross receipts times the population of the community. This adjustment is necessary because many firms which conduct operations in Alaska are based outside of the state and report their gross receipts at these out-of-state locations. These out-of-state gross receipts totalled \$1,408.7 million in 1977. It is difficult to determine the exact amount of these out-of-state receipts which was generated by each community; as an approximate indicator we have used a per capita share of these receipts.

The shortcoming of using a per capita share of the out-of-state gross receipts to compute a ceiling for the taxing capacity of communities in the unorganized borough is most noticeable for communities with a low level of economic activity relative to their population size. This anomaly is clearly visible on the fourth printout where the range between the base level revenue and maximum revenue potential is very large for certain communities while the range between base level and maximum for the entire unorganized borough is much narrower (using a 1% sales tax, the maximum revenue level is 36% greater than the base level revenue).

The following table illustrates the unorganized borough taxing capacity based on sales tax rates of 1, 2, and 3 percent:

1977 UNORGANIZED BOROUGH SALES TAX CAPACITY*

CAPACITY AT 1%		CAPACITY AT 2%		CAPACITY AT 3%	
<u>Base Level</u>	<u>Maximum</u>	<u>Base Level</u>	<u>Maximum</u>	<u>Base Level</u>	<u>Maximum</u>
\$6,406	\$8,713	\$12,811	\$17,426	\$19,217	\$26,139

* Figures in thousands of dollars

AH:JK:lmk
Attachments

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

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

November 15, 1979

MEMORANDUM

TO: Arliss Sturgulewski, Chairman
Senate Community & Regional Affairs Comm.

FROM: Milt Barker, Fiscal Analyst
Legislative Finance Division

SUBJECT: Property Tax Revenues of Pipeline Boroughs

This memo is a revision of a memo of October 25, 1979 on the same subject. The revision is due to the use in the prior memo of an outdated boundary line separating the Chugach and Copper REAA's as well as the receipt of information on Valdez and the North Star Borough. Note that the analysis now includes the effects of combining the City of Valdez and the Chugach REAA into one borough.

Attached are tables that show potential property tax revenues in the pipeline municipalities and REAA's, both with and without the per capita limitations set by statute.

Table 1 shows potential property tax revenue from oil and gas production and transportation properties alone, without the per capita limits contained in AS 29.53.045. However, the 30 mill limit contained in AS 29.53.050(a) is the stopping point in the tables. This 30 mill limit applies only to operating and capital expenditures and can be exceeded to pay debt service as provided in AS 29.53.055. Supreme Court Decision No. 1750, October 20, 1978, held that bonds need not be in or threatened with default in order to exceed the 30 mills; thus, the only brake on the authorization and issuance of bonds is the operating expenditures required to staff, maintain, and operate the facility. Note that a municipality may levy up to 30 mills, or more with debt service, on oil and gas properties, even though the State levy is only 20 mills; however, there is no credit for oil companies against the State tax for any municipal levy exceeding 20 mills.

Table 1 also shows the per capita oil and gas revenues that would accrue without the per capita limits of AS 29.53.045.

Table 2 shows potential property tax revenues for REAA's that could be derived from all taxable property, not just oil and gas, under the per capita limits of current law contained in AS 29.53.045. Again, 30 mills is the maximum for operating and capital expenditures but can be exceeded for debt service. Up to 14.5 mills, the \$1,500 per capita revenue limit represents maximum property tax revenues, while from 14.5 to 30 mills the 225% of statewide average assessed value per capita is the limit.

Thus, if a municipality desired more than the revenue shown under the \$1,500 per capita column, it would use the 225% option with some millage above 14.5 mills. If it were content with the \$1,500 per capita limit or less, the required millage would be

<u>REAA</u>	<u>MILLS</u>
Yukon Flats	1.4
Yukon Koyukuk	4.1
Delta Greely	6.7
Copper River	1.9
Chugach	Not Under Per Capita Limits

or less. It would not be rational for a municipality to have a millage between any of these rates and 14.5 mills.

Valdez

It can be seen in Table 2 that a borough made up of Valdez and the Chugach REAA would use the 225% option since current Valdez property taxes of \$9,728,050 already exceed the \$1500 per capita limit. The City of Valdez mentions a 5.974 mill levy in their FY 80 budget; this is roughly 20.9 mills under the 225% limit on assessed valuation. Thus, a combined Valdez-Chugach borough would be able to tax up to 9.1 mills additionally under the 225% assessed value limit which would mean up to 2.6 mills additionally on full value.

\$9,211,293 of Valdez's property tax revenues are derived from oil and gas property.

Fairbanks North Star Borough

The property tax revenues for FY 80 for the North Star Borough are:

	<u>Millage</u>	<u>All Real Property Assessed Value 1-1-79</u>	<u>Property Tax Revenues</u>
Borough	7.18	\$1,158,310,825	\$ 8,316,671
City of North Pole	4.5	48,954,050	220,293
City of Fairbanks	8.5	530,001,850	4,505,015
Service Areas	various	267,611,475	198,919
			<u>\$13,240,898</u>

The borough assessed value is inclusive of the cities and service areas' values.

The portion of the above represented by oil and gas property is:

	<u>Millage</u>	<u>Oil & Gas Property Assessed Value 1-1-79</u>	<u>Property Tax Revenues</u>
Borough	7.18	\$792,249,650	\$5,688,352
City of North Pole	4.5	613,740	2,761
Service Area	1.0	64,303,000	64,303
			<u>\$5,755,416</u>

Both the North Star Borough and City of North Pole are well within the per capita property tax limitations.

North Slope Borough

Attached are pages 10 and 11 from the FY 1979-1980 North Slope Borough budget document. As explained therein, they have a 10.35 millage for FY 1979-1980 on total assessed value of \$5,021,847,880, of which \$4,810,887,800 should be the oil and gas properties shown in Table 1. 5.21 of 10.35 mills are for debt service.

However, the Borough's actual millages are 59.61 total and 29.61 for debt service because of the operation of the per capita limits, the 225% option being the most advantageous to them. Note that they have reached the 30 mill limit for the operating budget.

The property tax revenues to be derived in FY 1979-1980 are \$51,965,200 in total of which \$25,803,000 is for debt service.

TABLE 1
POTENTIAL OIL & GAS PROPERTY TAX REVENUES FOR OPERATING & CAPITAL EXPENDITURES WITHOUT PER CAPITA LIMITS

	1/1/79 Oil & Gas Property Assessed Value (\$000) ^{1/}	POTENTIAL OIL & GAS PROPERTY TAX REVENUE (\$000)				Est. 1979 Popu- lation ^{2/}	POTENTIAL OIL & GAS PROPERTY TAX REVENUE PER CAPITA			
		@ 5 Mills	@ 10 Mills	@ 20 Mills	@ 30 Mills		@ 5 Mills	@ 10 Mills	@ 20 Mills	@ 30 Mills
NORTH SLOPE BOROUGH	4,810,887.8	24,054.4	48,108.8	96,217.6	144,362.6	7,971	3,017	6,035	12,070	18,105
YUKON FLATS REAA	1,020,959.4	5,104.8	10,209.6	20,419.2	30,628.8	1,004	5,084	10,168	20,337	30,504
YUKON KOYUKUK REAA	1,037,975.4	5,189.9	10,379.8	20,759.6	31,139.4	2,828	1,835	3,670	7,340	11,011
FAIRBANKS NORTH STAR BOROUGH	792,249.6	3,954.7	7,909.4	15,818.8	23,728.2	60,227	65	131	262	393
DELTA GREELY REAA	680,639.6	3,403.2	6,806.4	13,612.8	20,419.2	3,211	1,115	2,230	4,460	6,690
COPPER RIVER REAA	1,539,947.1	7,699.7	15,399.5	30,798.9	46,198.4	1,925	4,000	8,000	16,000	24,000
CHUGACH REAA	34,032.0	170.2	340.3	680.6	1,021.0	2,957	57	115	230	460
CITY OF VALDEZ	1,541,897.0	7,709.5	15,419.0	30,838.0	46,257.0	4,481	1,720	3,440	6,880	10,320
CHUGACH REAA - VALDEZ	1,575,929.0	7,879.7	15,759.3	31,518.6	47,278.0	7,438	1,059	2,118	4,237	6,356

NOTES: ^{1/} Borough and City of Valdez figures are from Department of Revenue certified tax roll; figures for REAA's are based on the certified value for the unorganized borough (\$4,325,758,440) pro-rated by pipeline mileage (508.3 miles in unorganized borough).

^{2/} Borough and City of Valdez figures are the July 1, 1978 estimates contained in "Alaska Taxable 1978" published by the Department of Community & Regional Affairs. REAA figures are from November 15, 1979 Memo from Milt Barker to Arliss Sturgulewski re: "Financial Disincentives to Borough Formation".

PREPARED BY:
 LEGISLATIVE FINANCE
 November 15, 1979

TABLE 2

POTENTIAL FY 79-80 PROPERTY TAX REVENUES FOR
OPERATING & CAPITAL EXPENDITURES UNDER CURRENT LAW

PROPERTY TAX LIMITS (\$000)

	\$1500 Per Capita Limit	225% OF STATEWIDE ASSESSED VALUE PER CAPITA LIMIT ^{1/}		
		15 Mills	20 Mills	30 Mills
Yukon Flats	1,506.0	1,557.0	2,076.0	3,114.0
Yukon Koyukuk	4,242.0	4,386.0	5,848.0	8,772.0
Delta Greely	4,576.5	4,731.9	6,309.2	9,463.8
Copper River	2,887.5	2,985.3	3,980.4	5,970.6
Chugach	Not under limits—See Table 1 for potential oil & gas property tax revenue			
Chugach & Valdez	7,107.0	11,535.7	15,380.9	23,071.3
Chugach & Valdez (net of current Valdez tax revenue) ^{2/}	-0-	1,807.7	5,652.9	13,343.3

NOTE: ^{1/} Based on January 1, 1979 statewide assessed value of \$18,611,051,000 and a population estimate of 405,000.

^{2/} Valdez proposes FY 80 property taxes of \$9,728,050.

PREPARED BY:

LEGISLATIVE FINANCE
November 14, 1979

RESOLUTION SERIAL NO. 13-79

A RESOLUTION FIXING THE RATE OF LEVY ON PROPERTY IN THE
NORTH SLOPE BOROUGH.

WHEREAS, AS 29.43.170(a) provides the rate of levy, the date of equalization and the date when the taxes become delinquent shall be fixed by Resolution; and

WHEREAS, Resolution No. 27-78 fixes the date of equalization and the date when taxes become due and delinquent as June 29, 1979; and

WHEREAS, the Assembly has appropriated the necessary funds to carry out the Borough business and in accordance with the certified assessment roll there is \$5,021,847,880 assessed value of real and personal property in the Borough which in said value would result in a millage rate of 10.35 of which 5.21 mills for the Operating Budget (to include \$1,803,000 of Debt Service) per AS 29.53.055; and

WHEREAS, the Borough elected to utilize the AS 29.53.045(c) formula which results in a value of \$872,675,147 which can be taxed with results in a proration of all assessed value to 17.365623% of assessed value on all properties of the Borough thereby increasing the millage rate to yield the same taxes on each piece of property according to a certain letter of the State of Alaska; and

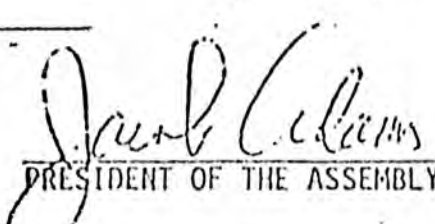
WHEREAS, the State average per capita assessed valuation to be certified by the Department of Revenue will be \$47,342.00;

NOW, THEREFORE BE IT RESOLVED:

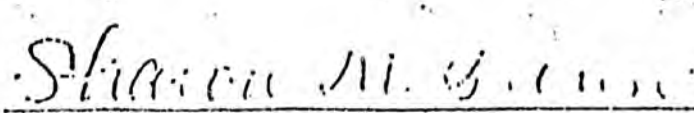
1. Rate of Levy (on basis of \$47,342.00 State average per capita assessed valuation): The rate of levy on each adjusted dollar of taxable property as of January 1, 1979 in the North Slope Borough is hereby fixed at 59.61 mills of which 30 mills are for the Operating Budget per AS 29.53.045(c) and 29.61 mills are restricted for Debt Service per AS 29.53.055

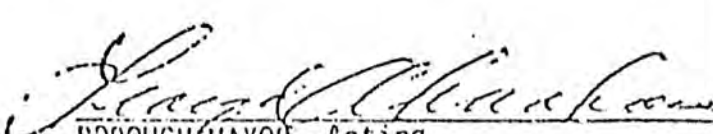
INTRODUCED: May 24, 1979

ADOPTED : May 24, 1979


PRESIDENT OF THE ASSEMBLY

ATTEST:


BOROUGH CLERK, Deputy


BOROUGH MAYOR, Acting

NORTH SLOPE BOROUGH
BUDGET SUMMARY

	Actual FY 1977/78	Budget ^{1/} FY 1978/79	Budget FY 1979/80
<u>REVENUES - GENERAL FUND</u>			
Property Taxes:	\$26,826,023	\$33,891,400	\$51,965,200
AS 29.53.045(c)	18,840,993#	24,752,400#	26,162,200#
AS 29.53.055 (Debt Service)	7,985,030#	9,139,000#	25,803,000#
Sales Taxes:			
Prior Court Case	1,466,557	2,302,000	-
AS 29.53.055 (Debt Service)	-	-	1,500,000
Licenses and Permits	-	200	200
Use of Money and Property	4,575,845	3,224,000	4,800,000
Intergovernmental Revenues	11,403,786	13,072,600	13,703,100
Charges for Services	532,800	889,000	1,561,100
Miscellaneous for Prepaid Taxes	500,000	500,000	-
Lapsed Funds School-Reappropriated	-	-	520,100
<u>TOTAL REVENUES^{2/}</u>	<u>\$45,305,011</u>	<u>\$53,879,200</u>	<u>\$74,049,700</u>

EXPENDITURES - GENERAL FUND

Operating:			
Education - School Fund 6/30/78	\$ -	\$ -	\$ 520,100
Education-Mayor's Support Level	12,389,451	12,662,700	15,457,700
Education-Post Secondary	-	-	643,000
Public Safety	1,137,171	1,826,700	3,140,700
Public Works	4,039,545	6,187,300	4,059,700
Public Utilities	-	-	4,116,300
Assembly-Budgetary Reserves	-	392,900	1,498,000
Assembly-Lawsuit-Prepaid Taxes	500,000	500,000	-
General Government	5,076,571	6,885,200	7,535,000
Environmental Protection Office	254,683	372,600	477,300
Health	1,199,766	3,000,600	2,621,700
Housing	231,933	612,200	840,200
<u>TOTAL OPERATING</u>	<u>\$24,829,120</u>	<u>\$32,440,200</u>	<u>\$40,909,700</u>
Capital	3,000,000	10,579,000	3,990,000
Debt Service	7,622,000	10,860,000	29,150,000
<u>TOTAL EXPENDITURES</u>	<u>\$35,451,120</u>	<u>\$53,879,200</u>	<u>\$74,049,700</u>

REVENUES - SERVICE AREA #10

<u>UTILITY FUND - #31</u>	<u>\$ -</u>	<u>\$ 2,350,200</u>	<u>\$ 4,576,300</u>
---------------------------	-------------	---------------------	---------------------

EXPENDITURES - SERVICE AREA #10

<u>UTILITY FUND - #31</u>	<u>\$ -</u>	<u>\$ 2,350,200</u>	<u>\$ 4,576,300</u>
---------------------------	-------------	---------------------	---------------------

GRAND TOTAL - ORDINANCE 79-3

<u>REVENUES</u>	<u>\$45,305,011</u>	<u>\$56,229,400</u>	<u>\$78,626,000</u>
<u>EXPENDITURES</u>	<u>\$35,451,120</u>	<u>\$56,229,400</u>	<u>\$78,626,000</u>

- NonAdd - Part of Category

1/ Ordinance 78-3F adopted January 9, 1979.

2/ Accrued Interest of \$2,466,489 - Contrary to budget procedures; transfers to CIP Fund were \$6,720,189 and Debt Service Fund of \$179,172 are not reflected in Total Expenditures.

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

D R A F T

MEMORANDUM

January 4, 1980

TO: The Honorable Bill Parker
The Honorable Arliss Sturgulewski

FROM: Jack Kreinheder *JK*
Issues Analyst

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

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

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

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

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

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

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

JK/bf

MANDATORY BOROUGH ACT (Chapter 52, SLA 1963) (CSHB 90)

This bill provided for the establishment of first or second class boroughs in the more populous election districts of the state as they then existed:

Ketchikan (except Annette Island Reservation), Sitka, Juneau. Anchorage, Fairbanks, Palmer-Wasilla-Talkeetna (Mataruska-Susitna), Kenai-Cook Inlet and Seward (Kenai Peninsula), Kodiak.

These were to be exclusive of certain designated military reservations from the boroughs to be formed until the designated military areas lost their reservation character. The legislation further provided that, if an area designated failed to incorporate as a borough government by local option before January 1, 1964, on that date a borough government (first or second class, at municipal option) would be incorporated. Codified sections of the legislation provided for the integration into the boroughs established the then-existing special service districts, and amended statutes relating to the adjustment of borough boundaries.

Form of regional government authorized:

First and second class general law boroughs.

Manner of organization:

Mandatory incorporation (unless area residents earlier exercised optional incorporation authority).

Fiscal incentives and implications:

Transitional assistance in the nature of land grants (ten per cent of the vacant, unappropriated, unreserved state land) and organizational grants (ten dollars for every qualified voter within the borough who voted in the last general election, with a minimum of \$25,000, "for the purpose of defraying the cost of transition to borough government and in order to provide for development and interim governmental operation.")

SENATE BILL 101 (1969) "...establishing more than one unorganized borough and providing for their administration."

Offered by Governor Keith Miller, this bill was meant to establish a framework to local participation by establishing six unorganized boroughs: Northwestern; Western; Interior; Southwestern; Southcentral; Southeastern. Residents of each unorganized borough were to be represented on elected five member advisory boards "to give advice and counsel to the executive and legislative branches," with the board given the following additional powers:

- (1) make recommendations regarding exercise of local planning and proposal for projects;
- (2) make studies and recommendations regarding the establishment of unorganized borough service areas;
- (3) make recommendations concerning necessary legislation;
- (4) study transportation, housing, public services "and any other matters which are relevant to planning within the unorganized borough;" and
- (5) prepare and submit suggested budgets for service areas.

In the exercise of these responsibilities, a board could receive and expend funds, but the levy of taxes "necessary to finance services" was left to the legislature. The local affairs agency was specifically designated the executive for these unorganized boroughs and, in that respect, enjoyed authority to aid the unorganized borough boards, administer state laws enacted by the legislature for the benefit of the unorganized borough, supervise the levy and collection of taxes imposed by the legislature, and recommend legislative establishment of one or more service areas within each unorganized borough.

For of regional government authorized:

None; unorganized boroughs, and service area within unorganized boroughs, were authorized.

Manner of organization:

Directive as to the number of unorganized boroughs; discretionary with the Legislative Affairs Agency as to the subsequent establishment of service areas.

Fiscal incentives and implications:

Authority was retained by the legislature to levy service area taxes, with the local affairs agency authorized to collect any taxes which were levied; the unorganized borough boards were granted authority to receive and expend funds.

4/23/79

Memo

TO: Senate: Sen. Arliss Sturgelewski, Gene Walsh
House: Rep. Bill Parker, Marjorie Gorsuch

FROM: Vic Fischer

RE: Interim committee study of unorganized borough.

I hope this is neither too little nor too late. Have rushed out attached notes and will try to get to you today via leg. info office.

Have not gotten into budget matters. A few thoughts on that:

- You should figure on one staff person in Juno, one in Anch.Format directed mostly to research and liason w/DC&RA; latter to help organize external effort, analysis, hearings, etc.
- Travel should include Upper Yukon, NANA, Barrow, Bethel, ~~D~~illingham, highway area (DeIta, Tok, Glennallen, Valdex). Probably one legislator from each committee at the least; will then supplement with local legislators.
- Consultants: Ralph Darbyshire, Tom MOrhouse, Vic Fischer, Byron Mallottt. (I'm interested, of course; 2-3 months possible)

Must go now...Plps excuse missepellings...Good luck and best regards

Methodology and Approach

Committee work would entail the following components:

- A. Research and analysis. Much of the basic work would be done by committee and other legislative staffs in Juneau, work with support from DC&RA and others.
- B. Workshops and public meetings would be conducted to obtain participation by affected groups and persons. Organizations to be included are AFN, RuralCAP, ANF, Alaska Municipal LEague, and the like. Meetings will be held in rural areas to obtain testimony and views on self-governance, administrative capabilities, fiscal conditions, attitudes toward state vs. local performance of functions, etc.
- C. Analyses and formulation of resultant proposals will be carried out with the help of consultants and other specialists.

It is important to take action in the unorganized borough as quickly as possible. The longer nothing is done, the worse the situation will get. A few more areas may organize on an ad hoc basis. But the rest of rural Alaska may be subjected to some type of mandatory borough legislation, especially after reapportionment further shifts the balance toward urban areas particularly Anchorage.

Study Objectives

The principal purpose will be to examine the unorganized borough situation and initiate steps toward resolving problems and promoting maximum self government, as provided in the state constitution.

Specific Objectives are:

1. Review of legislative proposals and previous studies that have been directed toward dealing with the unorganized borough
2. Examination of existing borough statutes and their applicability to rural Alaska.
3. Analysis of existing alternatives under the constitution for dealing with the unorganized areas of the state, including elimination of disincentives and provision of incentives for local governance.
4. Ascertaining of public attitudes and perceptions.
5. Formulation of proposals for legislative and administrative actions, and review of such proposals with representatives of rural organizations and the rural public.
6. Submission of recommendations for legislation and further steps to be taken.

Interim unorganized borough study

General Purpose

The study will examine the needs for self-government, study administrative and financial requirements and constraints, ascertain the wishes and concerns of the people, and evaluate alternative approaches to dealing with the unorganized borough. Appropriate recommendations will be made to the 1980 legislative session.

Background

Alaska's constitution provides that the entire state will be divided into boroughs, organized and unorganized. This idea was based on the concept that all regions of Alaska would have an opportunity to exercise the maximum amount of self-government. Constitution writers believed that the people within each of the more rural areas of Alaska could have their own regional unorganized boroughs, within which they could at least have advisory powers. Under this scheme, there could be a gradual transition to a self-governing, organized borough, the pace in each area depending on the wishes and capabilities of the region.

This approach was not taken when borough legislation was enacted upon statehood. Instead, provision was made for organized boroughs in urban areas, with an option for others to incorporate. The balance of the entire state, that is--the leftovers, was constituted into a single unorganized borough. This creature is, of course, ungovernable, and certainly does not lend itself to any duties of self-governance on the part of the people in diverse regions of Alaska.

The issue of creating organized boroughs from parts of the unorganized borough comes up repeatedly. Various legislative proposals have been made over a ten year period; none were enacted. The North Slope Borough was created by local initiative to take advantage of oil wealth in its area. Possible creation of petroleum pipelines has led to the current borough study in the Yukon Flats area; the study was funded by the legislature last year. Other areas traversed by the oil pipeline have considered borough incorporation but have taken no action.

Discussions about establishing boroughs in rural Alaska have generally been frustrated by the rigidity of existing borough legislation and by uncertainties about what the new unit would do to and for the people and property owners. Lack of coherent state policy and state initiative has further frustrated previous attempts.

The need for action is not going to go away. Half-way measures, such as creation of REAA's may defuse some of the problems, but only for a while. Massive difficulties will yet come as a result of coastal management program implementation. Other state-sponsored programs will likewise be a difficulty due to lack of regional governmental entities in rural Alaska.

Current legislative dealing with borough formation is not appropriate for most of rural Alaska. It is too rigid, is too specific on organization, and is excessively complex with respect to functions that can and cannot be exercised. Taxation and fiscal burdens often loom oppressively. In fact, current law creates disincentives to organization and self-governance; e.g., school construction financing.

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

FOURTH STATE CAPITOL
JUNEAU, ALASKA 99801
907-465-3800

MEMORANDUM

August 16, 1979

SUBJECT: Local Government Study drafting assignment

TO: Senator Arliss Sturgulewski, Chairman
Senate Community and Regional Affairs Committee

Representative Bill Parker, Chairman
House Community and Regional Affairs Committee

FROM: John B. Chenoweth
Legislative Counsel

Some preliminary questions:

The outline dated August 14 describes some of the subject matter which should be covered. Initially, the division of the state's single unorganized borough is to be completed. Senate Bill 35 (1977) providing for the division of the unorganized borough into regional educational attendance areas is to serve as the model.

(1) Please advise whether it is sufficient, for your purposes, to provide that the boundaries of REAAs shall serve as the boundaries for unorganized boroughs.

If so:

What provision is to be made to accommodate the smaller "regional" educational attendance areas -- St. Paul, Adak, Metlakatla -- into the surrounding REAA/unorganized boroughs? Or should they be? The answer to this probably depends on the relationship you see emerging between educational functions (now handled through REAAs) and any and all other functions which may be handled through unorganized boroughs.

If not:

Who shall make the determination by which an existing REAA shall be divided or combined with an adjacent REAA (for purposes of this effort)? The commissioner of

Senator Arliss Sturgulewski
Representative Bill Parker
Page 2
August 16, 1979

- ① Com. CRA ~~Similar~~ to REAA Areas
② LBC.

community and regional affairs? The Local Boundary Commission? By what standards? Is it at all significant that, under this approach, a given community might find itself linked with its neighbors on one side for purposes of education and with a different group (or larger group, or smaller group) for purposes of planning and delivery of other services?

Should the line drawing (or re-drawing) be handled expeditiously (as in SB 35 -- maximum of 4 to 6 months) or be allowed to move at whatever pace is necessary, as is presently the case in coastal zone service areas? yes(vic)

(vic) What is meant by the entry "follow-up adjustment by the Local Boundary Commission?" Bristol Bay problem shows how bad w/ later

Before
CRA
Council
etc...
(2) Matter of unorganized borough councils: I assume that "unorganized boroughs" are to be voluntarily formed (following the coastal zone model) rather than mandated (as was done with REAAs). Am I right? Should I provide for an initial council of a fixed size (as was done with REAAs)? If not, in the absence of a set statutory number, who decides? How are unorganized boroughs initiated: public petition? resolution of the legislature to the commissioner/local boundary commission? Do I worry about "one village, one vote?" How elected: at large? by districts? some combination of both? Who decides? Is this decision made by area residents upon submission of a petition? Can existing REAA school boards also serve as unorganized borough councils? Should they be able to if people in an REAA want them to? Should it be barred -- in order to keep the educational function wholly separate? Can existing coastal service area boards serve the function of an unorganized borough council? Should they be able to if they want to? Should this be barred? If an unorganized borough council is established, should the election occur at the same time as elections for other "regional" posts, i.e. when the regional school board and regional coastal management board are elected? If not, when? Who conducts these elections? Who pays for their costs? The outline says "Councils (Advisory)" -- are they to be advisory? In the same way that a community council is advisory to, say, the Anchorage assembly (i.e. the state agency would continue to have final say)? In the way a coastal management service area board's authority is circumscribed (i.e., a coastal management service area board may secure judicial review of

CRA. Com. Recommendation = Palmer - Pat to respond to these questions

- ① We interview people for their opinion

Senator Arliss Sturgulewski
Representative Bill Parker
Page 3
August 16, 1979

the actions of a state agency to conform to regional coastal management service area board decisions)? Should their authority be plenary within general guidelines set down by statute? Are these beasts to be "advisory" to the legislature in its capacity as the "assembly for the unorganized borough?" If so, should we establish a scheme whereby the relationship is "unorganized borough -- state legislature" rather than "unorganized borough -- state agency", thereby isolating program and budget factors from the requirements of general law? Is this desirable with half Alaska's population and legislature drawn from urban areas?

Vic
(3) Functions: We are agreed, I think, on some initial general functions: health; social services (public assistance); public safety (i.e. police and fire protection and, perhaps, emergency medical services/search and rescue). Let me also tentatively suggest to be added to the list (with full appreciation for the fact that it reopens the debate on management of fish and game) "natural resources conservation and management" (See Article VIII, section 2, State Constitution) and its derivative function, land use planning. →

The first item under this heading is "planning." I think, but need you to affirm, that "planning" for the deliverance or provision of any one of the foregoing is the essential first step in that provision or deliverance, that "planning" should not be separated from "implementation" and that the two are merely parts of the same unit. Under that interpretation, an unorganized borough council might opt for health "planning" as part and parcel, and only as part and parcel, of assuming responsibilities for health functions. If I am in error on this, please advise, but the logical upshot is that you may wind up with a situation where the regional entity "plans" and the state agency budgets and executes almost entirely without ready reference to those "plans."

The next entry, "coordination and review", needs clarification. I would ask: with whom and for what purpose?

CTA
Shawn
sugges
[The matter of the relationship between these beasts and existing REAAs and coastal management initiatives I leave to you. Please tell me, at least for purposes of drafting, how you see these fitting together.

* this not normally done in many Boroughs.

① Planning should not be the functional but the early basic planning
② A-95 (B-95) fine state projects will need
③ Not service delivery

④ Can it mean a review of state programs in the area?

Senator Arliss Sturgulewski
Representative Bill Parker
Page 4
August 16, 1979

OK Home Rule WRA

possible more flexible
Re view borough 12 term
or representation

④ = HOME Rule

Vic
GENERAL

I am concerned, too, for the notion of "extended home rule." I have not the foggiest notion of what the participants may see in this as the answer to their concerns or problems. What is it, in Title 29 or elsewhere, that is so odious, so difficult, so threatening as to warrant "instant home rule?" I say this in all seriousness, for I do not want to throw out or suggest some home rule binder requirements that step on the hopes and expectations of participants? "One village - one vote?" Home rule probably cannot skirt this issue: there are federal constitutional precepts involved. What else is there? What is it, for openers, that people in the Upper Yukon may see in home rule? What is it the North Slope Borough officials saw in "traditional" (i.e. municipal) home rule? Did they use home rule to accomplish their expectations?

CKA What about procedures bearing upon instant gratification through immediate adoption of home rule? Do we start with a "general law unorganized borough" and require its council to initiate the home rule charter adoption process? Do we mandate a process? Minimal requirements for inclusion in a charter? Do we allow residents to develop a home rule unorganized borough where no regional general government unit now exists? HOW???

CKA Who prepares the charter? Should the legislature, acting as assembly for the unorganized borough, receive the petition of residents and, by local legislation, direct the preparation of a charter for this area, another (at a later date) for that region, and so forth? Do these charters need to be reviewed and approved (or not disapproved) by anyone? Legislative review? Commissioner of community and regional affairs? How long should the framers of the charter have to complete the effort? Who approves at the local level? Who pays for that election?

And, when you have totalled up whatever it is you decide on home rule for the unorganized borough, please pause to consider the implications that this result has on existing home rule municipalities, bound, as they are, by some interesting ad hoc provisions in AS 29.13. Conceivably, home rule in unorganized areas could prove to be far broader than home rule concepts and precepts applicable within municipalities. Is this desirable?

Senator Arliss Sturgulewski
Representative Bill Parker
Page 5
August 16, 1979

CRA
HOLD
OFF

(4) Financing and services: Is there to be a local effort requirement for any service? for all services? Is it a necessary requirement? Do we authorize levy and collection of taxes? Which ones? What limits? How about any fees? Do I worry about protection against taxation of undeveloped lands, boats, the property of senior citizens, and other classes which have been identified as exempt or partially exempt from municipal taxation? Do you allow "in kind?" At what value? Who decides? Does it matter???

CRA
HOLD
OFF
FOR NOW

(5) The title heading is "recognition of villages," but the single response listed says "third class cities." Is this to be the response? Do I follow the department's draft on this? Should existing cities be permitted to "declassify" from first or second class city status to take advantage of this additional class of city? Does this establishment of yet another class of city answer the real issue on "recognition of village governments" (i.e. recognition of tribes or IRA councils) or are we just adding another option in Title 29 which, we are told, does not work in many rural areas anyway?

These are, as the first paragraph indicates, my preliminary questions bearing on a first draft.

JBC:jdn

*I do not mean to be critical, but this matter of "in kind" contributions serving in place of cash really could be significant. I understand from Marge Gorsuch that the governor is insisting that unorganized borough units begin to make some contribution. I also recall how the legislature recently treated with "in kind" contributions in legislation authorizing construction of cultural facilities. In that legislation, you will recall, there is a formula by which the amount of required local contribution to the project is to be determined. The legislature allows a municipality to count toward satisfaction of that requirement donations of land on which the facility is to be built, indicating how that value is to be ascertained, but without inquiring as to how the municipality came to hold title. Thus, with an "in kind" contribution to the project of land which the municipality gained at little or no cost, the municipality can effectively shift the entire cash burden for construction to the state.

Senator Arliss Sturgulewski
Representative Bill Parker
Page 6
August 16, 1979

I see "in kind" as opening the door to maintaining 100 percent state support for the planning and delivery of services in unorganized boroughs, retaining the same system of financing these services as we have now. This may be desirable on the part of legislators, indeed, may be necessary from the point of view of urging organization of these areas. But I am concerned that, in dwelling on the topics of "boundary delineation", "powers of councils", and "functions and authorities", the most significant subject of equitable financial contributions is being set aside for further study at a "later" time. The state is chugging merrily down the road to financial turmoil in those years that oil and gas contributions to the general fund begin to fall off. The difficult question of financing provision of services will have to be faced then. I respectfully suggest that, ten years hence, the answers to that question, to the extent that they require all Alaskans to contribute more in the way of state income and local property and sales taxes, may come a little easier if the legislature now commits itself to requiring some cash contribution as a required local effort in any foundation approach by which responsibility for essential public services is moved to the regional level.



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

DATE: 6/18/79
TO: Jack Chenoweth
FROM: Marjorie Gorsuch
Gene Walsh
RE: Local Government Study Research Project

Attached please find a copy of the Local Government Study Work Program and the projected process for implementing this Study.

The research material requested will be used for the Local Government Symposium and the Regional Workshops and is intended to give background and an overview of proposed legislative solutions to the questions of regional organization and financial equalization as they relate to the unorganized borough.

The material will be outlined and charted and will be used by those native leaders, legislators, local government specialists, and representatives of the Alaska Municipal League and other pertinent organizations present at these meetings. The principal concern of the discussions at these meetings will be the method for achieving self determination through local government.

As you will note in Exhibit C, the Local Government Symposium is being planned for the first weekend in August. As we will need to compile and circulate the requested information prior to that time, we are asking that this project be completed by Friday, July 13. Realizing the time constraints we are imposing, we would appreciate knowing how feasible completion is within the given schedule.

If you become aware during the course of your research of the obvious omission of any pertinent legislation, we would appreciate your calling it to our attention. We would also like a copy of the original bill being researched for reference as well as any of your personal thoughts and perceptions on the subject matter.

We are interested in an outlining of the main components of the legislative proposals listed below, in particular the process proposed in regard to regional organization (mandatory, optional) and the fiscal implications of the legislation, including but not limited to incentives and taxes.

Borough Act of 1961

Mandatory Borough Act 1963

SB 101 '69

HB 738 '70 RADG (Rural Area Development Group) Bill

HB 161 '71

Governor Egan's Package of 1972

HB 596

HB 597

HB 598

HB 122 '73 Rep. Tom Fink, Sponsor

SB 122 '73 ADE Bill

HB 291 '73 Gardiner Bill

In addition, we are interested in Ch. 1 SLA '73 as it related to the North Slope Borough incorporation. (David H. Getches "The North Slope Borough, Oil, and the Future of Local Government in Alaska", UCLA Ak. Law Review Vol. 3 #1 (Fall, 1973 pp. 55-84 might be a helpful resource).

HB 202 '77 Rep. Charlie Parr, Sponsor

HB 9 '79 " " "

HOUSE BILL 738 (1970)

The bill, as introduced, provided for the establishment of a Department of Regional and Community Affairs. In addition, it would have required that department to "draw tentative boundaries dividing all areas of the state which are not within the boundaries of an organized borough into proposed regional unorganized boroughs." The boundaries proposed would become effective unless challenged by the petition of 25% of the registered voters within a tentative regional unorganized borough. A regional-borough would be proposed to the voters at the first statewide election following final determination of boundaries; a proposed regional borough might be rejected, but could be proposed again at a later date upon presentation of a subsequent petition signed by ten per cent of the number of those who voted in the last election on the question. A regional borough, once established, would be supervised by an elected regional council, whose members would be required to

- (1) prepare and submit or review and approve a budget for the regional borough;

- (2) "review and approved all state agency plans which effect the development and welfare of the borough;"

- (3) coordinate state and federal activities with regional and local programs; and

- (4) prioritize the needs of borough residents.

A Regional and Community Affairs Fund was established, to which was to be appropriated 40% of revenues derived from the sale, lease or disposition of a "natural resource or assets." The fund was to serve as the basis of shared revenue distributions to then existing organized boroughs, to regional boroughs authorized under the bill, and to regional unorganized boroughs.

The bill authorized regional councils supervising regional unorganized boroughs to provide for service areas for the

administration of all functions except the power to assess, levy, or collect taxes.

Form of regional government authorized:

Regional unorganized boroughs, as a prerequisite to so called regional boroughs; service areas authorized within regional unorganized boroughs.

Manner of organization:

Boundary determinations for regional unorganized boroughs were mandatory; the first election for the establishment of a regional borough was also mandatory, but subsequent action seeking incorporation of regional boroughs required submission of a petition from area voters.

Fiscal incentives and implications:

A Regional and Community Affairs Fund was established as a source of shared revenues for borough governments and for regional unorganized boroughs (with a ten per cent reserve for cities of the unorganized borough), to be distributed on the basis of population ratio and income deficiency. No fiscal estimate was provided.

Regional unorganized boroughs might exercise land selection rights (ten per cent of vacant, unappropriated, unreserved land) in the manner provided for organized boroughs.

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

BOROUGH ACT OF 1961 (Ch. 146, SLA 1961) (CSHB 17)

Introduced "By Request of the Governor and the Legislative Council," and described by Governor William A. Egan as legislation which "seeks the most in local government for urban, suburban and rural areas," the bill authorized formation of first and second class boroughs in response to public petition, review, hearing and determination by the Local Boundary Commission, and a local referendum on incorporation. The legislation

- (1) defined standards for the incorporation of new boroughs;
- (2) described standards for the composition and apportionment of the borough assembly;
- (3) defined the general powers of all boroughs, and the mandatory powers -- tax assessment and collection, education, and planning and zoning -- required of first and second class boroughs;
- (4) described the manner of exercise of additional areawide and non-areawide powers by first and second class boroughs, and the acquisition of responsibility for services through transfer of powers from cities;
- (5) provided for the establishment of, and defined the duties, responsibilities, and manner of operation of, borough assemblies;
- (6) provided for a borough executive: an elected borough chairman and (optionally) an appointed borough manager, defining the responsibilities and manner of selection of each; and
- (7) described additional powers, duties, and responsibilities of organized borough governments.

Form of regional government authorized:

First and second class general law boroughs.

Manner of organization:

Optional: upon submission of a petition containing information as to

- (1) the class of the proposed borough;
- (2) the name of the borough and location of the borough seat;
- (3) the boundaries of the proposed borough, in accordance with statutory standards prescribed;
- (4) proposed assembly size, composition and apportionment;
- (5) designation of powers assumed by the borough upon its incorporation;
- (6) supporting and supplemental information required by the local affairs agency;
- (7) necessary signatures: 25 percent of the qualified voters of each first class city within the proposed borough and 25 percent of the voters living outside first class cities and voting in the last general election.

Acceptance of the petition by the Local Boundary Commission, and an election on the petition in which the overall majority carries the vote.

Fiscal incentives and implications:

The borough enjoyed authority

"to levy taxes and special assessments, enforce tax liens, and assess and collect penalties in the manner provided for first class cities;"

and

"[to] levy or authorize the levying of taxes, charges, or assessments in service areas to finance special services."

The borough enjoyed standing to receive from the state shared taxes "to the extent that the taxes are collected in the borough but outside any city which receives a share of the same tax."

MANDATORY BOROUGH ACT (Chapter 52, SLA 1963) (CSHB 90)

This bill provided for the establishment of first or second class boroughs in the more populous election districts of the state as they then existed:

Ketchikan (except Annette Island Reservation), Sitka, Juneau, Anchorage, Fairbanks, Palmer-Wasilla-Talkeetna (Matanuska-Susitna), Kenai-Cook Inlet and Seward (Kenai Peninsula), Kodiak.

These were to be exclusive of certain designated military reservations from the boroughs to be formed until the designated military areas lost their reservation character. The legislation further provided that, if an area designated failed to incorporate as a borough government by local option before January 1, 1964, on that date a borough government (first or second class, at municipal option) would be incorporated. Codified sections of the legislation provided for the integration into the boroughs established the then-existing special service districts, and amended statutes relating to the adjustment of borough boundaries.

Form of regional government authorized:

First and second class general law boroughs.

Manner of organization:

Mandatory incorporation (unless area residents earlier exercised optional incorporation authority).

Fiscal incentives and implications:

Transitional assistance in the nature of land grants (ten per cent of the vacant, unappropriated, unreserved state land) and organizational grants (ten dollars for every qualified voter within the borough who voted in the last general election, with a minimum of \$25,000, "for the purpose of defraying the cost of transition to borough government and in order to provide for development and interim governmental operation.")

SENATE BILL 101 (1969) "...establishing more than one unorganized borough and providing for their administration."

Offered by Governor Keith Miller, this bill was meant to establish a framework to local participation by establishing six unorganized boroughs: Northwestern; Western; Interior; Southwestern; Southcentral; Southeastern. Residents of each unorganized borough were to be represented on elected five member advisory boards "to give advice and counsel to the executive and legislative branches," with the board given the following additional powers:

- (1) make recommendations regarding exercise of local planning and proposal for projects;
- (2) make studies and recommendations regarding the establishment of unorganized borough service areas;
- (3) make recommendations concerning necessary legislation;
- (4) study transportation, housing, public services, "and any other matters which are relevant to planning within the unorganized borough;" and
- (5) prepare and submit suggested budgets for service areas.

In the exercise of these responsibilities, a board could receive and expend funds, but the levy of taxes "necessary to finance services" was left to the legislature. The local affairs agency was specifically designated the executive for these unorganized boroughs and, in that respect, enjoyed authority to aid the unorganized borough boards, administer state laws enacted by the legislature for the benefit of the unorganized borough, supervise the levy and collection of taxes imposed by the legislature, and recommend legislative establishment of one or more service areas within each unorganized borough.

Form of regional government authorized:

None; unorganized boroughs, and service area within unorganized boroughs, were authorized.

Manner of organization:

Directive as to the number of unorganized boroughs; discretionary with the Legislative Affairs Agency as to the subsequent establishment of service areas.

Fiscal incentives and implications:

Authority was retained by the legislature to levy service area taxes, with the local affairs agency authorized to collect any taxes which were levied; the unorganized borough boards were granted authority to receive and expend funds.

HOUSE BILL 738 (1970)

The bill, as introduced, provided for the establishment of a Department of Regional and Community Affairs. In addition, it would have required that department to "draw tentative boundaries dividing all areas of the state which are not within the boundaries of an organized borough into proposed regional unorganized boroughs." The boundaries proposed would become effective unless challenged by the petition of 25% of the registered voters within a tentative regional unorganized borough. A regional-borough would be proposed to the voters at the first statewide election following final determination of boundaries; a proposed regional borough might be rejected, but could be proposed again at a later date upon presentation of a subsequent petition signed by ten per cent of the number of those who voted in the last election on the question. A regional borough, once established, would be supervised by an elected regional council, whose members would be required to

- (1) prepare and submit or review and approve a budget for the regional borough;
- (2) "review and approved all state agency plans which effect the development and welfare of the borough;"
- (3) coordinate state and federal activities with regional and local programs; and
- (4) prioritize the needs of borough residents.

A Regional and Community Affairs Fund was established, to which was to be appropriated 40% of revenues derived from the sale, lease or disposition of a "natural resource or assets." The fund was to serve as the basis of shared revenue distributions to then existing organized boroughs, to regional boroughs authorized under the bill, and to regional unorganized boroughs.

The bill authorized regional councils supervising regional unorganized boroughs to provide for service areas for the

administration of all functions except the power to assess, levy, or collect taxes.

Form of regional government authorized:

Regional unorganized boroughs, as a prerequisite to so called regional boroughs; service areas authorized within regional unorganized boroughs.

Manner of organization:

Boundary determinations for regional unorganized boroughs were mandatory; the first election for the establishment of a regional borough was also mandatory, but subsequent action seeking incorporation of regional boroughs required submission of a petition from area voters.

Fiscal incentives and implications:

A Regional and Community Affairs Fund was established as a source of shared revenues for borough governments and for regional unorganized boroughs (with a ten per cent reserve for cities of the unorganized borough), to be distributed on the basis of population ratio and income deficiency. No fiscal estimate was provided.

Regional unorganized boroughs might exercise land selection rights (ten per cent of vacant, unappropriated, unreserved land) in the manner provided for organized boroughs.

HOUSE BILL 161 (1971)

Offered at the request of Governor William A. Egan, this bill would have established service areas in the unorganized borough, prescribing their structure and describing their functions. Authority was given to the director of the local affairs agency to establish, alter and abolish unorganized borough service areas in accordance with standards which he developed. Once established, the service areas would be controlled and directed by Regional Service Area Commissions, appointed or elected. The principal responsibilities of the Regional Service Area Commissions were to be advisory, but authority was given for the commissions to receive and expend financial assistance, to undertake sponsorship of economic and social projects, to participate with other entities in activities in support of the economic or social development of the region, and to "develop and implement plans under which the regional service area may assume the status of an organized borough when deemed appropriate by the inhabitants of the area."

Form of regional government authorized:

None; service areas of the unorganized borough were authorized.

Manner of organization:

Discretionary with the director of the local affairs agency.

Fiscal incentives and implications:

No authority was granted to a service area to raise revenues within the region; presumably state grants would be made available for purposes of organization operation and provision of state services.

HOUSE BILLS 596, 597 AND 598 (1972)

Companion bills were introduced by Governor William A. Egan, and were intended to provide comprehensive legislation addressing the organizational and financial aspects of local self government.

House Bill 596 directed the Local Boundary Commission to divide the state into unorganized boroughs, the boundaries suggested by the commission to become effective unless the legislature disapproved them. Specifically withheld from the legislature was the right to alter the boundaries recommended by the Boundary Commission. Thereafter, the voters within each unit established as an unorganized borough would choose an eleven member council to "participate in an advisory capacity in the development and implementation of state programs and projects relating to that borough." An unorganized borough could, with Local Boundary Commission concurrence, adopt a home rule charter to govern the affairs of the unit.

House Bill 597 proposed a levy and collection of a fifteen mill tax on real and personal property on a statewide basis. Exempted from the tax were, among other items, real and personal property in the nature of a residential exemption of a value of fifty thousand dollars, and all unimproved property, while a credit was given to property tax payers for the taxes which they paid to a city or borough. A local effort exclusion eliminated the need for a taxpayer to file a municipal return if local tax revenues exceeded revenues which would be raised by the tax proposed in the house bill. While assessment and collection followed then applicable provisions of law for the collection of taxes within the cities, property assessment in the unorganized borough for purposes of the tax was made the responsibility of the state assessor, and provision was made for a statewide assessment review board to handle appeals. Tax proceeds, collected by the Department of Revenue, were to be deposited into the General Fund, but provision was made for the return of revenues to unorganized borough units for operations on a direct basis and, for "essential services," on an alternate basis using an index which combined unorganized borough unit fiscal capacity and population ratios.

As offered, House Bill 598 levied a twenty mill property tax on the full and true value on all taxable real and personal property employed "in the exploration for and transportation of unrefined oil and gas" except property which was actually subject to a borough or city levy. Additional tax exemptions authorized included

- (1) producing oil and gas leases;
- (2) machinery, appliances and equipment "actually used in the operation of a well;" and
- (3) oil and gas for which a gross production (i.e., severance) tax was paid.

The entire proceeds of the tax, deposited into the General Fund, were to be available for distribution to municipalities and unorganized borough units under a distribution index which took into account the unit's

- (1) population;
- (2) cost of service index; and
- (3) fiscal capacity.

The comments of a principal draftsman of House Bill 598 are appropriate:

"The rationale for the state tax as the exclusive tax on the oil pipeline was that such property provides immense taxable value to certain areas without regard to the level of services required in those areas. It was believed that the revenue anticipated from taxation of oil and gas pipelines is properly considered a state resource rather than the exclusive property of the area where the property happens to be located. At the same time, it was also felt that this revenue, like other property tax revenue, should be used for the benefit of local governments. Accordingly, the revenue from the state oil and gas pipeline tax would be distributed to all local government units, including cities, organized boroughs and unorganized boroughs, in accordance with a formula similar to that which governs distribution of the general property tax revenue under House Bill 597."

Form of regional government authorized:

Unorganized borough units each of which would have authority to adopt home rule charters. (House Bill 596)

Manner of organization:

Mandatory formation of unorganized borough units. (House Bill 596)

Fiscal incentives and implications:

Extension of the property tax levy on a statewide basis (House Bill 597), with the levy of a premium rate on certain real and personal property of companies engaged in oil and gas activities (House Bill 598), was, even with the credits and exemptions allowed, expected to be sufficient to meet revenue sharing demands built into the two bills. The sharing of general property tax revenue, involving as it did the population and fiscal capacity factors, represented the first realistic effort by an administration to propose to the legislature tentative solutions addressing the real disparities in the abilities of local government units and erstwhile local government units to generate revenues for local services from community and regional sources, traditionally the focus of property taxation efforts. The major source of shared revenue under the governor's legislative package was, of course, to be the twenty mill tax on pipeline property; by the time that legislation escaped the House, however, the sharing scheme had been converted into one based on economic impact - real or imagined - utterly non-conducive to providing revenues on a sustained basis to meet the costs of public services at the local level. The legislation died, unmourned, in the Senate Finance Committee, and in its absence, there was no interest expressed in the enactment of any other legislation of the administration's package.*

* The record shows that only House Bill 598 received extended legislative consideration:

CSHB 598 (Local Government Committee): Clarified the applicability of the tax on property which was employed in the construction of a taxable facility.

CSHB 598 (Fin) (Finance Committee): Authorized local governments to levy up to twenty mills on not more than ten percent of property subject to the state property tax, and altered the revenue sharing scheme to one of "impact distribution."

SCS CSHB 598 (Local Government Committee): Exempted from the state property tax pipelines of less than 21 inches diameter.

HOUSE BILL 122 (1973)

The bill, if enacted, would have required the Department of Community and Regional Affairs to provide boundary descriptions corresponding to the boundaries of the twelve geographic areas described by the Alaska Native Claims Settlement Act. Thereafter, if, before January 1, 1977, no borough had been formed within each of the districts described by the department, on that date a second class borough would have been incorporated. The bill made provision for elections to determine the initial powers which the second class boroughs would enjoy and for the choice of the initial borough officers.

Form of regional government authorized:

Second class boroughs

Manner of organization:

Mandatory, in accordance with the provisions of the legislation and in accordance with provisions of then applicable general law.

Fiscal incentives and implications:

No incentives; the bill specifically denied to "boroughs incorporated by this act" the benefits of the then applicable ten percent land selection authorization.

SENATE BILL 122 (1973)

The predecessor of legislation eventually enacted in 1975 to provide for the decentralization of responsibility for the operation of public schools, this bill provided for the establishment of educational service areas in the unorganized borough. The initial division of the unorganized borough into educational service areas was made the responsibility of the state Board of Education, acting on the recommendation of the State Department of Education. Provision was also made for the election of school boards for each of the service areas to be established, each school board to have substantially the powers and duties of city and borough school district boards. Correlative amendments to numbers of sections in Title 14 in order to recognize the educational services which were proposed.*

Form of local government authorized:

None

Manner of organization:

Mandatory formation of educational service areas.

Fiscal incentives and implications:

Full state funding of the basic costs of educational services to be provided; no authorization to generate and expend revenues from local sources.

* The bill was revised substantially by several legislative committees and eventually emerged as a House-amended House Committee Substitute by authority of which schools on military reservations might be operated by an adjacent city or borough school district under contract with the Department of Education. See Ch. 72, SLA 1974.

HOUSE BILL 291 (1973)

This legislation is quite similar to Governor Egan's 1972 bill, but names the entities to be established "unorganized borough districts," modifies the local hearing requirements with respect to the drawing of the boundaries of these districts, and requires affirmative legislative approval of the proposed boundaries rather than mere "non-disapproval" as Governor Egan's bill proposed.

HOUSE BILL 202 (1977) and HOUSE BILL 9 (1979)

These are a pair of bills, substantially similar, intended to levy a tax on developed lands within the state's unorganized borough. The tax, to be levied on the "full and true value" of taxable real property located in the unorganized borough, would not affect:

- (1) property within home rule and first class cities of the unorganized borough;
- (2) unimproved lands;
- (3) real property which is exempt by state law from taxation under AS 29;
- (4) real property for which a city may grant an exemption; and
- (5) real property covered by the oil and gas property tax and real property covered by the oil and gas reserves ad valorem tax.

Under each bill, the mill rate would be set on an annual basis, to be levied as an amount which is equal to the mill rates levied by the state's organized boroughs on the preceding January 1st for the support of their respective school district functions.

The remaining provisions -- generally sections 130-190 -- describe the means of assessment, equalization, collection and enforcement, dividing the responsibility for these functions between the Departments of Community and Regional Affairs and Revenue. In order to isolate the costs associated with the unorganized borough property tax levy, and in order to assure the gathering of accurate information about program receipts, specific provision is made for separate budgets for this program and for separate annual reports. Finally, by section 220, as an incentive to unorganized borough incorporation, there is to be granted to an area incorporating as a municipality all of the tax proceeds collected by this act during the year of incorporation.

Form of regional government authorized:

None.

Manner of organization:

Not applicable.

Fiscal incentives and implications:

The levy of a millage rate, the proceeds of which are to be deposited into the state's General Fund for partially off-set of state funded educational costs, would constitute the first general property tax levy in the unorganized borough. The tax would necessarily fall on improved commercial property, for there is not a doubt in my mind that within the first fiscal year second class cities would take advantage of the optional tax exemptions to establish residential exemptions.

There is a very good likelihood that enactment of the legislation in substantially the form that its been offered would generate litigation regarding the extent of the exemption allowed native restricted deed property in the unorganized borough. This is a subject that should be looked at with some care, perhaps reviewing the matter with officials of the North Slope Borough to determine whether levy and collection of that borough's property tax against restricted deed properties resulted in litigation or other problems.

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

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

MEMORANDUM

July 10, 1979

SUBJECT: Request of 5 July 79 to Jack Chenoweth

TO: Marjorie Gorsuch

Gene Walsh

FROM: Billy G. Berrier *BGB*
Director
Legal Services Division

The study that you have requested Jack Chenoweth to undertake as background for your symposium is of itself a major research project. In addition, the study is essentially factual and conclusionary.

Both in scope and material this is not within the services this Division can provide.

HOUSE BILL 291 (1973)

This legislation is quite similar to Governor Egan's 1972 bill, but names the entities to be established "unorganized borough districts," modifies the local hearing requirements with respect to the drawing of the boundaries of these districts, and requires affirmative legislative approval of the proposed boundaries rather than mere "non-disapproval" as Governor Egan's bill proposed.

SENATE BILL 122 (1973)

The predecessor of legislation eventually enacted in 1975 to provide for the decentralization of responsibility for the operation of public schools, this bill provided for the establishment of educational service areas in the unorganized borough. The initial division of the unorganized borough into educational service areas was made the responsibility of the state Board of Education, acting on the recommendation of the State Department of Education. Provision was also made for the election of school boards for each of the service areas to be established, each school board to have substantially the powers and duties of city and borough school district boards. Correlative amendments to numbers of sections in Title 14 in order to recognize the educational services which were proposed.*

Form of local government authorized:

None

Manner of organization:

Mandatory formation of educational service areas.

Fiscal incentives and implications:

Full state funding of the basic costs of educational services to be provided; no authorization to generate and expend revenues from local sources.

* The bill was revised substantially by several legislative committees and eventually emerged as a House-amended House Committee Substitute by authority of which schools on military reservations might be operated by an adjacent city or borough school district under contract with the Department of Education. See Ch. 72, SLA 1974.

HOUSE BILL 122 (1973)

The bill, if enacted, would have required the Department of Community and Regional Affairs to provide boundary descriptions corresponding to the boundaries of the twelve geographic areas described by the Alaska Native Claims Settlement Act. Thereafter, if, before January 1, 1977, no borough had been formed within each of the districts described by the department, on that date a second class borough would have been incorporated. The bill made provision for elections to determine the initial powers which the second class boroughs would enjoy and for the choice of the initial borough officers.

Form of regional government authorized:

Second class boroughs

Manner of organization:

Mandatory, in accordance with the provisions of the legislation and in accordance with provisions of then applicable general law.

Fiscal incentives and implications:

No incentives; the bill specifically denied to "boroughs incorporated by this act" the benefits of the then applicable ten percent land selection authorization.

HOUSE BILLS 596, 597 AND 598 (1972)

Companion bills were introduced by Governor William A. Egan, and were intended to provide comprehensive legislation addressing the organizational and financial aspects of local self government.

House Bill 596 directed the Local Boundary Commission to divide the state into unorganized boroughs, the boundaries suggested by the commission to become effective unless the legislature disapproved them. Specifically withheld from the legislature was the right to alter the boundaries recommended by the Boundary Commission. Thereafter, the voters within each unit established as an unorganized borough would choose an eleven member council to "participate in an advisory capacity in the development and implementation of state programs and projects relating to that borough." An unorganized borough could, with Local Boundary Commission concurrence, adopt a home rule charter to govern the affairs of the unit.

House Bill 597 proposed a levy and collection of a fifteen mill tax on real and personal property on a statewide basis. Exempted from the tax were, among other items, real and personal property in the nature of a residential exemption of a value of fifty thousand dollars, and all unimproved property, while a credit was given to property tax payers for the taxes which they paid to a city or borough. A local effort exclusion eliminated the need for a taxpayer to file a municipal return if local tax revenues exceeded revenues which would be raised by the tax proposed in the house bill. While assessment and collection followed then applicable provisions of law for the collection of taxes within the cities, property assessment in the unorganized borough for purposes of the tax was made the responsibility of the state assessor, and provision was made for a statewide assessment review board to handle appeals. Tax proceeds, collected by the Department of Revenue, were to be deposited into the General Fund, but provision was made for the return of revenues to unorganized borough units for operations on a direct basis and, for "essential services," on an alternate basis using an index which combined unorganized borough unit fiscal capacity and population ratios.

As offered, House Bill 598 levied a twenty mill property tax on the full and true value on all taxable real and personal property employed "in the exploration for and transportation of unrefined oil and gas" except property which was actually subject to a borough or city levy. Additional tax exemptions authorized included

- (1) producing oil and gas leases;
- (2) machinery, appliances and equipment "actually used in the operation of a well;" and
- (3) oil and gas for which a gross production (i.e., severance) tax was paid.

The entire proceeds of the tax, deposited into the General Fund, were to be available for distribution to municipalities and unorganized borough units under a distribution index which took into account the unit's

- (1) population;
- (2) cost of service index; and
- (3) fiscal capacity.

The comments of a principal draftsman of House Bill 598 are appropriate:

"The rationale for the state tax as the exclusive tax on the oil pipeline was that such property provides immense taxable value to certain areas without regard to the level of services required in those areas. It was believed that the revenue anticipated from taxation of oil and gas pipelines is properly considered a state resource rather than the exclusive property of the area where the property happens to be located. At the same time, it was also felt that this revenue, like other property tax revenue, should be used for the benefit of local governments. Accordingly, the revenue from the state oil and gas pipeline tax would be distributed to all local government units, including cities, organized boroughs and unorganized boroughs, in accordance with a formula similar to that which governs distribution of the general property tax revenue under House Bill 597."

Form of regional government authorized:

Unorganized borough units each of which would have authority to adopt home rule charters. (House Bill 596)

Manner of organization:

Mandatory formation of unorganized borough units. (House Bill 596)

Fiscal incentives and implications:

Extension of the property tax levy on a statewide basis (House Bill 597), with the levy of a premium rate on certain real and personal property of companies engaged in oil and gas activities (House Bill 598), was, even with the credits and exemptions allowed, expected to be sufficient to meet revenue sharing demands built into the two bills. The sharing of general property tax revenue, involving as it did the population and fiscal capacity factors, represented the first realistic effort by an administration to propose to the legislature tentative solutions addressing the real disparities in the abilities of local government units and erstwhile local government units to generate revenues for local services from community and regional sources, traditionally the focus of property taxation efforts. The major source of shared revenue under the governor's legislative package was, of course, to be the twenty mill tax on pipeline property; by the time that legislation escaped the House, however, the sharing scheme had been converted into one based on economic impact - real or imagined - utterly non-conducive to providing revenues on a sustained basis to meet the costs of public services at the local level. The legislation died, unmourned, in the Senate Finance Committee, and in its absence, there was no interest expressed in the enactment of any other legislation of the administration's package.*

* The record shows that only House Bill 598 received extended legislative consideration:

CSHB 598 (Local Government Committee): Clarified the applicability of the tax on property which was employed in the construction of a taxable facility.

CSHB 598 (Fin) (Finance Committee): Authorized local governments to levy up to twenty mills on not more than ten percent of property subject to the state property tax, and altered the revenue sharing scheme to one of "impact distribution."

SCS CSHB 598 (Local Government Committee): Exempted from the state property tax pipelines of less than 21 inches diameter.

HOUSE BILL 202 (1977) and HOUSE BILL 9 (1979)

These are a pair of bills, substantially similar, intended to levy a tax on developed lands within the state's unorganized borough. The tax, to be levied on the "full and true value" of taxable real property located in the unorganized borough, would not affect:

- (1) property within home rule and first class cities of the unorganized borough;
- (2) unimproved lands;
- (3) real property which is exempt by state law from taxation under AS 29;
- (4) real property for which a city may grant an exemption; and
- (5) real property covered by the oil and gas property tax and real property covered by the oil and gas reserves ad valorem tax.

Under each bill, the mill rate would be set on an annual basis, to be levied as an amount which is equal to the mill rates levied by the state's organized boroughs on the preceding January 1st for the support of their respective school district functions.

The remaining provisions -- generally sections 130-190 -- describe the means of assessment, equalization, collection and enforcement, dividing the responsibility for these functions between the Departments of Community and Regional Affairs and Revenue. In order to isolate the costs associated with the unorganized borough property tax levy, and in order to assure the gathering of accurate information about program receipts, specific provision is made for separate budgets for this program and for separate annual reports. Finally, by section 220, as an incentive to unorganized borough incorporation, there is to be granted to an area incorporating as a municipality all of the tax proceeds collected by this act during the year of incorporation.

Form of regional government authorized:

None.

Manner of organization:

Not applicable.

Fiscal incentives and implications:

The levy of a millage rate, the proceeds of which are to be deposited into the state's General Fund for partially off-set of state funded educational costs, would constitute the first general property tax levy in the unorganized borough. The tax would necessarily fall on improved commercial property, for there is not a doubt in my mind that within the first fiscal year second class cities would take advantage of the optional tax exemptions to establish residential exemptions.

There is a very good likelihood that enactment of the legislation in substantially the form that its been offered would generate litigation regarding the extent of the exemption allowed native restricted deed property in the unorganized borough. This is a subject that should be looked at with some care, perhaps reviewing the matter with officials of the North Slope Borough to determine whether levy and collection of that borough's property tax against restricted deed properties resulted in litigation or other problems.

HOUSE BILL 161 (1971)

Offered at the request of Governor William A. Egan, this bill would have established service areas in the unorganized borough, prescribing their structure and describing their functions. Authority was given to the director of the local affairs agency to establish, alter and abolish unorganized borough service areas in accordance with standards which he developed. Once established, the service areas would be controlled and directed by Regional Service Area Commissions, appointed or elected. The principal responsibilities of the Regional Service Area Commissions were to be advisory, but authority was given for the commissions to receive and expend financial assistance, to undertake sponsorship of economic and social projects, to participate with other entities in activities in support of the economic or social development of the region, and to "develop and implement plans under which the regional service area may assume the status of an organized borough when deemed appropriate by the inhabitants of the area."

Form of regional government authorized:

None; service areas of the unorganized borough were authorized.

Manner of organization:

Discretionary with the director of the local affairs agency.

Fiscal incentives and implications:

No authority was granted to a service area to raise revenues within the region; presumably state grants would be made available for purposes of organization operation and provision of state services.

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

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

MEMORANDUM

DATE: October 25, 1979

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

FROM: Milt Barker, Fiscal Analyst
Legislative Finance Division

SUBJ: Property Tax Revenues

Attached are tables that show potential property tax revenues in the pipeline municipalities and REAA's, both with and without the per capita limitations set by statute.

Table 1 shows potential property tax revenues from oil and gas production and transportation properties alone, without the per capita limits contained in AS 29.53.045. However, the 30 mill limit contained in AS 29.53.050(a) is the stopping point in the tables. This 30 mill limit applies only to operating and capital expenditures and can be exceeded to pay debt service as provided in AS 29.53.055. Supreme Court decision Number 1750, October 20, 1978, held that bonds need not be in or threatened with default in order to exceed the 30 mills; thus, the only brake on the authorization and issuance of bonds is the operating expenditures required to staff, maintain, and operate the facility. Note that a municipality may levy up to 30 mills, or more with debt service, on oil and gas properties even though the state levy is only 20 mills; however, there is no credit against the state tax for any municipal levy exceeding 20 mills.

Table 1 also shows the per capita oil and gas revenues that would accrue without the per capita limits of AS 29.53.045.

Table 2 shows potential property tax revenues for REAA's that could be derived from all taxable property, not just oil and gas, under the per capita limits of current law contained in AS 29.53.045. Again, 30 mills is the maximum for operating and capital expenditures but can be exceeded for debt service. Up to 14.5 mills, the \$1,500 per capita revenue limit represents maximum property tax revenues, while from 14.5 to 30 mills the 225% of statewide average assessed value per capita is the limit.

Thus, if a municipality desired more than the revenue shown under the \$1,500 per capita column, it would use the 225% option with some millage above 14.5 mills. If it were content with the \$1,500 per capita limit or less, the required millage would be

<u>REAA</u>	<u>MILLS</u>
Yukon Flats	1.4
Yukon Koyukuk	2.4
Delta Greely	6.7
Copper River	2.1
Chugach	.7

or less. It would not be rational for a municipality to have a millage between any of these rates and 14.5 mills.

Table 3 simply shows the derivation of the population estimates for REAA's.

Also attached are pages 10 and 11 from the FY 1979-1980 North Slope Borough budget document. As explained therein, they have a 10.35 millage for FY 1979-1980 on total assessed value of \$5,021,847,880, of which \$4,810,887,800 should be the oil and gas properties shown in Table 1. 5.21 of 10.35 mills are for debt service.

However, the Borough's actual millages are 59.61 total and 29.61 for debt service because of the operation of the per capita limits, the 225% option being the most advantageous to them. Note that they have reached the 30 mill limit for the operating budget.

The property tax revenues to be derived in FY 1979-1980 are \$51,965,200 in total of which \$25,803,000 is for debt service.

TABLE 1
POTENTIAL OIL & GAS PROPERTY TAX REVENUES FOR OPERATING & CAPITAL EXPENDITURES WITHOUT PER CAPITA LIMITS

	1/1/79 Oil & Gas Property Assessed Value (\$000) ^{1/}	POTENTIAL OIL & GAS PROPERTY TAX REVENUE (\$000)				Est. 1979 Popu- lation ^{2/}	POTENTIAL OIL & GAS PROPERTY TAX REVENUE PER CAPITA			
		@ 5 Mills	@ 10 Mills	@ 20 Mills	@ 30 Mills		@ 5 Mills	@ 10 Mills	@ 20 Mills	@ 30 Mills
NORTH SLOPE BOROUGH	4,810,887.8	24,054.4	48,108.8	96,217.6	144,326.6	7,971	3,017	6,035	12,070	18,105
YUKON FLATS REAA	1,020,959.4	5,104.8	10,209.6	20,419.2	30,628.8	1,004	5,084	10,168	20,337	30,504
YUKON KOYUKUK REAA	1,037,975.4	5,189.9	10,379.8	20,759.6	31,139.4	1,694	3,063	6,127	12,255	18,381
FAIRBANKS NORTH STAR BOROUGH	790,938.0	3,954.7	7,909.4	15,818.8	23,728.2	60,227	65	131	262	393
DELTA GREELY REAA	680,639.6	3,403.2	6,806.4	13,612.8	20,419.2	3,051	1,115	2,230	4,460	6,690
COPPER RIVER REAA	1,403,819.2	7,019.1	14,038.2	28,076.4	42,114.6	1,925	3,646	7,292	14,585	21,876
CHUGACH REAA	374,351.8	1,871.8	3,743.5	7,487.0	11,230.5	177	10,575	21,150	42,300	63,450
CITY OF VALDEZ	1,541,897.0	7,709.5	15,419.0	30,838.0	46,257.0	4,481	1,720	3,440	6,880	10,320

NOTES: ^{1/} Borough and City of Valdez figures are from Department of Revenue certified tax roll; figures for REAA's are based on the certified value for the unorganized borough pro-rated by pipeline mileage (508.3 miles in unorganized borough).

^{2/} Borough and City of Valdez figures are the July 1, 1978 estimates contained in "Alaska Taxable 1978" published by the Department of Community & Regional Affairs. REAA figures are from Table 3.

PREPARED BY:
LEGISLATIVE FINANCE
October 25, 1979

TABLE 2

POTENTIAL FY 79-80 PROPERTY TAX REVENUES FOR
OPERATING & CAPITAL EXPENDITURES UNDER CURRENT LAW

PROPERTY TAX LIMITS (\$000)

<u>\$1500 Per Capita Limit</u>	<u>225% OF STATEWIDE ASSESSED VALUE PER CAPITA LIMIT ^{1/}</u>		
	<u>15 Mills</u>	<u>20 Mills</u>	<u>30 Mills</u>
1,506.0	1,557.0	2,076.0	3,114.0
2,541.0	2,627.1	3,502.8	5,254.2
4,576.5	4,731.9	6,309.2	9,463.8
2,887.5	2,985.3	3,980.4	5,970.6
265.5	274.5	366.0	549.0

NOTE: ^{1/} Based on January 1, 1979 statewide assessed value of \$18,611,051,000 and a population estimate of 405,000.

Prepared by:

LEGISLATIVE FINANCE
October 25, 1979

TABLE 3
REAA POPULATION

<u>REAA</u>	<u>1978-1979 School Enrollment</u> ^{1/}	<u>Ratio of Total Population to Ages 5 thru 18</u> ^{2/}	<u>Estimated 1979 Population</u>
Yukon Flats	293	3.43	1,004
Yukon Koyukuk	543	3.12	1,694
Delta Greely	862	3.54	3,051
Copper River	568	3.39	1,925
Chugach	54	3.28	177

SOURCES & NOTES:

1. "Preliminary Statistical Report 1978-79", Department of Education, State of Alaska.
2. 1970 Census Data

Prepared by:
LEGISLATIVE FINANCE DIV.
October 25, 1979

NORTH SLOPE BOROUGH

RESOLUTION SERIAL NO. 13-79

A RESOLUTION FIXING THE RATE OF LEVY ON PROPERTY IN THE
NORTH SLOPE BOROUGH.

WHEREAS, AS 29.43.170(a) provides the rate of levy, the date of equalization and the date when the taxes become delinquent shall be fixed by Resolution; and

WHEREAS, Resolution No. 27-78 fixes the date of equalization and the date when taxes become due and delinquent as June 29, 1979; and

WHEREAS, the Assembly has appropriated the necessary funds to carry out the Borough business and in accordance with the certified assessment roll there is \$5,021,847,880 assessed value of real and personal property in the Borough which in said value would result in a millage rate of 10.35 of which 5.21 mills for the Operating Budget (to include \$1,803,000 of Debt Service) per AS 29.53.055; and

WHEREAS, the Borough elected to utilize the AS 29.53.045(c) formula which results in a value of \$872,075,147 which can be taxed with results in a proration of all assessed value to 17.365623% of assessed value on all properties of the Borough thereby increasing the millage rate to yield the same taxes on each piece of property according to a certain letter of the State of Alaska; and

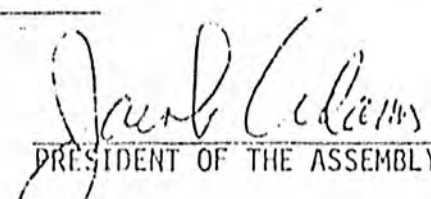
WHEREAS, the State average per capita assessed valuation to be certified by the Department of Revenue will be \$47,342.00;

NOW, THEREFORE BE IT RESOLVED:

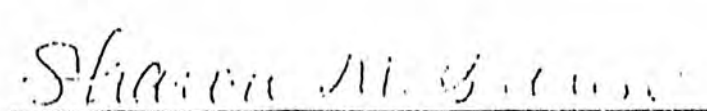
1. Rate of Levy (on basis of \$47,342.00 State average per capita assessed valuation): The rate of levy on each adjusted dollar of taxable property as of January 1, 1979 in the North Slope Borough is hereby fixed at 59.61 mills of which 30 mills are for the Operating Budget per AS 29.53.045(c) and 29.61 mills are restricted for Debt Service per AS 29.53.055

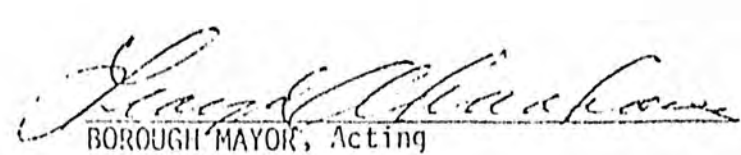
INTRODUCED: May 24, 1979

ADOPTED : May 24, 1979


PRESIDENT OF THE ASSEMBLY

ATTEST:


BOROUGH CLERK, Deputy


BOROUGH MAYOR, Acting

NORTH SLOPE BOROUGH
BUDGET SUMMARY

	Actual FY 1977/78	Budget ^{1/} FY 1978/79	Budget FY 1979/80
<u>REVENUES - GENERAL FUND</u>			
Property Taxes:	\$26,826,023	\$33,891,400	\$51,965,200
AS 29.53.045(c)	18,840,993#	24,752,400#	26,162,200#
AS 29.53.055 (Debt Service)	7,985,030#	9,139,000#	25,803,000#
Sales Taxes:			
Prior Court Case	1,466,557	2,302,000	-
AS 29.53.055 (Debt Service)	-	-	1,500,000
Licenses and Permits	-	200	200
Use of Money and Property	4,575,845	3,224,000	4,800,000
Intergovernmental Revenues	11,403,786	13,072,600	13,703,100
Charges for Services	532,800	889,000	1,561,100
Miscellaneous for Prepaid Taxes	500,000	500,000	-
Lapsed Funds School-Reappropriated	-	-	520,100
 TOTAL REVENUES ^{2/}	 \$45,305,011	 \$53,879,200	 \$74,049,700
<u>EXPENDITURES - GENERAL FUND</u>			
Operating:			
Education - School Fund 6/30/78	\$ -	\$ -	\$ 520,100
Education-Mayor's Support Level	12,389,451	12,612,700	15,457,700
Education-Post Secondary	-	-	643,000
Public Safety	1,137,171	1,826,700	3,140,700
Public Works	4,039,545	6,187,300	4,059,700
Public Utilities	-	-	4,116,300
Assembly-Budgetary Reserves	-	392,900	1,498,000
Assembly-Lawsuit-Prepaid Taxes	500,000	500,000	-
General Government	5,076,571	6,885,200	7,535,000
Environmental Protection Office	254,683	372,600	477,300
Health	1,199,766	3,000,600	2,621,700
Housing	231,933	612,200	840,200
TOTAL OPERATING	\$24,829,120	\$32,440,200	\$40,909,700
Capital	3,000,000	10,579,000	3,990,000
Debt Service	7,622,000	10,860,000	29,150,000
 TOTAL EXPENDITURES	 \$35,451,120	 \$53,879,200	 \$74,049,700
<u>REVENUES - SERVICE AREA #10</u>			
UTILITY FUND - #31	\$ -	\$ 2,350,200	\$ 4,576,300
<u>EXPENDITURES - SERVICE AREA #10</u>			
UTILITY FUND - #31	\$ -	\$ 2,350,200	\$ 4,576,300
<u>GRAND TOTAL - ORDINANCE 79-3</u>			
<u>REVENUES</u>	<u>\$45,305,011</u>	<u>\$56,229,400</u>	<u>\$78,626,000</u>
<u>EXPENDITURES</u>	<u>\$35,451,120</u>	<u>\$56,229,400</u>	<u>\$78,626,000</u>

- NonAdd - Part of Category

1/ Ordinance 78-3F adopted January 9, 1979.

2/ Accrued Interest of \$2,466,489 - Contrary to budget procedures; transfers to CIP Fund were \$6,720,189 and Debt Service Fund of \$179,172 are not reflected in Total Expenditures.

SCOMM

#10-75

MEMORANDUM

TO: Steve Reeve, *Planning* & C, ADL
FROM: Vic Fischer
SUBJECT: Zoning in Unorganized Borough

DATE: February 2, 1979

Under AS 38.05.037, ADL has a general grant of authority to exercise zoning powers within the unorganized borough. Until recently, this has not been a problem because the zoning power was never used. Enactment of the homesite program, however, has forced ADL into the zoning game. And the Coastal Management Act is potentially going to expand this involvement into horrendous proportions. Unless the Division of Lands is ready to get bogged down in a massive morass, it will be wise to initiate and support legislative action that would eliminate need for ADL exercise of this zoning power.

Homesite Program

Under the act establishing the homesite program in 1977, the legislature required that zoning cover lands under the homesite disposal program both in the unorganized boroughs and in organized boroughs that do not exercise zoning covering such lands.

ADL promulgated zoning regulations in July, 1978: AAC 53. Chapter 53 provides for administration, zoning changes, variances, conditional use permits, nonconforming uses, appeals, etc. A board of adjustment is established, composed of the commissioners of Natural Resources, Community & Regional Affairs, and Environmental Conservation, or their designated representatives.

Zoning districts are classified (Article 2) as general zoning, homesite entry, and open-to-entry. All state land not specifically included in geographically defined districts (Article 3) is in the general zoning district. Use provisions and limitations are set for homesite entry and open-to-entry districts. The general zoning district permits all use not otherwise prohibited by law or regulation.

As ADL is becoming engaged in widespread disposal of state lands, administration and enforcement of zoning for lands located all over the state could become an increasingly time consuming and frustrating entanglement for the state. (I'm sure it's not necessary to elucidate the horrendous problems and conflicts that could arise, whether or not ADL chooses to seriously follow up on its own regulations.)

UNIVERSITY OF ALASKA

Steve Reeve, P & C, ADL

Page Two

February 2, 1979

Coastal Management

The Coastal Management Act presents a potential burden of far vaster proportions than the land disposal program, for the latter requires zoning only for state owned lands.

Under the act, implementation of an approved district coastal management program is required on the part of the appropriate state agencies. Such implementation must be in accord with comprehensive use plans or statements of needs, policies, objectives, and standards adopted by the coastal districts. Where land-use controls are involved in the unorganized borough (and most of the coast falls outside of organized local government jurisdiction), zoning will have to be established and administered by the Division of Lands.

The scope of such coastal area zoning would obviously go far beyond the regulations so far established by ADL. Likewise, the administrative machinery would have to be extremely complex, and the entire program would become extremely expensive and burdensome, especially since each coastal area would likely have different objectives, different regulations, and different local enforcement needs.

Conclusions and Recommendations

Neither the Division of Lands nor the whole Department of Natural Resources derives any particular value from the exercise of zoning authority. ADL already has authority to establish use requirements and restrictions with respect to lands disposed of by the state, even though it would probably not want to carry permanent or long term responsibility for assuring that every lot or tract conforms to specified uses. Aside from the existing zoning authority, which was never examined from a policy-application standpoint by the legislature, ADL has no reason to concern itself with non-state lands.

If the state is deemed to have an overriding interest that requires it to exercise zoning authority in the unorganized borough, or at least within its coastal areas, neither ADL nor DNR appear to be the appropriate agency to manage the zoning program, with its strictly localized zoning, adjustment, appeals, and other aspects of continuing zoning administration. If the state is to engage in zoning, by far the most appropriate agency for the exercise of the functions is the Department of Community and Regional Affairs. (DCRA did not exist at the time ADL was granted zoning authority many years ago.)

In general, states have played only a minor role in the exercise of zoning authority beyond authorizing its use by local governments. The only exception is Hawaii, where general zoning classification is handled by the state, supplemented by local, i.e., county, regulations in urban and other development areas. Elsewhere, zoning has been applied as a local government police power.

UNIVERSITY OF ALASKA

Steve Reeve, P & C, ADL
Page Three
February 2, 1979

Except for the special authority given ADL, zoning in Alaska has traditionally been a power of cities and, more recently, of boroughs. Zoning would not have to be exercised by the state at all if provision were made for (1) reorganization of the unorganized borough into a series of organized boroughs with planning and zoning authority (and this could be done without forcing them to tax or even manage schools) or (2) delegating the planning and zoning power to service areas within the unorganized borough, much as was done by the legislature in the case of coastal management planning.

In view of all this, I would strongly urge the Division of Lands to do everything possible to divest itself of the existing zoning authority. I recommend that ADL and DNR take all of these three actions:

1. Obtain DCRA cooperation in resolving the zoning issue, including transfer of zoning authority to that department if it were continued to be vested in the state.
2. Obtain funds from the office of Coastal Management to examine the inter-land use control and zoning administration issue. This should be done well before the district program implementation phase is reached, so that appropriate policies and mechanisms can be established in sufficient time, especially if ameliorative legislation is found to be required. Such a study should probably be undertaken in cooperation with or through DCRA.
3. Obtain Governor's Office support for a legislative or a legislative/executive study directed toward establishment of organized boroughs or some other form of local area planning and management within the unorganized borough. A study along these lines is likely to be considered by the legislature this year.

If none of these approaches bear fruit and nothing else materializes, ADL will need to proceed on its own to figure out how otherwise to get out of this mess or, if all else fails, how to effectively manage the zoning of state lands and coastal areas.

VF:la

cc: Mike Smith
Ted Smith
Tom Morehouse

PROGRESS REPORT
NANA REGIONAL STRATEGY

INTRODUCTION

The NANA Regional Strategy is a cooperative effort between the Federal, State, local governments, and private corporations to formulate an overall management program for the NANA Region. The management program will provide a guide for planning, construction, and delivery of programs and facilities for community development, economic development, transportation, and land management. The project may soon include health, education, and social services. To the extent that these last three (3) involve construction of facilities and land, they will already be involved.

The Regional Strategy will provide:

1. A coordination mechanism.
2. Facility programming assistance.
3. Regional development policies.
4. A continuing planning process.
5. Projections.
6. A set of projects appropriate for and consistent with local needs and conditions.

In short, the Regional Strategy will provide a mechanism to tie together the programs in the region, including Coastal Management, so that projects are formulated as an integrated set, consistent with the goals, objectives, and policies of the region. For the NANA Region, this would mean a package

of programs and projects which would promote regional self-sufficiency, subsistence protection, facilities within local ability to pay life cycle costs, local training and employment in appropriate sectors, and protection of future options.

Feasibility of the process will depend on as little deviation as possible from established procedures and mechanisms.

Implementation will require continuing coordination between agencies and communities. Coordination will be provided by Mauneluk, whose role will be to provide a central coordination point, prepare supporting information such as projections, help villages prepare long-term management plans, consolidate and distribute agency planning and programming information, establish agreements and commitments, and coordinate preparation of the final document. Coordination will also be through the A-95 Clearinghouse. Federal and State agencies will be expected to continue present planning efforts, submit requested information, comment on proposals, and participate in task force planning sessions. Communities will be expected to comment on proposals, prepare community land-use and facility plans with technical assistance and review the final strategy document.

The products of the strategy will include the following:

1. Summaries of existing information.
2. Data gaps.
3. Long-term projections and scenarios.
4. Maps of preferred development locations.
5. Upgraded data base.
6. A master schedule of proposed projects.
7. Lists of development issues.
8. An implementation agenda.

The implementation agenda will include recommended agency and community actions for a several year period. The implementation agenda will include a prioritized list and sequence for:

1. Facility construction.
2. Regulation changes.
3. Allocation changes.
4. Program changes.
5. Future studies.
6. Joint funding opportunities.
7. Proposed legislation.

Recommendations will be based on needs assessments and priority lists developed with the communities earlier in the process. The recommendations for meeting the needs will be based on comments from communities and agencies. A board of communities will be able to clarify the character and the extent of problems and provide local policy guidance.

Benefits of participation by agencies will be 1) improved information sharing, 2) economies of scale, 3) improved administrative efficiency, 4) targeted service delivery, and 5) accelerated permitting. For communities, the strategy provides 1) improved access to State and Federal planning and decision making processes, 2) influence on decisions, 3) an organized approach. Eventually these opportunities could lead to expanded program allocations, improved technical assistance, and improved effectiveness of programs.

Experience to date has demonstrated that most agencies are willing to cooperate. The Department of the Interior has incorporated subsistence policies into its land management regulations, the Public Health Service has opened up its facility design process to greater public involvement and new ideas, and the Alaska Public Forum has helped formulate a neutral

set of goals, accurately reflecting the attitudes and positions observed by residents at the public meetings.

The U.S. Soil Conservation Service has offered to provide soil surveys to every community in the region within a single year, including assessments of engineering and land use suitability. The Bureau of Indian Affairs (BIA) has provided cooperative study money to the U.S. Forest Service for a forest inventory and assessment which could become the foundation for further community development projects. The U.S. Fish and Wildlife Service has cooperated in reviewing with the Bureau of Land Management (BLM) the availability of timber on the proposed Selawik National Wildlife Refuge for local harvesting for log homes in Selawik. Economic development projects such as timber harvesting, distribution, and milling could be fostered by use of NANA lands and funding of mills by the Economic Development Administration (EDA). Secondary effects of such programs will help achieve goals of regional self-sufficiency by substituting wood for oil in household heating, provide employment opportunities, reduce imports of lumber and labor from outside the region, and reduce the costs of materials for future development projects.

The NANA Lands Department is providing land planners to accompany the Regional Strategy staff to over twenty (20) community meetings, so communities can plan land management to meet goals of local economic development, community population growth and facility needs, and subsistence protection. Assistance will be provided by NANA in preparation of resource maps on land ownership and gravel resources. NANA will also establish consistent procedures for gravel removal, purchasing, and usage for community development projects. Gravel shortage is a limiting factor for development projects such as transportation, community buildings,

housing projects, and water and sewer. The Department of Transportation & Public Facilities (DOT/PF) is contributing financially to help with such work. DOT/PF is also considering other means of obtaining gravel to help on development projects.

Other agencies have offered to make similar efforts to adjust policies, accelerate schedules, and increase allocations. The willingness demonstrated by agencies to adjust their programs to fit with the regional strategy is an affirmation of the feasibility of a cooperative approach. If the rest of the project continues with this kind of cooperation, substantial benefits will be achieved. So far it appears probable that future cooperation will even exceed original expectations in some categories. There have been some difficulties in communication among the twenty (20) agencies and eleven (11) communities, but we expect these to be worked out during the course of the project.

DRAFT GOALS AND OBJECTIVES

(Formulated by the Alaska Public Forum and Mauneluk Association)
To be submitted to communities for review.

OVERALL QUALITY OF LIFE GOALS.

1. TO MAINTAIN FREEDOM OF CHOICE IN LIFESTYLE: WHETHER SUBSISTENCE, CASH ECONOMY OR BOTH;
2. TO MAINTAIN THE CULTURE OF THE INUPIAT PEOPLE;
3. TO PROTECT FISH AND GAME RESOURCES FOR SUBSISTENCE USE;
4. TO MAXIMIZE LOCAL CONTROL IN DECISIONS WHICH AFFECT LOCAL PEOPLE;
5. TO INSURE THAT THE COSTS AND BENEFITS OF COMMUNITY OPTIONS ARE PRESENTED TO THE COMMUNITY BEFORE DECISIONS ARE MADE;
6. TO ENCOURAGE THE FULL DEVELOPMENT OF THE HUMAN POTENTIAL OF NANA RESIDENTS;
7. TO IMPROVE COMMUNICATIONS AMONG VILLAGES SO THAT MUTUAL PROBLEMS AND POTENTIAL SOLUTIONS MAY BE SHARED;
8. TO ELIMINATE ALCOHOLISM IN THE REGION.

These goals provide the overall framework for planning in the NANA Region. Subsistence remains a key element in the lives of all communities in the NANA Region. Employment is being perceived as increasingly important to pay for basic goods and services. The survey results and village workshops repeatedly emphasized the desire of individuals, families and villages to pursue both subsistence and cash economy activities. To meet those needs, planning for government programs and development projects must be presented in a manner that allows choices to be clearly identified by each community. Time must be allocated in the planning process to allow adequate public involvement in decision making that affects local people. This includes time:

- a. To assess and to digest information.
- b. To discuss the advantages and disadvantages of various options.
- c. To discuss the consequences of any actions.

COMMUNITY SERVICE GOALS

1. TO PROVIDE FAST AND EFFICIENT MEANS OF LOCATING MISSING PERSONS.

Objective:

- a) Improve the regional system of search and rescue for people in need of aid;
- b) Establish communication links to assure responsive and efficient rescues.

2. TO ENCOURAGE THE ACQUISITION AND USE OF ONLY EFFICIENT AND RELIABLE UTILITIES. THESE UTILITIES SUCH AS WATER, SEWER, AND ELECTRIC GENERATORS, MUST BE APPROPRIATE TO THE ENVIRONMENT, THE NEED, AND VILLAGE ABILITY TO OPERATE AND MAINTAIN THEM.

Objectives:

- a) Allow each community the opportunity to have safe, sanitary waste disposal systems provided within their fiscal means;
- b) Provide electrification at a reasonable cost to users;
- c) Ensure that each community is presented with the cost and complexity of operations and maintenance of all new facilities before they are built.

3. UPGRADE THE QUALITY OF CRIMINAL JUSTICE AND PUBLIC SAFETY SERVICES PROVIDED IN THE NANA VILLAGES.

Objectives:

- a) Explore methods for expansion of jail facilities and local police;
- b) Explore methods to expand local ability to handle firefighting.

TRANSPORTATION GOALS

1. TO PROVIDE A RELIABLE, ALL WEATHER TRANSPORTATION SYSTEM, AT REASONABLE COST IN THE NANA REGION.

Objectives:

- a) Design options to minimize the cost of transporting fuel to villages;
- b) Study the effects of frequency of transportation service on costs of moving goods and people;
- c) Strive to provide a safe, dependable trail network in the region.

2. TO INCREASE THE DEGREE OF SAFETY IN AIR TRANSPORTATION SYSTEMS.

Objectives:

- a) Evaluate the current system for collection and dissemination of weather information from villages;
- b) Explore ways to improve navigation into village air strips;
- c) Provide for adequate, reliable, year round air strip maintenance.

3. TO IMPROVE THE SAFETY AND CONVENIENCE OF TRAVELERS IN THE REGION.

Objectives:

- a) Explore ways to improve the safety of winter travel between villages;
- b) Design options to increase convenience of airplane passengers awaiting flights.

4. INCREASE LOCAL INFLUENCE ON LOCAL TRANSPORTATION DECISIONS.

Objectives:

- a) Ensure that opinions and comments of community people are included in all decisions affecting the region before beginning transportation project;
- b) Encourage government agencies to coordinate their planning with regional organizations such as Mauneluk Association and NANA Regional Corporation.

5. IMPROVE ACCESS TO VILLAGE WASTE DISPOSAL SITE.