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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

A FINAL REPORT PREPARED BY THE
JOINT SENATE AND HOUSE
COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
LOCAL GOVERNMENT STUDY

Submitted to the
LEGISLATIVE COUNCIL
JANUARY, 1980



Official Business

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January 14, 1980

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LOCAL GOVERNMENT STUDY

Pouch V
State Capitol
Juneau, Alaska 99811

Senator George Hohman, Chairman
Legislative Council
Pouch Y
Juneau, Alaska 99811

Dear Senator Hohman:

We herewith submit to the Legislative Council
the Final Report of the Joint Senate and
House Community and Regional Affairs Committee.
This Final Report, along with the Preliminary
and Interim Reports forwarded to the Council,
embodies the work program and products of
the interim Local Government Study Committee
of 1979.

Yours truly,

Senator Arliss Sturgulewski
Co-Chairman

Representative Bill Parker
Co-Chairman

Bill Parker

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Alaska's Constitution establishes the policy of maximum self-government for the people. This policy has been implemented through creation of boroughs and cities in urban areas and in some rural communities. However, the vast bulk of Alaska lacks any basis for self-government and the people do not even have the means for planning and participating in the affairs of their own region. It is this problem that provided the principal focus for the interim work of the Joint Committee.

Legislative proposals of the Joint Committee were derived from (1) a series of studies and analyses sponsored by the Committee, (2) a two day symposium designed to define issues and problems and suggest policies and directions, and (3) a series of public hearings held throughout rural parts of the State. In addition, constructive support was provided by the Department of Community and Regional Affairs, Division of Policy Development and Planning, Office of the Governor, the Alaska Municipal League, and staff of the Legislative Affairs Agency.

The Joint Committee found wide consensus in favor of a maximum measure of self-determination and self-rule, and establishment of regional units throughout the State to provide a basis for planning and program coordination. At the same time, the people do not want to rush into formal governmental organization; nor do they want it mandated.

Accordingly, the Joint Committee has developed an evolutionary approach that will provide people in rural areas with the means for self-government without forcing anything upon them prematurely. Choices and initiatives are left with each region. Concurrently, actions are proposed that will provide greater equity in the funding and provision of basic public services and will improve the management of the State's own operations throughout Alaska.

In all, the Joint Committee believes that the proposed action program lays the foundation for further development of Alaska's system of local self-reliance and decentralization of State decision making, of planning, and coordination of services and other activities.

Finally, as the Joint Committee concludes its interim legislative work, it wishes to give deepest thanks to the many citizens and public officials who so greatly contributed to the 1979 Local Government Study and the formulation of the action proposals.

MEMBERS OF THE JOINT COMMITTEE

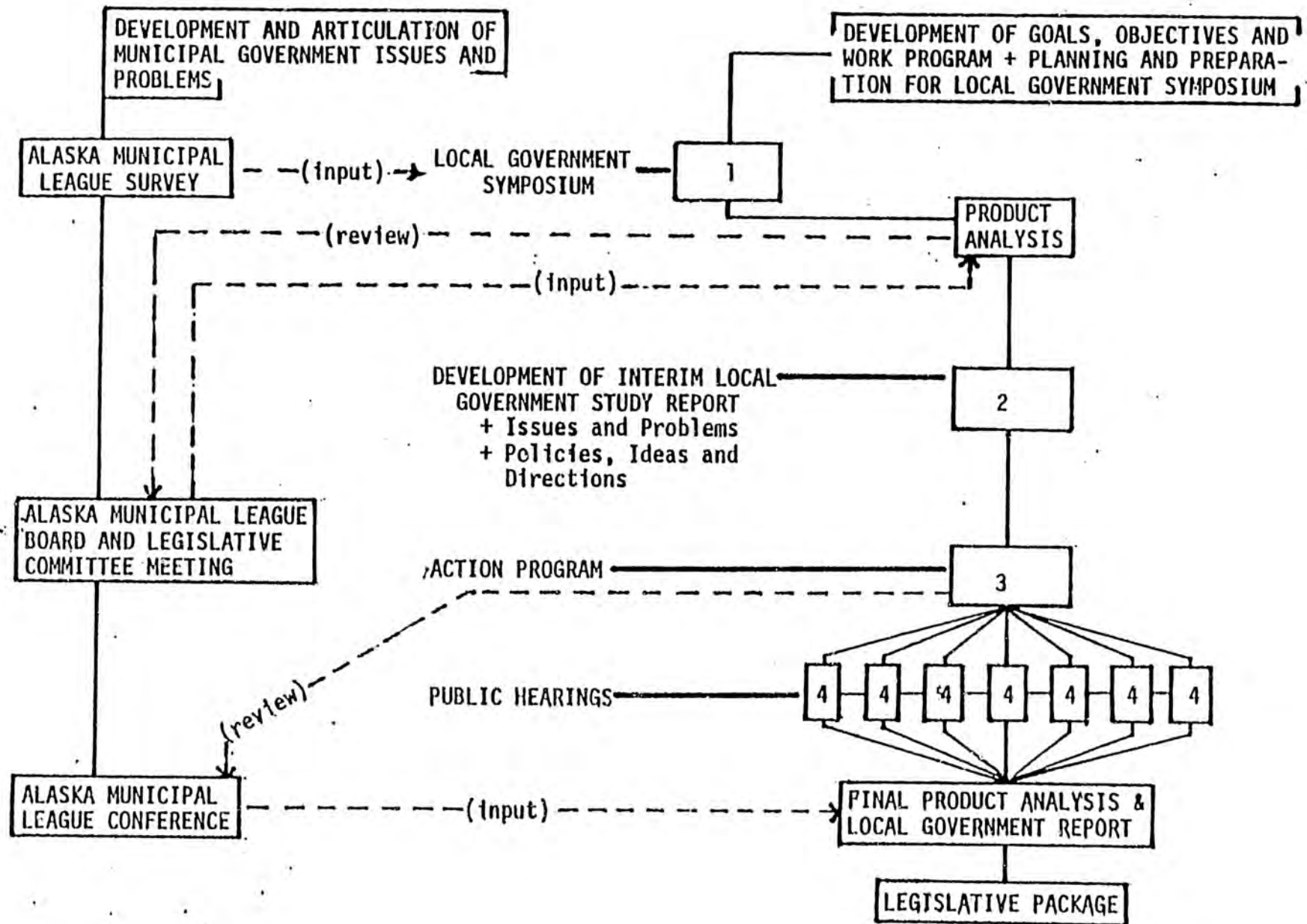
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Senator Pat Rodey	Representative Ray Metcalfe
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COMMITTEE STAFF

Gene Walsh Administrative Assistant	Marjorie Gorsuch Administrative Assistant
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Lamar Cotten, Graduate Student Intern
Jim Sanders, Graduate Student Intern
Victor Fischer, Committee Consultant

STUDY PROCESS CHART



PRINCIPAL PROBLEMS AND ISSUES IDENTIFIED BY SYMPOSIUM

- * the single existing unorganized borough is inadequate
- * borough system is not adapted to rural regions
- * constitution provides for regional unorganized boroughs
- * lack of self-government and participation in rural areas
- * coordination absent in delivery of public services
- * lack of regional vehicles to serve general public
- * difficulties of regional planning in rural Alaska
- * absence of regional coordination by state
- * regional differences require use of home rule concept
- * issues of fiscal equity must be addressed
- * equity lacking in state support of functions in organized and unorganized boroughs
- * overcoming racial divisiveness
- * survival of villages
- * lack of a tax base in most of rural Alaska

POLICIES, IDEAS, AND DIRECTIONS SUPPORTED BY SYMPOSIUM
PARTICIPANTS

- * a series of regional boroughs should be established
- * processes should involve people in regions
- * unorganized boroughs should be able to elect assemblies
- * principal unorganized borough functions would be regional planning and advice on state programs in region
- * unorganized boroughs should be able to adopt home rule
- * State should provide technical and financial assistance
- * provision is needed for both regional and local planning
- * disincentives to organized borough status should be eliminated
- * a thorough study of revenue sharing is needed
- * a basic level of service delivery for all Alaskans should be established by the state (as in education) for health and sanitation, public safety and public assistance
- * a foundation approach should be established for these services

RESEARCH AND ANALYSES PAPERS SPONSORED BY JOINT COMMITTEE

Borough Incorporation Standards as Interpreted by Local Boundary Commission
Marjorie Gorsuch, Administrative Assistant, House Community & Regional
Affairs, August, 1979

Bureau of Indian Affairs and Comprehensive Employment and Training Assistance
Contracting Procedures, August, 1979
Jim Sanders, Graduate Student Intern

Distribution of Flow of Funds in Alaska, June, 1979
Elke Kallab, Policy Analyst, Division of Legislative Research Services, Leg-
islative Affairs Agency

Financial Disincentives to Borough Formation, November, 1979
Milt Barker, Fiscal Analyst, Legislative Finance Division

Legislative Proposals related to Organization and Financial Equalization in the
Unorganized Borough, August, 1979
Jack Chenoweth, Legislative Counsel, Legislative Affairs Agency

Local Government Study - Report of Local Government Symposium, 9/20/79

Pipeline Boroughs, January, 1980
Vic Fischer, Consultant

Property Tax Revenues of Pipeline Boroughs, November, 1979
Milt Barker, Fiscal Analyst, Legislative Finance Division

Requests relating to Borough Formation, August, 1979
Pat Poland, Local Government Specialist, Department of Community and
Regional Affairs

Service Delivery to the Unorganized Borough, August, 1979
Majorie Gorsuch, Administrative Assistant, House C&RA

Services and Programs Provided by the Non-Governmental and Quasi-Governmental
Organizations in the Unorganized Borough, August, 1979
Jim Sanders, Graduate Student Intern

State/Federal A95 Review Process, August, 1979
Lamar Cotten, Graduate Student Intern

State Municipal Land Trustee Program, August, 1979
Lamar Cotten, Graduate Student Intern

Statutory Inducements and Disincentives re Municipal Government Incorporation,
August, 1979
Eric Simpson, Director, Division of Community Services, Department of
Community and Regional Affairs

Taxing Capacity of the Unorganized Borough, June, 1979
Alexander Hoke, Jack Kreinheder, Research Analysts Division of Research
Services

Traditional, Non-Traditional and Quasi-Governmental Native Methods of
Organization, August, 1979
Lamar Cotten, Graduate Student Intern

Major issues pursued by the Interim Joint Committee dealt with the problems and needs of rural Alaska. The Committee, therefore, decided to consult with the people who would be most directly affected by the action program that evolved from Committee work and from the Local Government Symposium.

Joint Committee members traveled to regional centers, small communities, and villages in many parts of the state: Aleknagik, Bethel, Delta Junction, Dillingham, Fort Yukon, Glennallen, Hooper Bay, Kotzebue, McGrath, New Stuyahok, Napakiak, Noorvik, and Venetie. In addition to meetings and discussions in these communities, Joint Committee activities and directions were reviewed at the Alaska Municipal League meetings in Sitka and Valdez and written comments were received from a variety of sources.

Wherever the Committee went, the people were outspoken in their views about local and regional needs and about inadequacies in service delivery by the state and federal agencies. They responded seriously and constructively to the concerns and questions of Committee members. Above all, they were everywhere truly hospitable, and they appreciated the Committee having hearings in their communities and affording them an opportunity to express their views. As a result, Committee members were greatly enriched by the experience and learned much about conditions and attitudes in rural Alaska.

Final recommendations of the Joint Committee have been greatly affected by what the people had to say. Their views, together with those of the highly diverse group of Local Government Symposium participants, are

reflected both in the substance of and approach to individual action proposals. Thus, the concentration is on providing the tools by which people can deal with their needs, if and when they want to utilize these tools. Emphasis is placed on exercising greater state initiative in providing services and financial support in a more equitable and better coordinated fashion. The concept of home rule is pursued to strengthen the state policy of maximum self-government and self-determination.

Highlights of the comments related to the Joint Committee's program are given here.

"FINALLY WE GOT SOMEONE TO LISTEN TO US"

"October 27, six members of the Joint Senate and House Community and Regional Affairs Committee came to Glennallen and held a meeting on a local government study and they made it plain that they were out here to find out what we want in the way of government, not what we are going to get. Now that's not saying we will vote on this committee's recommendations, but they did a good job of listening to every one that wanted to speak and I feel that for once some of our tax money was put to good use and whole heartedly approve of the money it took this committee to go to the rural areas and listen to what people in the bush want."

Marge Brittain, Kenny Lake (from
letter to the editor, Anchorage
Times, November 11, 1979)

"THE MOST IMPORTANT THING IS THAT WE DO CREATE BOROUGHES,
EVEN IF THEY HAVE TO BE IMPOVERISHED BOROUGHES"

"I think we are talking about a political question which has to be answered politically and it has to be done on a local level. I think that the concerns that we have heard here are for money and how things are going to be done. In other words, people are worried about how we are going to do all this, about where the money is going to come from. And in an area like this, if that is the total question, there will never be enough money to have self-government.

I think the most important thing is that we do create boroughs, even if they have to be impoverished boroughs. Otherwise we are going to be ruled by State and federal agencies, and they are their own little governments. Regardless of what the village people want to do, there is no mechanism for them to respond with any amount of power as long as they are dependent on state and federal agencies for money. In other words, money should become the secondary question, not the primary question.

I think that once the fear of being poor is taken away from these village people and they have a little taste of power, of real self-determination, I think they will go for it even if there is no money. First, I think you should make them form a government and then let them worry about where the money is coming from ... I am sure we will find it. If we sit and haggle about little ways of doing things, then we are going no place, and it will take us a hundred years to accomplish what we are trying to do.

It is not a bureaucratic question--not a question of how the Legislature is going to decide for us. The question should be thrown at us and we answer it "Yes" or "No." "Do you want self-government?" If we want self-government, we assume the responsibility of being poor. As long as we depend on someone else for money, we will never have self-government and we will never have self-rule."

Mr. Harold Napoleon, Resident
Bethel, Alaska

"AVCP...IS ON RECORD TO EXPLORE THE POTENTIAL IMPACT...OF BOROUGH GOVERNMENT"

"During my tenure working with Association of Village Council Preidents during the last three years, I have seen a broad general awakening of the people from this region in addressing constructively a number of external forces that continually impinge upon the people of this region. And also the recognition that the people in this area can not sit idle and do nothing -- that we would in effect be foregoing our responsibilities to our people and letting these external forces control us in the future. That is to say, we are getting people who are showing some real responsibility. We have shown participation in pushing for SB 35 and in creating REAs and also in pushing for implementation of coastal zone management.

AVCP goes on record, with the Joint Committee, in its sincerity to have the opportunity to speak to you on the question of organizing the unorganized boroughs, on the issue of borough government. AVCP, by convention resolution, is on record to explore the potential impact, whether it is positive or negative, of borough government through the means of doing a feasibility study for the viability of the borough government. The results of the study would be submitted to the people at the convention level, so the people of the area can make a determination whether we are to look into the borough government Let me submit to you that AVCP does not foreclose the establishment of the borough, but will only act only by the result of a feasibility study.

The Committee stated earlier that one of the major areas that you would be working on would be the question of boundaries. I think that the State is probably the most guilty one in creating a lot of confusion to the citizens of this State as depicted by the so called "spaghetti maps".... Therefore, the respective boundaries we suggest to you this Committee strongly consider and adopt are the boundaries that were promulgated under the Alaska Native Claims Settlement Act, as the most external boundaries for the regions. These boundaries may conceivably be subdivided, though it cannot be determined at this time whether this would be along the REAA boundaries or the coastal resource service area boundaries..."

Mr. Carl Jack, President
Association of Village Council Presidents
Bethel, Alaska

"HAVE PATIENCE AND ALLOW THE RURAL AREAS TO JELL THEIR IDEAS"

"We are like an emerging nation out here. The level of sophistication has changed so much in the last 20 years that it is almost unbelievable, and so many people who are new to Alaska and especially in the urban areas do not realize the progress which is happening out here and how rapidly we are changing.

And if I could say one thing to you people, our legislators from the urban areas...one thing you have to do is to have patience and allow the rural areas to jell their ideas. They may be a little slow in doing it. Listen carefully to the bush people, the bush legislators--they are not screaming for nothing. They are screaming because things are happening out here and it requires your constituency to be more patient. Don't knock it, the village high schools. Give them a chance. They are going to work -- even if it is costing, they are going to work. The children have a right to have them.

We may be a little slow in forming boroughs and we may not be quite as sophisticated as you would like to see us, but the rate of change is so tremendous that if you have not seen it for 10 years or more, you do not realize what is happening. We are no different than the emerging nations of the world, and we are emerging into the 20th Century late, but the rate at which we are emerging is tremendous. I think you have to have some patience with us and your constituents need to be told by you people... be patient with them! The money you are putting in, the money the State is putting in, the things that are being done out here are

going to reap dividends in the end. It is going to be a little slow,
and it will seem like it is "down the tube," but it is not. The changes
are stupendous out here."

Mr. David Shewfelt, City Council Member

Fort Yukon, Alaska

"WE DON'T KNOW MUCH ABOUT THE LOCAL GOVERNMENT, BUT WE
HAVE TO BE PREPARED"

"It has not been easy. We tried to move from a completely subsistence way of life and jump into the mainstream of America by studying government, by studying law, by trying to take advantage of acts of Congress and trying to make it work for us. But there are a lot of stumbling blocks along the way. A lot of the things we have started we are still working on because of bureaucratic red tape and other forces which would try to keep us back from obtaining our goal. But nevertheless, we are pushing ahead...

We listen to the people, we get the instructions from the people. We try to keep the old ways of our people and try to live with the modern ways...

We do not know very much about the local government, but we have to be prepared. But I guarantee you this: we are ready to sit down and talk with you and try to figure out something that will mean something to the people, for the long range, for the benefit of the people.

You ask us what we think about local government. This is my idea, this is the people's idea: We are part of the Tanana Chiefs, we are part of the Yukon Flats people, we speak the same language, we have the same culture... We are ready in the future to help our own people.

We are ready to work with Doyon. We are ready to work with the state government. We are working with the Tanana Chiefs. We are ready to work with Gwitcha Gwitch'in Ginkhye Corporation and the rest of the villages in the Yukon Flats. We must all stick together. But we must accomplish one thing at a time, by working together and supporting one another, as one people, as one tribe."

Mr. Edward John, IRA Council Member
Venetie, Alaska

"The biggest problem we have with regional planning is...coming up with the local share"

"There are some areas the Legislature could be very helpful in. The planning area is one. The biggest problem we have with regional planning is not that we cannot do it, but it is coming up with the local share without having a tax base from which to do it. Almost everything has a local share: 30 percent of regional strategy planning and 20 percent for coastal management studies..."

Mr. John Schaeffer, President
Northwest Alaska Native Association
Kotzebue, Alaska

REGIONAL BOUNDARIES: WIDE SUPPORT FOR DIVIDING STATE INTO REGIONAL UNITS, THOUGH SOME CONCERNS: do boundaries around whole state...your proposal to create unorganized boroughs to correspond to REAA boundaries is very sensible. Certainly the people in an REAA have common interests and it makes a very logical boundary...regional corporation boundaries should be considered. Once boundaries are established, everyone should adhere to them--federal government, state administration, agencies... concern about "piece meal" annexation: must keep enough area to have a good borough if ultimately have one...provision for community to vote to change boundaries should be included...establish boundaries around existing boroughs so that organized boroughs don't take over the unorganized areas...concern that the Delta/Greely REAA might be consumed by another area in the formation of local government...also that it's present boundaries are artificial and should have related to natural watersheds...

REGIONAL PLANNING IS SEEN AS A NECESSITY FOR MANAGING REGIONAL AND MAKING DECISIONS ABOUT BOROUGH ORGANIZATION: feasibility study must be done before borough is organized. Legislature should provide help to check feasibility ... inventory of resources needed, premature to create borough without this information. Transportation, land status, and future projections need to be included ... potential of borough government should be explored ... people need to know the consequences of organizing borough, not organizing ... develop fact sheets -- pros and cons of organization ... economic resource planning needs to be done ... planning grants need to be available on an ongoing basis ... in regard to planning legislation, there needs to be teeth in the legislation; mandate that the local people get involved in fiscal planning ... land issues need to be settled before there is any planning and zoning ... need to have planning and zoning under control of local people ... coastal resource service area boards could act as the planning authority for borough assemblies; they should have zoning and platting authority ... you cannot trust the Department of Natural Resources to look out for our interests ... without a coastal zone plan, we will have total disaster ... planning and zoning capability should allow for the enactment of ordinance which would exempt whole areas from development ... under present planning and oil leasing schedules, leasing will occur before plans are finished ... it is absolutely necessary to have planning authority this year ... it does not do you any good to plan if it is too late already ...

ORGANIZED BOROUGH GOVERNMENT

WHILE NOBODY OBJECTS TO DIVIDING THE STATE INTO REGIONAL UNITS, OPINION ON ESTABLISHING REGIONAL GOVERNMENTS VARIES. SOME ARE IN FAVOR, SOME OPPOSED: do not create a half-measure for the unorganized borough -- Mandate a borough... No boroughs should be mandated. The people are not ready for an organized borough... There are vast unorganized areas, and at some point in time they must organize and take the responsibility to govern themselves... Do not want any part of borough idea. Do not want to be bribed into being a borough... It is one way of getting government closer to the people, get regional distribution of money... Government control is unwanted: people moved to area to get away from government... Do not create another level of bureaucracy... BUT MOST ARE UNSURE, NOT READY TO DECIDE. We are being asked to respond to the idea of borough government, when in fact it is a new concept for the people. We have no basis for comparison between the effectiveness of State and borough governments, as we know nothing of the latter. We would need a chance to review the borough idea, explain it to our tribal members, sit down and discuss it in our own language... Do not really know long-term effects of borough formation; what will be the economic base when the pipeline cannot be depended on?... Support idea of organized borough government, but scared of a borough and the taxation that must follow of people who cannot afford it... Whether or not villages will be heard... AND A LOT OF QUESTIONS: how would villages benefit? How would services be delivered when you are spread out along highway? How would representation work? Can we have elections by districts, not at large? How would organization affect taxes? How much would State support be reduced? Effect of any incorporation on REAA?

Relationship of school board and assembly? What revenues might be available? Would area get less if regional government is created? If area does not organize, can it be absorbed by an existing borough? What positive impacts would borough have? Can borough be voted out once it is voted in? What is the alternative, if you do not have a borough?

AND A FEW GENERAL SUGGESTIONS: remove all mandatory aspects of proposal... Initiative to form an organized borough should come from within an area, not from outside area... Assembly should be given power to provide for referendum to upgrade status.

FINANCE/TAXATION

THERE'S UNIVERSAL CONCERN ABOUT FUNDING LOCAL GOVERNMENTS, SERVICES:...

An adequate funding mechanism must be found to eliminate current inequities in local and State funding sources... Frightened by fear of taxes if organized borough is formed... Source of income needed to have borough... Services needed now.... If we do not organize, pipeline dollars from area might be used for all unorganized boroughs... Maybe sharing of localized resource is necessary... Oil will not last forever, so pipeline will not be worth much if there is no oil going through it... If organized, when oil companies die someday, we will be stuck with having to support established bureaucracy via taxes... Small tax base... Few areas have found alternatives to property-type taxation; need to implement a municipal income tax system... Providing local match money is a very real problem for areas where there is no economic base... Provide a minimum level of State revenue sharing -- \$25,000 -- to all small cities, many small cities received \$6,000 yearly and it takes more than that to apply for and properly monitor expenditures of shared revenues... Taxes on what?... YET: it is vital that the revenues for a local government be furnished at least in part from local sources. Otherwise local governing units tend to think of outside revenues (i.e., state or federal) as "someone else's money" and there is less care in its expenditure than if it is locally generated money. Yes, surprising as it may sound, I am advocating local taxation, but only that which is absolutely necessary as determined by a local assembly...

UNORGANIZED BOROUGH ASSEMBLIES: NO LONGER BEING CONSIDERED BASED ON TESTIMONY RECEIVED. THIS CONCEPT OF ASSEMBLIES HAS BEEN ELIMINATED FROM THE INITIAL PROPOSAL AUTHORIZING UNORGANIZED BOROUGH TO ELECT ASSEMBLIES, WHICH WOULD HAVE BEEN MOSTLY ADVISORY. RESPONSES WERE LARGELY NEGATIVE: caution against a body which would only be advisory...want more than advisory powers for unorganized borough assemblies...don't want just another advisory board...more teeth in the responsibility of the assembly... should have planning and zoning authority...elected assembly would need its own staff... assemblies should be voluntary.

STATE versus LOCAL GOVERNMENT -- A BASIC ISSUE. STATE HAS AN INTEREST IN LOCAL SELF-GOVERNMENT, PEOPLE WANT A VOICE. If there is no self-government, then the alternative is for state agencies to continue to go out into the rural areas and do what rural people should be doing ... until local governments are established throughout Alaska, the state will have to play an ever increasing role to satisfy residents' demands for services ... state agencies face difficulties in accomplishing goals and objectives of various programs in large unorganized areas ... what is the state's rural policy and who develops it? Ideally, the rural areas should participate in developing this policy and work with the government to implement it ... a state agency cannot be expected to support regional interests ... Community and Regional Affairs Department should be responsible for lending assistance, but they are not adequately funded now to assist communities ... all kinds of direction from state and federal agencies is unwanted ... how best can people get a voice in government? ... sovereignty is the issue ... which level of government should provide municipal type services? The question is self-answering: municipal services should be provided by cities and boroughs ... more municipal control over things that affect citizens' lives ... the rural areas want to make their own choices, take responsibility for their own future; that is, to have an opportunity at last to govern themselves and to manage their coastal zones and resources ... municipalities and boroughs should be able to manage their own area the way they see fit ... the home rule concept is workable ... the question should be put to area residents: "do you want self-rule, or do you want the state to continue to rule you?"

PUBLIC HEARING ITINERARY

Bethel	September 28, 1979
Hooper Bay	September 29, 1979
Dillingham	September 30, 1979
New Stuyahok	October 1, 1979
Fort Yukon	October 18, 1979
Venetie	October 19, 1979
Glennallen	October 27, 1979
Kotzebue	November 16, 1979
Noorvik	November 17, 1979
Delta Junction	December 15, 1979

Following are capsule summaries of the main issues discussed at each of the ten scheduled hearings.

BETHEL

September 28, 1979

35 Participants

INEFFECTIVENESS OF EXISTING PUBLIC SAFETY SYSTEM

Currently there is a lack of individuals who are interested in participating in second-class city organization as the second-class city is seen as limited in its ability to deal with public safety/judicial problems. They are limited in the sentences they can impose and the residents feel they were able to handle problems better under the IRA Council. Under the IRA, there is a certain flexibility in regard to public safety which does not exist under second-class government.

Additional police protection is needed. Training is essential as well. Changes in revenue sharing formula would be helpful. If CETA were defunded, how would training be accomplished? If you upgrade the training of village police, there will be better communication with state troopers.

SPECIFIC COMMENTS ON PROPOSED LEGISLATION

There was a negative reaction to the idea of establishing a body which would be advisory in nature. It was suggested that Coastal Resource Boards should have more power, but the legislative proposal does not address this question of increasing their power. Regional Corporation boundaries should be considered and once boundaries are established, everyone, including state and federal administrative agencies, should adhere to them.

In regard to planning responsibilities, there needs to be "teeth" in the legislation. Mandate that the local people get involved in fiscal planning.

At large election is counterproductive. District representation necessary.

The elected assembly would need its own staff.

This "elaborate creature" is not necessary (unorganized boroughs). Do not create a half measure for the unorganized borough. Mandate a borough. Advisory business is no good. The community has to decide if it wants self-government. There is a desire to control their own destiny.

GENERAL CONCERNS

There was the fear that the Coastal Zone Management planning power/process was arriving too late. The time frame is off in regard to effectively managing OCS development.

There was a feeling that the regional government approach might be an acceptable one. But there were concerns as to whether or not the villages might be heard, that they might get "shafted" in the process of organizing; that Bethel might elect someone from a village who the village did not want representing them. At the present time the villages are recipients of programs rather than the initiators. The program becomes dominant and the local people cannot pick up maintenance of ill-conceived projects.

DELTA JUNCTION
December 15, 1979
26 Participants

GENERAL CONCERNS

Service Delivery

Self-sufficiency of residents living in the surrounding areas of Delta Junction noted. They live in the hinterland by choice, realize their situation and are prepared to provide their own basic services, or are able and willing to do without them.

Expressed concern related to how to resolve the question of service delivery cost equity. Where you have an area with a regional center surrounded by a sparsely populated areas over considerable distances, they felt the quality/quantity of services decreases as the distance increases from the center and there should be a cost equity factor built into the service area concept to recognize these factors.

Land

Getting land into private ownership was seen as a top priority. Control of land is seen as the basis of power and economic survival and the basis of our capitalistic system. Very opposed to government control of land which they feel is contrary to the system. Interested in seeing the 10 percent selection entirely reinstated.

Comments Re Proposed Legislation

Generally opposed to the formation of a borough. The pipeline was seen as only a temporary vehicle for funding local government. There was concern that the oil companies would "die" and they would be responsible for supporting the established bureaucracy. They recognized that while they have an incorporated city in Delta Junction, it is a state supported local government. They impose no sales or property tax upon themselves.

Opposed to elimination of the third-class borough.

There was concern that Delta/Greely REAA could possibly be consumed by another area in the formation of local government. The REAA boundary as presently delineated is artificial and should have related to natural watersheds.

They objected to the Tanana Chiefs planning proposal, but they did not object if it only affected Native interest and their land.

DILLINGHAM

September 30, 1979

16 Participants

Generally, Dillingham was described by the participants as a well knit one with fishing being the unifying ingredient. Subsistence and commercial fishing is the backbone of the outlying village economy.

GENERAL CONCERNS

More tax on fishing boats needed and dock facilities need to be improved. It is anticipated that there will be little direct impact from bottomfish and oil development, but there may be some indirect effects.

Lack of local match money.

Increasing cost of freight being flown in is a problem, and smaller communities are suffering as a result.

Sewer and water is needed for Aleggigik.

An extended health care facility is needed in Dillingham.

Working on development of the herring industry. Cooperative members are being sought.

CONCERNS RELATED TO PROPOSED LEGISLATION

How would Bristol Bay be handled? Perhaps the area would get less grant money with a regional government.

Frightened by fear of taxes if borough is formed.

FORT YUKON
October 18, 1979
44 Participants

COMMENTS RELATED TO BOROUGH FORMATION

The discussion in Fort Yukon focused on the pros and cons of borough formation in light of the Yukon Flats Borough Feasibility Study. It was stated that the Study was not realistic--perhaps was "too slick," and did not deal with all the realities which would have to be faced in the area if a borough was formed. The Study was viewed as a feasibility study only. There were questions related as to how organization would effect taxes. What is the alternative if you do not choose to form a borough? Can borough be voted out, once it is created? Taxes will ultimately come with organization. Oil cannot support forever. When there is no mineral development, where will the money come from? But there was also concern that the pipeline money might be used for all of the unorganized borough unless Fort Yukon was organized. There was also expressed belief that perhaps sharing of a localized resource and the revenues generated by it is necessary.

What would be the effect on the REAA and Assembly of any incorporation? What will support from the state for education drop to? What would be the relationship of the school board and the Assembly?

Land issues need to be settled before there is any planning and zoning. Conveyance needs to be settled. There is currently a land crisis. City has not zoned as there is not any choice. When the land transfer takes place, then they can start to be concerned about zoning.

Annexation to the North Slope Borough was seen as a problem.

Concern was expressed that taxes in a borough go up constantly and that there may be money to support a large government infrastructure.

There was a statement urging patience with the rural areas of Alaska, as they are much like an "emerging nation." They may be slow to form boroughs, but that formation must be at their own pace. The rate of change has been so great and the villages are emerging into the 20th Century late. Allow the rural areas time for things to jell.

The villages understand their dependency on each other. Urban constituency must be made to understand that if rural Alaska falls, Anchorage will feel it.

Have those who support and those who oppose borough government sit down and fight it out together. The issues of borough formation need to be aired.

MISCELLANEOUS COMMENTS

REAA is highly successful in the area.

The board is time consuming, but the results are evident. Programs are better and are superior to those under SOS. There is less frustration and red tape, as well as better maintenance of the school.

Deficiencies of Title 29 were noted. A number of communities being incorporated as small communities find Title 29 burdensome. Form of election contrary to the way things should work. There should not be appointed seats, rather the top vote getters in the area should hold the seats. At large elections should be held rather than "seat" elections.

Forty-five percent of each dollar financing local government comes from the sale of alcohol. The city should not be in the liquor business. \$15 per head is paid for police.

GLENNALLEN

October 27, 1979
75 participants

CONCERNS RELATED TO PROPOSED LEGISLATION

There was strong feeling expressed in opposition to the formation of a borough in the area. The proposal was seen as the introduction of a "low grade" form of a borough. The unorganized assemblies should be given the power to provide for referendum to upgrade status of the unorganized borough. It was pointed out that the proposal does not deal with funding for education and the support given to education in rural Alaska is usually a sore point with the urban areas.

There is opposition to the formation of borough because of the concerns related to taxes and government control. They resent any form of control. Leary of planning as they have seen unsatisfactory results of such planning.

How would villages benefit from the formation of a borough? How would services be delivered when you are spread out along a highway, such as in the Glennallen area? What would happen if Glennallen was incorporated as a second class city?

People choose to live in this area to get away from government. The problems people are talking about are manufactured. Maybe a citizens fund should be established for bringing people to Juneau. The voice of the people in the bush who are opposed to borough government is not being heard.

They have repeatedly been asked what they think in regard to a borough. They want less organization which spends money. The existing tax structures won't work in the area. Why not grant money to the opponents of borough government to do some lobbying?

Boundaries should be drawn around the whole state. Assemblies if established, should be done so voluntarily. Remove all mandatory aspects of legislation. The home rule concept is workable. There should be provision for the community to vote to change boundaries. The REAA boundaries used in the area might need to be modified somewhat.

Sovereignty is the question. Initiation should come from within an area rather than outside of the area. Don't really know long-term economic base potential as perhaps the pipeline can't be depended upon.

If they do not organize, could the area be absorbed by existing boroughs? Concern that "piece meal" annexation might take place by the surrounding areas.

GENERAL CONCERNS

Land

Identify who owns land. Can't get easements for utilities as they don't have land ownership identified. The non-resolution of D2 is a problem. There is no point in studying until you can step on the land.

Fire Protection

Providing adequate fire protection is a problem.

Feasibility Study

An inventory of resources in the area is necessary. Legislature should help inventory to check feasibility of borough formation. It would be premature to develop an unorganized borough assembly without this information. Gathering information is the key. A fact sheet related to the pros and cons of borough formation would be needed.

HOOPER BAY
September 29, 1979
50 Participants

GENERAL CONCERNS

Economic

Lack of an economic base in the community was a dominant issue. In order to have a borough, some source of income would be needed. Services are needed now, not boroughs, as there is no money.

There was discussion of some areas which might provide an economic base if developed: commercial fishing, reindeer, seal hunting. At the present time there is nothing other than subsistence. Now that they are involved in a cash economy, it is essential that there be a way of earning money. Their children need a place to work.

Revenue sharing does not provide enough money. There are currently four CETA employees. What would happen if CETA funding is reduced or discontinued? The police force needs additional training and money for uniforms. Regional distribution of revenues might be a way of bringing government closer to the people.

Needed Public Services

Water is a problem. An Attorney General's Opinion was involved in the delay and application of the Village Safe Water Act. The problem was complicated by overlapping authorities. Permafrost was cited as a stumbling block in bringing about the construction of the water plant which was built in 1976 but which just became operative in 1979.

Hooper Bay is one of the largest Native villages and yet there is no adequate method of sewer disposal. There is sufficient oil money. So some of the residents made a number of references to the non-delivery by elected representatives of needed services.

The road from the airstrip to town is in need of repair and needs to be rebuilt.

Television sets are in the village, but they do not receive signals.

KOTZEBUE
November 16, 1979
22 Participants

COMMENTS ON PROPOSED LEGISLATION

The Committee should not create another layer of bureaucracy to provide services. A great deal of organization exists in rural Alaska already. No boroughs should be mandated. What should be mandated is financial support as the Kotzebue area has no tax base. The people are not ready for a borough.

Providing services on an areawide basis is important but the communities could get together to do this without the formation of a borough. A regional government might not benefit the villages--they might in fact receive fewer services. In the North Slope borough the regional government has consolidated power and taken it away from the villages.

(The fifteen points made by the City Council of Kotzebue in reviewing the Local Government Study proposal were discussed. See attached statement.)

Regional services can be provided on a service specific basis. State agencies could be authorized to contract for delivery of services.

GENERAL CONCERNS

Economic

At the present time, CETA is providing most of the basic funding for municipal services. A reliable source of money is needed to operate and maintain the services which have been provided by federal money. CETA does not really pay enough to live on and the turnover of employees is great. Some of the employment criteria used by CETA is too restrictive.

Providing local match money is a problem. The NANA Strategies require a 30% local match and CZM requires a 20% match. This is a very real problem for areas where there is no economic base.

Recording System

The lack of a record system for land ownership is a problem. It would be helpful to have a system. The records have been moved from Kotzebue to Fairbanks and these land records should be regionally located so they can be used by the people. Government "red tape" cited as a problem.

Regional Planning

Economic resource planning needs to be done. Planning grants need to be available on an ongoing basis.

In the NANA Regional Strategy, a recommendation is being considered which would make the overseeing group a loose organization of city mayors. These collective regional representatives would meet when necessary to make decisions related to general planning. There is time to develop their Coastal Zone Management Plan and there is a mechanism for local input in the development of the plan.

Energy

Rural energy concerns were discussed. The possibility of oil from the top of the gas cap in Prudhoe Bay was mentioned, as well as wind, hydro, and geothermal power. Congress is looking at cash subsidies to help solve the problem.

CITY OF KOTZEBUE

P.O. BOX 46
KOTZEBUE, ALASKA 99752
907-442-3401

LOCAL GOVERNMENT STUDY PUBLIC HEARING

THE CITY COUNCIL OF KOTZEBUE HAS REVIEWED THE LOCAL GOVERNMENT STUDY CHART PREPARED AFTER AUGUST 4-5 SYMPOSIUM AND OFFER THE FOLLOWING FOR YOUR CONSIDERATION;

1. THE PROPOSED LEGISLATION WOULD AUTHORIZE AN ELECTION OF UP TO ELEVEN ASSEMBLY MEMBERS. WE ALL KNOW THAT ELECTED POLITICIANS REQUIRE A STAFF, MEETING AREAS AND VARIOUS SUPPORT FUNCTIONS. THIS COSTS MONEY.
2. OUR BEST GUESS FOR COST IS \$ 250,000 to \$ 300,000 FOR PAID STAFF, TRAVEL MEETINGS AND OTHER EXPENSES FOR THE KOTZEBUE REGION.
3. HOW LONG WILL THE STATE BE ABLE TO FUND THIS TYPE GOVERNMENT? WHAT ABOUT THE OTHER BOROUGHES? SURELY THEY WILL DEMAND AND, RIGHTFULLY SO, TO BE FUNDED AT THE SAME LEVEL.
4. KOTZEBUE NOR THE VILLAGES IN THE REGION HAVE ~~NOT~~ ^{A TAX} BASE TO FUND THIS LEVEL OF GOVERNMENT.
5. IN THE KOTZEBUE REGION WE HAVE A POPULATION OF ABOUT 5000. OF THIS 5000, MAY BE 1500 HAVE STEADY INCOMES FROM WORK. THESE 1500 WILL BE REQUIRED TO SUPPORT THIS LEVEL OF GOVERNMENT AT SOME POINT IN TIME. THE MAJORITY OF THIS WORK FORCE IS IN KOTZEBUE. THEREFORE, KOTZEBUE WOULD BE CONTROLLING THE REGION. SO WHAT HAVE YOU GAINED? ONE MAN ONE VOTE LAW WILL PREVAIL,
6. IT IS PROPOSED TO CREATE A PROCESS FOR CHARTER OF HOME RULE. WE HAVE THAT RIGHT NOW UNDER EXISTING LAWS.

7. COMMUNITY AND REGIONAL AFFAIRS WOULD BE RESPONSIBLE FOR LENDING ASSISTANCE, THEY ARE CHARGED WITH THAT RESPONSIBILITY NOW. COMMUNITY AND REGIONAL AFFAIRS IS. NOT ADEQUATELY FUNDED NOW TO ASSIST COMMUNITIES.
8. HOW CAN YOU PROVIDE LEGISLATION FOR HOME RULE AS CURRENTLY DEFINED AND ALLOW REAA POWERS AND RESPONSIBILITIES TO REMAIN INTACT?
9. WE HAVE THE A-95 REVIEW PROCESS NOW - THERE ARE NOT REQUIREMENTS FOR ANOTHER REVIEWING AGENCY. WE ARE REVIEWED AND STUDIED BY EVERY BUREAUCRAT THAT LANDS AT THE AIRPORT.
10. THE STATE IS PROJECTING A FUNDS SURPLUS. CREATION OF ANOTHER GOVERNMENT IS A POOR WAY TO SPEND THIS PROJECTED SURPLUS.
11. WE WERE CUT 15% ON REVENUE SHARING IN 1978 AND HELD TO THAT AMOUNT THIS YEAR; IN EFFECT, CONSIDERING INFLATION WE HAVE BEEN CUT 25% PLUS. TAKE THIS SURPLUS AND FUND REVENUE SHARING AT 100%.
12. PROVIDE A MINIMUM STATE REVENUE SHARING SAY, \$25,000.00 TO ALL SMALL CITIES SO THEY CAN BE VIABLE - DON'T CREATE ANOTHER LEVEL OF BUREAUCRACY. THE CITY OF KOBUK RECEIVES ABOUT \$6000 YEARLY FOR REVENUE SHARING. IT COST MORE THAN THIS TO APPLY AND PROPERLY MONITOR EXPENDITURES OF REVENUE SHARING.
13. THE STATE SEEMS TO HAVE A PROBLEM RECOGNIZING LOCAL GOVERNMENTS NOW. CREATE ANOTHER LEVEL AND THE GRASS ROOTS GOVERNMENT WILL BE LOST.
14. WE NOW HAVE REAA SCHOOL DISTRICT BOARDS, HEALTH CARE BOARD, MAUNELUK BOARD, NANA BOARD, IRA COUNCIL, COASTAL MANAGEMENT COUNCIL, CITY COUNCILS AND PLANNING COMMISSIONS, JUST TO NAME A FEW THAT OUR PEOPLE DEAL WITH DAILY, ~~██████████~~

YOU ARE CONSIDERING ANOTHER. YET ALL THESE VARIOUS BOARDS COMMISSIONS AND COUNCILS POWERS WILL REMAIN INTACT.

15. WHAT WE NEED IS MONEY FOR PROJECTS IN OUR COMMUNITIES TO PROVIDE JOBS FOR OUR UNEMPLOYED, NOT ANOTHER LEVEL OF GOVERNMENT TO TELL US YES, YOU HAVE AN UNEMPLOYMENT PROBLEM.

NEW STUYAHOK
October 1, 1979
52 Participants

QUESTIONS RELATIVE TO PROPOSED LEGISLATION

How would representation work?

Would people go to Dillingham to vote?

Concern that administrative costs would be excessive if a borough was formed. How best could people get a voice in government? What positive impacts would an unorganized borough have? Are bush legislators effective in getting things done?

At the present time there are problems with the regional school board as some of the people do not really represent village interest on the school board, but rather those of Dillingham. Would this be handled the same way under the proposed legislation?

DEFICIENCIES IN EXISTING SERVICES

Airport cannot be used two weeks in the spring as it needs a new gravel base. It is essential for emergency use.

Would like to receive educational TV.

Backhoe needs to be replaced for maintenance of the sanitary land fill.

Water/sewer system being transferred from Public Health and the community cannot afford to maintain it.

Fire plugs exist in the village, but there are no hoses to connect to them.

NOORVIK
November 17, 1979
32 Participants

GENERAL CONCERNS

Public Safety

One of the first concerns mentioned in Noorvik was that cited in the NANA Regional Strategy Report as a priority - the need for funding for "Search and Rescue." The local organization is reimbursed for some expenses from the state; however, when they do not have formal authorization from the state troopers for an operation, they do not receive funding. The \$15,000 allocated for Search and Rescue for the current year has almost been expended. Local control over spending for these activities is desired.

The turnover in police personnel has been high. There are a number of factors which may be responsible, primarily peer pressure exerted on the individuals who are policemen. There are family resentments as certain families seem to be singled out by the police. Also, the courts do not support the public safety people. The District Attorney does not back the local police and this has a demoralizing effect.

In Noorvik it appears that the CETA pay for police is adequate as they are only needed on weekends. There is not much happening weekdays. It seems as if those who become police are only in it for the money as once they get paid, they quit. Even those who have received training seem subject to the pressures mentioned. Law Enforcement Assistance Administration seemed to be more effective in this regard than CETA, as the former paid for two individuals who could be supportive of each other and some continuity was provided in this way.

Schools

There was a concern that the role of the advisory school boards has not been clearly defined. In hiring, the Board acts on the recommendations of the REAA advisory members and there are often personality problems between the teachers and principal.

Also, the question was raised on the relationship of village school personnel with the villagers. It was felt that some isolation existed between the village and the school community and that there was not enough informal and personal interaction.

Economic

Unemployment is a major problem. Bingo is one of the few sources of revenue. The finances of the city organization are dependent on CETA monies.

Some mineral wealth exists and could be developed for job opportunities. With the introduction of a cash economy, the villagers cannot survive without money. Reindeer herding is a possibility but does not employ too many people. BLM is cutting off grazing ranges and caribou are a problem when considering reindeer herding. Fish and Game are not managing caribou properly according to the Noorvik residents.

SPECIFIC CAPITAL IMPROVEMENTS NEEDED

Sewer System

The existing vacuum-type sewer system is functioning well but needs to be expanded to serve more homes. This system was introduced as an experiment in 1971 and the public health service assisted in establishing rates. A larger water and sewer facility is needed as the town grows and financial assistance will be necessary for this. At the present time the facility can only service 50 homes and a larger vacuum pump is needed.

Road

Funding for a road to the gravel source is needed. The plan is to create a land fill at the gravel site but the land status of that area needs to be explored. BIA has promised to construct the road. (Follow-up contact with Tom Peterson, of BIA Road Construction, confirmed that road surveying in Noorvik might take place in spring, 1980, with construction planned for 1982. BIA builds roads upon request from the villages recognized under ANCSA based on a priority list developed from the villages and regional federal people.)

Street and Airport Lighting

Street lights are needed. It is difficult for the elderly to get around in the dark of winter days and evenings without light. A system had been established at one time, but the bulbs were without protectors and were broken by children. They had no bulbs to replace them. A vandal-proof system needs to be used.

Also, fire pots are now used at the airstrip. The question was raised of the adequacy of these and the question of cost is a paramount one with the rising cost of fuel oil for the pots.

LOCAL GOVERNMENT CONCERNS

It is difficult to get people to run for offices for the second class city. They do not understand the system too well. There are often conflicts between holding both church and city positions.

Assistance is needed in the writing of ordinances and the operational problems related to city government.

SOCIAL PROBLEMS

There are social problems related to the generation gap between the old and young. There is the desire to maintain village identity and also to help the older people who often do not understand new ways.

Alcohol is a major problem. Alcohol programs need to be funded, possibly to limit the quantity available.

Energy availability is also a major concern.

MISC COMMENTS

The village has a lot of visitors who come and go and ask for comments and then do nothing about the problems.

"It is more important to ask where we are going than where we came from."

VENETIE

October 19, 1979

40 Participants (Among this number were members of the Arctic Village Council who had flown to Venetie for the hearing.)

CONCEPT OF BOROUGH GOVERNMENT

There was discussion of the Yukon Flats Borough Study. It was stated that the group did not know much about local government, but must be prepared for it. They want to figure out something that would be for the good of the people in the future. They are ready to sit down, talk, and figure out something that will benefit the people. They are ready to work with Doyon, the Tanana Chiefs, the state and the rest of the villages in the Yukon Flats area. Unity was seen as important. They must work together, support one another; they are one people, one tribe. And they should accomplish one thing at a time.

There was a feeling that they were being asked to respond to the idea of borough government when, in fact, it was a new concept for them. They have no basis for comparison between the effectiveness of state and borough government as they know nothing of the latter. They would need a chance to review the borough idea, explain it to their tribal members, sit down and discuss it in their own language. They have just been introduced to the concept.

The representatives from Arctic Village area are not interested in the creation of a borough. They feel they do not want any part of the borough idea. They do not want to be bribed into being a borough and have passed a resolution in opposition to the borough concept.

RELATIONSHIP WITH THE FEDERAL GOVERNMENT

It was pointed out that the villages of Venetie and Arctic Village have a unique relationship with the federal government in that they have opted to maintain a reservation status under ANCSA. With the passage of ANCSA, the village did not get a monetary settlement, instead choose to keep the simple title to a large amount of land which had traditionally been used by their people. A main concern was the fear that in 1991 their land might be taxed. It was their understanding at the time that ANCSA was passed that title would be clear and that there would be no taxation. Also, there has been no clarification of the status of the land which surrounds the reservation.

The orientation of these villages appears to be toward the federal rather than the state government. Through federal government grants, the villages are implementing a long-range plan which consists of airport projects, housing, sewer, water, timber development, status of land clarification organization of tribal government, offices, etc.

They are trying to move from a subsistence way of life into the mainstream of America by studying laws, and trying to make acts of Congress work for them. Bureaucratic red tape has been a stumbling block. They listen to the people, and get instructions from the people. They live their lives virtually the way their grandfathers did. They are finally realizing what is theirs. They want to keep their old ways, but work with modern things. They feel independent as a tribe.

RECOGNITION OF EXISTING GOVERNMENTS

The question of recognition of the Indian Reorganization Act and Tribal Councils was raised. The question was asked if the Constitution would need to be changed to accomplish this. The point was made that tribal councils are recognized by federal government, but not by state government for contracting.

FINAL RECOMMENDATIONS OF THE JOINT COMMITTEE

CREATION OF REGIONAL UNITS -- UNORGANIZED BOROUGHES

Alaska's single unorganized borough will be divided into regional units in accordance with the intent of the State Constitution. Each unit will be an unorganized borough.

These regional unorganized boroughs will not themselves be functioning units of government. Rather, the regional unit will provide the framework for planning and programming purposes: regional strategy studies, coordination of services, data collection, achieving equity in allocation of State resources, and the like. In accordance with the State Constitution, unorganized boroughs will also provide the basis for "maximum local participation and responsibility" in performance of State services within the borough. Furthermore, each unorganized borough can be the vehicle for establishing an organized borough -- if and when the people in the region want to move into a stage of greater self-government.

Regional boundaries will be developed by the Department of Community and Regional Affairs (DC&RA). Each unorganized borough will consist of one or more Rural Education Attendance Areas (REAA) and will be located within the boundaries of a single regional corporation established under the Alaska Native Claims Settlement Act. The Commissioner, of the Department of Community and Regional Affairs, will consider borough incorporation standards in delineating regional units and may combine two or more REAAs into a single borough only after public hearings in the area affected. DC&RA will have four months during which to conduct the necessary hearings and implement creation of regional unorganized boroughs.

REGIONAL STRATEGY AND PLANNING STUDIES

A regional strategy study fund will provide assistance for regional studies that will address economic, social and physical aspects of unorganized boroughs and provide the means by which people in each region can participate with governments in establishing policies and programs for the region. Studies will also address the feasibility and viability of organized borough incorporation.

The study fund will be administered by the Department of Community and Regional Affairs, which will consider study proposals upon petition by a representative segment of a region's population or upon request by one or more representative organizations in the unorganized borough. Studies will be made by or under the auspices of an existing organization or group of organizations in the area. If no appropriate instrumentality exists, DC&RA will assist the people of the region in designating a regional study unit.

Regional studies will be conducted for a prescribed time period to assure that excessive delays are not encountered. Study funds will be determined according to a per capita formula. Alternative and additional funding sources will also be considered.

HOME RULE

Unorganized boroughs will be able to incorporate directly as home rule municipalities without prior incorporation as a first class borough. Upon petition by the people, an election would be held to determine whether the voters want to create a commission to write a charter for the proposed borough and to select persons to serve on the charter commission. If writing a charter is approved, the commission provides for the governing structure, functions and services, and restrictions on borough powers in accordance with the conditions, needs, and desires of the region. After review of the charter by the DC&RA Commissioner for compliance with State law, the people vote on approval of the charter and establishment of the home rule borough.

Authority to move directly to home rule status will also be extended to second class boroughs, which will then be able to adopt charters without going through the first class borough stage.

Costs of preparing charters by unorganized boroughs will be borne by the State DC&RA.

COORDINATION AND DELIVERY OF STATE SERVICES

A principal purpose of establishing regional unorganized boroughs is to (1) promote efficient and effective delivery of all State services, and (2) provide common areas for collection of information, data, and other materials important to the region and to agencies responsible for provision of technical and financial assistance.

Accordingly, all agencies, commissions, and other entities of State Government will, by July 1, 1981, use the unorganized boroughs delineated by the Department of Community and Regional Affairs as common substate districts for the planning and delivery of State services. Exceptions may be authorized by the Legislature if a particular entity can satisfactorily demonstrate that an exception is in the public interest. Also, beginning July 1, 1981, all State entities will base collection of primary data and information on a geocoding system that will allow such data and information to be identified by substate districts (i.e., unorganized boroughs and boroughs) and other geographical boundaries used, for example, in planning, public service delivery, commercial trade, or industrial development.

The Division of Policy Development and Planning (DPDP) will facilitate conformance to these requirements by evaluating and defining efficient geographic patterns for governmental activities throughout Alaska. DPDP will also determine the most appropriate geocoding system to carry out the above objectives; this will be done in consultation with State, local, federal, and private organizations. Both tasks will be completed by January 1, 1981.

FISCAL NOTES FOR BILLS AFFECTING MUNICIPALITIES

Before a bill is reported in the Legislature, a fiscal note is prepared estimating the financial effect of the proposed legislation. This concept would be extended to legislation affecting local government spending: if enactment of a bill would require an expenditure by a municipality, a fiscal note will estimate total expenditures that would be required on the part of all affected municipalities. Such municipal fiscal notes would be prepared by the Department of Community and Regional Affairs. The effect of this legislation will be to avoid unknowingly saddling communities with unanticipated financial burdens.

ELIMINATION OF THIRD CLASS BOROUGH

Creation of Rural Education Attendance Areas throughout Alaska has eliminated the purpose of the third class borough, which has education as its only authorized substantive function. Accordingly, legislation would eliminate statutory provision for the third class borough. Special arrangements will be made for the Haines Borough, the sole third class borough in the State.

REVIEW AND REVISION OF TITLE 29

Title 29, of the Alaska Statutes, contains State laws pertaining to municipalities. Though the structure of local government organization under Title 29 is basically sound, many of its procedural and administrative provisions are not helpful or relevant to rural or urban municipalities. Steps will, therefore, be proposed to undertake a thorough review and initiate necessary revision of Title 29 to make it more useful to the municipalities of the State.

REVENUE SHARING AND FOUNDATION APPROACH TO BASIC SERVICES

The Legislature is giving continuing consideration to the financing of local services. While some steps toward more adequate and more equitable support will likely be taken, other approaches may require more study and definition.

Proposed legislation provides that the minimum revenue sharing entitlement to organized municipalities, in addition to the per capita sharing provided under existing law, will be \$25,000 plus a cost of living factor. This will assure that every community will have at least a minimal amount of money to fund its governmental activities. Other legislative consideration is being given to broader review and revision of revenue sharing as a means of further strengthening local capacity to provide services.

The feasibility of a foundation approach for the delivery of basic services continues to be explored. As evolved by the Local Government Symposium, a basic level of services would be established (in addition to education, which is already covered) for public safety, health and sanitation, and public assistance. The foundation approach would not discriminate against organized boroughs in the provision of state financial support.

EXHIBITS

RESEARCH AND ANALYSES PAPERS SPONSORED BY JOINT COMMITTEE

EXHIBIT A

- I. Borough Incorporation Standards as Interpreted by Local Boundary Commission
Marjorie Gorsuch, Administrative Assistant, House Community & Regional
Affairs, August, 1979
- II. Bureau of Indian Affairs and Comprehensive Employment and Training Assistance
Contracting Procedures, August, 1979
Jim Sanders, Graduate Student Intern
- III. Distribution of Flow of Funds in Alaska, June, 1979
Elke Kallab, Policy Analyst, Division of Legislative Research Services, Leg-
islative Affairs Agency
- IV. Financial Disincentives to Borough Formation, November, 1979
Milt Barker, Fiscal Analyst, Legislative Finance Division
- V. Legislative Proposals related to Organization and Financial Equalization in the
Unorganized Borough, August, 1979
Jack Chenoweth, Legislative Counsel, Legislative Affairs Agency
- VI. Local Government Study - Report of Local Government Symposium, 9/20/79
- VII. Pipeline Boroughs, January, 1980
Vic Fischer, Consultant
- VIII. Property Tax Revenues of Pipeline Boroughs, November, 1979
Milt Barker, Fiscal Analyst, Legislative Finance Division
- IX. Requests relating to Borough Formation, August, 1979
Pat Poland, Local Government Specialist, Department of Community and
Regional Affairs
- X. Service Delivery to the Unorganized Borough, August, 1979
Majorie Gorsuch, Administrative Assistant, House C&RA
- XI. Services and Programs Provided by the Non-Governmental and Quasi-Governmental
Organizations in the Unorganized Borough, August, 1979
Jim Sanders, Graduate Student Intern
- XII. State/Federal A95 Review Process, August, 1979
Lamar Cotten, Graduate Student Intern
- XIII. State Municipal Land Trustee Program, August, 1979
Lamar Cotten, Graduate Student Intern
- XIV. Statutory Inducements and Disincentives re Municipal Government Incorporation,
August, 1979
Eric Simpson, Director, Division of Community Services, Department of
Community and Regional Affairs
- XV. Taxing Capacity of the Unorganized Borough, June, 1979
Alexander Hoke, Jack Kreinheder, Research Analysts Division of Research
Services
- XVI. Traditional, Non-Traditional and Quasi-Governmental Native Methods of
Organization, August, 1979
Lamar Cotten, Graduate Student Intern

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BOROUGH INCORPORATION STANDARDS
AS INTERPRETED BY LOCAL BOUNDARY COMMISSION

LOCAL BOUNDARY COMMISSION INTERPRETATION OF BOROUGH INCORPORATION STANDARDS

A review of the requests for borough incorporation which have been denied is helpful for the insight it gives into the Local Boundary Commission's interpretation of incorporation standards.

Article X Section 3 of the State Constitution outlines the standards for borough incorporation as follows:

"The entire State shall be divided into boroughs, organized or unorganized. They shall be established in a manner and according to standards provided by law. The standards shall include population with common interests to the maximum degree possible. The legislature shall classify boroughs and prescribe their powers and functions. Methods by which boroughs may be organized, incorporated, merged, consolidated, reclassified, or dissolved shall be prescribed by law."

These standards are further refined in the statutes.

AS 29.18.030 Organized boroughs An area may incorporate as an organized borough if it conforms to the following standards:

- (1) the population of the area is interrelated and integrated as to its social, cultural, and economic activities, and is large and stable enough to support organized borough government;
- (2) the boundaries of the proposed borough conform generally to natural geography and include all areas necessary for full development of local services;
- (3) the economy of the area includes the human and financial resources capable of providing local services; evaluation of an area's economy includes land use, property valuation, total economic base, total personal income, resource and commercial development, anticipated functions, expenses, and income of the proposed borough;
- (4) land, water, and air transportation facilities allow the communication and exchange necessary for the development of integrated local government.

It is the role of the Local Boundary Commission to determine if a proposed borough meets the standards for incorporation. (AS 29.18.090 (a))

In 1973 the Local Boundary Commission had requests for borough incorporation from the Anchorage area (Cook Inlet Borough petition) and the Kenai area including the City of Kenai and the North Kenai Fire Service area (Nikiski Borough petition). The two were rejected on similar grounds.

The Department of Community and Regional Affairs, in its May 11, 1973 report to the Commission, made reference to the underlying principles which prompted the framers of the state constitution to provide for the borough system of government. It reviewed the concept of borough government as an approach to areawide and regional government, functionally adaptable throughout the State as variation in geography, economy and other circumstances required. The report emphasized that the boundaries of a city are not fixed -- that the constitutional framers directed that the boundaries might be altered and the power of a city extended in response to growth and development outward from the central core.

The Department recommended that the petition be denied unless the borough boundaries were expanded to include Tetlin, Tanacross, Dot Lake, Northway --the entire area between Delta Junction and Tok--as the proposed borough stating, "We find no reason why the entirety of the valley, an area geographically distinct, economically sound, and having the requisite transportation facilities sufficient to foster communication and interrelationship of people in their activities should be divided into separate units." (Department of Community and Regional Affairs report to Local Boundary Commission on the Deltana Borough proposal, p. 33)

In its final decision on July 12, 1974, the Local Boundary Commission found that even if the boundaries were expanded, that based on the testimony received from the residents of the area, the boundaries of the area would not comply with the provisions of AS 29.18.030 (1) "as the population of the area was not interrelated and integrated as to its social, cultural, and economic activities..."

In its statement of decision on the petition for detachment of the Chugiak-Eagle River area from the Greater Anchorage Area Borough and for incorporation of a second class borough in the Chugiak-Eagle River area (March 15, 1976), the Commission cited the following reasons for rejecting the petition.

1. The proposed petition fails to meet statutory and regulatory standards for detachment and incorporation contained in AS 29.18.030 and AAC 19.15.230 in that the area is an integral part of the municipality of Anchorage culturally, socially, and economically.
2. There are no natural boundaries separating the area from the remainder of the Anchorage municipality.
3. The detachment would be inimical to the interest of the State in that the constitutional mandate of a minimum of local government units and tax levying jurisdictions would be violated.
4. The area is not stable enough to support organized borough government in that the Eagle River-Chugiak tax base is not large enough to support necessary services without the support of the larger tax base of the entire Anchorage area.

The interpretation of the incorporation standard related to boundaries (AS 29.18.030 (2)) again became an issue with the formation of the North Slope Borough. The appellants in Mobil Oil Corporation v. Local Boundary Commission argued that neither the geography nor the transportation standards had been satisfied and that the Local Boundary Commission had erred in granting borough status to the North Slope.

In the Supreme Court decision on the case (January 16, 1974), the Court made reference to Article X Section 1 of the Constitution and stated:

"We read this to favor upholding organization of boroughs by the Local Boundary Commission whenever the requirements for incorporation have been minimally met."

The Court further found that the inclusion of Naval Petroleum Reserve No. 4 was desirable for integrated local government so that it might fall within the new borough's planning and zoning power. The record gave evidence of the Reserve's importance to the subsistence lifestyle of area residents and this evidence justified such inclusion.

II

BUREAU OF INDIAN AFFAIRS AND
COMPREHENSIVE EMPLOYMENT AND TRAINING ASSISTANCE

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

II
JAY S. HAMMOND, GOVERNOR

225 CORDOVA, BUILDING B
ANCHORAGE, ALASKA 99501

August 28, 1979

The Honorable Arlis Sturgulewski,
Senator
Alaska State Senate
2957 Sheldon Jackson Street
Anchorage, Alaska 99501

Dear Senator Sturgulewski:

Re: Indian Self-Determination and BIA
Contracting

In 1975 the U.S. Congress enacted the Indian Self-Determination and Education Assistance Act. This act had a pronounced effect upon the administration of Federal Indian programs. Nationally, the result was a decentralization of Federal Bureaucracies and a corresponding move towards local reservation control and administration of Indian and Native American programs. In Alaska, the result has been the strengthening and growth of Alaska Native Non-profit Corporations through the availability of increased Federal program dollars.

In the Indian Self-Determination Act it specifically identifies Alaska Native villages, or regional or village corporations as having "Indian Tribe" status. The act further states that any recognized Indian tribe with an accountable "Tribal Organization" can negotiate and contract for services normally provided to Indian and Native Americans by the U.S. Department of Interior and HEW.

There are a variety of federally funded programs currently being contracted out to Alaska Native Non-Profit Corporations. The Bureau of Indian Affairs (BIA) contracts to the non-profits for the provision of Social Services, Employment Assistance and Johnson O'Malley funds (educational). HEW through Indian Health Service (IHA) contracts for the provision of health services to a variety of Alaska Native Health entities. The U.S. Department of Labor contracts Indian and Native American CETA funds to 14 Native Non-

The Honorable Arlis Sturgulewski
August 28, 1979
Page 2

profit corporations throughout Alaska. HUD contracts to regional Native Housing Authorities for the provision of adequate Native housing.

Each of these Federal funding agents requires that the contracting non-profit have the support of the regional Native communities for which it is contracting. The Bureau of Indian Affairs is actively involved in the process of Indian Self-Determination implementation. The procedures BIA has developed for determining local support for contracting to a regional non-profit illustrate the inherent strengths and weaknesses of Indian Self-Determination.

The Indian Self-Determination Act specifically identifies Alaska Native villages as being eligible for the contracting of Federal Indian programs. Each recognized Alaska Native community must pass a resolution of support for any entity seeking a service contract from the BIA. In the Calista Region, all fifty of the villages must decide whether or not to support the AVCP (Area Village Council Presidents) in their bid for the BIA contracted services. If only twenty communities pass resolutions supporting the AVCP initiative, the AVCP will receive funding for only those communities. The balance of the communities will continue to be served by the BIA or negotiate for their non-profit service contracts. Individual Native communities or sub-regional Native non-profit corporations can (with proven accountability and resolutions) contract for the provision of BIA funded services. Municipal governments have no say in the process of Indian Self-Determination. The IRA council or traditional council is the body which decides who will provide the contracted services for their community.

Through the Bureau of Indian Affairs, Indian Self-Determination has provided for a more equitable distribution of services. However, this is accomplished at the risk of a decrease in the efficiency of service delivery.

On a local level, the need for specific services and the best manner of delivery of such services can be tailor made through regional control. The variety and applicability of available services can increase the delivery of essential services. In addition, local or regionally contracted Native Non-profits are strengthened financially and professionally by the availability of program dollars. From this process of self determination, Alaska Native people have begun to have a greater sense of control over their own destinies.

However, as with most processes of change, there are many unanticipated problems. Indian Self-determination in Alaska

has created some specific challenges.

- 1) there has been no increase in BIA funding levels. However, with the proliferation of Native Non-profit service organizations, the total administrative costs have vastly increased. This has resulted in an overall reduction in available program dollars.
- 2) Each community has the right to support a particular non-profit in its bid for BIA contracts or provide the services themselves. This can lead to the fractionalization of region-wide non-profits and further divide available program and administrative dollars.
- 3) Each contracting Federal agency has its own limits on the allowable administrative costs. CETA programs have congressionally mandated administrative cost limits. BIA and IHS negotiate their allowable administrative cost levels independently. This can result in a Native non-profit corporation having 3 or 4 administrative cost levels. None of the federal agencies wants their program to be absorbing a disproportionate share of total administrative costs. Frequently, audits result in a Federal agency disallowing administrative costs they feel give a disproportionate share to their agency. This has created serious financial problems for many non-profits. This fosters the breaking apart of regional non-profits into separate non-profits offering specific functions (Health Authority, Housing Authorities, CETA organizations, etc.) The net effect is a reduction in cost efficiency and program coordination.

Conclusions:

There are some aspects of Indian Self-Determination that can be used. This process does allow regional priorities to be set and control to be established at the local level. The contracting of programs to regional non-profits allows these organizations to grow professionally and achieve financial solvency. Most importantly, the inhabitants of the regions have greater accessibility to the needed services and local native people can begin to integrate into the employment areas previously reserved for "outsiders".

There are liabilities involved in this self-determination process. There is a potential for continuing regional fractionalization of regional non-profits. This could result in the proliferation of sub-regional or village service delivery entities and a greater sub-dividing of the

The Honorable Arlis Sturgulewski.
August 28, 1979
Page 4

State. The differing Federal agency administrative cost levels encourages the creation of separate regional non-profits. These two factors could lead to a decreased efficiency in the utilization of Federal funds and encourage the formation of sub-regional boundaries.

Sincerely,

James C. Sanders

JCS:sj

III

DISTRIBUTION OF FLOW OF FUNDS IN ALASKA

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 24, 1979

SUBJECT: Distribution of Flow of Funds in Alaska
(W.O. 7276)

TO: The Honorable Arliss Sturgulewski

FROM: Elke Kallab *EK*
Policy Analyst

The attached summary of federal and state flow of funds in Alaska for FY '78 by federal and state governments is the best we were able to achieve in the time frame available. We are not too encouraged from our preliminary efforts that these data can be improved upon appreciably, although certain portions could, no doubt, be further refined as to function, and possibly community.

We would like to make the following comments about the methodology used and the limitations encountered in compiling the attached summary of federal and state flow of funds in Alaska.

Boundaries

Since it was desired to find out where funding originated and where the funds were spent, the boundaries that we settled on were census divisions for federal funds and election districts for state funds, because the best available data were reported in this fashion, and also because the boundary lines are not altogether conflicting. Copies with approximate boundary lines of census divisions and election districts superimposed on the Community and Regional Affairs' city and borough map are in our office, if you would like to see the general outlines of the regions we have grouped.

Sources

The Community Services Administration brings out a publication, Geographic Distribution of Federal Funds in Alaska, which attempts to report all federal obligations. However, we discovered that it is not a complete list. We do not know at this time how complete the information contained in the above mentioned publication is, although we believe it to be quite accurate, particularly with the supplemental allocation of funds provided by HUD and the Indian Health Service.

May 24, 1979

The obligations of federal funds are separated by the individual departments, and the agencies and programs within those departments. They are further broken down as to federal grants versus other federal obligations. We have obtained further details as to communities within regions receiving federal funds from the Department of Health, Education and Welfare (HEW) and we are enclosing a copy of the HEW breakdown of federal funds into Alaska, so you may see the level of detail which is available. The individual who compiles the information for the Geographic Distribution of Federal Funds in Alaska told us that while similar breakdowns do not exist for other departments in the federal government, the information could be provided by requesting it from the individual departments. We have not pursued this avenue to determine the difficulties or length of time needed to obtain such breakdowns for all federal outlays listed in the Geographic Distribution of Federal Funds in Alaska.

For the state's flow of funds we worked from several sources intended to complement very inadequate information.

We began with the capital and operating budget as broken out by election districts. This, however, represents only those monies which can be identified by communities or election districts, and does not cover the bulk of the budget. We supplemented this information with state salaries, which were also available by election districts to get a more complete picture. Expenditures by the court system and the legislature were also obtained, and to the extent we could allocate them to a particular region, we did. The state's appropriations are broken down generally by departments (function) to which funds are appropriated. So far, we have found it impossible to reconcile these figures with the total state budget for that fiscal year, which was \$1,169,000,000. We really do not know what or where the missing components in the state budget are, and have been unable to get clarification from those individuals we have contacted for help.

As mentioned before, many of the attached amounts can be allocated to individual communities, but we do not believe this would necessarily be of value, because it cannot be done for all monies. There is no comprehensive accounting system in the state which would supply the information you are seeking.

We believe the figures we have collected are accurate, but they are spotty and incomplete, and we do not know the extent of their incompleteness or bias regarding location or function.

It would appear from the efforts made that it might be possible to obtain the necessary information regarding the flow of funds and delivery system of services in the unorganized boroughs. However, it would take a great deal of time, effort, cooperation and coordination on the part

The Honorable Arliss Sturgulewski

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May 24, 1979

of federal and state agencies to achieve it. It has been suggested that to be successful in such an undertaking would require that the state change its accounting system, so funds can be accounted for and tracked.

Finally, while the attached information is incomplete, we believe it is more comprehensive than anything else available at this time. If you have any questions, please let us know.

EK:lmk
Attachments

NOTE: These figures are incomplete and for internal legislative use only. See attached memo.

S U M M A R Y
FEDERAL AND STATE FLOW OF FUNDS IN ALASKA
Fiscal Year 1978

(October 1, 1977 - September 30, 1978)		(July 1, 1977 - June 30, 1978)		FEDERAL AND STATE FUNDS
CENSUS DIVISION	FEDERAL FUNDS	ELECTION DISTRICT	STATE FUNDS	
01 Aleutian Islands	\$ 76,521,000	15 Aleutian Island-Kodiak	Operating Budget ¹	\$ 118,500
Native Health Service	241,632		Capital Budget	1,744,000
			State Salaries ²	268,908
			U of A Salaries	46,500
			Court System Expenditures	-
	TOTALS			\$ 2,177,908
	\$ 76,762,632			\$ 78,940,540

- ¹ Includes only those items which are identifiable as to location.
The bulk of the operating budget is not available by location breakdown.
- ² Does not include salaries of court system, legislature, or University of Alaska.
- * Excludes federal funds.
- ** Small portions of these salaries may be federally funded. (See attached sheet for more details).
- *** Includes Bethel.

Prepared by:
Legislative Affairs Agency
Research Division
May 23, 1979

NOTE: These figures are incomplete and for internal legislative use only. See attached memo.

<u>(October 1, 1977 - September 30, 1978)</u>			<u>(July 1, 1977 - June 30, 1978)</u>			<u>FEDERAL AND STATE FUNDS</u>
<u>CENSUS DIVISION</u>		<u>FEDERAL FUNDS</u>	<u>ELECTION DISTRICT</u>		<u>STATE FUNDS</u>	
02 Anchorage	HUD	\$845,898,000 3,328,000	07-12 Anchorage	Operating Budget ¹	\$ 48,942,000 *	
				Capital Budget	9,550,100 *	
				State Salaries ²	50,709,486 **	
				U of A Salaries	17,609,500	
				Court System Expenditures	9,728,864	
	TOTALS	\$849,226,000			\$136,539,950	\$985,765,950
03 Angoon		\$ 10,206,000	02 Wrangell-Petersburg	Operating Budget ¹	\$ 513,800	
23 Skagway-Yakutat		11,868,000		Capital Budget	625,000	
22 Sitka		21,117,000		State Salaries ²	893,697	
10 Haines		3,825,000		U of A Salaries	26,100	
11 Juneau		193,199,000		Court System Expenditures	155,650	
28 Wrangell-Petersburg		16,790,000				
	HUD	55,000				
	Native Health Service	356,084				
			03 Sitka	Operating Budget ¹	\$ 2,607,800	
				Capital Budget	870,100	
				State Salaries ²	2,449,773	
				U of A Salaries	342,800	
				Court System Expenditures	186,756	
			04 Juneau	Operating Budget ¹	\$ 6,097,600 *	
				Capital Budget	6,309,500 *	
				State Salaries ²	45,453,988 **	
				U of A Salaries	2,812,200	
				Court System Expenditures	1,928,921	
	TOTALS	\$257,416,084			\$ 71,273,685	\$328,689,760

Prepared by:
Legislative Affairs Agency
Research Division
May 23, 1979

NOTE: These figures are incomplete and for internal legislative use only. See attached memo.

<u>(October 1, 1977 - September 30, 1978)</u>		<u>(July 1, 1977 - June 30, 1978)</u>		<u>FEDERAL AND STATE FUNDS</u>	
<u>CENSUS DIVISION</u>	<u>FEDERAL FUNDS</u>	<u>ELECTION DISTRICT</u>	<u>STATE FUNDS</u>		
04 Barrow-North Slope	\$ 49,187,900	21 Barrow-Kotzebue	Operating Budget ¹	\$ 625,000	
14 Kobuk	10,404,000		Capital Budget	2,968,000	
	Native Health Service		State Salaries ²	608,150	
			U of A Salaries	1,415,000	
			Court System Expenditures	255,646	
	TOTALS			\$ 5,871,796	\$ 66,149,622
<hr/>					
05 Bethel	\$ 39,844,000	17 Bethel-Lower Kuskokwim	Operating Budget ¹	\$ 1,999,300 *	
	Native Health Service		Capital Budget	1,961,000	
			State Salaries ²	1,486,009 **	
			U of A Salaries	1,808,500	
			Court System Expenditures	544,201	
	TOTALS			\$ 7,799,016	\$ 54,065,010
<hr/>					
06 Bristol Bay Borough	\$ 8,574,000	16 Dillingham-Bristol Bay	Operating Budget ¹	\$ -	
07 Bristol Bay	13,495,000		Capital Budget	947,000	
	Native Health Service		State Salaries ²	980,255	
			U of A Salaries	67,000	
			Court System Expenditures	-	
	TOTALS			\$ 1,994,255	\$ 24,491,945

Prepared by:
Legislative Affairs Agency
Research Division
May 23, 1979

NOTE: These figures are incomplete and for internal legislative use only. See attached memo.

(October 1, 1977 - September 30, 1978)		(July 1, 1977 - June 30, 1978)		FEDERAL AND STATE FUNDS
CENSUS DIVISION	FEDERAL FUNDS	ELECTION DISTRICT	STATE FUNDS	
08 Cordova-McCarthy	\$ 9,009,000	05 Cordova-Valdez-Seward	Operating Budget ¹	\$ 5,268,600 *
26 Valdez-Chitina-Whittier	18,830,000		Capital Budget	1,344,900
21 Seward	16,108,000		State Salaries ²	8,055,302 **
	HUD		U of A Salaries	606,900
	Native Health Service		Court System Expenditures	225,182
	TOTALS			\$ 15,500,884
	\$ 44,799,960			\$ 60,300,844
<hr/>				
09 Fairbanks	\$172,222,000	20 Fairbanks	Operating Budget ¹	\$ 44,223,800 *
			Capital Budget	8,887,500 *
			State Salaries ²	18,368,746 **
			U of A Salaries	20,807,000
			Court System Expenditures	3,107,880
	TOTALS			\$ 95,394,926
	\$172,222,000			\$267,616,926
<hr/>				
12 Kenai-Cook Inlet	\$ 31,343,000	13 Kenai-Soldotna-Iliomer	Operating Budget ¹	\$ 986,600
	Native Health Service		Capital Budget	1,300,600
			State Salaries ²	3,149,980
			U of A Salaries	937,700
			Court System Expenditures	476,698
	TOTALS			\$ 6,851,578
	\$ 31,778,392			\$ 38,629,970

Prepared by:
Legislative Affairs Agency
Research Division
May 23, 1979

NOTE: These figures are incomplete and for internal legislative use only. See attached memo.

(October 1, 1977 - September 30, 1978)		(July 1, 1977 - June 30, 1978)		FEDERAL AND STATE FUNDS
CENSUS DIVISION	FEDERAL FUNDS	ELECTION DISTRICT	STATE FUNDS	
16 Kuskokwim	\$ 6,524,000	18 Galena-McGrath-Hooper Bay	Operating Budget ¹	\$ -
27 Wade Hampton	14,240,000		Capital Budget	1,220,000
29 Yukon-Koyukuk	44,589,000		State Salaries ²	437,153
Native Health Service	1,218,160***		U of A Salaries	92,600
			Court System Expenditures	-
TOTALS	\$ 66,571,160			\$ 1,749,753
				\$ 68,320,913
15 Kodiak	\$ 40,144,000	14 Kodiak	Operating Budget ¹	\$ 1,126,800
Native Health Service	271,733		Capital Budget	135,000
			State Salaries ²	2,684,962
			U of A Salaries	505,200
			Court System Expenditures	228,538
TOTALS	\$ 40,415,733			\$ 4,680,500
				\$ 45,096,233
17 Matanuska-Susitna	\$ 21,054,000	06 Palmer-Wasilla-Matanuska	Operating Budget ¹	\$ 4,018,400
			Capital Budget	670,000
			State Salaries ²	4,198,732
			U of A Salaries	1,567,900
			Court System Expenditures	83,206
TOTALS	\$ 21,054,000			\$ 10,538,238
				\$ 31,592,238

Prepared by:
Legislative Affairs Agency
Research Division
May 23, 1979

NOTE: These figures are incomplete and for internal legislative use only. See attached memo.

<u>(October 1, 1977 - September 30, 1978)</u>		<u>(July 1, 1977 - June 30, 1978)</u>		<u>FEDERAL AND STATE FUNDS</u>
<u>CENSUS DIVISION</u>	<u>FEDERAL FUNDS</u>	<u>ELECTION DISTRICT</u>	<u>STATE FUNDS</u>	
18 Nome		22 Nome-Seward Peninsula	Operating Budget ¹	\$ 391,300
	Native Health Service		Capital Budget	392,500
			State Salaries ²	2,331,325
			U of A Salaries	341,500
			Court System Expenditures	342,825
	TOTALS			\$ 3,799,450
				\$ 23,652,49
13 Ketchikan	\$ 31,343,000	01 Ketchikan	Operating Budget ¹	\$ 1,474,700
19 Outer Ketchikan	9,129,000		Capital Budget	1,258,000
20 Prince of Wales	3,220,000		State Salaries ²	2,875,883
	HUD		U of A Salaries	499,500
			Court System Expenditures	486,354
	TOTALS			\$ 6,594,437
				\$ 50,287,43
24 Southeast Fairbanks	\$ 22,108,000	19 Nenana-Ft. Yukon-Tok	Operating Budget ¹	\$ -
25 Upper Yukon	4,370,000		Capital Budget	1,062,000
	HUD		State Salaries ²	2,273,549
	Native Health Service		U of A Salaries	137,100
			Court System Expenditures	-
	TOTALS			\$ 3,472,649
				\$ 34,680,72

Prepared by:
Legislative Affairs Agency
Research Division
May 23, 1979

NOTE: These figures are incomplete and for internal legislative use only. See attached memo.

<u>(October 1, 1977 - September 30, 1978)</u>		<u>(July 1, 1977 - June 30, 1978)</u>		
<u>CENSUS DIVISION</u>	<u>FEDERAL FUNDS</u>	<u>ELECTION DISTRICT</u>	<u>STATE FUNDS</u>	<u>FEDERAL AND STATE FUNDS</u>
Statewide	Native Health Service \$ 73,839,885		State Salaries \$ 1,543,535	
	IIUD 11,680,793		Court System Expenditures 873,869	
			Legislative Expenditures 8,583,408	
	TOTALS \$ 85,520,678		\$ 11,000,811	\$ 96,521,489
GRAND TOTALS \$1,869,562,275			\$385,239,830	\$2,254,802,106

Prepared by:
Legislative Affairs Agency
Research Division
May 23, 1979

ATTACHMENT

<u>DISTRICTS</u>	<u>STATE SALARIES</u>	<u>POSSIBLE FEDERAL FUNDS</u>
07-12 Anchorage	\$ 50,709,486	\$ 2,025,800
04 Juneau	45,453,988	235,600
17 Bethel-Lower Kuskokwim	1,486,009	200,000
05 Cordova-Valdez-Seward	8,055,302	43,400
20 Fairbanks	18,368,746	29,804,300

NOTE: These figures are incomplete and for internal legislative use only.
See Attached Memo.

Prepared by:
Legislative Affairs Agency
Research Division
May 23, 1979

IV

FINANCIAL DISINCENTIVES TO BOROUGH FORMATION

STATE OF ALASKA

IV

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

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

November 15, 1978

MEMORANDUM

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

FROM: ^{MB} Milt Barker, Fiscal Analyst
Legislative Finance Division

SUBJECT: Financial Disincentive to Borough Formation

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

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

Foundation Support

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

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

"In-Lieu"

(\$7,610,656)

for FY 78.

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

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

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

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

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

Basic
Need

(\$237,654)

for all REAA's in total.

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

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

Local
Effort

(\$149,785)

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

(\$7,998,095)

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

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

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

Municipal Revenue Sharing

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

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

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

HB 192
Revenue
Sharing

\$64,130

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

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

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

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

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

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

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

^{3/} See next page for footnote

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

Shared Corporate Income Taxes

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

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

<u>REAA</u>	<u>Population</u> ^{4/}	<u>Base Entitlement</u>
Adak	3,200	\$ 7,275
Alaska Central Railbelt	1,095	13,985
Alaska Gateway	788	13,985
Aleutian Region	2,375	7,275
Annette Island	962	13,985

(con't on p. 6)

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

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

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

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

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

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

Other Considerations

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

11/15/79

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

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

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 consensus 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	3,154,856	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 ⁴	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	23,793	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	1,535,080	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

THE FOLLOWING DOCUMENT(S) MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

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

CHAPTER 88 PRORATION FACTOR IS 2.6135487047
MINIMUM ENTITLEMENT PRORATION FACTOR IS 0.8758661501
HOLD HARMLESS PRORATION FACTOR IS 0.9914967014

LOCAL GOV'T	POPULATION	LOCAL EFFORT	CHAPTER 88 ENTITLEMENT	CHAPTER 89 ENTITLEMENT	MINIMUM ENTITLEMENT	HOLD HARMLESS ADD ON	PROPOSED ENTITLEMENT	PRESENT ENTITLEMENT
BOROUGHES AND SERVICE AREAS								
1 ANCHORAGE A.W.	202,101	9.62	\$5,083,464	\$2,752,543	\$0	\$0	\$7,143,711	\$4,457,601
2 CITY S.A.	81,082	1.22	\$253,603	\$0	\$0	\$0	\$253,603	\$272,755
3 EAGLE RIVER	7,921	1.01	\$20,935	\$0	\$0	\$0	\$18,180	\$22,991
4 CHUGIAK	76,481	0.32	\$5,557	\$0	\$0	\$0	\$4,825	\$42,356
5 GIRDWOOD	608	1.81	\$2,689	\$0	\$0	\$0	\$2,509	\$6,779
6 CLEN ALPS	65	3.06	\$520	\$0	\$0	\$0	\$452	\$0
7 FIRE S.A.	124,216	1.38	\$668,468	\$0	\$0	\$0	\$550,509	\$1,131,923
8 ROADS & DRAINAGE	155,995	0.47	\$192,103	\$972,200	\$0	\$0	\$1,130,759	\$520,221
9 POLICE S.A.	163,258	3.90	\$1,663,327	\$0	\$0	\$0	\$1,448,806	\$1,531,039
10 PARKS & REC.	201,616	0.70	\$372,734	\$0	\$0	\$0	\$323,689	\$754,653
11 P & R/CHUGIAK	14,476	0.37	\$14,323	\$0	\$0	\$0	\$12,459	\$24,562
12 SOLID WASTE S.A.	184,216	0.14	\$57,874	\$0	\$0	\$0	\$55,943	\$0
13 CHUGIAK/SOLID WASTE	14,476	0.05	\$2,322	\$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	\$74,293	\$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 FAIRBANKS BOROUGH	66,222	6.99	\$1,210,055	\$112,010	\$0	\$0	\$1,161,502	\$956,404
19 BALLALINE LAKE	168	1.03	\$454	\$291	\$0	\$0	\$1,273	\$476
20 DIANE	66	0.78	\$135	\$4,000	\$0	\$0	\$4,673	\$2,451
21 WILLOW ACRES	77	0.71	\$143	\$1,050	\$0	\$0	\$1,193	\$4,303
22 SMITH RANCH	436	1.43	\$1,644	\$7,647	\$0	\$0	\$9,310	\$4,012
23 ENGINEER CREEK	144	1.69	\$638	\$2,193	\$0	\$0	\$2,873	\$4,385
24 ESTER LUMP	10	1.32	\$34	\$5,951	\$0	\$0	\$6,000	\$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	\$454	\$16,883	\$0	\$0	\$17,344	\$10,109
27 UNIVERSITY F.P.	7,177	1.98	\$37,322	\$0	\$0	\$0	\$32,411	\$55,216
28 LAIRDLEY HILL	50	12.51	\$1,635	\$3,021	\$0	\$0	\$4,373	\$4,392
29 SPRUCE ACRES	50	2.01	\$263	\$1,811	\$0	\$0	\$2,024	\$369
TOTAL							\$1,274,302	\$1,035,911
30 HATHES BOROUGH	1,924	5.55	\$27,946	\$0	\$0	\$0	\$24,263	\$2,611
31 JUNEAU BOROUGH A.W.	22,105	18.75	\$1,083,308	\$145,000	\$0	\$0	\$1,033,575	\$447,077
32 S.A. 1	7,416	12.64	\$245,185	\$35,575	\$0	\$0	\$243,105	\$143,033
33 S.A. 2	1,664	5.16	\$23,448	\$11,725	\$0	\$0	\$21,115	\$25,218
34 S.A. 3	199	16.30	\$6,481	\$30,575	\$0	\$0	\$37,255	\$43,123
35 S.A. 4	1,478	1.67	\$6,475	\$0	\$0	\$0	\$5,623	\$0,337
36 S.A. 5	9,623	1.19	\$30,029	\$0	\$0	\$0	\$26,073	\$64,378
37 S.A. 6	747	0.80	\$1,564	\$0	\$0	\$0	\$1,359	\$4,595
38 S.A. 7	441	0.53	\$611	\$0	\$0	\$0	\$530	\$2,940

						TOTAL	\$1,489,307	\$759,259	
40	KENAI PENINSULA BOROUGH	25,281	5.41	\$357,975	\$0	\$0	\$310,872	\$46,987	
41	CENTRAL HOSPITAL	15,938	1.00	\$42,012	\$80,625	\$0	\$116,423	\$71,917	
42	SOUTH HOSPITAL	6,282	2.28	\$37,485	\$80,625	\$0	\$112,492	\$71,917	
43	NIKISKI F.P.	3,489	1.54	\$14,095	\$0	\$0	\$12,241	\$25,092	
44	NORTH KENAI REC.	3,800	0.36	\$3,582	\$0	\$0	\$3,110	\$18,213	
45	BEAR CREEK F.P.	687	1.37	\$2,472	\$0	\$0	\$2,147	\$4,940	
						TOTAL	\$557,267	\$289,054	
46	KETCHIKAN BOROUGH	13,071	6.02	\$205,670	\$0	\$0	\$178,608	\$81,615	
47	SHORELINE S.A.	683	0.80	\$1,442	\$0	\$0	\$1,252	\$4,569	
						TOTAL	\$179,861	\$86,185	
48	KODIAK ISLAND BOROUGH	8,926	8.21	\$191,759	\$49,450	\$0	\$215,556	\$88,730	
49	FIRE DISTRICT I	1,853	1.78	\$8,532	\$0	\$0	\$7,409	\$13,326	
50	ROAD DISTRICT	352	0.62	\$574	\$40,312	\$0	\$40,468	\$21,575	
						TOTAL	\$263,435	\$123,632	
51	MAT-SU BOROUGH	20,360	7.37	\$392,204	\$152,512	\$0	\$491,813	\$119,309	
52	WASTULA F.P.	3,619	1.24	\$11,813	\$0	\$0	\$10,259	\$25,119	
53	BUTTE F.P.	2,122	0.51	\$2,845	\$0	\$0	\$2,470	\$14,723	
54	GREATER PALMER F.P.	3,027	0.00	\$21	\$0	\$0	\$13	\$21,009	
55	SUTTON F.P.	693	0.72	\$1,313	\$0	\$0	\$1,140	\$4,810	
56	NON AREA-WIDE	15,595	0.15	\$7,776	\$0	\$0	\$6,753	\$0	
57	TALKEETNA FLOOD S.A.	271	1.13	\$802	\$0	\$0	\$697	\$0	
58	GARDEN TERRACE	69	1.87	\$338	\$0	\$0	\$204	\$0	
						TOTAL	\$513,446	\$184,977	
59	NORTH SLOPE BOROUGH	8,187	6.00	\$128,419	\$111,580	\$0	\$43,322	\$265,107	
60	SITKA BOROUGH	8,787	10.13	\$292,863	\$134,582	\$0	\$39,688	\$374,813	
						TOTAL	\$184,977	\$184,977	
FIRST CLASS CITIES									
61	BARROW	2,715	6.48	\$45,982	\$0	\$0	\$215	\$40,145	
62	CORDOVA	2,780	23.70	\$172,209	\$122,475	\$0	\$279,983	\$202,482	
63	CRAIG	587	10.49	\$16,093	\$14,675	\$0	\$23,526	\$26,532	
64	DILLINGHAM	1,350	18.01	\$64,043	\$11,993	\$0	\$67,508	\$57,726	
65	FAIRBANKS	36,457	18.22	\$1,736,606	\$899,773	\$0	\$2,400,223	\$1,541,810	
66	GALENA	985	6.07	\$15,627	\$24,008	\$0	\$4,192	\$41,531	
67	HAINES	1,266	19.40	\$69,276	\$23,057	\$0	\$87,979	\$98,936	
68	HOMER	2,055	9.03	\$48,536	\$23,193	\$0	\$8,780	\$79,852	
69	HOONAH	1,093	4.03	\$11,537	\$19,350	\$0	\$16,583	\$46,439	
70	HYDABURG	380	0.00	\$0	\$9,900	\$15,100	\$0	\$22,928	\$13,355
71	KAKE	679	4.30	\$7,643	\$2,645	\$15,648	\$0	\$22,936	\$16,088
72	KENAI	5,364	21.03	\$294,948	\$117,416	\$0	\$572,556	\$224,263	
73	KETCHIKAN	8,293	18.83	\$408,344	\$161,500	\$0	\$514,740	\$362,267	
74	KING COVE	566	5.98	\$8,846	\$5,050	\$17,666	\$0	\$26,031	\$24,562
75	KLAMUCK	323	0.00	\$0	\$8,225	\$16,775	\$0	\$22,722	\$14,040
76	KODIAK	5,754	15.70	\$236,211	\$99,452	\$0	\$244,247	\$194,916	
77	NEENAH	503	15.89	\$20,900	\$34,970	\$0	\$52,523	\$55,923	
78	NOME	2,892	30.50	\$230,582	\$258,701	\$0	\$456,743	\$340,050	
79	NORTH POLE	461	5.80	\$6,759	\$30,820	\$0	\$38,427	\$26,562	
80	PALMER	2,141	16.42	\$91,896	\$124,085	\$0	\$202,834	\$100,590	
81	PELICAN	221	18.63	\$10,764	\$7,256	\$8,854	\$0	\$24,251	\$9,120
82	PETERSBURG	3,197	25.00	\$208,900	\$195,435	\$0	\$235,952	\$190,703	
83	SAND POINT	773	13.23	\$26,848	\$42,925	\$0	\$65,575	\$43,491	
84	SAINTE MARY'S	436	0.00	\$0	\$27,847	\$9,652	\$8,152	\$39,119	\$39,464
85	SELDOVIA	612	0.00	\$0	\$21,715	\$5,160	\$4,233	\$30,209	\$30,468
86	SEWARD	2,130	14.56	\$81,002	\$149,425	\$0	\$216,576	\$139,287	
						TOTAL	\$2,416,576	\$1,339,287	

D	80 UNALASKA	619	29.71	\$48,078	\$128,838	\$0	\$0	\$169,495	\$93,240	
D	81 VALDEZ	4,481	4.32	\$50,711	\$128,309	\$0	\$97,919	\$268,343	\$270,644	
	82 ZONE I	4,002	0.00	\$0	\$0	\$0	\$0	\$0	\$0	
	82 ZONE II	419	0.00	\$0	\$0	\$0	\$0	\$0	\$0	
B								TOTAL	\$268,343	\$270,644
D	83 WRANGELL	3,325	12.08	\$105,010	\$100,222	\$0	\$0	\$190,563	\$192,121	
	84 ZONE I	997	5.89	\$15,370	\$0	\$0	\$0	\$13,347	\$0	
	85 ZONE IV	2,328	8.20	\$49,928	\$0	\$0	\$0	\$43,358	\$0	
								TOTAL	\$247,269	\$192,121
D	87 YAKUTAT	442	0.00	\$0	\$13,195	\$13,679	\$0	\$24,962	\$17,708	
	SECOND CLASS CITIES									
D	88 ANCHOR	113	0.00	\$0	\$0	\$26,875	\$0	\$23,338	\$1,414	
	89 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	\$8,423	
	101 AKO NIUT	608	0.00	\$0	\$155,837	\$0	\$0	\$154,512	\$107,913	
	102 ALAYANUK	533	0.00	\$0	\$26,000	\$6,500	\$456	\$31,876	\$32,149	
	103 ALIENASIK	227	0.00	\$0	\$0	\$31,562	\$0	\$27,409	\$0	
	104 ALLANAYET	216	0.00	\$0	\$9,028	\$24,409	\$0	\$30,148	\$8,053	
	105 AMNER	273	0.00	\$0	\$21,400	\$12,037	\$0	\$31,671	\$21,993	
	106 ANAKTHUK PASS	173	0.00	\$0	\$0	\$33,437	\$0	\$29,037	\$0	
	107 ANDERSON	564	0.00	\$0	\$16,718	\$16,718	\$0	\$31,095	\$16,297	
	108 ANSON	527	0.00	\$0	\$13,495	\$12,501	\$0	\$24,178	\$23,529	
	109 ANJAY	355	0.00	\$0	\$19,059	\$14,378	\$0	\$31,363	\$22,486	
	110 ANIK	102	0.00	\$0	\$0	\$33,437	\$0	\$29,037	\$0	
	111 ATHLETUAK	185	0.00	\$0	\$34,450	\$0	\$0	\$34,157	\$25,577	
	112 BETHEL	3,608	14.25	\$134,404	\$171,112	\$0	\$0	\$285,376	\$242,387	
	113 BRUNTS MISSION	194	0.00	\$0	\$0	\$31,562	\$0	\$27,409	\$0	
	114 BUCH AND	176	0.00	\$0	\$5,350	\$28,087	\$0	\$29,696	\$8,341	
	115 CHEFOKAK	204	0.00	\$0	\$5,200	\$27,300	\$0	\$28,863	\$6,412	
	116 CHENAK	461	0.00	\$0	\$0	\$32,500	\$0	\$28,223	\$9,087	
	117 CHEYHALUK	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	892	0.00	\$0	\$29,295	\$0	\$1,292	\$30,323	\$30,583	
	120 DIOMEDE	125	0.00	\$0	\$5,050	\$26,512	\$0	\$28,031	\$5,560	
	121 EAGLE	124	1.85	\$605	\$11,385	\$16,759	\$0	\$26,368	\$8,370	
	122 ESK	307	0.00	\$0	\$0	\$32,500	\$0	\$28,223	\$8,722	
	123 EYAK	111	0.00	\$0	\$0	\$31,562	\$0	\$27,409	\$0	
	124 ELTH	288	0.00	\$0	\$0	\$31,562	\$0	\$27,409	\$0	
	125 EYENAK	556	0.00	\$0	\$7,832	\$24,667	\$0	\$29,187	\$19,968	
	126 FORT YUKON	637	0.00	\$0	\$56,776	\$0	\$0	\$56,294	\$52,425	
	127 FORTUNA LEDGE	210	0.00	\$0	\$5,200	\$27,300	\$0	\$28,863	\$9,366	
	128 GARDNER	447	0.00	\$0	\$32,093	\$9,403	\$0	\$30,129	\$24,158	
	129 GARDNER	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	\$28,523	\$7,487	
	131 GRAYLING	161	0.00	\$0	\$0	\$33,437	\$0	\$29,037	\$431	
	132 HILY 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 HODDER	440	0.00	\$0	\$63,702	\$0	\$0	\$63,160	\$39,193	
	135 HURTS	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 KAYTOVIK	192	0.00	\$0	\$0	\$33,437	\$0	\$29,037	\$2,863	
	139 KAY TAG	257	0.00	\$0	\$6,687	\$26,750	\$0	\$29,860	\$3,025	
	140 KACAM	46	0.00	\$0	\$4,000	\$21,000	\$0	\$22,502	\$4,080	
	141 KIAMA	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 KOWIK	176	0.00	\$0	\$0	\$33,437	\$0	\$29,037	\$0	
	144 KORIK	305	0.00	\$0	\$5,200	\$27,300	\$0	\$28,863	\$10,650	
	145 KORTNER	2,625	14.23	\$101,725	\$58,916	\$0	\$0	\$146,755	\$128,462	

142	142	0.00	\$0	\$5,050	\$27,812	\$0	\$13,811	\$11,510
147 KOYUKUK	124	0.00	\$0	\$5,350	\$23,087	\$0	\$29,698	\$6,621
148 RUPPENAK	42	0.00	\$0	\$0	\$25,937	\$0	\$22,524	\$339
149 KUTHELIK	444	0.00	\$0	\$5,200	\$27,300	\$0	\$18,563	\$17,252
150 LARGISH BAY	137	0.00	\$0	\$0	\$26,875	\$0	\$23,338	\$0
151 LOWER KALOKAG	218	0.00	\$0	\$0	\$33,437	\$0	\$29,037	\$0
152 NANKOTAK	250	0.00	\$0	\$5,050	\$6,512	\$0	\$21,031	\$10,557
153 NOKPATH	382	0.00	\$0	\$24,777	\$0,000	\$0	\$22,087	\$18,957
154 NOKORVUK	186	0.00	\$0	\$5,200	\$27,300	\$0	\$28,803	\$10,354
155 MOUNTAIN VILLAGE	573	0.00	\$0	\$16,575	\$15,925	\$0	\$30,203	\$25,012
156 NARAKYAK	307	0.00	\$0	\$8,060	\$24,440	\$0	\$20,215	\$13,036
157 NARASKYAK	215	0.00	\$0	\$5,200	\$27,300	\$0	\$28,803	\$9,559
158 NENIALEN	105	0.00	\$0	\$0	\$31,562	\$0	\$27,409	\$0
159 NEW STUYANOK	297	0.00	\$0	\$5,050	\$28,512	\$0	\$28,031	\$10,259
160 NEWTON	154	0.00	\$0	\$0	\$32,500	\$0	\$28,223	\$4,375
161 NIGHTMATE	135	0.00	\$0	\$0	\$32,500	\$0	\$28,223	\$3,835
162 NIKOLAT	152	0.00	\$0	\$8,426	\$25,011	\$0	\$30,074	\$7,525
163 NENKALTON	226	0.00	\$0	\$0	\$31,562	\$0	\$27,409	\$7,600
164 NOKORVUK	524	0.00	\$0	\$7,356	\$26,011	\$0	\$29,343	\$20,503
165 NULATO	382	0.00	\$0	\$19,059	\$14,378	\$0	\$31,393	\$17,206
166 NULGOUT	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 OUYINKTE	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	\$28,023	\$10,589
170 PLATINUM	56	0.00	\$0	\$0	\$32,500	\$0	\$28,223	\$1,847
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	\$22,524	\$1,168
173 PORT HEIDEN	89	0.00	\$0	\$89,000	\$0	\$0	\$89,249	\$60,891
174 PORT LIONS	232	0.00	\$0	\$6,557	\$20,317	\$0	\$24,145	\$10,517
175 QUMIAGAK	481	0.00	\$0	\$6,825	\$25,875	\$0	\$20,663	\$11,703
176 RUBY	219	0.00	\$0	\$0	\$33,437	\$0	\$29,037	\$3,266
177 RUKYAN MISSION	187	0.00	\$0	\$8,060	\$24,440	\$0	\$20,215	\$0,810
178 SAINT MICHAEL	283	0.00	\$0	\$5,050	\$28,512	\$0	\$28,031	\$12,313
179 SAINT PAUL	580	0.00	\$0	\$114,571	\$0	\$0	\$113,597	\$75,721
180 SAKONGA	409	0.00	\$0	\$5,050	\$26,512	\$0	\$28,031	\$13,486
181 SAYHAN	272	0.00	\$0	\$7,250	\$17,750	\$0	\$22,502	\$7,208
182 SCAMEN BAY	190	0.00	\$0	\$0,202	\$29,237	\$0	\$29,363	\$12,744
183 SIA ANIK	554	0.00	\$0	\$0	\$33,437	\$0	\$29,037	\$12,888
184 SIAGOLUK	229	0.00	\$0	\$16,581	\$16,305	\$0	\$31,074	\$14,093
185 SIAKTOOLIK	163	0.00	\$0	\$38,821	\$0	\$0	\$38,491	\$28,523
186 SIEB DEN POINT	143	0.00	\$0	\$0	\$32,500	\$0	\$28,223	\$0
187 SIKUMAREP	353	0.00	\$0	\$11,259	\$29,263	\$0	\$28,500	\$15,601
188 SIKURNAK	198	0.00	\$0	\$5,350	\$23,087	\$0	\$29,606	\$4,772
189 SIKORVUS	326	0.00	\$0	\$0	\$31,562	\$0	\$27,409	\$3,934
190 TANANA	499	0.00	\$0	\$36,948	\$0	\$0	\$36,324	\$29,055
191 YELLER	258	0.00	\$0	\$13,540	\$18,022	\$0	\$29,075	\$10,501
192 TENANTE SPRINGS	134	0.00	\$0	\$2,583	\$23,343	\$0	\$22,843	\$5,046
193 TONIAK	455	0.00	\$0	\$15,781	\$15,781	\$0	\$29,351	\$15,619
194 TOMSOOK BAY	336	0.00	\$0	\$5,200	\$27,300	\$0	\$28,803	\$14,063
195 THURWAY	231	0.00	\$0	\$0	\$27,500	\$0	\$23,303	\$4,553
196 THURNAK	299	0.00	\$0	\$5,200	\$27,300	\$0	\$28,803	\$11,400
197 UMI AG EST	632	0.00	\$0	\$34,159	\$0	\$0	\$34,020	\$40,363
198 UPPER KALOKAG	164	0.00	\$0	\$0	\$33,437	\$0	\$29,037	\$0
199 WAINRIGHT	429	0.00	\$0	\$0	\$33,437	\$0	\$29,037	\$0
200 WAI TO	130	0.00	\$0	\$0	\$31,562	\$0	\$27,409	\$0
201 WAGLIA	2,164	0.00	\$0	\$111,660	\$0	\$0	\$110,711	\$09,886
202 WHITE MOUNTAIN	115	0.00	\$0	\$0	\$31,562	\$0	\$27,409	\$0
203 WHITTIER	358	0.00	\$0	\$0	\$28,750	\$0	\$24,967	\$0
204 WERING	117	0.00	\$0	\$5,350	\$23,087	\$0	\$29,606	\$7,494
205 EXT FIRE AREAS	1	0.00	\$0	\$37,987	\$0	\$0	\$37,012	\$30,207

TOTAL \$17,753,155 \$9,246,844 \$2,516,100 \$231,599 \$27,000,000 \$18,592,973

Shared Finance

Fiscal 1977-1978
 1st 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
						VIKING
Anchorage Baro.	104689229	12511746	122505715	357270090	125160758	1211872369
City & Borough of Anchorage	9255358	1212722	1452200	31457043	3070703	37235698
City & Borough of Sitka	1679620	296014	355498	11421117	1082507	13163926
Central City Baro.	142790	18944	-0-	1513611	67021	1398576
North Star Baro.	12901001	2317966	279135	9766218	147913	56672732
Haines Baro.	302698	164669	7500	278432	276470	727497
Kachik Lake Baro.	2820910	1231832	161700	30222016	3089885	34761133
Kachik Lake Baro.	355091	36973	14880	1727175	1461330	3260956
Kodiak Island Baro.	288579	57280	13500	1815030	195641	2071451
Mat Su Baro.	2099668	519222	157430	1271957	1433213	9081795
North Star Baro.	14665116	131500	71905	101501240	20364292	122092037
Total Baro's	142206560	22216948	14725543	115003274	142681353	712308228
Akiak	-0-	1500	-0-	-0-	42182	43682
Akiak	10582	-0-	-0-	-0-	-0-	-0-
Akiak	-0-	1932	1500	1150	1501	44690
Akiak	-0-	6278	-0-	17435	-0-	13712
Akiak	-0-	-0-	-0-	3300	28027	31327
Alaknuk	58980	-0-	-0-	124533	405176	527109
Aleknagik	-0-	-0-	-0-	47952	1500	45952
Alut Com. & S. Paul	3000	16430	-0-	31000	3924	50437
Allakak	-0-	-0-	-0-	13166	-0-	13666
Un. Baro.	20820	1500	1500	17967	11924	42453
Anaktuvuk	-0-	-0-	-0-	1500	1500	10500
Anderson	17459	9259	9531	31174	51057	135643
Angoon	1143	3000	1500	230010	30575	296090
Arctic	15774	3000	-0-	291311	85352	524746
Arctic	1500	-0-	-0-	7255	3200	10435
Baro.	24123	13877	-0-	2147737	212362	2403947
Baro.	4865	-0-	-0-	6907	1500	7409
Bethel	312626	315472	13500	602621	204305	1601155
Bering Division	-0-	-0-	-0-	15119	1500	17414
Buckland	7683	1500	-0-	20184	13709	19375
Chignik	-0-	-0-	-0-	21237	26474	55741
Chignik	7477	13713	-0-	3431	-0-	24507
Chignik	1292	-0-	-0-	2000	-0-	2000

(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		OPERATING	TOTAL	EXEMP-	NET	OIL	GAS	INCLUDING
			ASSESSED	BUDGET	PROPERTY	TIONS	TAXABLE	PIPELINE	PIPELINE	GAS	GAS
			VALUE	\$M	\$M	\$M	\$M	\$M	\$M	PIPELINE	PIPELINE
			\$							\$M	\$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	977,340	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 \$49,710 x 2.25 x 0.03 = \$5,593,403.48 -- say \$5,593,400.00.

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 township 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.

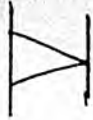
Column 7 - Residential Exemptions - It is assumed 50% of the dwelling units are owner-occupied and the proposed borough will enact the \$10,000 single-family owner-occupied exemption allowed under A.S. 29.53. This column gives the projected assessed value that would be exempt from taxation.

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

THE PRECEDING DOCUMENTS MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL

V

LEGISLATIVE PROPOSALS RELATED TO ORGANIZATION
AND
FINANCIAL EQUALIZATION IN THE UNORGANIZED BOROUGH



LEGISLATIVE PROPOSALS
UNORGANIZED BOROUGH

SB 101 (1969)

HB 730 (1970)

HB 161 (1971)

HB 122 (1973)

FORM OF
REGIONAL
GOVERNMENT
AUTHORIZED

Six unorganized boroughs and service area within unorganized boroughs (Northwestern, Western, Interior, Southwestern, Southcentral, Southeastern) Residents of each unorganized borough represented on elected five-member advisory board.

Regional unorganized boroughs, as a prerequisite to so-called regional boroughs; service areas authorized within regional unorganized boroughs. A regional borough, once established, would be supervised by an elected regional council.

None; service areas of the unorganized borough were authorized. Authority was given to the director of Local Affairs Agency to establish, alter and abolish unorganized borough areas in accordance with standards he developed. Once established, the service areas would be controlled and directed by Regional Service Area Commissions, appointed or elected, whose principal responsibilities were advisory.

Second class boroughs with boundaries corresponding to the boundaries of the 12 geographic areas described by the Alaska Native Claims Settlement Act. The bill made provision for elections to determine the initial powers which the second class boroughs would enjoy and for the choice of initial borough officers.

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.

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.

Discretionary with the director of the Local Affairs Agency.

Mandatory, in accordance with the provisions of the legislation which require mandatory incorporation if no voluntary incorporation occurred before Jan. 1, 1977.

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 the authority to receive and expend funds.

A Regional and Community Affairs fund was established as a source of shared revenues for borough gov'ts. and for regional unorganized boroughs (with a 10% 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 select 10% land entitlement.

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.

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

LEGISLATIVE PROPOSALS
UNORGANIZED BOROUGH

SB 122 (1973)

HB 291 (1973)

HB 202 (1977) HB 9 (1979)

Governor's 1977 "Package"
HB 596, HB 597, HB 598

FORM OF REGIONAL GOVERNMENT AUTHORIZED	None. This was the predecessor of legislation eventually enacted in 1975 to provide for the decentralization of responsibility for the operation of schools.	Unorganized borough districts. This legislation is quite similar to HB 596 except that the entities are called "unorganized borough districts" and it modified the local hearing requirements with respect to the drawing of the boundaries of these districts and requires affirmative legislative approval of the proposed boundaries.	None.	FORM OF REGIONAL GOV'T. Unorganized borough units each of which would have authority to adopt home rule charters. (HB 596) Boundaries would be recommended by the Boundary Commission. Voters would choose 11 member advisory council in each borough.
MANNER OF ORGANIZATION	Mandatory formation of educational service areas.	(See above and HB 596)	Not applicable.	MANNER OF ORGANIZATION Mandatory formation of unorganized borough units. (HB 596) FISCAL INCENTIVES AND IMPLICATIONS Extension of the property tax levy on a statewide basis (HB 597), with the levy of a premium rate on certain real and personal property of companies engaged in oil and gas activities (HB 598), was, even with the credits & exemptions allowed, expected to be sufficient to meet revenue sharing demands built into the two bills. The sharing of general property tax revenue, involving population and fiscal capacity factors, represented a realistic effort to address economic disparities. Major source of shared revenue was to be 20 mill tax on pipeline property (HB 598) however, sharing scheme was converted in the House to one based on economic impact - real or imagine-non-conductive to providing revenues on a sustained basis to meet the costs of public services at the local level.
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.	(See above and HB 596)	The levy of a millage rate, the proceeds of which are to be deposited in the General fund to partially off-set state-funded educational costs, would constitute the first general property tax levy in the unorganized borough. The tax would necessarily fall on the improved commercial property as possibility exists 2nd Class cities would establish residential exemptions.	

VIII

PROPERTY TAX REVENUES OF PIPELINE BOROUGHES

STATE OF ALASKA

VIII

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	<u>198,919</u>
			\$13,240,898

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	<u>64,303</u>
			\$5,755,416

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) <u>1/</u>	POTENTIAL OIL & GAS PROPERTY TAX REVENUE (\$000)				Est. 1979 Popu- lation <u>2/</u>	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	3,051	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	8,356

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)

	<u>\$1500 Per Capita Limit</u>	<u>225% OF STATEWIDE ASSESSED VALUE PER CAPITA LIMIT</u> ^{1/}		
		<u>15 Mills</u>	<u>20 Mills</u>	<u>30 Mills</u>
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

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

Jack Collins
PRESIDENT OF THE ASSEMBLY

ATTEST:

Sharon M. G. ...
BOROUGH CLERK, Deputy

Frank ...
BOROUGH MAYOR, Acting

IX

REQUESTS RELATING TO BOROUGH FORMATION

17

RECORD OF INQUIRIES MADE OF THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
RE BOROUGH INCORPORATION

During the 1970's there have been numerous inquiries into the process of developing borough government from communities in the unorganized borough.

Most of these inquiries were simply that -- with no action being pursued by the community. Most were initiated in response to a particular need which it was perceived local government might meet.

Admiralty Island Angoon expressed interest in borough government. Primary motivation behind interest appeared to be concern about controlling any timber development that took place on Admiralty Island. When there appeared to be no immediate threat of timber development occurring, and the Community realized that they might have a difficult time satisfying the financial requirements of a regional government, interest waned.

Cordova At the time Cordova area was seriously being considered as the southern terminus of a North Slope gas line, that area seemed very interested in borough government. Once the gas pipeline became a non-reality for the Cordova area, so did the issue of borough government.

Kobuk A petition of incorporation was received in 1974, but no follow-up action was taken to remedy deficiencies in the petition. The primary motivating factor for the request appeared to be local control of schools.

Kotzebue NANA region expressed interest in regional government 1974-75. Primary interest seemed to be the exercise of the planning power, both in the sense of controlling development within the region and controlling State and Federal activities that were taking place, at that time, on a rather random basis. NANA Regional Strategies Proposal was developed and appears to have satisfied many of the planning requirements of that particular region.

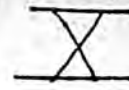
Newson Island This is a small island located in the Galista Region, which has on it the communities of Nigtmute, Toksook Bay and Tununak. In the early 1970's, there was some talk of these three communities uniting and forming a small borough. The person who was the primary mover, a consultant, disappeared and so did the enthusiasm for regional government.

Nome Nome has inquired into regional government, although the only interest the Community appears to have in borough government is how they might use it as a defense mechanism to keep themselves out of any other borough.

Prince of Wales Island Strong interest was expressed in the early 1970's. The local residents' thoughts appeared to be that they could obtain additional revenues through realization of stumpage fees for forestry activities taking place on the Island, as well as have more of a say in how timber development would affect them. An additional factor for at least one community on the Island was that they desired to remove themselves from the State-operated School System. However, in the end, the independent nature of the Communities of Craig, Hydaburg, Klawock and Thorne Bay rendered the situation such that they could simply not agree on the class of borough, the powers it would exercise and how the assembly ought to be composed.

X

SERVICE DELIVERY TO THE UNORGANIZED BOROUGH



SERVICE DELIVERY
TO THE UNORGANIZED BOROUGH

The Alaska State Constitution states:

"The legislature shall provide for the performance of services it deems necessary or advisable in unorganized boroughs, allowing for maximum local participation and responsibility. It may exercise any power or function in an unorganized borough which the assembly may exercise in an organized borough."

Article X, Section 6

There are presently three legislatively-mandated service areas:

1. Aquaculture Service Areas
2. Coastal Resource Service Areas
3. Regional Educational Attendance Areas (REAAs)

AQUACULTURE SERVICE AREAS

In 1979, the Legislature amended AS 16, the Aquaculture Program, with FCCS HB 359 (Ch. 59, SLA 1979) granting the Commissioner of Commerce and Economic Development the authority to declare qualified regional associations, incorporated as non-profit corporations, as "service areas" within the unorganized borough for the purpose of providing salmon enhancement services.

Under this provision, a regional aquaculture association, comprised of associations representative of commercial fishermen and other representatives within the region, whose board of directors includes no less than one representative of each member user group, which has incorporated as a nonprofit corporation, becomes a service area within the unorganized borough with the authority to tax designated species of salmon caught commercially within the region and apply the proceeds to salmon enhancement programs.

On July 13, 1979, Judge Allen Compton, Superior Court, declared that the state may not dedicate a tax on the harvest of a natural resource of the state to a specific purpose by the device of declaring the tax for the purpose of providing a service within a so-called service area in the unorganized borough. Further, it was the Court's view that an incorporated nonprofit association may not become a "service area," either by inference or express legislative declaration. (No. 1JU-78-191 Civil Memorandum of Decision and Order - Judge Allen Compton, Superior Court.)

The Southern Southeast Regional Aquaculture Association will appeal Judge Compton's ruling.

SERVICE DELIVERY TO THE UNORGANIZED BOROUGH (Cont'd)

COASTAL RESOURCE SERVICE AREAS

Coastal Resource Service Areas are authorized by the Alaska Coastal Management Act of 1977 to plan for the coastal areas. Each regional educational attendance area containing a part of the coastal area may be organized for this purpose or two or more REAAs may be consolidated as a single coastal resource service area. Implementation of the plans which are developed is the responsibility of the state.

At the present time, residents of two areas in the unorganized borough have voted to create coastal resource service areas. The Northwest Coastal Resource Service Area, comprising the area covered by REAA 1, has elected its seven-member board and will develop a coastal management plan.

On May 15, 1979, residents of REAA 3 and 4 voted to create the Yukon/Kuskokwim Delta Coastal Resource Service Area and will elect its board members on September 11, 1979. The City of Bethel opted to be excluded from this service area. In the Yukon/Kuskokwim area, the Department of Community and Regional Affairs entered into an agreement with Nunam Kitlutsisti, Inc. (Protectors of the Land,) the environmental planning area of Association of Village Council Presidents (AVCP) to provide a public outreach program presenting organizational options and procedures for coastal management in the area.

There have been expressed concerns related to how the state, through the appropriate state agencies, will actually implement an approved district coastal management program in the unorganized borough. Under AS 38.05.037, the Division of Lands 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. However, where land-use controls are involved in coastal resource service areas, zoning will have to be established and administered by the Division of Lands.

On this subject, Mr. Vic Fischer in a memorandum to Mr. Steve Reeve, DNR, (February 2, 1979) recommends:

"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 (Alaska Division of Lands) or DNR (Department of Natural Resources) 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 function 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 government; i.e., county, regulations in urban and other development areas. Elsewhere, zoning has been applied as a local government police power.

SERVICE DELIVERY TO THE UNORGANIZED BOROUGH (Cont'd)

COASTAL RESOURCE SERVICE AREAS (Cont'd)

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 provisions 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."

REGIONAL EDUCATION ATTENDANCE AREAS (REAA's)

REAA's were created in 1975 as the mechanism through which the Legislature delegates to regional school boards the authority to operate the public schools using the boundaries or sub-boundaries of the regional corporations established under the Alaska Native Settlement Act or a combination of such boundaries.

Because the REAA's represent a major effort in regionalization, local control and decentralization of service delivery in the unorganized borough, the boundaries of which are also to be used for coastal zone management purposes, an in-depth history and analysis of the REAA's is included for your review.

During the early 1970's, the Center for Northern Educational Research was requested by the Department of Education to initiate a study of the delivery of educational services in the unorganized borough and the Interim Legislative Committee on Pre-Higher Education of the Eighth Legislature identified decentralization of the Alaska State-Operated Schools as the subject it wanted to study. The final report published in 1974, entitled "Pre-Higher Education in the Unorganized Borough: Analysis and Recommendations," included a wide range of recommendations. A primary point was the recognition of the need for local control of education and the relationship of that local control with local government creation.

"In order that any plan be more than temporary, the authority for controlling education should be aligned with the development of local governmental units as envisioned by Alaska's Constitution. If local control can be defined as that measure of control which a state delegates to local units of government, then the issues of local control of education cannot be treated separately from the broad issue of the creation of local units of government. And local government units formed around the delivery of education can provide the vanguard for local control over delivery of other governmental services. Therefore, the structure created to serve educational needs must be formed in anticipation of increases in appetites for control of other governmental functions. To ignore the need for legislative support to move toward creating local government units will only blunt the emerging desire of local citizens to assume the reigns and responsibility for their own destiny." p. 34

SERVICE DELIVERY TO THE UNORGANIZED BOROUGH (Cont'd)

REGIONAL EDUCATIONAL ATTENDANCE AREAS (REAs) (Cont'd)

The Center approached this subject with a note of caution; however,

"Local control of education in many regions is the main reason for creating local government units. All such creations, however, must await the readiness and desire of local people to assume control over them...the main sources of constituent resistance to local government stem from 1) lack of self-confidence, understandable, in the light of past history 2) groundless fear that the local tax base must be the primary source of local government, especially school funding, and 3) an acute shortage of trained personnel to handle what must seem like the endless march of administrative details.." p. 35

BOUNDARIES OF THE REGIONAL EDUCATIONAL ATTENDANCE AREAS

AS 14.08.031 (a) provides that REAA boundaries follow regional boundaries set under the Alaska Native Claims Settlement Act unless by referendum a community votes to merge with another community contiguous to it but within the boundaries or sub-boundaries of another regional corporation. The use of regional lines was not intended to be exclusive as shown by AS 14.08.031 (b) prescribing certain characteristics for REAs.

"As far as practicable, each regional educational attendance area shall contain an integrated socio-economic, linguistically and culturally homogeneous area. In the formation of the REAs, consideration shall be given to the transportation and communication between communities that comprise the area. Wherever possible, municipalities, other governmental or regional corporate entities, drainage basins and other identifiable geographic features shall be used in describing the boundaries.."

Taken together, these two sections suggest that REAA boundaries are to follow, rather than cross, regional corporation boundaries where they contact them and conform to natural or other predetermined boundaries. This is how the State Department of Community and Regional Affairs, which was charged with administering the act in consultation with the State Department of Education, interpreted it in a series of informational meetings in rural areas around the state in July and August, 1975. Later they began implementing it similarly when hearings were held in numerous bush locations regarding proposed boundaries. The result of the hearings was a division of the state into some 21 REAs. Originally 20 REAs were created by C&RA, but after a meeting of residents of REAA 17 and the Governor, REAA 21 (including Whittier and Tatitlek) was created on September 24, 1975, dividing REAA 14 along the boundary between the Chugach and Ahtna Regional Corporations.

Frequent mention has been made of the fact that the statutory characteristics for boundary selections of the REAs are similar to the standards for borough incorporation.

SERVICE DELIVERY TO THE UNORGANIZED BOROUGH (Cont'd)

ADMINISTRATION OF THE REAAs

REAA voters elect a board of from 5-11 members who are voted on "at large." In addition to the elected board for each REAA, every community (or military reservation) with a school has a community school committee. The Statute merely charges them to "review and make recommendations to the board" of the REAA "concerning the curriculum, program and general operation of the local school. They may, however, be delegated other functions by the school board.

Matters of employment, salaries, purchasing, and disbursement of funds are lodged with the REAA boards. Although the power to "adopt regulations governing organization, policies and procedures for the operation of the schools" and to "develop a philosophy of education, principles and goals for the schools" is a board responsibility, the Commissioner of Education is given overriding control of school operations.

FINANCING REAAs

All funds for REAAs are furnished by the State Legislature. They receive "basic need," as used in computing foundation aid to districts, plus an amount equal to the average per pupil local tax contributions in city and borough districts. Thus, they are relieved of local effort requirements, but the amount they can receive from the state over and above basic need is indirectly determined by city and borough decisions regarding their local tax effort. (AS 14.08.12)

Among the local financial concerns of the REAAs, even as they began their first year of operation with full state support, were the following: (See Summary of Findings Alaska School Finance Study Workshops October-November 1976, published February 1977)

1. Public School Foundation Program. While few wished to change the basic funding method, concern was expressed about the ability of the formula to provide sufficient funds to meet operating costs, especially those of small attendance centers. The validity, accuracy and amounts of instructional unit allotments (regional cost differentials) were questioned. The ability of "basic need" dollars to meet the REAAs' "basic program need" was of great concern. (Two important legislative changes made in the Public School Foundation Program in 1977 responded to the financial concern of the REAAs. One recognized the plight of the very small attendance centers and provided for an increased minimum of instructional units. The second change modified the instructional unit allotments (regional cost differentials) to be more in line with the cost of doing business in rural and isolated areas of the state.)

2. School Construction. The amount of funds available for new construction, as well as the manner in which it is provided, received extensive criticism. Even as the FY 1978 building program got underway, REAAs expressed additional concern about the proportion of bond issue building funds being retained by the supervising state agencies for administrative purposes.

SERVICE DELIVERY TO THE UNORGANIZED BOROUGH (Cont'd)

FINANCING REAAs (Cont'd)

3. Equity. REAAs, with no local source of revenue, have limited ability to operate discretionary programs beyond what is possible with the amount in lieu of local taxes available to each. The possibility that legislation might be enacted to tax property in REAAs was of concern.
4. Operation and Maintenance of School Facilities. Extreme operational costs often result from inheriting substandard or poorly designed facilities. Costs of operating facilities are unpredictable, and in some cases were expected to consume as much as one-third of the operating budget. Inherited utility contracts was singled out as an item of great concern.
5. Other Financial Concerns. State and federal categorical programs were items of much concern, partly because obtaining some of these funds depends upon the grant writing ability of the REAA. High costs of travel and meeting expenses for school boards and superintendents were expected to cause problems. Inadequate funding for school food service programs was also identified as a major concern. The acceptance and operation of former BIA schools was of concern because of the possibility that current funding methods might not be adequate to provide funds necessary to operate the schools. Costs of teacher housing was a problem in some REAAs.

SERVICE DELIVERY TO THE UNORGANIZED BOROUGH (Cont'd)

CHRONOLOGY OF EVENTS: DECENTRALIZATION OF THE ALASKA STATE-OPERATED SCHOOL SYSTEM - 1974-1976

January 1974. Center for Northern Educational Research (CNER) releases its report, PreHigher Education in the Unorganized Borough: Analysis and Recommendations, produced at the request of the Eighth Alaska State Legislature's Interim Committee and of Native leaders.

January - May 1974. Eighth Alaska State Legislature meets and reviews CNER report in committee, but does not act on the recommendations of the report concerning rural education.

July 14-16, 1974. The Alaska Federation of Natives (AFN), having assessed the Legislature's inactivity, calls an Education Strategies Conference in Fairbanks to review CNER's recommendations, to prioritize issues addressed in the report, and to determine whether and how to bring CNER recommendations to the attention and action of the new State Legislature.

August 15, 1974. Mr. Gordon Jackson, Executive Vice-President for Human Resources, at the AFN presents the recommendations and strategies from the July conference to the State Board of Education and receives their unanimous support of those items.

October 14-16, 1974. The AFN Annual Convention endorses through resolutions the PreHigher Education's recommendations and strategies. The Human Resource Committee of AFN, meeting during the convention, endorses those principles and directs staff to include those concerns into the formal AFN Education Position Paper to be presented to the newly elected State Legislature.

January 1975. The Ninth Alaska State Legislature convenes, with several bills related to the CNER/AFN recommendations prefiled. These bills include Senate Bill (SB) 35, House Bill (HB) 24, and SB 94 and SB 136.

June 4, 1975. Governor Hammond signs into law (Chapter 124, SLA 75) the Free Conference version of SB 35 and HB 24. An interim administrative structure, AUBSK, is created for the transitional year.

September-October 1975. Representatives of DOE and DCRA hold formal hearings for REAAs; public hearings are held in 21 communities in the unorganized borough; 796 people attend, representing 83 communities.

July 1, 1976. Twenty-one Regional Educational Attendance Area school boards take responsibility for education in their regions.

SB 35 AND REGIONAL GOVERNMENT *

Patrick K. Poland

The transfer of the major operational responsibilities for rural Alaska's schools from the State of Alaska (Alaska Unorganized Borough School District) to regional school districts (Regional Educational Attendance Areas) with locally elected school boards was accomplished by Ch 124, Session Laws of Alaska, 1975 (popularly referred to as Senate Bill 35).

To a great extent, the ultimate impact of Senate Bill 35 is just beginning to be realized. However, there are already several definite implications for municipal government that have arisen from the implementation of Senate Bill 35. The purpose of this discussion is to underscore these implications as they relate to the development of municipal government in the Unorganized Borough. For purposes of this discussion, municipalities consist of boroughs and first-class cities; that is, municipalities having the education function.

Regional Identification

While rural Alaska's initial encounter with the concept of regionalism came about with passage of Public Law 92-746, the Alaska Native Claims Settlement Act (ANCSA), there is no doubt that Senate Bill 35 went far beyond the implications of the ANCSA in terms of developing regional identification. In the view of the Department of Community and Regional Affairs this was a positive step towards developing regional government in the Unorganized Borough. Prior to the passage and implementation of this particular act there were no real tests of the regional concept of service delivery taking place in the Unorganized Borough;¹ and while there were many advocates of this particular mechanism of service delivery, it remained, by and large, untested. However, with the mandate of regionalization created by Senate Bill 35, rural residents have, in a sense, been forced to test the concepts of regionalism in Alaska's vast Unorganized Borough.

Surprisingly, there seemed little if any real resistance to the idea of regional school districts. On the contrary, most rural residents seemed eager to embrace the concept. Much of this was undoubtedly due to the dissatisfaction many rural residents felt with the former State-Operated School System. Perhaps the strongest demonstration of this desire to participate in a regional approach to service delivery was the change in municipal status executed by the City of Selawik. In that particular instance, the City of Selawik, formerly a city of the first class in the Unorganized Borough and therefore having school responsibilities, petitioned the Local Boundary Commission² and convinced them of the need for the city to be dissolved and "reincorporated" as a second class city so that it might become a part of the particular Regional Educational Attendance Area (Northwest Arctic). Among

Very similar statutory language exists at AS 29.18.030, which is the statutory provision establishing standards for borough incorporation. The similarity of the standards goes a long way towards defining appropriate boundaries for potential regional governments. In fact, to some observers, the boundaries of the newly created Regional Educational Attendance Areas (with some exceptions) generally conform to good borough boundaries. This has been a little alarming to many rural residents, since no small number of them are still concerned that the state is going to "foist" boroughs upon them.

Finance

The second major subject area that has been the topic of much discussion as a result of Senate Bill 35 is that of local government finance. As presently constituted, Regional Educational Attendance Areas, in comparison to municipal school districts, have an advantageous funding schedule. In addition to 100 percent Public School Foundation Program funding, Regional Educational Attendance Areas also receive from the State an amount equal to the average local contribution per pupil in municipal school districts multiplied by the number of students in the Regional Educational Attendance Area. This advantageous funding schedule for REAAs versus municipal districts remains a hindrance rather than an enticement for REAAs to seek organized borough status.

Since most REAAs are property poor (hence, no ability to generate tax revenues), the thought of forming municipal school districts to provide services which are currently provided by Regional Educational Attendance Areas is almost out of the question. For example, the poorest existing borough has about \$20,000 worth of taxable property per capita. On the other hand, some of the Regional Educational Attendance Areas could probably expect to have considerably less than \$5,000 worth of taxable property per capita. Realistically, it is impossible to provide basic municipal services without adequate funding.

The major exceptions to this discussion, of course, are those areas surrounding "the pipeline." The regions surrounding Fort Yukon, Delta Junction, Glennallen, Copper Center, and Valdez have taxable property per capita values that could easily support borough government.

Partially in response to these obvious funding inequities, the Department of Community and Regional Affairs, as a part of its final conclusions reached in its study of regional government, recommended that a new system of financing regional governments be found. Basically, the system suggested was one that placed a state-wide property tax on all property associated with the exploitation of natural resources and then, in turn, distributed those tax revenues on the basis of population and services being provided by individual boroughs. It was determined that additional study of that particular proposal

The principal negative aspect of Senate Bill 35 has been the funding formula which maintains a disincentive to formation of municipal governments and fails to properly address the extremely poor tax base of much of rural Alaska.

Ultimately, the passage of Senate Bill 35, if for no reason other than the fact that it has generated discussion and interest, is going to have had a significant effect (probably the most significant since the passage of the 1964 mandatory borough act) towards developing regional government in this state.

Notes

1. Admittedly, certain state and federal agencies have been administering a few programs on a regional basis. However, these agencies have had the benefit of vast government financial and technical resources to assist them. In the opinion of this writer, the availability of these resources makes any comparison between the state/federal regional approach and the REAAs invalid.

2. The Local Boundary Commission is composed of five members and is responsible for reviewing and approving or disapproving all municipal incorporation, dissolution, and boundary change proposals.

3. While a final report was not issued at the end of the study, several comprehensive memorandums summarizing various aspects of the study are available from Community and Regional Affairs. As an additional result of the study, legislation calling for a Local Government Commission to study and make recommendations to the Legislature on all aspects of state/local relations is being introduced by Governor Hammond in the second session of the Tenth State Legislature (January 1978).

4. Alaska Constitution, Article X, Section 2. All local government powers shall be vested in boroughs and cities. The state may delegate taxing powers to organized boroughs and cities only.

5. For further information, the reader may wish to consult David Getches, Law and Alaska Native Education, pp. 32-34.

*Article reprinted from New School Districts in Rural Alaska: A Report on the REAAs After One Year, Center for Northern Educational Research, University of Alaska, 1978, pp. 137-142.

**This percentage was reduced to 20 percent by the Legislature with the passage of Sec 2 Ch. 147 SLA 1978.

XI

SERVICES AND PROGRAMS PROVIDED BY THE
NON-GOVERNMENTAL AND QUASI-GOVERNMENTAL ORGANIZATIONS
IN THE UNORGANIZED BOROUGH

IDENTIFICATION OF SERVICES AND PROGRAMS PROVIDED BY NON-GOVERNMENT AND QUASI-GOVERNMENTAL ORGANIZATIONS IN THE UNORGANIZED BOROUGH

Throughout the organized and unorganized Alaska boroughs, there are a host of services and programs provided by non-governmental and quasi-governmental organizations. The majority of the services being delivered outside of the traditional Federal, State and local government agencies are being provided by Alaska Native nonprofit corporations.

The Alaska Native nonprofit corporations usually have regional jurisdiction boundaries following the same boundaries as the 12 Alaska Native regional profit corporations as described by the Alaska Native Claims Settlement Act (ANCSA.) These 12 regional boundaries are the divisions used in this report to depict what services are being provided by the various regional Native nonprofit corporations (Table I.) The same regional divisions have been used to identify the amount of program dollars flowing to the governmental and non-governmental entities of the organized and unorganized boroughs (Table II.) In addition, the 12 regional (ANCSA) divisions have been used to identify the poliferation of governmental and non-governmental organizations throughout the State of Alaska (Table III.)

Before the three Tables are explained, the importance of the regional Native nonprofits should be explored. The regional ANCSA boundaries reflect specific cultural and geographic areas. Consequently, the inhabitants of the regions have similar concerns for their land and way of life. In those areas of the State which have regional government, the nonprofits frequently are the representative organization of the Native community within a region. Conversely, the Native people in those areas of the State that are living within boroughs; i.e., Kodiak, still have a need to identify and preserve those aspects of their traditional ways of life necessary for the continuation of a cultural identity and use the Native nonprofit structure to meet this end.

The need for a collective voice, combined with the massive amount of Federal dollars available to the nonprofits, has created a situation in which these organizations are dynamic forces in the regions. Native nonprofit corporations are highly visible and offer the people of the various regions a voice in the determination of the services provided, and a chance to collectively combat the perceived forces of unwanted change.

IDENTIFICATION OF SERVICES AND PROGRAMS PROVIDED BY NON-GOVERNMENT AND
QUASI-GOVERNMENTAL ORGANIZATIONS IN THE UNORGANIZED BOROUGH (Cont'd)

TABLE I

Services Provided by Native Regional Nonprofit Corporations

These services cover a wide range of activities and are predominately funded from a few Federal sources and to a lesser degree with some State funds. It can be seen from this listing that many of the nonprofits are offering a full complement of services normally provided by governmental entities. It should be further noted that if a region is totally or partially encompassed within a borough, the nonprofits still offer the same degree of services provided by those nonprofits totally within the unorganized borough. The nature of the Federal funding has created this situation. Many of the National Federal programs have specific monies set aside for Indian and Native Americans. In the Lower 48 states, these funds go to Indian reservations and Indian urban organizations. However, in Alaska, the Native nonprofits have been identified as the representative Indian and Native American organizations for Alaska. The State of Alaska subcontracts with some of the nonprofits because they have the regional structure needed for the provision of specific services; i.e., Adult Basic Education.

Native Regional Corporations	Adult Basic Education	BIA-Agriculture	BIA-ANA grant	BIA Credit	BIA tribal operations	BIA Employment Assistance	BIA Higher Education	BIA Housing Improvement	BIA Realty	BIA-Social Services	Community Planning -EDA-	Cultural Preservation	Education JOH	Employment CETA	Health Service	Housing	Local Government Training	Subsistence Resource	Advocacy
Cook Inlet Region	X					X	X			X		X	X	X	X	X		X	
Koniag	X										X		X	X	X	X		X	
Arctic Slope Region		X	X	X	X				X	X		X			X	X			
Bristol Bay Native Corp.											X		X	X	X	X	X	X	
Sealaska				X	X	X		X		X	X	X	X	X	X	X	X	X	
Chugach			X									X	X	X	X	X		X	
Doyon			X		X	X	X			X	X	X	X	X	X	X	X	X	
ANHA											X	X	X	X	X	X			
Aleutian	X										X	X	X	X	X	X			
Callista	X					X	X			X	X	X		X	X	X	X	X	
Bering Straits	X											X		X	X	X			
PNNA			X	X		X	X	X		X	X	X		X	X	X	X	X	

TABLE I SERVICES PROVIDED BY NATIVE REGIONAL NONPROFIT CORPORATIONS

August 4/5, 1979

IDENTIFICATION OF SERVICES AND PROGRAMS PROVIDED BY NON-GOVERNMENT AND QUASI-GOVERNMENTAL ORGANIZATIONS IN THE UNORGANIZED BOROUGH (Cont'd)

TABLE II

Funding Sources for Regional profit Corporations

Table II breaks out on a regional basis the flow of dollars into the 12 regions of the State. Most of these dollars are going directly to the non-profit corporations. The Comprehensive Employment and Training Act (CETA) funds, Indian Health Service funds, Housing and Urban Development (HUD) funds, Bureau of Indian Affairs (BIA) contracted services funds, BIA Johnson-O'Malley (JOM) funds and the subcontracted RuralCAP funds go directly to the regional nonprofits. These funding levels for FY 1979 total over \$93,000,000. The \$41,000,000 listed under ongoing HUD projects are actually being spread over a period of several years, consequently giving a slight distortion to the overall funding levels. It should also be noted that not all of the BIA services have, as of yet, been contracted to the nonprofits. Once all of the BIA services are subcontracted to the nonprofits, there will be a considerable increase in the level of nonprofit funding.

The Federal and State revenue sharing figures reflect only those funds going to communities within the unorganized borough. In addition, the HUD Community Development Block Grants go directly to the community. These funds are listed so as to give a comparative picture of the funds available to the governmental organizations within the unorganized borough. The \$8,000,000 dollars going to the regional local governments is relatively small when compared to the massive amounts going to the regional nonprofits. This again emphasizes the level of importance held by the nonprofits within and outside of the unorganized borough.

Native Regional Corporations	Div. of Indian/ Native An. CETA FY 79	U.S. Public Health Service Indian Health Services	HUD Indian Housing		HUD FY 79 Community Development Block Grants	Federal Revenue Sharing	State Revenue Sharing	State RDA Grants	BIA Contracted Services	BIA JOH	Rural Cap
			FY 79	other on-going projects							
Cook Inlet Region	2,499,950	1,350,077		2,149,995				20,000	1,721,292	413,656	80,000
Koniag	766,384	446,472	816,000	1,839,701	285,000			78,000	250,223	370,287	172,545
Arctic Slope* Region	1,456,761	446,012							767,107		
*Administered by AFN											
Bristol Bay Native Corp.	1,164,157	1,062,219			225,000	137,094	143,724	52,150		386,237	285,545
Sealaska	3,950,241 656,862 586,535	711,705			698,000	505,324	557,339	116,200	4,868,621	974,984	381,180
Chugach	397,862	384,521		1,632,000		353,080	470,539	17,000		160,094	96,000
Doyon	3,954,371	1,776,384		10,357,000	191,000	120,248	368,288	61,850	4,736,696	482,622	237,090
AHTNA	190,254	396,617				19,348		40,000		86,784	
Aleutian	583,320	444,000	489,600	6,772,800		80,088	236,508	124,000	136,497	253,023	168,000
Calista	6,642,158	2,794,568	4,161,600	5,793,600	401,350	479,040	763,295	219,000	1,721,766	284,198	1,165,450
Bering Straits	2,010,085	1,574,205		12,741,003	240,000	212,976	503,232	113,877	308,103	11,951	272,180
NANA	1,466,867	975,174		2,751,854	230,000	161,020	214,533		246,788		
Total	26,325,807	12,382,954	5,467,200	71,557,953	2,683,550	2,069,028	3,257,868	842,077	14,757,093	3,423,836	2,857,990

TABLE II FUNDING SOURCES FOR REGIONAL PROFIT CORPORATIONS

IDENTIFICATION OF SERVICES AND PROGRAMS PROVIDED BY NON-GOVERNMENT AND QUASI-GOVERNMENTAL ORGANIZATIONS IN THE UNORGANIZED BOROUGH (Cont'd)

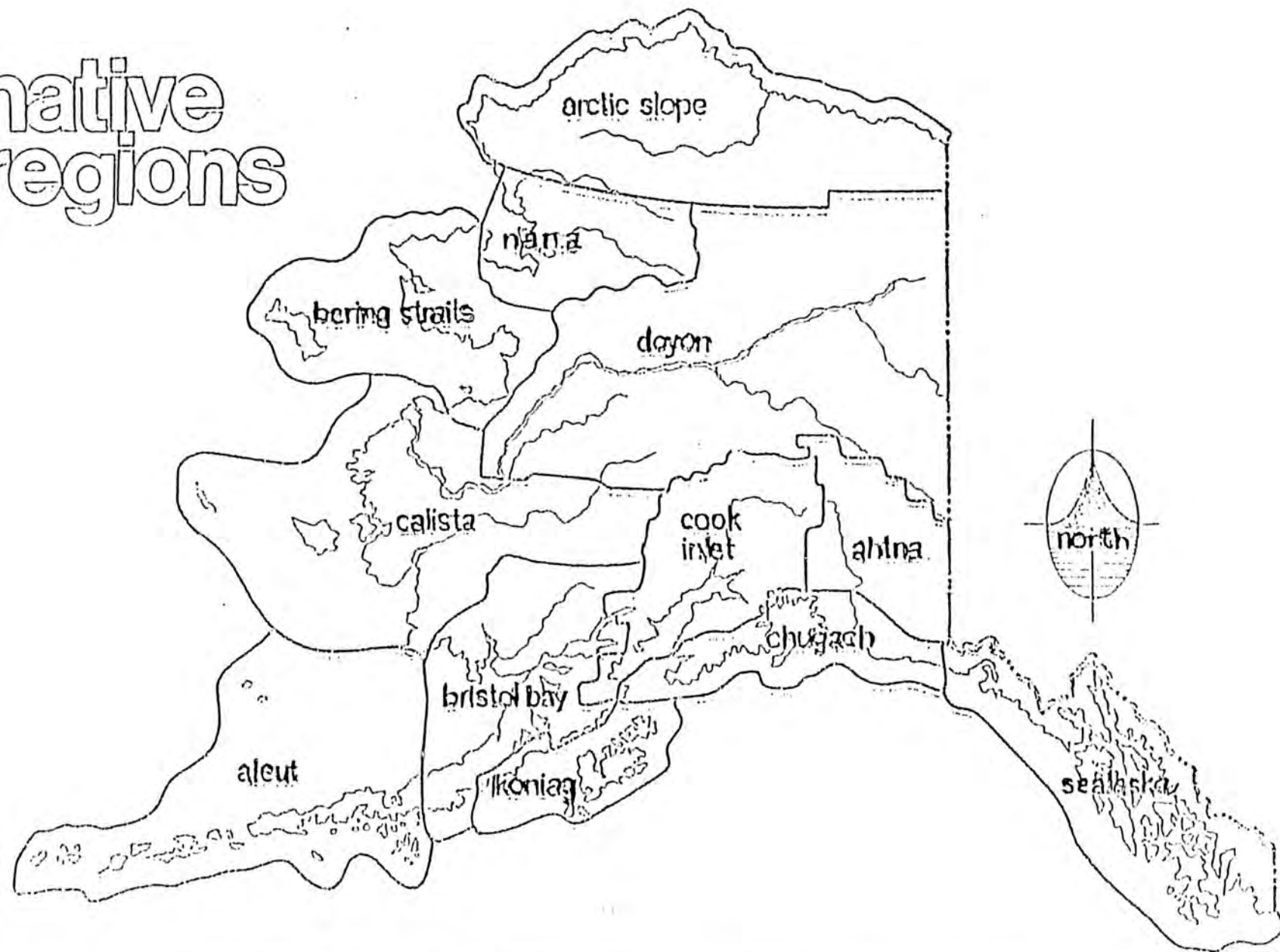
TABLE III

Governmental and Non-governmental Structures within the Unorganized Borough

Table III is an attempt to look at the variety and numbers of governmental and non-governmental structures existing within the various regions. Within each region there are the constitutionally recognized forms of local government and public school systems. However, the Indian Reorganization Act (IRA) Councils and the nonprofits represent a system of Federally recognized and funded entities existing outside of the traditional forms of government. This confusion over who controls what in the unorganized borough, combined with the strength of the nonprofits, has resulted in the stagnation of the evolutionary process of regional governments in the unorganized borough.

It should be noted that the number of nonprofits is much larger than the actual number of regions. In all of the regions, there is one major nonprofit corporation providing most of the services. However, the majority of the regions have several additional nonprofit corporations offering specific programs; i.e., housing. In some cases this has resulted in the creation of several nonprofit entities within a region operating independently from other nonprofits within the region. Consequently, coordinative efforts become increasingly difficult and duplication of efforts is unavoidable. The need to set regional plans and coordinate the flow of Federal and State dollars has been an incentive for the regions to contemplate the formation of regional governments.

native regions



XII

STATE/FEDERAL A95 REVIEW PROCESS

THE MUNICIPALITY OF ANCHORAGE A-95 CLEARINGHOUSE PROCESSINTRODUCTION

In response to the need for coordination and planning development of activities within and among the Federal, State and local levels of government, Congress has passed a number of legislative acts which would attempt to avoid duplicative and conflicting programs and policies, one of which is referred to as the A-95 Clearinghouse Process. It is derived principally from the Intergovernmental Cooperation Act of 1968 and Section 204 of the Demonstration Cities and Metropolitan Development Act of 1966. Its primary objective is for state and local government, through state and area-wide clearinghouses, to have an opportunity to assess the relationship of Federal projects or projects with Federal assistance to state, area-wide and local plans and programs. Federal agencies are to consider these assessments in deciding whether to proceed with the proposed project. The manner in which states, regions and local governments conduct this project is generally left up to the discretion of the particular governments. Again, it should be emphasized the Federal government is simply seeking the assessment of the different levels of government on proposed projects and an endorsement of such a project does not insure positive action by the Federal government nor does, on the other hand, will negative comments result in the cancellation of such a project.

THE MUNICIPALITY OF ANCHORAGE (MOA) A-95 CLEARINGHOUSE PROCESS

The procedure used by the MOA would normally commence when a federal agency or an organization with Federal assistance proposes to start a new project or program within the MOA area. The organization will send to the MOA a Notification of Intent (NOI) as early as possible. The MOA Clearinghouse will request review and comment from municipal, state and Federal agencies, along with non-profit service organizations, which they feel would have pertinent input. The MOA encourages a wide variety of input and, as a general policy, will not refuse any group comments. The MOA allows (generally) 30 days for review and comment except in unusual circumstances. After obtaining the responses from the various agencies and groups, and, if in the view of the MOA, there are no substantive negative comments, the MOA will send the comments to the agency proposing the project (they, in turn, must send these comments to the funding agency or department). However, if the MOA feels that the NOI does not adequately describe what the project or program will entail, it may request additional information before it will allow clearance. Or,

if MOA feels that there are substantive negative comments, it will act as a mediator between the two parties in hopes of alleviating their differences. If this exercise is unsuccessful, and the MOA still feels that the negative comments are justified, it will allow them to go to the Federal Regional Council (FRC)*. The FRC will then require a response from the agency or group seeking clearance concerning the negative comments.

The potential power of this process obviously lies with the MOA. It has the discretion to forward negative comments to the FRC which could conceivably result in the delay or cancellation of a project. Hence, in many cases it may be to the agency or group's advantage to settle what differences the MOA feel are important at an early stage of the process. The effectiveness of the MOA in using this planning and coordinative role depends primarily on the Clearinghouse utilizing municipal resources and its relationship with state and Federal agencies. According to the MOA Clearinghouse Director, this occurs at a satisfactory level.

THE RELATIONSHIP BETWEEN THE STATE OF ALASKA AND THE MOA
CONCERNING THE A-95 PROCESS

The State**and MOA are the only two government units in Alaska which have A-95 Clearinghouse systems. They are currently attempting to coordinate their activities where both are involved and may have similar interests, goals and objectives. The two have agreed upon a number of points in operating their Clearinghouses through an informal memorandum of understanding. According to this understanding, MOA will "assume primary responsibility for coordinating state, area-wide, and local government review of proposed federal activities. . . (that) occurs exclusively within MOA boundaries." The state, on the other hand, will "assume primary responsibility for coordinating state, area-wide and local government review of proposed Federal activities. . . (that) do not occur exclusively within the MOA boundaries." Hence, by coordinating their efforts, the two governments avoid duplicative activities. Additionally, the MOA will serve as a mediator to solve differences between parties concerning exclusively within the MOA area, where the state will carry out function concerning a project not exclusively in the MOA. The agreement also states that the body responsible for sending the final response to Federal proposals and which receives an agency or group's responses (to negative comments) to

* the Federal Regional Council is primarily composed of the regional directors of the various federal agencies and departments.

** the Division of Policy Development and Planning is responsible for the State Clearinghouse functions.

provide the other body a copy of such a response if it contains substantive comment by the latter body. This allows the body not primarily responsible to know what comments received by the entity making the proposal and possibly the FRC (this would, as mentioned earlier, be in the case of a Clearinghouse sending negative comments). Additionally, both parties are also obligated to respond to a request of review in a 25 day time frame (after receiving the Notification of Intent).

NON-FEDERAL ASSISTED PROGRAMS WHICH MAY GO THROUGH THE A-95 REVIEW AND COMMENT PROCESS

The existence of a structurally sound review and comment framework allows the MOA to use it for non-Federal assisted activities which they feel need to pass through a similar process. This often includes, but not limited to, actions and activities such as:

- I. The Alaska Division of Land permits
- II. Corps of Engineers projects
- III. Review of proposed state and Federal regulations

A-95 FUNDING

The MOA does not receive direct Federal funds for their A-95 program, the staff salary is either funded by the MOA or CETA. Funding is available for A-95 activities through the Public Works and Economic Development Amendments of 1974 and the Economic Development Administration and HUD Comprehensive Planning Program (701). Given the numerous requirements for the various funds, however, the MOA has declined to seek them.

A growing problem in Anchorage as well as other cities has been the funding for staff time of the agencies monitoring the different projects. This increasing demand for this activity has posed budgetary and manpower strains on the MOA. In light of the fact that the A-95 program was initiated by the Federal government, many officials have expressed the desire for Federal aid for different aspects of the process. However, to date no such allocation of funds has occurred.

THE MOA AND STATE RELATIONSHIP WITH THE ALASKA COASTAL MANAGEMENT PROGRAM (ACMP)

In addition to the A-95 agreement between the state and the MOA, the two have an understanding concerning the Alaska Coastal Management Program which has many goals and objectives very similar to that of the A-95 Process. The principle

difference between the two processes is that the state has the final say over the ACMP comments. The MOA is obligated to conduct and coordinate the the area-wide and local government review of proposed Federal activity within the MOA area as to its consistency with the MOA's district Coastal Management plan contained in the ACMP. If the MOA finds a proposed activity to be controversial, it may request the state to hold a public hearing in Anchorage. In the event that the MOA determines that the Federal project is inconsistent with its district coastal management plan, the MOA shall specifically describe the inconsistency and suggest alternatives which would alleviate them. If, in the event the state will send comments that are contrary to the feelings of the MOA, the state will initiate discussions with the MOA in order to resolve any disagreements. The state, however, will have the final word concerning impact by Federal proposed activities on the Coastal Management Program. Not surprisingly, the MOA is seeking more say in the process.

LC:jjd

XIII

STATE MUNICIPAL LAND TRUSTEE PROGRAM

INTRODUCTION

The Alaska Native Claims Settlement Act (ANCSA) mandated that the approximately 200 Alaska Native Villages will obtain nearly 22 million acres of the 40 million acres received from the settlement with the federal government. Village selections range from 69,120 to 161,280 acres, with exception of those in Southeast which are 23,040 acres. According to Section 14(3)(c) of ANSCA, each village, through it's corporation, must convey at least 1,280 acres (two square miles) of "The remaining surface estate of the improved land on which the native village is located and as much additional land as is necessary for community expansion, and appropriate rights-of-way for public use, and other foreseeable community needs to the municipal corporation or in trust (to the state)".¹

TRUSTEE ROLE OF THE STATE

Currently, about (100) of the ANSCA recognized villages are also municipal incorporated entities or are located within one (the overwhelming majority of them being second class cities). For the remaining 100 unincorporated communities, the state has accepted (AS 44.47.150) the responsibility as

1. Section 14(c)(3) of the Alaska Native Claims Settlement Act.

trustee for those lands. This role does not allow the state to "acquire title, nor administer the municipal lands for it's own sovereign use or benefit".² "Rather the lands will be conveyed and administered "in trust" for any municipal corporation established in the native village in the future".³

The Department of Community and Regional Affairs has the responsibility to administer the program under the following four basic guidelines:

- 1) All transfers of trust lands (irrespective of the mode of transfer) must first have the approval of a recognized "appropriate Village entity".⁴
- 2) The trustee program will be conducted in a manner in which Villages will not feel pressured to incorporate to obtain control of their lands.

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2. Handling The Municipal Land Trust Program. A Trust Philosophy, Alaska Native Management Report, 9/15/77 page 4.
 3. Ibid.
 4. "Appropriate Village Entity" as defined by the proposed regulations (19 AAC 90.120) for the Municipal Trust Lands is "an active organization (but not necessarily a formal organization having it's own independent legal identity) which represents, in a traditional or democratic manner, the collective views of bona-fide residents of the Village..."

- 3) Any financial benefits derived from the trustee lands will be given to the future municipality.
- 4) Title to and interest in trust lands can only be obtained through the trustee program (and not by adverse possession or prescription).

VILLAGE PARTICIPATION

The state views the Village residents as co-trustees in making land selection determinations for possible future municipalities. They wish this decision-making process to be a joint effort. The state, nevertheless, recognizes it's obligation as the legal trustee to the beneficiary (the future municipality) and therefore is not required to accept the suggested lands by the appropriate Village entity. The state in trust, according the program administrator, "seems to have a legitimate role in identifying and accepting land to be conveyed in trust"⁵. This is obviously a potential point of conflict between the Village and state.

VILLAGE CORPORATION ROLE

The village corporation will be the interim trustee until the designated lands are transferred to either the municipality or state. If in the event a need arises for public use such as schools, power easements, HUD housing or a sewer lagoon, before the federal government has issued patent or interim

5. Ibid. Page 3.

conveyance to the village corporation, the problem of possible construction delay or cancellation may be avoided by the village corporation and the state (in trust) voluntarily executing a contractual agreement. This agreement (or conveyance by promissary note) would simply provide that the land to be used for municipal use would be part of the future 14(c)(3) conveyance and that it would be accepted by the state in trust. The agreement must, in addition to village corporation consent, be favored by a resolution of the appropriate Village entity. In addition, the regional corporation must be given the opportunity to review the action and render advise.

CURRENT STATUS OF THE PROGRAM

Presently there are 90 Villages included in the program with a possibility of an additional 19 in the near future. Only 17 of these Villages have received title to even small portions of their lands (none of them have received all their selections). There has not been, as of June 1979, any land transferred into or out of trust status. Hence; implementation of the four basis policies of the trust program has not occurred and therefore the need and effectiveness of the state's involvement can not be determined. The program activities, as to date, have primarily consisted of the state playing the role of mediator between different village corporations and municipalities concerning land selections and conducting discussions with and giving assistance to villages concerning future public facility sites.

FUTURE STATUS OF THE PROGRAM

The State of Alaska anticipates transfers of land or commitments to transfer in the immediate future. This is based on the following events:

1. The Program Regulations will be soon adapted.
2. BLM will convey a substantial amount of lands to village corporations.
3. Village awareness and understanding of the program will be greatly enhanced.
4. Construction of public facilities (i.e. schools) will increase in the Villages and thereby increase the amount of land involved in the trustee program.

SECTION 14(c)(3) of the ALASKA NATIVE CLAIMS SETTLEMENT ACT:

(c) Each patent issued pursuant to subsections (a) and (b) shall be subject to the requirements of this subsection. Upon receipt of a patent or patents;

(3) the Village Corporation shall then convey to any Municipal Corporation in the Native village or to the State in trust for any Municipal Corporation established in the Native village in the future, title to the remaining surface estate of the improved land on which the Native village is located and as much additional land as is necessary for community expansion, and appropriate rights-of-way for public use, and other foreseeable community needs: Provided, That the amount of lands to be transferred to the Municipal Corporation or in trust shall be no less than 1,280 acres;

ALASKA STATUTES 44.47.150:

Sec. 44.47.150. Village land conveyed in trust. (a) The commissioner of the Department of Community and Regional Affairs is designated to accept, administer, and dispose of land conveyed to the state in trust by village corporations under § 14(c)(3) of the Alaska Native Claims Settlement Act (P.L. 92-203, 85 Stat. 703) for the purposes specified in that section.

(b) Transfer of land by sale, lease, right-of-way, easement, or permit, including transfer of surface resources, may be made by the commissioner only after approval of an appropriate village entity such as the traditional council, a village meeting, or a village referendum. Such approval shall be by resolution filed with the department.

(c) Within one complete state fiscal year after the incorporation of a municipality in the village or of a municipality which includes all or part of the village, land acquired under this section shall be conveyed without cost to the municipality, and the municipality shall succeed to all the entrusted interest in the land.

(d) Separate accounts shall be maintained in the name of each village for the land, including the revenues from the land, acquired from each village corporation under this section, and within 90 days of the close of each state fiscal year a statement of the account for each municipality shall be prepared by the commissioner and be made available to the village and to the public upon request.

(e) Upon the conveyance of land to a municipality under this section, the commissioner shall account to the municipality for all profits including interest from the land, and the municipality may then request that the governor submit a request to the legislature for an appropriation for the amount due it.

(f) No title or interest to lands acquired by the department under this section may be acquired by adverse possession or prescription.

(g) For the purposes of this chapter, the term municipality includes only first and second class cities incorporated under the laws of the state. (§ 1 ch 119 SLA 1975)

Department of Community & Regional Affairs
Municipal Lands Trustee Program
November 15, 1979

SUMMARY OF MLT ACTIVITIES

(from inception to
November 15, 1979)

<u>ACTIVITY</u>	<u>TOTALS</u> (pending)	<u>NOTES & COMMENTS</u>
Villages having received Patent or Interim Conveyance from BLM.	34	Of the 34 villages having Patent or IC from BLM, 3 have insufficient interests or acreage to convey municipal trust lands; approximately 70% of the potential MLT villages still have insufficient title under ANCSA to make 14(c)(3) grants.
Villages involved in discussions concerning MLT program.	45	This represents approximately 60% of all MLT villages currently having more than a half-dozen residents. An estimated 1/3 of all MLT villages are currently ineligible for municipal incorporation due to insufficient population.
Villages having discussed and now considering tender of MLT land.	37	92 unincorporated villages currently have federal selection certification; 7 more are expected, for a total of 99.
Villages having made formal or informal tenders, including Letters of Intent.	20	Some of these are of necessity only letters of intent because of lack of fee simple title under ANCSA from BLM to the village corporations. 21 transactions have been finalized and 1 transaction is pending.
Villages where MLT program has a legal interest in land by formal agreement or conveyance.	13	Most transactions are for the purpose of providing adequate site control for expenditure of public funds for capital improvement projects. 8 transactions have been completed with 12 more pending.
Reconveyance out of trust. (Number of villages).	12	These transactions generally involve lands for schools, housing, airports, and electrification. 8 transactions are complete. 11 transactions are pending.
Villages where land training has been given by MLT program.	13	Training is conducted in conjunction with regional training workshops, provides an understanding of the ANCSA 14(c)(3) and the MLT program, and leads to conveyances of municipal trust lands.

(Region) VILLAGE	Villages having received patent or interim conveyance from D.A.S.	Villages involved in discussions concerning MTR program.	Villages having discussed and now considering tender of MTR land.	Villages having discussed informal tenders of interest.	Villages having made formal or a legal agreement of conveyance.	Re-conveyance out of trust.	Villages where land training has been given by MTR program.
(Ahtna) CANTWELL			X	X			
CHISTOCHINA	X						
CHITINA			X				
COPPER CENTER			X	X	X	X	X
GAKONA			X				
GULKANA	X	X					
MENTASTA LAKE	X	X	X				
TAZLINA	X	X	X				
(Aleut) AKUTAN	X	X	X	X			
ATKA		X	X	(3)	² pending	² pending	
BELKOFSKI	X						
FALSE PASS	X						
NELSON LAGOON	X						
NIKOLSKI	X				X		
ST. GEORGE	X	X	X	X			
UNGA	X						
(Arctic Slope) ATKASOOK	X						

(Region) VILLAGE	Villages having received Patent or Interim Conveyance from D.M.	Villages involved in discussions now considering MIT program.	Villages having discussed and informal tenders of Interest.	Villages having made formal or formal agreement of conveyance.	Villages where MIT program has a legal interest in land by agreement of conveyance.	Villages where land training has been given by MIT program.	Reconveyance out of trust.
(Arctic Slope) POINT LAY	X	X	X	X			
(Bering Straits) COUNCIL							
KING ISLAND		X	X	X			
MARY'S IGLOO		X					
SOLOMON							
(Bristol Bay) CHIGNIK	X						
CHIGNIK LAGOON	X						
CHIGNIK LAKE	X						
EGEGIK	X						
EKUK	X	X	X				
IGIUGIG							
ILIAMNA							
IVANOFF BAY	X						
KOKHANOK		X	X	X	X	X	
KOLIGANEK	X	X	X	X	pending		
LEVELOCK	X						
NAKNEK		X					

(Region) VILLAGE	Villages having received Patent concerning MIF program from BLM.	Villages involved in discussions now considering tender of MIF land.	Villages having discussed and informal tenders, including letters of intent.	Villages having made formal or a legal agreement or conveyance of	Villages where MIF program has been implemented out of land.	Villages where land training has been given by MIF program.
(Bristol Bay) PEDRO BAY						
PERRYVILLE	X					
PILOT POINT						
PORTAGE CREEK		X	X	X		
SOUTH NAKNEK						
TWIN HILLS	X					
UGASHIK						
(Calista) ANDREAFSKI		X	X			
BILL MOORE'S						
CHULONAWICK						
CROOKED CREEK		X	X	X	X	X
GEORGETOWN						X
HAMILTON						
KIPNUK		X	X	X	1 final 1 pending	1 final 1 pending
KONGIGANAK						X
KWIGILLINGOK		X	X	pending	pending	pending
LIME VILLAGE		X	X			X

(Region) VILLAGE	Villages having received patent or Interim Conveyance from BLM.	Villages involved in discussions now considering tender of MIT land.	Villages having discussed and informal tenders, including letters of intent.	Villages where MIT Program has a legal interest including formal agreement or conveyance.	Reconveyance out of trust.	Villages where Land Training has been given by MIT program.
(Calista)						
NAPAIMUTE						
OSCARVILLE						
PITKAS POINT						
PAIMIUT			X	X		
RED DEVIL			X	X		X
SLEETMUTE			X	X		X
STONY RIVER			X	X		X
TUNTUTULIAK			X	X	X	X
UMKUMIUTE						
OHOGAMIUT						
(Chugach)						
CHENEGA	X	X	X	X		
ENGLISH BAY	X	X	X			X
PORT GRAHAM	X	X	X			X
TATITLEK	X	X	X	X	2 pending	2 pending
(Cook Inlet)						
CHICKALCON						
KNIK	3% only. On appeal.	X				
NINILCHIK	X					

(Region) VILLAGE	Villages having received Patent or Interim Conveyance from BLM.	Villages involved in discussions now considering NIT program.	Villages having discussed and letters of Intent.	Villages having made formal agreement or conveyance.	Villages having made formal or a legal interest in land by Recouryance out of court.	Villages where land training has been given by NIT program.
(Cook Inlet) TYONEK	X	X				
SALAMATOF						
(Doyon) BEAVER						
BIRCH CREEK						
CHALKYITSEK						
CIRCLE						
DOT LAKE		X	X			
EAGLE		X	X			
EVANSVILLE		X	X			
HEALY LAKE						
MANLEY HOT SPRINGS		X	X			
MINTO		X	X			
NORTHWAY	1% only, On appeal.	X				
RAMPART						
STEVENS VILLAGE						
TAKOTNA		X	X	X	1 final, pending	1 final, pending
TANACROSS		X	X	X	X	X

(Region) VILLAGE	Villages having received Patent or Interim conveyance from BIA.	Villages involved in discussions concerning MIF program.	Villages having discussed and Informal tenders of Intent.	Villages having made formal or formal agreement of conveyance.	Villages where MIF program has been given by MIF program.	recognition out of trust.	Villages where land training has been given by MIF program.
(Doyon) TELIDA							
(Konlag) AFOGNAK	X						
KAGUYAK	10% only						
KARLUK	X	X	X	X	2 pending	2 pending	
WOODY ISLAND							
(Nana) HOATAK		X	X	X	pending	pending	
(Sealaska) KLUKWAN		X	X				
	Discussed possible exchange of lands						
TOTALS (pending)	34*	45	37	22 (1)	2 (12)	8 (11)	13

* Of the 34 villages having Patent or IC, 3 have insufficient interests or amounts to convey municipal trust lands.

Information current as of November 15, 1979

XIV

STATUTORY INDUCEMENTS AND DISINCENTIVES
RELATED TO BOROUGH GOVERNMENT INCORPORATION

STATUTORY INDUCEMENTS AND DISINCENTIVES RELATED TO BOROUGH
GOVERNMENT INCORPORATION

Organizational Grants (AS 29.18.180) To defray the cost of transition to borough government status and to provide for its development and interim governmental operations, each newly created borough is entitled to an organizational grant of \$25,000 or \$10 per voter voting in the incorporation election, whichever is greater.

The organizational grants have not been a statutory incentive to encourage borough incorporation because the grant is not adequate and is not intended to pay for the entire cost of borough organization. Although there are no guidelines for the use of the organizational grants, a newly incorporated borough may use the funds to defray the cost of hiring a borough administrator, paying for a local assessment of real and personal property, obtaining office space, etc.

In order to provide an incentive to borough incorporation, an organizational grant would have to be at least \$75,000 to \$100,000 plus the initial cost involved in conducting a feasibility study on borough incorporation, and an amount equal to the cost of conducting the initial assessment and appraisal of real and personal property.

Land Selections (AS 29.18.203) A newly created borough may select ten percent of the total acreage of vacant, unappropriated, unreserved land within its boundaries on the date of incorporation. In the selection of land under the Statehood Act, it has been the policy of the State to make available to boroughs and cities the maximum land area from which to make selections consistent with the State's best interest.

The municipal land selection process is an incentive to borough incorporation to the extent that the boundaries proposed for a borough would probably include the maximum allowable vacant, unappropriated, and unrestricted lands from which to select its ten percent. However, the boundaries of a proposed borough must conform to natural geography and include all areas necessary for full development of local services.

State Revenue Sharing Program (AS 43.18.010-045) The State Revenue Sharing Program annually distributes grants to cities and boroughs based on the number of local residents in a municipality, the eligible powers exercised by each local government, the cost of living allowance used in computing total grant entitlements and the total appropriation approved for the grant program.

During each fiscal year, the Department of Community and Regional Affairs distributes State Revenue Sharing Funds to eligible cities or organized boroughs which provide specific services, and exercise the powers as follows:

<u>Municipal Service</u>	<u>Rate of Entitlement</u>
Police Protection	\$12. per capita
Military	\$ 6. per capita
Fire Protection	\$ 7.50 per capita
Water or Air Pollution	\$ 2. per capita
Land-Use Planning	\$ 2. per capita
Parks and Recreation	\$ 5. per capita

STATUTORY INDUCEMENTS AND DISINCENTIVES RELATED TO BOROUGH
GOVERNMENT INCORPORATION (Cont'd)

<u>Municipal Service (Cont'd)</u>	<u>Rate of Entitlement (Cont'd)</u>
Military	\$ 1.25 per capita
Transportation Facilities	\$ 5.00 per capita
Military	\$ 2.50 per capita
Road Maintenance	
- Public Roads	\$ 1,500. per mile
- Ice Roads	\$ 900. per mile
Health Facilities	\$ 4,000. per fac. OR
	\$ 1,000. per bed
Health Services	\$ 2. per capita
Hospitals	\$75,000. per host. OR
	\$25,000. per hosp. OR
	\$ 1,000. per bed
State Construction Aid	\$ 2,500. per bed

State Revenue Sharing has had an increasing impact on municipalities since its enactment in 1969. The program funding has increased from \$2.0 million in 1970 to \$18.6 million in FY 1979, and municipalities have become increasingly dependent on these grants. However, due to the limited amount of funding made available for the program each year, municipalities have not received 100 percent of their grant entitlements. Last fiscal year municipalities received only 88.7 percent of their total grant entitlements and next fiscal year the Department of Community and Regional Affairs expects the program to be funded at approximately 85 percent of all the grant entitlements.

The current formula is intended to encourage existing local governments to provide financial incentives to exercise powers, improve upon existing services provided and reduce any local taxes.

Local Service Road and Trail Program (LRS&T) (AS 19.30.111-251) The Local Service Roads and Trail Program provides state assistance in the development of roads and trails on routes that are not eligible for Federal-aid highway funds. These funds are intended to provide local service roads, year-around foot trails, winter trail staking, bicycle paths, erosion control, foot bridges, boardwalks, etc.

This program is 100 percent State-funded through State bond issues. Under the program, funds are allocated to organized boroughs and home-rule cities according to a strict area/population formula. Each local government receives its allocation by submitting a three-year program with project priorities noted to the Regional Highway Engineer by October 1 of each year. A portion of the fund is also allocated to the unorganized boroughs; this money is administered by DOTPF. The communities within the unorganized boroughs receive funding based on priority and need. Each community selects its project and submits it to the Department for consideration.

The Department of Transportation and Public Facilities (DOTPF) is responsible for maintaining, causing to be maintained, or constructing any project under the LSR&T Program. However, a project constructed within the boundaries of a local government which exercises the power of streets and sidewalks may be transferred to a local government upon the approval of DOTPF and acceptance by the local government.

STATUTORY INDUCEMENTS AND DISINCENTIVES RELATED TO BOROUGH
GOVERNMENT INCORPORATION (Cont'd)

Local Service Road and Trail Program (LRS&T) (AS 19.30.111-251) (Cont'd)

A road, street or highway transferred to a local government under this process can be eligible to receive State Revenue Sharing funding equal to \$1,500 a mile for each eligible mile for streets or highways maintained by the local government.

Although a borough stands a greater chance of being awarded local service roads and trails projects under the area/population formula, and although roads, streets and highways may be transferred to a municipality, the LSR&T Program has not been a sufficient incentive to encourage borough incorporation.

Regional Education Attendance Area (REAA's) REAA's were created with the passage of Chapter 124, Session Laws of Alaska, 1975 (popularly referred to as Senate Bill 35,) thus transferring the major operational responsibilities for rural Alaska schools (Alaska Unorganized Borough School District) to regional school districts (REAA's.) Although the REAA's created have provided a greater amount of local control over local municipal-type services, strengthened the existing regional identification of these areas, and provided boundaries that are useful to establishing future boroughs, the State funding formula has been a disincentive to the formation of borough government, and it fails to properly address the extremely poor tax base for much of rural Alaska. In addition to receiving funding for 100 percent of the Public School Foundation Program and 100 percent of the cost for new school construction, REAA's receive from the State an amount equal to the average local contribution per pupil in municipal school districts multiplied by the number of students which will approximate \$710 per student this year. The Public Foundation Program will be funded approximately at 100 percent this year, and the State school construction cost will only be funded at approximately 80 percent this year. The advantageous funding schedule mentioned above for REAA's still remains a disincentive to the formation of organized boroughs unless the borough school districts can obtain additional funding to offset the increased level of funding for REAA's.

State-Shared Taxes State-shared taxes are specific taxes levied and collected by the State of Alaska (Department of Revenue) and are, in part, refunded to cities and boroughs providing municipal services. State-shared taxes refunded to municipalities include the following:

Amusement and Gaming Taxes (AS 43.35.010-090) Fifty percent of the taxes collected under this program are refunded to the municipality in which the tax is collected. Payments are made automatically, on a semi-annual basis, to all cities and boroughs upon receipt of notice of incorporation.

Aviation Fuel Taxes (AS 43.40.010-040) Sixty percent of the taxes collected under this program are refunded to the municipality in which the tax is collected, if that municipality owns and/or operates a public airport.

Corporate Income Taxes (AS 43.20.010) Effective July 1, 1979, each municipality will receive a refund equal to the amount they received as a refund under the former Business License Tax Program. Refunds are mailed automatically to municipalities, once a year.

STATUTORY INDUCEMENTS AND DISINCENTIVES RELATED TO BOROUGH
GOVERNMENT INCORPORATION (Cont'd)

Liquor License Taxes (AS 04.10.460) One hundred percent of the amount collected under this tax program is refunded to the municipality in which it was collected if the municipality has a police force and actively enforces State, Federal, and local liquor laws. Refunds are mailed automatically to municipalities semi-annually.

Punchboard Taxes (AS 43.35.100-150) Seventy-five percent of the amount collected under this tax program is refunded to the municipality in which it was collected. Refunds are mailed automatically to municipalities once a year.

Raw Fish Taxes (AS 43.75.130-135) Currently each borough receives twenty percent of the amount of tax revenues collected in the area outside cities and ten percent of the amount of tax revenues collected within cities. Refunds to eligible municipalities are mailed annually.

Telephone and Electric Cooperative Taxes (AS 10.25.570) One hundred percent of the tax collected from telephone and electric cooperatives is refunded to the municipalities in which the cooperative does business. A municipality's entitlement is based upon the amount of gross revenue the cooperative received from operations within the municipality's boundaries. The tax is refunded annually.

With the exception of the raw fish tax refunds, all other State-shared taxes contribute a relatively small amount of revenue to an organized borough and would not provide a statutory inducement to municipal incorporation. Depending on the amount of fish products processed within the boundaries of a proposed borough, the raw fish tax could provide an incentive to borough incorporation; i.e., the Aleutian Islands.

XV

TAXING CAPACITY OF THE UNORGANIZED BOROUGH

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

XV

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

MEMORANDUM

June 1, 1979

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

TO: The Honorable Arliss Sturgulewski

FROM: Alexander Hoke
Policy Analyst
Jack Kreinheder
Policy Analyst

AH
JK

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

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

Computer Output

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

TABLE I
GROSS RECEIPTS SUMMARY

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

All figures in millions of dollars

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

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

Calculation of Sales Tax Capacity

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

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

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

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

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

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

1977 UNORGANIZED BOROUGH SALES TAX CAPACITY*

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

* Figures in thousands of dollars.

AH:JK:dh
Attachments

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

TABLE I
GROSS RECEIPTS SUMMARY

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All figures in millions of dollars

XVI

TRADITIONAL, NON-TRADITIONAL AND
QUASI-GOVERNMENTAL NATIVE METHODS OF ORGANIZATION

DEVELOPMENT OF TRADITIONAL, NON-TRADITIONAL AND
QUASI-GOVERNMENTAL NATIVE METHODS OF ORGANIZATIONEARLY POLITICAL FORMATIONS

The original traditional village council form of government varied in structure, size and activities throughout the regions. Primarily, the councils were composed of male elders, often from the same families, who had been successful in combat and food gathering. Their powers and duties included: deciding disputes, protection of village boundaries and hunting grounds, punishing violators of village customs and laws and the distribution of essential commodities.

All village governments were affected by the early contact with western culture. This was particularly true, however, in the Southeastern part of the State. There, churches and other groups introduced democratic concepts and methods by way of organizing Natives in church and social clubs. These activities gave Native leaders fundamental tools needed when the first federally recognized villages were formed under the organized Village Act of 1920: Angoon was, for example, among the first to organize (around 1920). The community elected a town council, built a town hall and installed electricity for the use of its residents.² Territorial legislation followed in 1915 to permit "Indian villages" to organize as units of local government. Their powers were limited along racial lines (i.e., they could not tax non-Native property) and the Act was repealed in 1929. Later Native communities were incorporated under Territorial law governing formation of local governments.³

Concurrent with these activities was the formation of the first regional Native political group. The Alaska Native Brotherhood (ANB) in 1912 and the Alaska Native Sisterhood (ANS) three years later were organized from members of the Tlingit and Tsimshian tribes. Both groups were concerned with obtaining citizenship for Alaska Natives, educational opportunities and the abandonment of aboriginal customs which were seen by whites as "uncivilized."⁴

Other Native organizations were soon to follow. The Tanana Chiefs was founded in 1915 for the purpose of strengthening village ties and dealing with outside forces. Until the 1960's a less-structured system of inter-village related activities existed in the West and Northwest regions based primarily on traditional and cultural functions.

One of the more effective and persistent of early Native groups has been the Tlingit-Haida Central Council. The organization was formed in 1929 as an off-shoot of ANS and ANB primarily to pursue a lawsuit against the U.S. Government for twenty-million acres in Southeast Alaska. The matter was finally settled in 1963 with the Council receiving a 7.8 million dollar judgment award. The group, which includes 21 communities as members, still exists and is recognized as a tribal organization under the Self-Determination Act of 1975.

INDIAN REORGANIZATION ACT COUNCILS/TRADITIONAL COUNCILS

The Indian Reorganization Act (IRA) of 1934, and as amended in 1936, states that "Indians in Alaska not heretofore recognized as bands or tribes, but having a common bond or occupation, or association, or residence with well-defined neighborhood, community or rural district may organize to adopt constitution and by-laws and receive charter of incorporation and federal loans..."² Villages are to propose a constitution and by-laws that have to be accepted by a majority of village residents in a special election and additionally be approved by the Secretary of the Interior.

After fifteen years of the Act, thirty-two villages had incorporated and fifty-four by 1970. Currently there exist sixty-eight IRA Councils, plus two IRA Associations for credit purposes, and the Community of Metlakatla, an Indian Reserve and the only IRA corporation recognized by the State as a municipal corporation. Ninety villages are still governed solely by traditional village councils.

The major effect of incorporation was that it has lent credence to the legal existence of a village since its constitution has been approved by the Secretary of Interior. With the formation of the Council, many villages were, through a governmental process, able to regain control over economic activities such as the village cooperative stores, reindeer herding, and construction and repair of school property, which over the years has slowly become a function of the Bureau of Indian Affairs (BIA) representatives.³

The Council structure also serves as an introduction of the political process to rural Alaska and increases contacts between Native leaders and Federal Government representatives. This acculturation activity undoubtedly has had an effect on the ability of the Native population to deal with whites as increased contact has occurred in recent years. Additionally, the formation created a federally-sponsored local Native government that was eligible to receive and administer federal dollars. Furthermore, the Council works as a mechanism to train Natives for vital local government positions such as administrator and manager.

With the advent of statehood and State-recognized local government, chiefly Second Class cities, the role and power of the IRA Council has been reduced. Since the councils are not recognized by the State, the primary role of the Council has been that of a nonprofit association to obtain federal funds. The traditional public and municipal functions are performed by the State. For example, police power is still controlled by the State or a sub-unit of it. The IRA Council does have ability to pass resolutions and rules of contract; however, they are not enforceable by State or federal enforcement officers.

The IRA Councils do have the power, subject to the Secretary of Interior's approval, to obtain legal assistance, prevent the sale or disposal of tribal lands or other assets and to negotiate with Federal, State and local government. In addition, under Section 102 of the Indian Self-Determination Act of 1975, an IRA Council has the power to decide between receiving services provided by the BIA directly from BIA, or from the village council, or a regional nonprofit corporation. This would include such activities as employment assistance, higher education, social services, housing and tribal operations. And, Section 104 of the same Act allows

village councils the right to request funds for "the strengthening or improvement of tribal government which could involve monies for training personnel, building of community halls and equipment and supplies."

Current Status

Village councils are not, as previously mentioned, State recognized entities and thereby lack nearly all municipal powers and responsibilities. The level of their activity, in part, depends upon whether there is a State-sponsored government in the community, the size of the village and the services performed by the regional profit and nonprofit organizations. In villages governed by traditional councils, the adoption of a constitution and by-laws is encouraged. This, as with the IRA Constitution, is assurance for the Federal Government that the body it deals with actually represents the residents.

Although the status of the IRA has diminished with the emergence of the second class cities, their existence has been maintained for a number of reasons. First, as stated before, under the Self-Determination Act of 1975, the IRA Councils have first priority for contracting and grants. Secondly, the councils are seen by Natives as a form of protection, in the event that whites obtain control of the villages.⁸ Additionally, there have been attempts to coordinate IRA Councils and State-City functions and funding sources. The Native nonprofit organization of Mauneluk, for example, is operating a training program to coordinate IRA Councils and State-governing councils in the eleven villages of the NANA region. It has also been reactivating IRA Councils in its region. Ten councils have so far been re-established.⁹ The advantages of this action include the improvement of services provided by the villages; it complements the services provided by existing state organized governments without threatening the police and regulatory authority of those governments; and at the same time assures the members of the IRA village that they will remain eligible for Federal Native programs under the criteria unrelated to their status as ANCSA stockholders.¹⁰

SECOND CLASS CITIES

Second class cities are the most common form of local government in Alaska today. One hundred and seven of the nearly 160 incorporated governmental units are second class cities. They are most often found in the unorganized borough (92 cities) as opposed to the organized borough (16) cities. The total population of second class cities represents approximately 2% of the population, while those in the unorganized borough represent about 6%.¹¹ The current average size of this class of city (excluding the larger ones; Bethel, Kotzebue and Delta Junction) in the unorganized borough is 264 residents as opposed to 208 residents in the organized borough (excluding Wasilla). The vast majority of second class cities are located in three general areas: Bristol Bay, Kuskokwim Bay and River area, and the Kobuk River area. The remaining cities are scattered throughout the State. The racial composition of the second class cities is predominantly Native with only 6% of them having a non-Native majority population.

The present "second class city" evolved from a State classification system of 1st, 2nd, 3rd and 4th class cities. The original distinction between city government levels was muddled during the 1960's and early 1970's by additional powers being granted by the Legislature to the different classifications. Consequently, the actual difference was in many cases nearly eliminated. The State responded to the situation by reclassifying all 1st, 2nd and 3rd class cities as 1st class cities and 4th class cities as 2nd class cities. Additionally, the Local Boundary Commission gave previously 1st, 2nd and 3rd class cities with a population under 400 (the number of residents required for a 1st class city) the opportunity to convince the State, within a two-year period of the start of reclassification, that their government infrastructure was adequate to fulfill the duties of a 1st class city.

Since 1963, both the State and Federal Government have encouraged the incorporation of Native villages under State law. Normally the availability of revenue sharing or the installation of a village electric generator were the incentives for incorporation.¹² In the last ten years, seventy-six 2nd class cities have been incorporated, nearly all of them in the Northwest region of the unorganized borough. Many of these incorporated also for the opportunity to obtain land through the Alaska Native Claims Settlement Act.

Current Status

Second class cities located in the unorganized borough have been plagued with a number of fundamental weaknesses which have even brought into question the need for their legal existence. A number of the cities suffer from a lack of well-trained administrators, managers and financial officers. Too often when cities do obtain experienced personnel, their stay is brief with the lure of better pay and environment in larger communities. Adequate resources are still another problem. It is not uncommon for cities' officials to be unaware of their duties, powers and sources of possible funding, and just as important, the constant changes in State and Federal statutes affecting them.

The lack of adequate communications with other second class cities is noticeably absent. This is vital for coordinating inter-governmental policies as well as fostering better understanding between the communities.

To compound the problem even further, second class cities are quite often simply another layer of government/service organization upon small communities that are ill-equipped to properly manage the different entities without constant problems of duplication, confusion and mismanagement. Ideally, many of the smaller communities would be better operated by a single organization with one council or board. However, since the chances of a major consolidation of agencies and councils appear slim, the villages will have to continue to work within the existing framework.

POSSIBLE IMPACT ON LOCAL GOVERNMENTS AND ORGANIZATIONS BY BOROUGH GOVERNMENT

Borough government impact on rural second class cities, service organizations and village councils would, of course, depend upon its size, structure, duties and powers. Currently there exist two distinctly different "bush area" boroughs which share a number of common characteristics with the unorganized borough. As a method of assessing the impact on future boroughs or local structures, it is necessary to review the past experience of these two governments.

Bristol Bay Borough

Bristol Bay is a second class borough which was the only regional government formed in response to the 1961 Borough Act. The Borough is currently the smallest one both in size and population. The primary basis for its existence was the desire to control the local school system and to place a tax upon the local canneries. As noted by one pair of writers: "(This) was a clear demonstration that in the absence of adequate laws, standards and guidelines, the borough form of government would be shaped largely in response to local political current and controversies."¹³ This obvious lack of a 'natural' social, economic and political community was evident since it encompassed only three small villages in a region that contained a number of similar communities. Hence, many of the minimal standards, potential powers and responsibilities were absent.

Other than the Borough itself, there is no State sponsored government nor are there any IRA councils. There are two village corporations; Paug-Wik Incorporated Limited (Naknek) and an unnamed merger of the villages of Port Heiden and South Naknek.

The Borough does fulfill most of the basic duties and services on an adequate level. It does, for example, derive taxes from its local economic structure providing the possibility for accountability for dollars spent to the residents. It is active in planning and zoning and has a single, locally-controlled school board. Furthermore, having a single governmental unit is undoubtedly more efficient than many smaller units for this region.

On the other hand, however, the Borough has major defects. It is again, contrary to what was envisioned a structurally and functionally sound regional form of government. It is simply too small. The Borough does not contain the natural economic, social, political and geographical boundaries of the area for effective regional government. The residents of the Borough are still served by the nonprofit and profit corporations along with State and Federal government programs which also must be coordinated with communities, associations and groups outside the Borough. Hence, overlapping jurisdictional boundaries still exist and cause confusion, political conflict and duplication of services. Additionally, the Borough political power structure has not served as an inducement for other communities in the area which could possibly be an integral part of it.

Bristol Bay does not appear to be a model for future rural boroughs. Although its size preempts the need for city government, it is, by the same token, not the solution to the problem of overlap by the various corporations and groups which have responsibilities and powers inside as well as outside the borough.

North Slope Borough

The North Slope Borough was established in the midst of controversy in 1972. It is the largest borough in area and has a population of about 7,200. The formation of the Borough was opposed by the oil industry because of the threat of a Borough property tax upon the pipeline. After much litigation, the area was incorporated as a Home Rule Borough, which is currently the largest regional (non-tribal) Native-controlled government in the country. It has a number of natural advantages. For example, it derives 98% of its taxes from one source; the Trans-Alaska Pipeline operation. It is sparsely populated and has only one large city.

The Borough contains seven incorporated cities; Barrow being the only first class city, while the other six are second class cities. Additionally, there are eight village corporations, five IRA Councils and the regional corporation which covers the same area as the borough.

The Borough has attempted to provide equitable and efficient levels of services to all the residents by consolidating many of the traditional city powers within the Borough. This transfer of power was generally approved by the communities. The Borough currently possesses fifteen of the twenty-two possible area-wide powers. The main opposition to the centralization of authority has come from the City of Barrow. This was due, in part, to personal and institutional rivalries between the two government units. Nevertheless, the consolidation of powers has made the Borough one of the State's strongest regional governments. An additional ingredient, is that the regional corporation's (Arctic Slope Regional Corporation) jurisdiction is the same as the Borough's. Although it is not controlled by the same individuals nor does it necessarily have the same goals and objectives, it does, by the mere virtue of its boundary, only operate in the same region and thereby avoids responsibilities and powers outside the Borough. There is undoubtedly still some overlapping of authority and simply too many boards and councils. However, the strong, centralized borough is one approach to regionalized government.

The incorporation of boroughs in the rural regions would obviously have an impact on the existing infrastructure. By way of reviewing the experiences of the Bristol Bay and North Slope Boroughs, along with the successes and failures of the second class cities, a number of general observations can be made about this possible impact:

1. The jurisdictional lines of boroughs should be that of the "natural" boundaries and should follow or be followed by other major groups and associations (profit and/or nonprofit corporations). This, at least would eliminate the problems of a groups having power and responsibilities both inside and outside of the borough.
2. IRA and traditional councils would probably continue as viable entities in a borough because of their historical connection with the Federal Government. They probably, in most instances, would continue to work with other village groups and associations in providing certain services.

3. Nonprofit corporations would probably continue to function as they presently do, since they too, are interlocked with Federal monies specifically designed for Alaska Natives. Additionally, they may transfer some of their powers to a strong centralized borough structure. They probably, however, along with other groups within a new borough, would be forced to coordinate activities more often with that of the borough.
4. Local services would be available to the total population. There are currently restrictions on some of the quasi-governmental organizations which limit service only to the Native residents.

- (1) Case, David - The Special Relationship of Alaska Natives to the Federal Government - An Historical and Legal Analysis, Alaska Native Foundation, 1978.
- (2) Morgan, Lael - And the Land Provides: Alaska Natives in a Year of Transition, page 240. Garden City, New York: Anchor Press/Doubleday, 1974.
- (3) Case, Ibid, page 129.
- (4) Arnold, Robert - Alaska Native Land Claims, page 83, Alaska Native Foundation, 1978.
- (5) Composite Indian Reorganization Act for Alaska, 1936.
- (6) Jones, Dorothy - Aleuts in Transition, page 48, University of Washington Press, Seattle and London.
- (7) Case, Ibid, page 131.
- (8) Gorsuch, Lee - Impact of ANCSA on Federal, State, and Local Governmental Functions and Services, page 37, ISER 1979.
- (9) Ibid.
- (10) Ibid
- (11) Department of Community and Regional Affairs, 1979.
- (12) Case, Ibid, page 129.
- (13) Morehouse, Thomas and Fischer, Victor - Borough Government in Alaska, page 73, ISGER 1971.

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