

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 86 / 2

417 SCOMM10: LOCAL GOVERNMENT STUDY 1979

INTRODUCTION

Regional government...a choice of the people.

The following is a presentation of the Department of Community and Regional Affairs, Local Government Assistance Division.

What you are about to see is, or will soon be, of concern to a great many Alaskans. As Alaska grows, the need for the development of regional forms of government in the Unorganized Borough will grow. There are many opinions as to the kinds of regional government that should be established and how they should operate. The purpose of this presentation is to explore some of the different types of regional government and consider which might best help your community.

NARRATIVE

The history of Alaska is one of constant and dramatic change. The change has not occurred evenly though. Some areas of the State have changed dramatically, producing large cities. Other regions have changed much less, and in many of the villages some of the old ways are still an every day way of life.

Major changes have been caused by growth, and much of the growth has resulted from the discovery and development of natural resources. The early development of trade, the discovery of gold, money coming into the State from the Federal Government, the development of industries, and the individual efforts which Alaskans have made to improve their lives, have all been a part of making change happen.

Change can be seen almost everywhere. Transportation systems have improved and expanded, communication systems have been enlarged to include a majority of the remote areas, new schools have been built and more are proposed, medical care has been extended to serve more residents, and new businesses developed, to name just a few.

Change is continuous. Things that happen, not only in the State but, throughout the world affect the entire State and cause change. For example, the discovery of oil in Prudhoe Bay created thousands of jobs and provided money to the State Treasury, which in turn is being used to meet the peoples needs. The Alaska Native Claims Settlement Act is bringing money and land title to the Native people and their village and regional corporations. It will also create new concepts and practices of land ownership and land management.

Let's examine the role of government and how it can respond to the kinds of changes that are taking place and look at the ways in which people, especially those in the smaller communities of rural Alaska, can have a stronger voice within their communities and regions.

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Government is a way in which people organize to provide services, and make decisions beneficial to the entire community. Through government, communities can determine how services will be provided and how money is to be raised to pay for services.

Government is very different from private corporations such as the Native Regional Corporations. Government has official powers and responsibilities which have come from the people. Its function is to serve people and provide for the needs. Government, whether a city or a state is administered by representatives elected by the people, and employees who are appointed or hired by elected representatives.

Private organizations serve their owners or stockholders and are not responsible for providing services to an entire community. Private corporations obtain their authority from the State and decisions are made by a board of directors elected by the shareholders.

Some villages have elected village councils, or have councils, as provided in the Indian Reorganization Act. These councils can in a sense, be called local governments because they can make certain kinds of decisions for the community.

However, there are many powers which a local government can use only if it is officially incorporated as a city. The laws of Alaska say that there can be two kinds or classes of cities, called first class and second class. The difference between them is that first class cities have more responsibilities than second class cities; and that first class cities require a larger population before they can incorporate.

The incorporation of a city gives the people of that community official status in dealing with the state and federal governments, and other agencies. Also, cities have the authority to make rules and regulations, in the form of ordinances, and the authority and responsibility for providing services to the people of the community.

In many cases, problems and issues affect several communities in a region. As an example residents of a region may wish to have local control over police protection. This would mean that police officers could be hired locally and be totally responsible to an elected governing body.

Another example could be found when several communities want to create and finance their own school districts so that together they can provide a higher level of education for their children.

These are all regional problems and issues that can be solved by a regional form of government.

This map of Alaska shows the present division of the State into cities and boroughs. Currently, there are one hundred and thirty nine cities in Alaska, there are eleven organized boroughs in the State, and the remaining area is called the unorganized borough.

The way in which our forms of government are organized was decided originally by the Alaska Statehood Convention of 1955-56. This convention was made up of delegates from many parts of what was then the Territory of Alaska.

The delegates of the convention determined how the State government would be organized. They decided on three branches. the executive branch, which is the governor and the agencies working under him; the Legislative branch, which is the Senate and the House of Representatives, which make the laws and appropriate the money necessary for the government to provide services and the Judicial Branch, which interprets the laws, and operates the system of justice in Alaska.

The delegates to the Constitutional Convention decided that all government powers and responsibilities would first be given to the State, and that certain of these powers could then be transferred to cities and boroughs. Thus, the delegates

left it up to the people of villages and communities to decide for themselves when they wanted to become cities, and when they wanted to join together to create borough government. It was determined that those areas not incorporating as boroughs would become the unorganized borough, and that the State Legislature would provide as many services as possible to the unorganized borough.

We've seen that most of the State is still in the unorganized borough, and that 11 boroughs have been created so far. Let's briefly take a look at the history of how these boroughs were formed.

The first borough to be formed after Statehood was the Bristol Bay Borough, shown on the map. Other larger communities of the State could have joined together to create Boroughs but they did not. The State Legislature in 1963 passed the Mandatory Borough Act, which said that the State would incorporate other Boroughs if the people did not do it themselves. After that four regions voted to become Boroughs. These were the Kodiak Island, Sitka, Ketchikan and Juneau Boroughs, shown on the map.

The State Legislature then took the step of incorporating four additional boroughs in the regions of Anchorage, Matanuska-Susitna, Fairbanks and the Seward-Cook Inlet election districts.

After these Boroughs were incorporated by the State through the Mandatory Borough Act, two other Boroughs have been voluntarily formed. They are the Haines Borough and the North Slope Borough.

Many communities in Alaska are still in the unorganized borough. Some residents of the unorganized borough, have expressed interest in the possibility of creating some form of regional government. Other people have felt that regional governments should not be created in their region.

There are serious pro's and con's to be considered in thinking about any form of regional government. Let's look at some of the alternatives that are, or could be available to residents of the unorganized borough.

Borough government is one mechanism for solving regional problems. In some ways it is a bridge between the State and local government. Boroughs are regional forms of government which provide services to communities within an area having similar physical, social and economic conditions.

A region must meet certain requirements in order to be eligible to form a borough.

1. The population must be interrelated and integrated as to its social, cultural and economic activities. It must also be large and stable enough to support organized government.
2. The boundaries should conform to natural geography.
3. The economy of the area should include the human and financial resources capable of providing local services.
4. Transportation facilities must be adequate to allow the communication and exchange necessary to develop integrated government.

The most attractive aspect of borough government is that it takes some of the power away from the legislature and puts it in the hands of the people of the borough, allowing them to do their own regional decision making. Unlike other forms of regional governments which have advisory powers only, organized boroughs are truly self-governing with clearly established powers. First and second class borough governments have the powers of: education, planning, and may levy

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sales and/or property taxes to help pay for these services. Optional powers that first and second class boroughs may exercise include:

*health services and hospital facilities

*Fire protection services and facilities

*Provide for sewage and garbage disposal

*Make plans and regulations for water pollution control

*Community centers

*Police protection and jail facilities

*Cold storage plants

*Telephone systems

*Light, power and heat

*Transportation systems

*Libraries

*Recreation facilities

*Airport and aviation facilities

*Housing programs for new construction and rehabilitation

*Preservation, maintenance and protection of historic sites, buildings and Monuments.

*Consumer protection

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Organized boroughs could represent a final, rather than interim, step in regional government.

One disadvantage of organized boroughs is that some areas of the State do not have taxable resources. Additionally, organized boroughs are locked into rigid methods of adding powers, levy taxes, changing class or unifying with the cities within them.

Another form of regional government is unorganized boroughs. This map shows how the unorganized borough could be divided into several unorganized boroughs.

Unorganized boroughs are similar to organized boroughs in that they each have specific boundaries and would be able to elect a local governing assembly. The assembly could have the power to act on issues concerning education, regional planning, public safety and health. However, there are disadvantages. The legislature still retains the power to make the final decision concerning performance of services; the unorganized boroughs could not have the power to levy taxes; and they are only a temporary form of government.

Service areas are another form of regional government. One of the good aspects is the flexibility of service areas. A service area could provide any municipal service and local taxes could be collected to provide a higher level of service. Additionally, one service area board could be responsible for providing all services within a given area.

51 70.6.157 One disadvantage of service areas is that they are dependent on the legislature to add or take away services, authorize taxing powers, or change the level of funding. Furthermore, the service area board would be advisory only.

Another form of regional government would be service areas patterned after the Regional Education Attendance Areas concept. There is one very positive aspect about the REAA's: it allows decision making at the local level--which is one of the main purposes of providing for government in the unorganized borough. At present though, the REAA's receive 100% state funding and still have local control. While this may be a good arrangement for the REAA residents, it really isn't very fair when compared to residents of boroughs and first class cities in the unorganized borough who must pay local taxes. REAA type boards have the disadvantage of being so exclusively single purpose that the level of service could actually be lessened if several boards were formed. Another disadvantage is that overlapping boundaries are very likely to result...promoting even more confusion.

REAA's are not units of local government, so they cannot be given taxing authority. Furthermore, the REAA concept has not yet been tested in court, but there is reason to believe that if more REAA type service areas are established they will be challenged and may be declared unconstitutional.

Let's take a look at the status of the unorganized borough today. The legislature is the governing body of this vast area...approximately 75% of the State. While at least some municipal type services are being provided to the unorganized borough, they are being given without input from any locally elected representatives. The rural residents have recognized the shortcomings of the unorganized borough and are beginning to demand that other forms of regional government deliver these services. The creation of REAA's was a direct result of the rural resident's frustration with the unorganized borough. These residents are also asking for more and more municipal services and for the authority to provide these services

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on a regional level. The Association of Village Council Presidents has shown a strong interest in creating substate planning agencies. The Native Regional Corporations would like to form areawide non-profit health corporations. With increased development of natural resources in the unorganized borough, we can be certain there will be an increase in population. More people will mean greater demands for municipal services.

The options for development of regional government in rural Alaska are numerous. We have examined four possibilities. Let's review them briefly:

The organized borough - this form of regional government contains three positive features:

- (1) Much of the power to make decisions at a regional level is placed with the people. This power is clearly established and the people become truly self governing.
- (2) A wide variety of services can be delivered due to increased freedom in decision making and vested powers.
- (3) The authority to levy and collect taxes. The tax money will then be used in that region specifically as opposed to being collected by the Legislature and dispersed statewide.

Disadvantages to the organized borough form of regional government are:

- (1) Even though a borough might have the authority to levy and collect taxes, some areas of the State do not have taxable resources as in the Bethel area.
- (2) Organized boroughs are locked into rigid methods of adding powers, levying a sales tax, changing class or unifying with the cities within them.

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A second form of regional government is the unorganized borough. The most positive aspect of this form of government is that a regionally elected governing body acting on issues concerning education, planning, etc.

The principal disadvantage is that the legislature still retains the power to make the final decision concerning performance of services and the ability to levy taxes. It must also be remembered that the unorganized borough form of government would be only temporary in nature.

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

- (1) A service area could provide any municipal service and local taxes could be collected to provide a higher level of service.
- (2) One service area board could be responsible for providing all services within a given area. There are two distinct disadvantages to the service area concept:
 - (1) Service areas are dependent on the Legislature to add or take away services, authorize taxing powers or change the level of funding.
 - (2) A service area board would be advisory only. The fourth type of regional government discussed was the service area modeled after the Regional Education Attendance Areas concept.

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

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There are several disadvantages:

- (1) This REAA boards are so exclusively single purpose that the level of service could actually be lessened if several boards were formed.
- (2) Overlapping boundaries are likely to result, promoting even more confusion.
- (3) The REAA's do not have taxing authority.
- (4) If tested in court, REAA's may be proved unconstitutional.

Today we have looked at the problems of the Unorganized Borough, and four possible forms of regional governments that could help solve these problems.

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MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: Bob LeReshe, Director
Division of Planning and Policy
Development

DATE: July 21, 1976

FILE NO:

TELEPHONE NO:

FROM: Lee McAnerney, Commissioner
Community & Regional Affairs

SUBJECT: Regional Government in the
Unorganized Borough

In response to my June 21 memorandum to Governor Hammond, you have asked that I expand upon our ideas relative to the above subject. The following is in response to that request and, basically, presents the alternatives (at least as we view them) together with a brief discussion of each; preliminary conclusions are offered in the final pages.

As noted in my previous memorandum, we feel that any legislation dealing with regional government in the unorganized borough must address three major subject areas: structure, financing and intergovernmental relations. Our presentation of alternatives follows that format.

STRUCTURE

Five alternative forms of government appear to be workable in the unorganized borough; they include:

1. Establishment of organized boroughs;
2. Creation of unorganized boroughs;
3. Creation of service areas in the unorganized borough;
4. Continuation of the Regional Educational Attendance Area (REAA) trend; i.e. delegation of municipal functions to independent boards and councils;
5. The status quo.

In reverse order, the above are discussed.

THE STATUS QUO

We feel strongly that the existing system of government in the unorganized borough is both inequitable and inefficient. Inequitable in the sense that residents are not, generally, afforded the opportunity to participate directly in the decision making process nor do they participate on an equal basis in terms of financing local services; inefficient in that existing service delivery mechanisms (cities and state regional offices) often lack the necessary expertise, be it professional or otherwise, to provide services on an efficient and responsive basis.

Being a department with extensive field contact, we have been made very much aware of many unorganized borough residents' dissatisfaction with existing municipal and state services--not necessarily with programs but with the manner in which those programs are administered. That the legislature, too, is receiving this message is evident from such legislation as HB 665 proposing health districts in the unorganized borough, SB 398 (Ch. 57, SLA 76) allowing for public works planning in the unorganized borough, HB 657 dealing with platting authority in the unorganized borough, SB 614 providing for taxation in the unorganized borough, HB 49 providing for organized boroughs in the unorganized borough and a number of other pieces of legislation dealing with service delivery problems in the unorganized borough.

Too, we hear non-profit regional native corporations talking about or actually providing such services as health, housing, electricity and comprehensive planning. While their efforts are commendable, they do not, in my opinion, fit into the scheme of local government provided for in our constitution. Nor, because of their own charters, may the corporations provide services to all residents of an area; on the contrary they are, by and large, limited to serving natives only and consequently can act as a service delivery mechanism for state and federal programs relating to services for Alaska natives.

Essentially, there are two major problems with the status quo. First, service delivery mechanisms established and those proposed are operated by independent boards or commissions acting totally without coordination. Additionally, this method of service delivery generates a much greater need for human and financial resources from areas that are in short supply of both. Second, it promotes a trend contrary to establishment of borough government in the unorganized borough--a course in direct conflict with the local government article of our constitution.

CONTINUATION OF THE REAA TREND

In our view, continuation of the REAA trend is going to be the status quo of tomorrow.

There is one very positive aspect about the concept of REAA's: it provides for decision making at the local level--one of the main purposes of providing for government in the unorganized borough. However, as presently constituted residents of REAA's literally "have their cake and eat it too"--100% plus funding is provided by the state, yet total local control is allowed. While this may be a desirable situation for residents of REAA's, it is certainly not equitable in comparison to a resident of a municipal school district who must pay local taxes. I would suspect that residents of urban areas--the bulk of the state's population--would not tolerate extension of this particular form of service delivery beyond its existing state.

It should be noted, too, that the two major concerns expressed under the "status quo" section apply equally, if not more so, to the REAA concept. Especially real-

DIVISION OF THE UNORGANIZED BOROUGH

In many ways establishment of a number of unorganized boroughs would be much the same as establishment of service areas with one overshadowing exception: the unorganized boroughs could have local autonomy. Because of the lack of constitutional constraints placed upon unorganized boroughs, their establishment could yield a tailor made form of regional government. More specifically, the legislature could delegate any municipal power to an unorganized borough, grant it taxing authority, etc.

We feel, too, that the term unorganized borough has significant advantages. First, it implies what is intended to be--an interim step in the long range development of regional government in rural Alaska. Second, it is a recognized and accepted term--most residents of rural Alaska know they live in the unorganized borough. In our opinion, residents would be more receptive to division of a governmental organization that already exists rather than establishment of a new form of government.

As with an organized borough, unorganized boroughs would have specific boundaries, powers, and a governing body responsible for more than one municipal service. All, in our opinion, positive results.

ESTABLISHMENT OF ORGANIZED BOROUGHs:

Because it is a proven form of regional government, organized boroughs offer some obvious advantages (or disadvantages depending upon your view point). Their method of operation is basically understood; they have taxing authority and an ability to acquire additional municipal powers in response to resident requests; they may establish service areas to provide different levels of service and they have a maximum degree of local autonomy. Additionally, organized boroughs could represent a final, rather than an interim, step in regional government. Too, establishment of organized boroughs would provide a sense of equity among all residents of the state with regard to receipt of municipal services.

However, the organized borough is not without its disadvantages. One of the biggest, of course, is a product of the 1964 Mandatory Borough Act which made the term borough a "dirty" word in many an Alaskan's vocabulary.

There are structural disadvantages too: organized boroughs are locked into rigid methods of adding powers, levying a sales tax, changing class or unifying with the cities within them. Also, they must have separate assemblies, planning commissions and school boards. Depending upon the amount of activity of the borough this may or may not be a disadvantage.

FINANCING

At this stage our thoughts are very tentative in terms of generating the funds

izing that with the REAA concept of 100% plus funding, any incentive for a region to move toward regional government is destroyed.

One thing further should be said about REAA-type boards; they are so exclusively single purpose (usually attracting board membership concerned only with its particular responsibility) that development of a number of boards could actually lessen the level of service being provided; primarily because of lack of interboard coordination and restricted use of financial and, particularly, human resources. Moreover, when boundaries are drawn to define districts and the only criteria used are those relevant to the particular service to be provided overlapping boundaries are likely to result. With overlapping boundaries comes confused residents (who do we go to? where do we go to?) and, consequently, dissatisfaction with the services being provided.

Of concern, too, is the lack of flexibility associated with the REAA's. Because they are not units of local government they cannot be given taxing authority nor can they provide "local government" services. While the legality of the current REAA's has not been challenged on the grounds of Article X, Section 2, of the Constitution (proponents of the REAA's argue that they are really service areas authorized under Article X, Section 6), there is good reason to believe that if additional REAA type boundaries are established they will be challenged and may very well end up being declared unconstitutional. Through establishment of REAA-type entities we, at best, guarantee a long court battle, at worst, an entity without legal standing.

CREATION OF SERVICE AREAS:

There are a number of features of the service area concept that make it a fairly attractive alternative. Leading the list is the fact that it is an existing, recognized mechanism for delivery of municipal services. The legislature is given constitutional authority to provide for service areas in the unorganized borough thereby negating any legal challenge. But, probably most important of all is the service area's flexibility. A service area could provide any municipal service and, if the legislature so elected, a tax could be levied within the service area for services provided. Of significant benefit, too, is that one service area board could be responsible for provision of all services within a given area.

Probably the biggest drawback to the service area concept is that service areas would be dependent upon the legislature, sitting as the assembly for the unorganized borough, to add or delete powers, change levels of funding, acquire taxation authority, etc. A lesser drawback of a service area is that the service area board, at least in the legal sense, would be advisory as a dependent agency of the assembly of the unorganized borough (legislature). Depending upon the language in the enabling legislation, the latter might not be a problem.

needed to pay for regional government in the unorganized borough. The following appear to be workable alternatives:

1. existing mechanisms, i.e. sales and property taxes levied and collected by and within the boundaries of each jurisdiction;
2. increase levels of funding of existing programs to cover all costs;
3. an ad valorem tax on property associated with the development of natural resources with distribution to regional governments, based on an equalization formula;
4. a sales or property tax throughout the unorganized borough with distribution to individual regional governments, based on an equalization formula;
5. levy of an additional income tax on wages earned in the unorganized borough with distribution to individual regional governments, based on an equalization formula.

1. Existing mechanisms: In our view, authority to levy sales and property taxes should continue to be an option available to organized municipalities. Although the constitution permits extension of taxing authority to unorganized boroughs, doing so does, in fact, create another class of organized borough. This is not, in our opinion, a viable, alternative structure.

The advantage, at least from the state's view, of a local property or sales tax is that it would be administered at the local level. However, the disadvantages appear to outweigh any advantage. First, a local sales or property tax reflects only the local economy; advantageous for those located along the pipeline; not so for those located on the lower Kuskokwim. Second, property taxes are, relatively speaking, regressive and expensive to collect. It is entirely possible that it might cost as much to levy and collect a tax in certain areas as the tax itself would generate. While a local sales tax would not be as expensive to levy and collect, an assessment and collection department in each taxing jurisdiction would need to be established.

2. Increase levels of funding: Basically, this approach is an extension of the funding mechanism provided for the REAA's. We oppose this method of funding because of its gross inequity. It is unpalatable for us to ask residents of one region to pay for municipal services while providing those services to another region at no cost to the residents. Additionally, such a method of funding totally discourages the formation of regional government; why pay if services can be received at no cost?

Of course, one means of alleviating the question of equity is to provide the same level of funding to all jurisdictions. However, at that point the costs seem to outweigh any advantage to be realized.

3. A "resources" tax: A fresh approach to funding local government services might be implementation of a resource tax. Essentially, the tax would be an ad valorem tax levied upon all property used for the exploitation of natural resources. The primary advantage of this tax is that administration of it would be relatively simple in that you would be assessing and collecting taxes on a fairly limited amount of property with a high dollar value. As we envision a resource tax, it would be levied and collected by the state throughout the unorganized borough and then redistributed to individual regional governments based on an equalization formula.

Optionally, the tax could be levied upon all resource related property throughout the state and redistributed on an equalization formula to all areas of the state. This would not only provide a source of funding for new regional governments in the unorganized borough but would also provide new revenues for existing regional governments.

The major disadvantages of a resource tax appears to be that it is an unknown quantity and, probably most important, an encroachment upon and placing under state taxing jurisdiction a tax base that, in the past, has been considered the exclusive tax base of local governments. Perhaps the latter problem, at least to some degree, could be relieved by allowing a local taxing jurisdiction having resource related property within its boundaries the right to levy a tax up to a certain limit and then "piggybacking" the state tax on top of the local. The resource tax would be similar to the present oil and gas tax of the state but would additionally apply to all other natural resources.

4. Unorganized borough sales or property tax: The advantages and disadvantages of a property or sales tax have been defined in the preceding discussion of alternatives. The change we are suggesting here is that the tax be levied throughout the unorganized borough and be collected by the state, thereby minimizing administrative costs. Tax proceeds would be redistributed to individual regional governments based on an equalization formula.

While levy of a property tax would undoubtedly yield sufficient revenues to cover the cost of regional government, it would seem that the additional net revenues received from extending the tax to all property, rather than just resource related property, would be so minimal as to hardly justify its levy.

An unorganized borough sales tax would yield sufficient revenues to cover the costs of regional government and would be much more simple and, accordingly, less costly to administer. We estimate a 2% sales tax levied and collected in the unorganized borough would generate in excess of \$10 million annually.

5. An additional income tax: As with the sales tax, the primary advantage of an income tax appears to be ease of administration. Collection could be accomplished by the state at the same time that state income taxes are collected and then redistributed to regional governments, based on an equalization formula.

A product of this tax is that you extend taxing jurisdiction previously restricted to the state to local governments, thereby strengthening the tax base of all local governments. (As a practical matter, if the income tax is established as a system of local government finance in the unorganized borough, it would have to also be extended, at least on an optional basis, to organized boroughs.)

Of the above, we tend to favor either the resource tax or a sales or income tax. The administrative burden imposed by a comprehensive property tax would, in our opinion, create more problems that it would solve. We also favor levy of a tax at the state level with redistribution to individual regional governments based upon an equalization formula. Administration of the tax in this manner would minimize costs and provide for consistent administration throughout the state.

Presently, we estimate that an additional \$7 million will be required to fully fund the program (see attached budget). This figure does not include existing shared revenues that might be made available to new regional governments. Preliminary calculations show that a 1.5% sales tax or a 2 mill (or less) resource property tax could generate this amount of revenue. Data needed to estimate the percentage for an income tax is not yet available.

INTERGOVERNMENTAL RELATIONSHIPS

Without doubt one of the major factors that will determine the success, or lack of it, of a regional government proposal is the relationship between a new regional government and the cities and other service mechanisms located within it. While a detailed discussion of intergovernmental relationships is not possible until the form of regional government to be used is specified, there are certain key elements that should be present regardless of the form of government. Those elements are:

1. promotion of regionalism: any form of government should encourage regional provision of services; that is not to say that services could not be provided at the local level but rather, that policy development and overall control should rest at the regional level;
2. certain services should mandatorily be at a regional level; these services should include at a minimum, planning, health, education and public safety;
3. if any form of regional government less than an organized borough is established, home rule cities should not be forced to relinquish any authority to the region;
4. an alternative to second class city government should be established (see attached memorandum) relieving many villages of the obligation to provide

municipal services;

5. any form of regional government established should, to the maximum degree possible, be free from state and federal control.

CONCLUSIONS

Based on the above discussion and several in-house work sessions on the subject, we think that the following would be the best method of establishing and operating regional governments in the unorganized borough.

STRUCTURE

Establishment of unorganized boroughs with boundaries that would meet organized borough standards. Each unorganized borough would have the mandatory powers of:

Education
Health
Planning
Public Safety (fire and police protection)

Home rule cities located within an unorganized borough would continue to exercise all of the above powers unless they elected to participate on a regional basis. The assembly of the unorganized borough would have absolute authority, subject to state and federal law, over the exercise of the above powers. Additional powers could only be added by a process requiring state approval and voter ratification in the region.

The unorganized borough would be governed by an assembly with separate boards for school and planning functions. The assembly could assume the responsibilities of the school board and planning commission upon voter approval. The unorganized borough would be required to employ a professional manager.

FINANCING

Unorganized boroughs would not have taxing authority. A resource tax as previously described would be the recommended source of funding; as an alternative, a sales or income tax would be levied and collected, by the state, in all of the unorganized boroughs and then redistributed based on an equalization formula. Unorganized borough assemblies would have full budget authority.

INTERGOVERNMENTAL RELATIONS

The unorganized borough would be the regional government for the area; state and federal agencies would be obligated to treat it as we currently do an organized borough.

The following sample budget is very tentative at this time. Several assumptions have been made. They include:

1. that health programs provided will be those transferred from the state; accordingly, it is anticipated that no significant additional cost will be incurred.

2. public safety costs are estimated at \$150,000. However, until the level of service is clearly identified an actual cost is not calculable

SUMMARY OF COSTS

Assembly	\$ 65,000
Administration & Finance	144,000
Planning	56,000
Health	-0-
Public Safety	150,000
Education (same funding as with REAA's)	-0-
Total additional cost	\$415,500

New Boroughs 15	=	\$6,232,500
10% items not covered		<u>623,250</u>
TOTAL COST		\$6,855,750

Bob LeReshe

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July 21, 1976

As noted the unorganized boroughs would have mandatory responsibility for certain services. They could, also, contract with cities for provision of certain services.

This is obviously a very complicated subject and these are only our preliminary conclusions. I would like to discuss this matter further.

LMcA:PP:jg

Attachments

ASSEMBLY

Personal Services	\$ 5,000
Travel	10,000
Contingency	<u>50,000</u>

TOTAL ASSEMBLY \$ 65,000

Personal services includes payments to assembly members attending meetings. The contingency amount is to be used to meet extra-ordinary operating expenditures not anticipated.

ADMINISTRATION

General

Personal Services	\$ 45,000
Materials & Supplies	2,000
Equipment	3,000
Travel	2,000
Contractual	<u>35,000</u>

TOTAL ADMINISTRATION \$ 87,000

Personal services includes an administrator and secretary. Materials and supplies are necessary paper goods and other office items. Office furniture and machines are included in the equipment figure. Travel expenditures are predicated on some regional and statewide travel. All legal and other necessary services are listed on the contractual line item.

FINANCE

Personal Services	\$ 45,000
Materials & Supplies	3,000
Equipment	3,000
Travel	1,000
Contractual	<u>5,000</u>

TOTAL FINANCE \$ 57,000

An accountant and clerical support are included in personal services. Contractual includes professional services required for the maintenance and audit of the entire administrative financial structure.

PLANNING

Personal Services	\$ 39,000
Materials & Supplies	3,000
Equipment	2,500
Travel	2,000
Contractual	<u>10,000</u>

TOTAL PLANNING	\$ 56,500
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Personal services includes one planner and secretary. Contractual includes money to be used to purchase professional planning advice on selected topics.

PUBLIC SAFETY

TOTAL PUBLIC SAFETY	\$150,000
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HEALTH

TOTAL HEALTH	-0-
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<u>TOTAL EXPENDITURE</u> <u>PER BOROUGH</u>	\$415,500
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MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: Palmer McCarter
Bruce Aronson
Rebecca Burch

DATE: September 10, 1976

FILE NO:

TELEPHONE NO:

FROM: Patrick K. Poland
Local Government Specialist

SUBJECT: Regional Government Study

For the record and so that we might have something to measure our progress against, the following is a "laundry list" of items that have yet to be accomplished in our pursuit of completing the regional government study.

1. A memorandum to Bob LeResche updating (status report) our original memorandum of July 21, 1976. Major changes that have been agreed upon by all staff and should be included in that memorandum include:
 - a. Expanding the category of cities not subject to exercise of authority by an unorganized borough to include first class cities.
 - b. Deleting the provisions making public safety and health powers mandatory for unorganized boroughs and rewriting the section to provide for optional exercise of these powers by unorganized boroughs. The revisions should, most probably, state that exercise by an unorganized borough precludes exercise by a second class city.
 - c. The memorandum should reflect the fact that we have decided to withhold further action on our proposed third class city legislation until the shape and relationship of regional governments are firmly identified.
 - d. Amending the distribution formula to a simpler method; most likely providing a minimum amount plus a cost-of-living allowance plus a per capita distribution.
 - e. The draft legislation needs to more clearly substantiate the fact that the relationship between regional education attendance area school boards and unorganized borough assemblies would be identical to that between municipal school boards and borough assemblies.
 - f. Amend the proposed legislation to more clearly state that unorganized boroughs will have the authority to contract with other municipal corporations, private corporations or other governmental agencies for the provision of services or to provide services on behalf of those agencies.

Palmer McCarter
Bruce Aronson
Rebecca Burch

-2-

September 10, 1976

2. We need to investigate the possibility of:
 - a. Funding regional education attendance areas in the same manner as municipal school districts are funded; i.e., they would receive P. L. 874 and many 874 funds but would lose the gratis state-local contribution. Additionally, they would be permitted to use a portion of the sales tax revenues they receive as local effort.
 - b. Combining assemblies and school boards on an optional basis.
 - c. Automatic incorporation of an unorganized borough as an organized borough once it reaches a certain assessed property valuation.
 - d. The feasibility of allowing service areas within unorganized boroughs.
3. Items that must be accomplished in conjunction with the Department of Revenue include:
 - a. Completing projections of sales and use tax revenues.
 - b. Determining the amount of shared taxes that is collected within the existing unorganized borough and might be made available to unorganized boroughs.
 - c. Determining the basis on which they calculated their existing fiscal note for administration of an unorganized borough sales/use tax.
4. A "skull" session needs to be set up with the Department of Law to determine whether, in fact, unorganized boroughs actually may exercise municipal powers, whether they may make expenditures and whether, since the sales tax is, in a technical sense, a municipal tax, it may be expended upon collection rather than having to deposit it in the general fund and await a legislative appropriation annually.
5. We need to prepare a fact sheet for the Commissioner by Tuesday, the 14th, outlining major provisions of our study and its conclusions.
6. A working model of an unorganized borough (my suggestion is the Bering Straits or NANA region) needs to be prepared detailing how the unorganized borough would work and what its relationships with other governments would be. Hopefully, the model would include a sample budget.

PKP:me

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: Palmer McCarter, Director
Local Government Assistance

DATE: September 10, 1976

FILE NO:

TELEPHONE NO:

FROM: Patrick K. Poland
Local Government Specialist

SUBJECT: Regional Government Study

As you know, Chuck Orr and I have spent the last day and a half discussing how our regional government study might be presented to the public and a suggested timetable for presentation. This memorandum summarizes our conclusions and recommendations.

In terms of a presentation, it was concluded that a combination of visual aids and written statements would best serve our purpose given the technical nature of the subject matter. Essentially, the visual aids would consist of slides depicting, among other items, the maze of boundary lines throughout the State, an organizational chart showing the relationship of an unorganized borough with other organized units of government and a map showing the boundaries we are suggesting for division of the unorganized borough. Slides would be shown in conjunction with a verbal presentation by yourself or another staff member of the Division. Written materials would be passed out to the speaker's audience and referred to during the verbal and slide presentation while additional copies would be made available to interested parties following the presentation. The written materials most likely would consist of a comprehensive position paper which would state the problem as we perceive it, analyze alternative solutions to the problem, state our conclusions and explain how and why we arrived at them. Additional written material should include copies of draft legislation, a short summarized fact sheet and several pages of questions and answers. In my opinion, the above would provide the layman with a comprehensive explanation of our project without confusing him with a mass of technical data.

One item not mentioned above but one that could conceivably be included in a package of written materials is a "for instance" paper; that is, taking one of the regions we have identified in the State and using it as an example, running through, step by step, exactly what would be the effect of establishment of an unorganized borough.

In terms of a timetable, it is suggested that the first announcement of the Department's study and its proposed legislation be made during or immediately preceding the Commissioner's television appearance with the Governor in Fairbanks on September 16. It is envisioned that she would make only a general statement, concluding that the actual draft legislation is being finalized at the moment and would be available to the general public by September 23. On September 23, you would release to the public the proposed legislation at your speaking engagement before the Fairbanks Development Corporation. If all goes well, you will again appear before the Anchorage Chamber of Commerce the following Monday, September 27. From there, it will

September 10, 1976

be simply a matter of trotting our "horse and pony show" around the State to various chambers of commerce and other interested groups. We would, of course, attend the Alaska Federation of Natives convention in Anchorage on October 20-21-22 and give a presentation. It is anticipated that by early December public meetings would have been held in every major community affected by the proposed act. Following the public meetings, we would review the proposed legislation, make any changes and submit the same to the Governor's Office for introduction to the Legislature.

Basically, the wheels have been set in motion to accomplish the above. Chuck and I met with the Commissioner and she is willing to make the initial announcement during her television appearance; however, we did not discuss the point of having her refer to specific draft legislation being available the following week and your presenting it for the first time in Fairbanks. It is imperative, in my opinion, that the public have a specific proposal to respond to. Without a specific proposal, we will only get shrugging shoulders and comments that we don't want anything.

Would you please verify with the Commissioner the above schedule of events and manner of presentation?

PKP:me

cc: Chuck Orr

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS

TO: Pat Poland
Local Government Specialist

DATE: September 3, 1976

FILE NO:

TELEPHONE NO:

FROM: Rebecca Burch
Research Analyst

SUBJECT: The Feasibility of Health
Powers in proposed Regional
Governments.

The proposed Regional governments in the unorganized borough are capable of being a vehicle for regional decision-making and accountability for health service delivery.

The government structures provide the transition to regional control of services, one step closer to the local control requested by rural residents using health services. Recently there has been talk of local control of services, however, frequently the reality is that local services evolve while the control of delivery patterns and financing is maintained at a state level. An illustration of this direction is HB 596 on local health districting introduced in the ninth legislature which would have provide regional locations for services with monitoring and decision-making by the state.

The intention of including health powers in an unorganized borough was to regionalize the decision making in addition to actual delivery of services. In the regional proposal the regional government would, within a framework of services determined as "comprehensive health care", be empowered to plan, administer and contract for health care service delivery in a manner appropriate for the needs of that region.

Initially it was thought that PL 93-641 would address this issue. This legislation established a State health coordinating council, three health service area boards and sub-area councils as well as a State agency to oversee the process. These bodies were designed to promote coordinated development of the range of health services meeting health needs within a given area of the state. Health Systems Agency Board Members (for the Health Service Area) would present recommendations to the State Health Coordinating Council and the State Health Planning and Development Agency. (The State Health Planning and Development Agency is also mandated under P.L. 93-641). The SHCC would work with the health systems agencies to determine the functional definition of "comprehensive health care" and the actual certification of new health services and facilities.

The legislation further indicates that even the three Health Systems Agencies boards do not make all final decisions on plans for their areas. The SHCC has the authority to review and revise the HSA plans as necessary to coordinate state wide activities and needs.

On a level comparable to the proposed governmental regions PL 93-641 established sub-area boards. We considered that regional government assemblies could serve the function of these boards. However, in actual practice it seems that the sub-area boards will have a limited and advisory capacity. The Federal legislation stresses this advisory function and strongly discourages sub-area boards from taking on additional

September 3, 1976

power. So it is that decision-making, implementation, and accountability over federal monies and programs are not possible under the regional government structure, as currently proposed.

The Alaska Public Health program, funded in part by state monies, shows more opportunity for regional control. The Public Health program has been considered in terms of regional administration and service delivery. The components of this program (a department of Alaska Health and Social Services not to be confused with Federal Public Health Services) include environmental sanitation, public health nursing, and health aides who, although administered by the Native Health Service are functionally supervised and partially trained by the Public Health Nurses. The State department could establish standards for service and record-keeping (necessary to maintain continued levels of federal funding). Given these guidelines each region could administer its own Public Health Program.

However, in light of the Health Service Area Boards who will determine the patterns of service in programs with federal funding it could be difficult to plan for this state service without coordinated planning. So, at best the Region could make planning decisions for only part of its health services. As an added confusion it is still unclear what the relationship will be between the State Health Department and the HSA boards. And the HSA boards are still in a state of formation so they can not make statement on how this would work.

It seems then that the control of health service decisions is in a state of flux and it is premature to make pronouncements that this power is totally unavailable to regional government, but the thrust of recently enacted Federal legislation is divide the state into 3 large areas under one umbrella for health care planning.

RB:rmc

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: Palmer McCarter
Director

DATE: August 23, 1976

FILE NO:

TELEPHONE NO:

FROM: Patrick Poland
Local Government Specialist

SUBJECT: Proposed Legislation

The following is draft legislation that may be suitable for implementation of levy and collection of a sales tax in the unorganized borough together with redistribution to individual unorganized boroughs based upon an equalization formula.

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

CHAPTER 77. SALES TAX

ARTICLE 1. LEVY AND COLLECTION.

Sec.

- 010. Levy of tax
- 020. Exemptions
- 030. Collection and enforcement
- 040. Proceeds of tax
- 050. Lien for tax
- 060. False statement
- 070. Regulations

Sec. 43.77.010. LEVY OF TAX. (a) A consumer's sales tax is levied on all sales, rents and services made within an unorganized borough unless the sale, rental or provision of service takes place within a home rule city.

Sec. 43.77.020. EXEMPTIONS. The following transactions are exempt from the tax levied in sec. 010 of this chapter.

- (1) a casual and isolated sale not made in the regular course of business;
- (2) a transaction which is prohibited from taxation under the Constitution and laws of the United States;
- (3) a sale directly to the United States government, the State of Alaska, or its political subdivisions;
- (4) the sale of newspapers and periodicals to a consumer by a carrier;
- (5) the sale of food and beverages to the public in school cafeterias or lunchrooms;

Sec. 43.77.030. COLLECTION AND ENFORCEMENT. Every business which engages in transactions subject to taxation under the provisions of sec. 010 of this chapter shall collect the tax at the time of the sale, and remit the total collected at the end of each calendar quarter of each year to the Department of Revenue by the last day of the month following the close of the calendar quarter. A penalty of ten percent shall be added to delinquent taxes and interest at the rate of six percent a year shall accrue on all unpaid taxes, excluding penalties, from the due date until paid in full. Collection of the tax levied in this chapter shall be carried out by the Department of Revenue.

Sec. 43.77.040. PROCEEDS OF TAX. Money collected under this chapter shall be deposited in the general fund.

Sec. 43.77.050. LIEN FOR TAX. The tax levied under this chapter and penalty and interest set out in sec. 030 of this chapter are liens upon all of the property of the person owing the tax. The lien rises upon delinquency and continues until the liability is satisfied or the lien is foreclosed. With respect to property located outside a city, the tax liens provided by this chapter are prior and paramount to all other liens or encumbrances against the property. With respect to property located within a city the tax liens provided by this chapter are prior to all liens and encumbrances against the property except liens for taxes levied by the city.

Sec. 43.77.060. FALSE STATEMENT. A person who knowingly makes a false statement in a return required under this chapter as to the amount, location or value of a sale subject to taxation with intent to evade the taxation is guilty of a misdemeanor and upon conviction is punishable by a fine of not more than \$500 or by imprisonment for not more than five days, or by both, together with the costs of prosecution.

Sec. 43.77.070. REGULATIONS. The Department of Revenue shall adopt regulations governing the administration of this program including the manner by which exemptions may be determined and reimbursement to business¹ for costs incurred in collecting the tax made.

ARTICLE 2. REVENUE SHARING AMONG
UNORGANIZED BOROUGHES

Sec.

- 080. Distribution of proceeds
- 090. Direct return
- 100. Distribution
- 110. Distribution index

Sec. 43.77.080. DISTRIBUTION OF PROCEEDS. The legislature is authorized to appropriate each year as shared revenue for the benefit of unorganized boroughs an amount equal to the net amount of revenue raised under this chapter in the preceding year. Revenue so appropriated shall be administered by the Department of Community and Regional Affairs. The department shall distribute for the benefit of each unorganized borough an amount determined in accordance with secs. 080-110 of this chapter.

Sec. 43.77.090. DIRECT RETURN. From the appropriation authorized under sec. 080 of this chapter an amount equal to the net revenue raised by a one-half percent tax on sales taxable under this chapter within each unorganized borough shall be held and used for the benefit of the unorganized borough where the particular sales took place.

Sec. 43.77.100. DISTRIBUTION. Revenue appropriated under sec. 080 of this chapter, less revenue allotted in accordance with sec. 090 of this chapter, shall be held and used for the benefit of each unorganized borough in accordance with

the ratio of its distribution index to the sum of the distribution indices of all unorganized boroughs.

Sec. 43.77.110. DISTRIBUTION INDEX. The distribution index of each unorganized borough is based upon its wealth, cost of services, population and area and is determined by the following formula:

$$D = \frac{F_a CP}{2F_p}$$

where

D = distribution index

F_a = average fiscal capacity of unorganized boroughs

F_p = fiscal capacity of the particular unorganized borough

C = cost of service which is the cost as determined by the state assessor for each tax year in each particular unorganized borough of providing education, planning, health, police, fire, administrative and other government services expressed as a percentage of the average cost of such services in all unorganized boroughs.

P = population of the particular unorganized borough as a percentage of total population of unorganized boroughs.

PKP:ljf

MEMORANDUM

State of Alaska

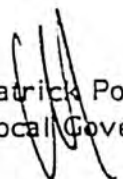
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: Palmer McCarter
Director

DATE: August 20, 1976

FILE NO:

TELEPHONE NO:

FROM:  Patrick Poland
Local Government Specialist

SUBJECT: Regional Government

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

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

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

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

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

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

Section 2. AS 29.03 is amended to read:

CHAPTER 03. ~~[THE]~~ UNORGANIZED BOROUGHS.

Article

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

ARTICLE I.
ADMINISTRATION.

Sec

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

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

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

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

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

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

ARTICLE II.

ASSEMBLY.

Sec.

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

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

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

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

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

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

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

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

ARTICLE III.

OTHER OFFICERS AND EMPLOYEES.

Sec.

080. Appointment of officers

090. Combining offices

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

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

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

ARTICLE IV.

ELECTIONS.

Sec.

100. Administration

110. Election dates

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

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

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

ARTICLE V.

RECALL.

Sec.

110. Procedures

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

ARTICLE VI.

POWERS.

Sec.

120. General powers

130. Areawide powers

140. Additional areawide powers

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

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

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

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

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

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

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

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

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

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

ARTICLE VII.

HOME RULE CHARTERS.

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

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

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

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

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

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

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

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

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