

334

H CRA

HB

202

UNORGANIZED

BOROUGH

TAXES

February 28, 1977

TO: LISA
FROM: JUDITH

RE: HB 202 - Tax on developed land in the unorganized
borough.

In my conversation with Mr. Ted Smith on Friday, February 26, 1977 he informed me that approximately fifty to sixty percent of the land owned in the unorganized borough is registered with the Division of Lands; this would be original owners only, as there is no control over transfer of ownership. Mr. Smith did indicate that his department can publish a foreclosure notice to force the unregistered owner to come forward; however, this practice has been used very rarely.

Mr. Smith is in agreement with Bob Dozier, state assessor that HB 202 should not exempt unimproved land. It is his feeling that this would unduly burden those individuals who do improve their land while owners of land would not be inclined to make improvements knowing that they would be subject to a tax.

Testimony for Tuesday, March 1st, will include Mr. Dozier and Mr. Pomeroy from C&RA and Mr. Wall from the Department of Revenue. Both departments have prepared fiscal notes and copies of both will be sent over today.

Thank you.

Tax bill reminds *Tundra Times 4/77* Wallis of tea party HB 202

By MARGIE BAUMAN

President Tim Wallis of Doyon, Limited, is taking a critical view of Senate Bill 35, saying it's made of the same stuff that brought on the Boston Tea Party.

Wallis sees the legislation, to provide for taxing developed land within the Unorganized Borough, as another classic case of taxation without representation.

He reminded the Tanana Chiefs Conference in convention at Fairbanks March 16, of some colonists in Massachusetts who took a dim view of such tactics back in 1773. They disguised themselves as Indians and proceeded to dump a sizeable amount of British tea into Boston harbor.

"What they're trying to do in Juneau now is exactly what they (the colonists) were fighting against back then," Wallis said.

"People in Juneau will be assessing, taxing your property and deciding how to spend it. Most of those people come from urban areas; people from rural areas will not have much say in this," Wallis said.

As Wallis spoke he offered delegates to the convention copies of a memorandum on the bill prepared by Bill Timme, Doyon's attorney.

The memorandum notes that "There is a possibility that the tax as proposed is in violation of the equal protection clause of the U.S. Constitution.

"It would appear that the state would be treating one type of property differently than other property of similar character," Timme said.

"The only property which is being taxed is property in the

unincorporated borough. No tax is levied by the state on identical property in incorporated boroughs this tax cannot be said to be substitute for such borough taxes since the assessment rate varies borough to borough.

"While variances in the millage rate is acceptable from one borough to the next, the fact that it is the state which is acting as the taxing authority may require the tax to be struck down unless all land in the state is subject to it," Timme said.

"Likewise," he added, "the tax is being imposed on property which is located in an area in which the majority of the taxing body."

Timme also questioned the validity of the special fund that would be set up for deposit of taxes collected under that legislation. The special account would be within the state's general fund.

"The state constitution says that when you tax someone you cannot set up a special fund," Wallis said.

The Timme memorandum said the section of the legislation regarding the special fund would require close scrutiny

Shifting the Tax Burden

Timme said the proposed tax structure "Is basically one which will shift the tax burden to Native enterprises for Native services provided in the rural areas."

"However, the decisions as to the tax rates, exemptions and use of the funds will be made by a body, in excess of 75 percent of whose members are elected by persons neither subject to the tax nor the intended recipients of its benefits.





LISA RUDD

ALASKA HOUSE OF REPRESENTATIVES

*Pouch V
Juneau 99811*

*2827 Lore Road
Anchorage 99507*

Committee Members File - HB 202

First Class Cities in the Unorganized Borough (15)

Craig
Dillingham
Galena
Hoonah
Hydaburg
Kake
King Cove
Klawock
Nenana
Nome
Pelican
St. Mary's
Skagway
Unalaska
Yakatat

Home Rule Cities in the Unorganized Borough (4)

Cordova
Petersburg
Valdez
Wrangell

All of the above exempt from HB 202

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. 202
Title Levy and Collection of Taxes on Developed Property: Unorganized Borough
Requested by Representative Parr Date _____

II. FISCAL DETAIL

Agency Affected Community and Regional Affairs
Program Category Affected Development
Budget Request Unit(s) Affected State Assessor 21 - 73 - 3 - 01 - 16 - 00

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		428.3	454.0	481.2	510.0	540.6
200 TRAVEL		87.0	92.2	63.5	67.3	71.3
300 CONTRACTUAL		673.6	719.7	114.6	121.5	128.8
400 COMMODITIES		35.6	37.7	16.0	17.0	18.2
500 EQUIPMENT		43.8	10.0	10.0	10.6	11.2
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		1,268.3	1,313.7	685.3	726.4	770.1

-10.15%

75 3 year cycle

FUNDING (Thousands of Dollars)

GENERAL FUND		1,268.3	1,313.7	685.3	726.4	770.1
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME		18	18	18	18	18
PART TIME						
TEMPORARY						

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

- @ assessment date January 1, 1979 (Amendment necessary)
- The estimated tax base for the unorganized borough is based on known taxable property values, parcels per capita and average per parcel valuation within home rule and first class municipalities as of January 1, 1976.
- Estimated tax base is discounted 20% to reflect the unimproved property exclusion.
(809,328,988 = 1,011,661,235 - 20% 202,332,247)
- Estimated average mill rate for administration of schools within 11 boroughs is 7 mills
(7 mills = numerical average 6.11 weighted upward to reflect Anchorage municipality at 8.69 mills.)
- Estimated revenue is based on a 7 mill tax rate times the adjusted tax base
($\$5,665,302 = 809,328,988 \times .007$)

Analysis Continued

IV. DATE 2-24-77

PREPARED BY S. Robert Dozier

AGENCY Community and Regional Affairs

PHONE 465-4730

Original: Legislative Finance

Coord. w/ Div. of Lands?

Analysis Continued, HB No. 202

House Bill No. 202 requires the state assessor, Department of Community and Regional Affairs to assess all developed real property situated within the unorganized borough including second class cities and deliver an equalized assessment roll to the Department of Revenue who shall be responsible for collection and enforcement of the tax. The Department of Revenue will provide a fiscal note concerning its duties.

Within the time allocated for the study and the limited information available concerning taxable property within the unorganized borough an attempt has been made to estimate the potential tax base and administrative costs which are the responsibilities of this Department.

An estimate with a high degree of accuracy would be possible if an ad valorem tax base study were initiated and funded prior to implementation of House Bill No. 202.

Marunde says before vote -

The beginning date of January 1, 1978, provides 9 months in which to complete the assessment roll. In our opinion the project will require no less than two years to complete. Administrative costs as indicated are based on an assessment levy date of January 1, 1979, rather than January 1, 1978, as stated on page 1, line 13 of the bill.

BASIS FOR ESTIMATED POTENTIAL REVENUE

Home Rule and 1st Class Municipalities

Real Property - 1-1-76
Number of parcels
Valuation per parcel
Population
Population per parcel

valuation
\$ 5,426,772,680 (acres or \$?)
164,830
32,923
357,815
2.174
→ after exemption

Unorganized Area and 2nd Class Cities

Population July 1, 1976 (Est. 6% increase over 7-1-75) 51,386
Population per parcel 2.174
Number of parcels 23,637
Valuation per parcel \$16,000 - \$32,923 - *too high for rural areas?*
Real property valuation 1-1-76 778,200,950

Adjusted Tax Base 1-1-79 30% Increase (10% Annually) 1,011,661,235
Estimated Revenue @ 10 mills FY 79 (Real Property) \$10,116,612
Unimproved Land Exclusion (-20% of Tax Base) 809,328,988
Average Borough School levy @ 7 mills (HB 202) \$ 5,665,302

Program development, implementation, and administration is divided between the Department of Community and Regional Affairs and the Department of Revenue.

Marunde says shd. be 80% of tax base

The pilot program will require in-depth research to develop standardized methods, procedures and forms. A professional services fee is included to assist the office staff in completing by June 1979, the required mapping, appraisal, appeal, and delivery to the Department of Revenue the certified 1979 assessment roll, listing all real property taxable under provisions of the bill. The project includes the assembly of all available survey maps, aerial photos; map design and drafting of required area; title search and ownership data, required market and construction cost data; on-site property inspection, enumerating, and grading; office calculations; computer listing of the assessed value of land and improvements according to individual 2nd class cities and regional areas as determined to be appropriate; mailing assessment notices; appeal procedures before the state assessment review board and delivery of an equalized and certified assessment roll to the Department of Revenue.

The State Assessor would be upgraded from range 22 to range 24 and be assigned a secretary. Under direction of the state assessor, the appraiser and mapping supervisors, will develop regulations, forms and procedures. The mapping supervisor will correlate all phases of the mapping project with this staff and a cadastral mapping firm under contract and assume full responsibility for the initial and ongoing land status mapping system. The appraiser supervisor will correlate all phases of the appraisal project with his staff and an appraisal firm under contract and assume full responsibility for property appraisal, appeal, and maintenance of the assessment roll. Under direction of the state assessor the supervisors, staff appraisers, title examiners, draftsmen, and clerks will function as an integrated unit.

The project may be completed with contractual professional fee budget allocations by private, cadastral mapping and appraisal firms under contract or by a combination of departmental staff and private enterprise. The latter is preferred, as initial staff involvement will provide continuity of trained key personnel for subsequent program years administration. The initial two year project costs based on total professional contractual services will add \$133,660 or 10.53% to the FY 78 Fiscal Note estimate, and a comparable amount to the FY 79 estimate. ($\$1,401,852 = 600,000 + 668.3 \times 20\%$)

Program maintenance reflecting the three year reassessment schedule as outlined on page 2, line 14 of the Bill may result in a 10 to 15% decrease in administration costs after the two year initial assessment project is completed. (FY 78 \$582,505 = \$685,300 - 15% \$102,795)

Administrative costs as estimated and as supplied by the Department of Revenue for the initial project could be funded in full by enactment of the proposed Real Property Transfer Act (See Appendix G, Alaska Taxable, 1976) with a fee based on 1/2 of 1% of the consideration, estimated to produce \$2,250,000 annually.

Analysis Continued, HB No. 202

Enactment of the proposed Real Property Transfer Act will, in addition to providing full funding for the entire project, decrease by 20% the FY 80 and subsequent years administrative costs, as the cadastral mapping and market data information for all of Alaska will be weekly received, catalogued, and filed in-house by the Department. (FY 80 \$466,004 = \$582,505 - 20% \$116,501)

ADMINISTRATIVE COSTS:

100 Personal Services		FY 78	FY 79	FY 80
<u>100 Mapping</u>				
1 mapping supervisor	Range 20 @ 2187	26,244	27,818	29,487
1 title examiner	Range 19 @ 2034	24,408	25,872	27,424
2 title examiners	Range 16 @ 1630	39,120	41,467	43,955
1 draftsman	Range 18 @ 1889	22,668	24,028	25,470
2 draftsmen	Range 16 @ 1630	39,120	41,467	43,944
1 clerk IV	Range 9 @ 1018	12,216	12,949	13,726
1 clerk III	Range 8 @ 957	11,484	12,173	12,903
Subtotal		<u>175,260</u>	<u>185,774</u>	<u>196,920</u>
Fringe benefits 21%		36,805	39,013	41,353
Subtotal Mapping Personnel		<u>212,065</u>	<u>224,787</u>	<u>238,273</u>

100 Assessment

state assessor	Range 24 @ 539(upgrade)	6,468	6,856	7,267
1 appraiser supervisor	Range 20 @ 2187	26,244	27,818	29,487
1 staff appraiser	Range 19 @ 2034	24,408	25,872	27,424
3 staff appraisers	Range 18 @ 1889	68,004	72,084	76,409
1 secretary	Range 10 @ 1083	12,996	13,776	14,603
1 assessment clerk	Range 14 @ 1407	16,884	17,897	18,971
1 clerk IV	Range 9 @ 1018	12,216	12,950	13,727
1 clerk III	Range 8 @ 957	11,484	12,173	12,903
Subtotal		<u>178,704</u>	<u>189,426</u>	<u>200,791</u>
Fringe benefits 21%		37,528	39,780	42,166
Subtotal Assessment Personnel		<u>216,232</u>	<u>229,206</u>	<u>242,957</u>
Subtotal Mapping Personnel		<u>212,065</u>	<u>224,787</u>	<u>238,273</u>
Total Personal Services		<u>428,297</u>	<u>453,993</u>	<u>481,230</u>

200 Travel and Per Diem

State Assessor and Supervisors	5,000	5,300	5,618
Title Examiners and Appraisers	75,000	79,500	50,000
Review Board	7,000	7,420	7,865
Total	<u>87,000</u>	<u>92,220</u>	<u>63,483</u>

Analysis Continued, HB No. 202

<u>300 Contractual Services</u>	FY 78	FY 79	FY 80
Telephone and long distance	5,500	5,830	3,500
Postage	4,400	4,665	3,000
Printing advertising	5,500	5,830	5,000
Data processing and programming	55,000	100,000	50,000
Machine rental and xeroxing	2,200	2,332	2,000
Office Rent - 1800 sq.ft. @ 55¢ <i>Amch.</i>	990	1,050	1,113
Professional fees <i>\$ 1.00 - 1.25</i>	600,000	600,000	50,000
Total	<u>673,590</u>	<u>719,707</u>	<u>114,613</u>
 <u>400 Commodities</u>			
Reference materials and maps	10,600	11,236	6,000
Office supplies	25,000	26,500	10,000
Total	<u>35,600</u>	<u>37,736</u>	<u>16,000</u>
 <u>500 Equipment</u>			
11 executive desks @ 315	3,465		
11 executive chairs @ 130	1,430		
5 secretarial desks @ 370	1,850		
5 secretarial chairs @ 115	575		
19 desk lamps @ 60	1,140		
3 drafting tables @ 250	750		
3 drafting table equipment @ 190	570		
3 drafting stools @ 125	375		
15 map cabinet flat @ 590	8,850		
25 map cabinet hanging @ 215	5,375		
1 diazo blue line printer @ 1000	1,000		
25 filing lateral cabinet @ 380	9,500		
8 calculators @ 466	3,728		
5 typewriters @ 795	3,975		
5 tables @ 100	500		
8 conference chairs @ 90	720		
Total Equipment	<u>43,803</u>	<u>10,000</u>	<u>10,000</u>
 Total Administration Costs:	1,268,290	1,313,656	685,326

H.B. 202

The purpose of this bill is to remedy at least in part, an existing inequity in taxation across the state. At present, in all the organized borough and first class cities, property owners must pay real property taxes, part of which go for the support of the educational system. Still carrying over from earlier days, however, is a lack of any taxation of a sort on real property in the unorganized borough.

*seems
not*

Once upon a time this exemption may have been justified. There was little in the Bush except one or two-room cabins, sod houses, and fish camps. The cost of collecting taxes would have far exceeded the amount of revenue derived.

Now, however, the situation has changed. Lodges and service stations, stores, restaurants and other business have sprung up along the major highways of the state. The owners of these properties pay only state income tax toward the cost of the state and a portion of this income tax goes to support schools. They are obviously getting a free ride at the expense of property owners in the boroughs and cities.

Under the bill real property in the unorganized borough would be assessed at its fair market value (what a willing buyer would pay to a willing seller with both of them knowing property values) as is now the case required by law for organized municipalities. All of the exemptions presently authorized for municipalities are included in the bill (Senior citizens have a basic \$10,000 exemption authorized under the pipeline act).

prop. tax - equiv. Net

optional for munic.

Unimproved land which is held by native corporations under the Alaska Native Claim Settlement Act is exempted by that Act and in order to avoid discrimination this exemption has been extended to the whole unorganized borough.

The millage rate would be the average millage rate presently levied for educational purposes in the organized municipalities. It is my guess that this will be about a 5 mill rate.

I have no desire to tax nor do I believe it would be feasible to tax the small low value cabins in many of the villages. People who live in such cabins to frequently do not have the wherewithal to support themselves much less to pay a property tax. The committee may decide that an exemption ceiling greater than \$10,000 is desirable if taxation of this kind of property is to be avoided. The \$10,000 figure was picked because it is presently the ceiling authorized by law for the boroughs and cities. There is, however, in my mind no justification for failing to tax the significant properties in the unorganized borough and requiring the property owners in the organized areas to bear an unfair share of the burden.

Bristol
Bay
Native
Corporation

445 E. 5TH AVENUE / P.O. BOX 220 / ANCHORAGE, ALASKA 99510 / PH (907) 278-3602

March 13, 1978

The Honorable Lisa Rudd
Alaska State House of Representatives
Pouch "V" State Capitol Building
Juneau, Alaska 99811

Dear Representative Rudd:

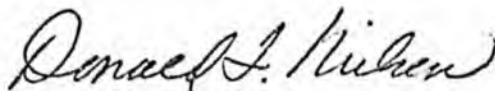
We have reviewed H.B. 202 (taxation in the unorganized boroughs) and for the immediate we are opposed to the legislation, however we do have some recommendations.

In order for any taxation policy to work properly an economic base needs to be strong enough if any services are to be rendered. To my knowledge, none of the regions have a strong economic base. What good is taxation if the citizens of the area don't have the income to pay taxes?

It would be in the best interest of everybody to have the State study the effects of this type of legislation (H.B. 202) more thoroughly. One recommendation would be for the State to appropriate funds to create a model of a borough based on the same lines of a region such as Bristol Bay. The important factors of this is; what does it cost to provide the present services? What would it cost to provide more services such as police, fire, etc.? Is there a good tax base? What is the economic base in the area? What is the income per capita? Is there enough revenue to provide services?

These are very important questions that should be answered before any legislation is acted upon.

Sincerely,



Donald F. Nielsen
Vice President Operations

cc: Rep. Nels Anderson, Jr.
Bristol Bay Area Health Corp.
Bristol Bay Native Association

SCHOOL TAX REVENUES
IN THE UNORGANIZED BOROUGH

Department of Revenue is unable to give us a breakdown of the \$10 school tax revenues by district.

However, some sort of relationship may be developed through figures for school membership.

$$\frac{\text{Total District Membership}}{\text{Total State Membership}} \quad \text{to} \quad \frac{\text{Total REAA Membership}}{\text{Total State Membership}}$$

71,885 = Total District (City-Borough) School Membership*

11,417 = Total REAA School Membership*

83,302 = TOTAL

86% = District

14% = REAAs

\$2,588,600 = Total Revenues from \$10 School Tax

86% = \$2,226,196 = Amt from District Taxpayers at \$10/yr

14% = \$ 362,404 = Amt from REAA Taxpayers at \$10/yr

\$ 906,010 = Amt from REAA Taxpayers at \$25/yr

\$2,536,828 = Amt from REAA Taxpayers at \$70/yr

* Includes 1/2 of Centralized Correspondence Membership

ADVANTAGES OF HB 202

1. Source of Revenue;
2. Important machinery for determining and keeping current a record of property ownerships;
3. Cadastral mapping allows for accurate planning and value estimating during important negotiations such as D-2, Alaska Gas Pipeline and other future issues;
4. Is a step toward remedying an existing inequity in taxation across the state in that citizens in the organized boroughs pay not only toward support of their own schools, but also toward those in the unorganized areas --- this is a matter of discrimination;
5. The Legislature will begin to exercise its responsibilities as Assembly of the Unorganized Borough,

Annette

REPORT OF THE INTERIM COMMITTEE
ON TAXATION IN THE UNORGANIZED BOROUGH

The purpose of the interim committee was to hold public hearings to receive comments from citizens in Delta, Tok, and Fort Yukon as representative of unorganized areas of the state that would be affected by taxation in the unorganized borough. The vehicle for the hearings was HB 202, by Rep. Charles Parr.

The interim committee was composed of members of the standing House Community and Regional Affairs Committee for the Tenth Alaska State Legislature. The members are:

Representative Lisa Rudd, Chair
Representatives Merle Snider, Bill Miles, Sally Smith,
Randy Phillips, Nels Anderson, Pete Lovseth, Al Ose and
Tim Kelly.

Staff accompanying the committee were:

Bob Dozier, State Assessor; Jim McKenzie, Legislative
Affairs Legal Division and Judith Pinero, Administrative
Assistant to the committee.

There was no action taken on the bill nor were there any work sessions or mark-up during the interim.

Public Hearings

Delta	October 17
Tok	October 18
Fort Yukon	October 20

(With stops in Dot Lake, Beaver and Stevens village)

Notification-Publication

August, 1977	Letters to Delta, Tok and Fort Yukon School Board to arrange meeting space in the local schools.
August, 1977	Letters to Dot Lake, Beaver, and Stevens Village advising community of the committee's plans for an informal visit to talk to residents.
September 1977	Public hearing announcements provided to interested persons and newspapers in the communities and surrounding areas.

In fact, the oil industry raised this question as a constitutional "equal protection" issue in litigation, but the suit was settled before the issue was decided by the courts. Later efforts to focus on the question of taxation in the unorganized borough came in 1975 with the establishment of rural education attendance areas in the unorganized borough. Some legislators felt at that time that local control and policy making power should not be given to the REAA's without requiring them to make local tax contributions to help support the REAA's.

The fact that the REAA's are entirely supported by the state whereas school districts in incorporated areas must support much of their education services through local tax levies, seems to be the reason for the introduction of HB 202. Urban legislators find it hard to justify this apparent inequity to their constituents, who are paying both local and state taxes to support education in the state.

That the legislature has the power to levy a property tax, or any tax, in the unorganized borough is without doubt. Under the state constitution (Art.X, Sec.6) the legislature is the assembly, or governing body, of the unorganized borough.

PUBLIC HEARING COMMENTS - SYNOPSIS

- taxation imposed by the state forces the formation of local government.
- no assurance that revenues generated would benefit their area.
- taxation without representation.
- cost to the state of levying the tax is too high for the revenues to be realized.
- opposition to property tax in principle.
- amount of taxation would not equal the services to the area.
- punitive legislation

Delta Junction
+ Tok + Fort Yukon

state funds

Simmons

Firehall \$35,000

clinic
ambulance
tourist center
courthouse
f.g.

troopers
highways
schools -
recreation cent.
alcohol progs.

HB 202 - Delta Junction - Tok - Fort Yukon

- Study Requests - how many \$ all together the unorganized boroughs get (i.e. total for REAA's + ^(anything for CRAB's + entire unorg.))
- ✓ - what does it cost to support Delta Junction (GF) Tok, Ft. Y.
 - ✓ - assurance of ability to separate between real & personal property tax
 - ~~what is the amount of state and federal \$ to Tok area?~~

Reasons for opposition - objections to the bill

- forcing organization of local government
- oppose exclusion of unimproved land
- the cost does not equal the anticipated revenue ^{Heier Anchorage Assessor - early days of pipeline assessment}
- vague language of bill - esp. def. of "unimproved land"
- ~~taxation without representation / punitive legislation~~
- no assurance that revenue generated would benefit the specific area
- question the basis of estimates upon which fiscal note was drafted
- opposed as the tax is a means to do mapping and title to land
- tax will affect commercial properties and impact consumer (i.e. electric corp. in Fort Yukon)

Concerns

- possibility of redistricting that would affect the satellite REAA's in the Tok area if they were forced to organize
- those receiving services are not those that pay the tax
- ✓ - what about the large tract with one structure - ^{is the value of the land taxed?}
- no reason to impose a tax in order to do mapping and title search in the unorganized boroughs

Questions

- wants the \$ amt of services to equal the tax revenue
- ✓ - does the ~~borough~~^{state} own schools and the land upon which they stand?
- ✓ - are there any properties locally exempted by Fort Yukon as a 2nd-class city? they don't levy a p. tax - NO
- ✓ - will the imposition of this tax result in loss of foundation entitlements (i.e.: per pupil \$ amts. based on attendance) makes no provision for only if legislature needed school foundation formula program - NO

Proposed Amendment

- ~~refer bill to HESS~~
- upon receipt of 100% state-funded education - request that the tax be lifted
- amend to a ceiling of tax levied
- ✓ - raise the school tax - constitutional?
- exemption for a town or a village with a BIA school

✓ Are native allotments taxable - ?

✓ " BIA ~~land~~ townsite lots taxable - ?

Is HUD housing tax exempt? - Yes, but within

George Guffasa - BLM

HB 202

7.44 avg. mill rate for schools statewide

Oren Pomroy -

Revenues Local - \$97,900,000 avg mills 15.22
State 24,600,000 " " 8.92
avg. 13.32

Schools Local - 45,858,000
State - 13,390,000

} do not incl. cost of adm. (c. 1 mill)

Marunde

\$1,720,000 to be collected in taxes under their calculations

ask for \$0,000 exemption on residential property in bill

→ Dissolve REAT - ?? (if they establish local govt.)

Marunde -

3/11 - bill lacks definition of improved land
are Indian allotments tax exempt forever?
2nd class city can be a cop out - Tanacross
cd. incorp. + pass sales tax +
constitutionality - such ~~state~~ ^{reps.} outvoted by
urban reps.

bill est. a new kind of inequities -

John Martinique
Bill Simmons
" Arpino
Terry Bigner LaVelle Wilson
Glen Marunde
Box 111 Tok 99780

Voice of the Bush
Tax Committee
(c. 150 people)

Fbx. consumes 11% of $\$$
\$1,100,000 wd. be 11% of Dozier's tax take
Fbx absorbs state tax wd. be 20% in
unorganized base.

Voice of the Bush Tax Committee
(c. 150 people)

Box 111

Tok, Alaska 99780

Glen Marunde

John Martiniuk

Bill Simmons

Bill Arpino

Terry Brigner

Lavelle Wilson

HB 202

McCartan - 75% of state land in undesignated
borough

would add to this 202 - 20% now being pd. ^{to state} by pipeline props.

Parr includes all statutory optional exemptions.

Dozier + Pomeroy

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

STATE OFFICE BUILDING

POUCH SA - JUNEAU 99811

February 28, 1977

The Honorable Lisa Rudd
Chairman
House Community & Regional Affairs
Committee
Alaska State Legislature
Room 620 - Court Building
Juneau, Alaska

Re: House Bill No. 202

Dear Representative Rudd:

House Bill No. 202, an Act providing for assessment, levy and collection of a tax on developed land in the unorganized borough was introduced in the House on February 10, 1977 and was referred to the House Community & Regional Affairs and Finance Committees.

For the consideration of the House Community & Regional Affairs committee, I am enclosing a Fiscal Note prepared by Mr. P. A. Wall, Director, Administrative Services Division, Department of Revenue concerning the proposed legislation,

Very truly yours,



R. D. Stevenson
Special Assistant

Enclosure

cc: The Honorable Steve Cowper
Chairman
House Finance Committee
Alaska State Legislature
State Capitol Building
Juneau, Alaska

P. A. Wall, Director
Administrative Services Division
Department of Revenue
Juneau, Alaska

*any prob. w/ determining
avg. mill rate?*

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 202

Title Act relating to tax on developed land in the unorganized borough.

Requested by House Community & Regional Affairs Com. Date 2/24/77

II. FISCAL DETAIL

Agency Affected _____ Revenue _____

Program Category Affected _____ General Government _____

Budget Request Unit(s) Affected Administration and Support

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		21.9	15.3	16.0	16.8	17.6
200 TRAVEL						
300 CONTRACTUAL		6.0	6.1	6.3	6.6	6.9
400 COMMODITIES		.5	.6	.7	.7	.7
500 EQUIPMENT		.8				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	29.2	22.0	23.0	24.1	25.2

FUNDING (Thousands of Dollars)

	-0-	29.2	22.0	23.0	24.1	25.2
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

		1	1	1	1
FULL TIME					
PART TIME	2				
TEMPORARY					

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III) Revenue receives tax roll from Community and Regional Affairs. Revenue establishes average mill rate and prepares 20,000 tax bills using computer assisted procedures and mails bills. Revenue receives tax remittance, receipts money, post accounts and transmits money to Treasury. Revenue prepares separate budget and Annual Report. Revenue shares taxes collected to certain new boroughs and first class cities.

A Systems Analyst is required to design and program the Billings/Receipts System, a 6 month requirement. An Accounting Clerk is required to supervise the billings preparation and receipts processing 6 months in FY 78 and full time thereafter.

Envelopes & Forms 2.0 Systems Analyst- 6 months = 14.2 Annual Report Cost
Postage 3.5 Act Clerk III - 6 months = 7.7 is .5.
Commodities .5 Equipment .8

IV. DATE 2/26/77

PREPARED BY P. A. Wall
AGENCY Revenue

Box 198
Delta Junction, Ak. 99737
October 24, 1977

Lisa Rudd, chairperson
Community and Regional Affairs Committee
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

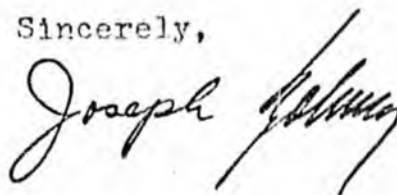
Dear Congressperson:

I am sorry I missed the meeting in Delta Junction about HB 202 and consequently don't know the wording on the bill. Actually, it doesn't matter. I only had one important question: Why is this bill necessary at this time?

Any bill that wants to extract more taxes from Alaskans at a time when we should rejoice and reap the fruits of our oil royalties looks, to say the least, strange. To say nothing about a congress working on bills to put millions of surplus dollars into saving accounts and at the same time trying to collect more taxes. It shows the mentality of our legislators to always want more power and more money even if there is more than enough already. Mr. Parr, for instance, initiated HB 202 for more taxes. He never thought of initiating a bill instead to lower an already heavy tax burden for his constituents in Fairbanks.

A few years back another Alaskan congress wanted to abolish the state income tax or finance all schools in Alaska by the state with our oil royalties. This would make much more sense now, and lower our tax burden considerably. Strangely enough, Alaska's population did not even double since 1965, but the government more than tripled during that time and it seems that the more oil money and taxes are collected, the bigger our government gets with little or no improvement in services. What we have now is taxes for taxation's sake and no other reason. If it is not stopped, it can happen again and again at any time to borough, city and bush residents alike. Think about it.

Sincerely,



Joseph Bohmer

cc: Daily News Miner
Delta Paper

STATE OF ALASKA
Inter-Department Route Slip

TO:
MAIL STATION NUMBER 3100
DEPARTMENT House C+RD
ATTENTION Lisa Rudd

- | | |
|--|--|
| <input type="checkbox"/> Approval | <input type="checkbox"/> Note & Return |
| <input type="checkbox"/> Signature | <input type="checkbox"/> Initial & Return |
| <input type="checkbox"/> Comment | <input type="checkbox"/> Return As Requested |
| <input type="checkbox"/> Contact Me | <input type="checkbox"/> Return For Approval |
| <input type="checkbox"/> Prepare Reply | <input type="checkbox"/> Necessary Action |
| <input type="checkbox"/> For Your File | <input type="checkbox"/> Your Information |

Remarks:

FROM:
MAIL STAT (CN) NUMBER 2100
DEPARTMENT C+RA
BY L. A. Wegener DATE 4/6/78

02-002 (REV.10/73)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 202

Title Levy and Collection of Taxes on Developed Land: Unorganized Borough

Requested by Representative Parr

Date _____

II. FISCAL DETAIL

Agency Affected Community and Regional Affairs

Program Category Affected Development

Budget Request Unit(s) Affected State Assessor 21-73-3-01-16-03

EXPENDITURES (Thousands of Dollars)

	* FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES	490.5	520.4	551.6	584.7	619.8	657.0
200 TRAVEL	89.9	95.4	101.1	107.2	113.6	120.4
300 CONTRACTUAL	687.8	788.8	754.1	159.2	168.8	178.9
400 COMMODITIES	37.0	39.3	16.0	16.0	17.6	18.7
500 EQUIPMENT	44.8	10.0	5.0	5.0	5.5	6.0
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	1350.0	1453.9	1427.8	872.1	925.3	981.0
FY 78 - 1/2 yr	*1104.8					

FUNDING (Thousands of Dollars)

GENERAL FUND	*1104.8	1453.9	1427.8	872.1	925.3	981.0
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME	18	18	18	18	18	18
PART TIME						
TEMPORARY						

House Bill No. 202 requires the state assessor, Department of Community and Regional Affairs to assess all developed real property situated within the unorganized borough including second class cities and deliver an equalized assessment roll to the Department of Revenue who shall be responsible for collection and enforcement of the tax. The Department of Revenue will provide a fiscal note concerning its duties.

Within the time allocated for the study and the limited information available concerning taxable property within the unorganized borough an attempt has been made to estimate the potential tax base and administrative costs which are the responsibilities of this Department.

An estimate with a high degree of accuracy would be possible if an ad valorem tax base study were initiated and funded prior to implementation of House Bill No. 202.

The beginning date of January 1, 1978, provides only months in which to complete an assessment roll. In our opinion the project will require no less than two years to complete. Administrative costs as indicated are based on an assessment levy date of January 1, 1980, rather than January 1, 1978, as stated on page 1, line 13 of the bill.

BASIS FOR ESTIMATED POTENTIAL REVENUE

Home Rule and 1st Class Municipalities including 20 2nd Class Cities

Real Property - 1-1-77	6,886,720,100
Number of parcels	181,315
Valuation per parcel	37,985
Population	365,815
Population per parcel	2,018

Unorganized Area including 93 2nd Class Cities

Population July 1, 1977 (Estimated)	32,116
Population per parcel	2,018
Number of parcels	15,915
Valuation per parcel at 80% X Organized	30,390
Real property valuation 1-1-77	483,656,850
Adjusted Tax Base 1-1-80 30% Increase (10% Annually)	628,753,900
Estimated Revenue at 10 mills FY 79 (Real Property)	6,287,540
Unimproved Land Exclusion (-20% of Tax Base)	503,003,120
Average Borough School levy at 7 mills (HB 202)	3,521,020

Program development, implementation, and administration is divided between the Department of Community and Regional Affairs and the department of Revenue.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 202Title Levy and Collection of Taxes on Developed Land: Unorganized BoroughRequested by Representative Parr

Date _____

II. FISCAL DETAIL

Agency Affected Community and Regional AffairsProgram Category Affected DevelopmentBudget Request Unit(s) Affected State Assessor 21-73-3-01-16-03EXPENDITURES (Thousands of Dollars)

	* FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES	490.5	520.4	551.6	584.7	619.8	657.0
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GENERAL FUND	*1104.8	1453.9	1427.8	872.1	925.3	981.0
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME	18	18	18	18	18	18
PART TIME						
TEMPORARY						

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

- *assessment date January 1, 1980 (Amendment necessary)
- The estimated tax base for the unorganized borough is based on known taxable property values, parcels per capita and average per parcel valuation within home rule and first class municipalities as of January 1, 1977.
- Estimated tax base is discounted 20% to reflect the unimproved property exclusion.
(503,003,120 = 628,753,900 - 125,750,780)
- Estimated average mill rate for administration of schools within 11 boroughs is 7 mills (7 mills = numerical average 6.11 weighted upward to reflect Anchorage municipality at 8.69 mills.)
- Estimated revenue is based on a 7 mill tax rate times the adjusted tax base
($\$3,521,020 = 503,003,120 \times .007$)

Analysis Continued

IV. DATE March 28, 1978PREPARED BY Oren PomeroyAGENCY Community and Regional Affairs

Original: Legislative Finance

PHONE 465-4730

cc: Budget and Management

Prime Sponsor (First Legislator Named)



House Bill No. 202 requires the state assessor, Department of Community and Regional Affairs to assess all developed real property situated within the unorganized borough including second class cities and deliver an equalized assessment roll to the Department of Revenue who shall be responsible for collection and enforcement of the tax. The Department of Revenue will provide a fiscal note concerning its duties.

Within the time allocated for the study and the limited information available concerning taxable property within the unorganized borough an attempt has been made to estimate the potential tax base and administrative costs which are the responsibilities of this Department.

An estimate with a high degree of accuracy would be possible if an ad valorem tax base study were initiated and funded prior to implementation of House Bill No. 202.

The beginning date of January 1, 1978, provides only months in which to complete an assessment roll. In our opinion the project will require no less than two years to complete. Administrative costs as indicated are based on an assessment levy date of January 1, 1980, rather than January 1, 1978, as stated on page 1, line 13 of the bill.

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Real property valuation 1-1-77	483,656,850

Adjusted Tax Base 1-1-80 30% Increase (10% Annually)	628,753,900
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Unimproved Land Exclusion (-20% of Tax Base)	503,003,120
Average Borough School levy at 7 mills (IIB 202)	3,521,020

Program development, implementation, and administration is divided between the Department of Community and Regional Affairs and the department of Revenue.

The pilot program will require in-depth research to develop standardized methods, procedures and forms. A professional services fee is included to assist the office staff in completing by June 1980, the required mapping, appraisal, appeal, and delivery to the Department of Revenue the certified 1980 assessment roll, listing all real property taxable under provisions of the bill. The project includes the assembly of all available survey maps, aerial photos; map design and drafting of required area; title search and ownership data, required market and construction cost data; on-site property inspection, enumerating, and grading; office calculations; computer listing of the assessed value of land and improvements according to individual 2nd class cities and regional areas as determined to be appropriate; mailing assessment notices; appeal procedures before the state assessment review board and delivery of an equalized and certified assessment roll to the Department of Revenue.

The State Assessor would be upgraded from range 22 to range 24 and be assigned a secretary. Under direction of the state assessor, the appraiser and mapping supervisors, will develop regulations, forms and procedures. The mapping supervisor will correlate all phases of the mapping project with this staff and a cadastral mapping firm under contract and assume full responsibility for the initial and ongoing land status mapping system. The appraiser supervisor will correlate all phases of the appraisal project with his staff and an appraisal firm under contract and assume full responsibility for property appraisal, appeal, and maintenance of the assessment roll. Under direction of the state assessor the supervisors, staff appraisers, title examiners, draftsmen, and clerks will function as an integrated unit.

The project may be completed with contractual professional fee budget allocations by private, cadastral mapping and appraisal firms under contract or by a combination of departmental staff and private enterprise. The latter is preferred, as initial staff involvement will provide continuity of trained key personnel for subsequent program years administration. The initial two year project costs based on total professional contractual services will add \$133,660 or 10.53% to the FY 78 Fiscal Note estimate, and a comparable amount to the FY 79 estimate.
(\$1,487,045 = 660,000 + 690.1 X 120%)

Program maintenance reflecting the three year reassessment schedule as outlined on page 2, line 14 of the Bill may result in a 10 to 15 % decrease in administration costs after the two year initial assessment project is completed.
(FY 81 \$741,288 = 872,104 - 15% (130,816))

Administrative costs as estimated and as supplied by the Department of Revenue for the initial project could be funded in full by enactment of the proposed Real Property Transfer Act (See Appendix G, Alaska Taxable, 1976) with a fee based on 1/2 of 1% of the consideration, estimated to produce \$2,250,000 annually.

Enactment of the proposed Real Property Transfer Act will, in addition to providing full funding for the entire project, decrease by 20% the FY 81 and subsequent years administrative costs, as the cadastral mapping and market data information for all of Alaska will be regularly received, catalogued, and filed in-house by the Department. (FY 81, \$593,030 = \$741,288 - 20% \$148,258)

ADMINISTRATIVE COSTS:

100 Personal Services		FY 78	FY 79	FY 80
<u>100 Mapping</u>				
1 mapping supervisor	Range 20 @ 2411	28,932	30,668	32,508
1 title examiner	Range 19 @ 2243	26,916	28,531	30,243
2 title examiners	Range 16 @ 1798	43,152	45,741	48,485
1 draftsman	Range 18 @ 2082	24,984	26,483	28,072
2 draftsmen	Range 16 @ 1798	43,152	45,741	48,485
1 clerk IV	Range 9 @ 1122	13,464	14,272	15,128
1 clerk III	Range 8 @ 1055	12,660	13,420	14,225
Subtotal		193,260	204,856	217,146
Fringe benefits 25.7%		49,668	52,648	55,807
Subtotal Mapping Personnel		<u>242,928</u>	<u>257,504</u>	<u>272,953</u>
<u>100 Assessment</u>				
state assessor	Range 24 @ 594 (upgrade)	7,128	7,884	8,357
1 appraiser supervisor	Range 20 @ 2411	28,932	30,668	32,508
1 staff appraiser	Range 19 @ 2243	26,916	28,531	30,243
3 staff appraisers	Range 18 @ 2082	74,952	79,449	84,216
1 secretary	Range 10 @ 1194	14,328	15,188	16,099
1 assessment clerk	Range 14 @ 1551	18,612	19,729	20,913
1 clerk IV	Range 9 @ 1122	13,464	14,272	15,128
1 clerk III	Range 8 @ 1055	12,660	13,420	14,225
Subtotal		196,992	209,141	221,689
Fringe benefits 25.7%		50,627	53,750	56,974
Subtotal Assessment Personnel		247,619	262,891	278,663
Subtotal Mapping Personnel		<u>242,928</u>	<u>257,504</u>	<u>272,953</u>
Total Personal Services		490,547	520,395	551,616

200 Travel and Per Diem

State Assessor and Supervisors	5,600	5,950	6,300
Title Examiners and Appraisers	76,500	81,100	86,000
Review Board	7,800	8,300	8,800
Total	<u>89,900</u>	<u>95,350</u>	<u>101,100</u>

Analysis Continued, HB No. 202

300 Contractual Services

	FY 78	FY 79	FY 80
Telephone and long distance (10 @ 35 + 1/d)	6,000	6,360	6,740
Postage	4,660	4,940	5,235
Printing advertising	6,000	6,360	6,740
Data processing and programming	68,750	106,000	70,000
Machine rental and xeroxing	2,400	2,545	2,695
Office Rent - 1800 sq.ft. @ \$1.35	2,430	2,575	2,730
Professional fees	<u>660,000</u>	<u>660,000</u>	<u>660,000</u>
Total	<u>687,840</u>	<u>788,780</u>	<u>754,140</u>

400 Commodities

Reference materials and maps	12,000	12,750	6,000
Office supplies	<u>25,000</u>	<u>26,500</u>	<u>10,000</u>
Total	<u>37,000</u>	<u>39,250</u>	<u>16,000</u>

500 Equipment

11 executive desks @ 335	3,685		
11 executive chairs @ 130	1,430		
5 secretarial desks @ 328	1,640		
5 secretarial chairs @ 99	495		
19 desk lamps @ 70	1,330		
3 drafting tables @ 275	825		
3 drafting table equipment @ 210	630		
3 drafting stools @ 130	390		
15 map cabinet flat @ 590	8,850		
25 map cabinet hanging @ 220	5,500		
1 diazo blue line printer @ 1,000	1,000		
25 filing lateral cabinet @ 550	13,750		
8 calculators w/2 memories @ 450	3,600		
5 typewriters @ 792	-780		
5 tables @ 59	295		
8 conference chairs @ 67	550		
Total Equipment	<u>44,750</u>	<u>10,000</u>	<u>5,000</u>

Total Administration Costs	1,350,037	1,453,775	1,427,856
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STATE OF ALASKA

DEPARTMENT OF REVENUE

JAY S. HAMMOND, GOVERNOR

STATE OFFICE BUILDING

POUCH SA - JUNEAU 99811

February 28, 1977

The Honorable Lisa Rudd
Chairman
House Community & Regional Affairs
Committee
Alaska State Legislature
Room 620 - Court Building
Juneau, Alaska

Re: House Bill No. 202

Dear Representative Rudd:

House Bill No. 202, an Act providing for assessment, levy and collection of a tax on developed land in the unorganized borough was introduced in the House on February 10, 1977 and was referred to the House Community & Regional Affairs and Finance Committees.

For the consideration of the House Community & Regional Affairs committee, I am enclosing a Fiscal Note prepared by Mr. P. A. Wall, Director, Administrative Services Division, Department of Revenue concerning the proposed legislation,

Very truly yours,



R. D. Stevenson
Special Assistant

Enclosure

cc: The Honorable Steve Cowper
Chairman
House Finance Committee
Alaska State Legislature
State Capitol Building
Juneau, Alaska

P. A. Wall, Director
Administrative Services Division
Department of Revenue
Juneau, Alaska

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 202

Title Act relating to tax on developed land in the unorganized borough.

Requested by House Community & Regional Affairs Com. Date 2/24/77

II. FISCAL DETAIL

Agency Affected Revenue
 Program Category Affected General Government
 Budget Request Unit(s) Affected Administration and Support

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		21.9	15.3	16.0	16.8	17.6
200 TRAVEL						
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400 COMMODITIES		.5	.6	.7	.7	.7
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GENERAL FUND	-0-	29.2	22.0	23.0	24.1	25.2
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
FULL TIME			1	1	1	1
PART TIME		2				
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III) Revenue receives tax roll from Community and Regional Affairs. Revenue establishes average mill rate and prepares 20,000 tax bills using computer assisted procedures and mails bills. Revenue receives tax remittance, receipts money, post accounts and transmits money to Treasury. Revenue prepares separate budget and Annual Report. Revenue shares taxes collected to certain new boroughs and first class cities.

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STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 20, 1978

SUBJECT: HB 202; general comments

TO: Lisa Rudd, Chairman
House Community and Regional Affairs Committee

FROM: Richard A. Bradley, Legislative Counsel

At the recent hearing on HB 202, you invited my comments generally on HB 202; I gather no particular focus was requested, merely whatever might seem useful to you or the committee. Accordingly, my comments will generally explicate what I did, perhaps why I did it, and offer a suggestion on one problem identified at the recent hearing.

When I drafted HB 202 for Representative Parr, SB 35 (Orsini) had already been introduced. Parr requested a departure from some of the approaches in SB 35.

Generally speaking, SB 35 and HB 202 do represent different approaches to the general problem of the unevenness of taxation in the state:

(1) SB 35 levies a property tax (sec. 100) but gives a credit against the tax for sales tax levied in second class cities in the unorganized borough. (Sec. 110). There is no explicit relationship created between the levy of the tax and the state's support of education in the unorganized borough.

(2) HB 202 levies a tax which is an unweighted average of the mill rates levied in boroughs for education. (Sec. 100, 110) No credit for the sales tax in second class cities is granted, quite logically, because these cities do not pay for their schools from sales taxes raised.

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

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(1) SB 35 levies a property tax (sec. 100) but gives a credit against the tax for sales tax levied in second class cities in the unorganized borough. (Sec. 110). There is no explicit relationship created between the levy of the tax and the state's support of education in the unorganized borough.

(2) HB 202 levies a tax which is an unweighted average of the mill rates levied in boroughs for education. (Sec. 100, 110) No credit for the sales tax in second class cities is granted, quite logically, because these cities do not pay for their schools from sales taxes raised.

Representative Lisa Rudd
March 20, 1978
Page 2

While the state does provide services in the unorganized borough apart from education, the education function does represent the most substantial service delivered and accordingly HB 202 does seem a more focussed approach to the general question that SB 35.

The unweighted average of taxes levied for education in organized boroughs, as the basis for the tax in the unorganized borough, seems somewhat crude. I was not requested to run any analyses of what this does and I have no judgment as to the fairness of the averaging concept. I assume that Mr. Parr also may recognize the concept as crude.

The exemptions from the taxation under sec. 100(b) are rather straightforward:

- (1) The unimproved land exemption has a number of justifications, only one of which is the problems created by §21(d) of the settlement act. Other reasons would include a logical state policy of discouraging development in the unorganized borough, either for pure environmental reasons or to discourage the proliferation of individuals who will inevitably demand state services.
- (2) AS 29.53.020 is the general exemption from property tax "required" by state law. It includes §20(e), the senior citizen exemption.
- (3) AS 29.53.025(a) grants the optional exemption of up to \$10,000 for residential property.
- (4) AS 43.56 and 43.58 are the Oil and Gas Property Taxes and the Oil and Gas Ad Valorem taxes.

The reference in §120 of the bill is to AS 09.35.090 and perhaps other sections of AS 09.

Secs. 130 - 190 seem rather straightforward and not to require comment.

Sec. 200 would be complied with by the establishment of separate BRU's.

The effective dates of the bill need revision. See sec. 100(a) and sec. 2.

Representative Lisa Rudd
March 20, 1978
Page 3

Two other issues merit analysis:

1. The ultimate logic of taxation in the unorganized borough is the encouragement to REAA's, for example, to incorporate as boroughs. Sec. 220 is a gesture towards such a result but perhaps more could be done.

If the bill passes and if the taxation level approaches the amount a borough would need to raise under the foundation program as local effort, consider directing C&RA to work with the REAA's as transitional governments for the study of borough incorporation.

2. During the recent testimony on HB 202, comment was made that present residents of the unorganized borough reacted negatively to the exemption granted undeveloped lands. As I recall the comments, the concern seemed directed at the perceived evils of speculators and speculation. While I have argued above for encouraging nondevelopment, if speculation is viewed as a problem, then consider what might be called a "turnover tax" as part of the property tax scheme.

The difficulty is that frequently property tax evaluations lag substantially behind real values and the system (except perhaps in the Juneau Indemnification example) does not reward those who come forward to volunteer the view that their property is actually worth more than the assessor thinks it is worth.

I have no solution to the latter point but it would be possible to levy a tax on transfers of property which would regain the property tax which would have been collected if the property had been assessed at the value at which it sold. AS 29.53.035(a) approaches the concept though it is administratively ineffective.

The concept, of course, has statewide application.

The comments offered are somewhat random. Should you or the committee have further questions, please advise.

RAB:hjd;jpd

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

December 12, 1977

MEMORANDUM

SUBJECT: Unorganized Borough Appropriations
W. O. #4363

TO: The Honorable Lisa Rudd

FROM: Linda Haagensen^{LH}
Research Analyst

Attached are rough estimates of general fund appropriations for Delta Junction, Tok, and Fort Yukon in the categories you have requested. Please keep in mind that these figures do not precisely reflect what is being spent in the three locations because in many cases budget allocations are not formulated by region but on the basis of overall program costs. Persons contacted in the various state agencies provided us with the estimates along with qualifying information attached. (See Table A)

In answer to the second part of your request regarding per capita state expenditures in the organized boroughs compared to the unorganized borough, the information in Table B summarizes educational costs for FY 77 and projected figures for FY 78.

Costs are given per ADM for comparisons based upon actual attendance figures and per capita. Population estimates were obtained from the Department of Labor. As these cost figures indicate, the state spends twice as much per ADM and roughly two and 1/2 times as much per capita in the unorganized borough as it does in organized boroughs.

You stated during our meeting of November 1, that you would also like a per capita estimate of what the state is spending in general inside boroughs as opposed to within the unorganized borough if such information were relatively easy to obtain. Overall state expenditures are not available in categories that would allow for an accurate computation of costs. Our only means of deriving these figures would entail a lengthy process with extremely rough estimates of low reliability as results. For this reason, we have not included this information.

Please advise us if the enclosed information is insufficient for your purposes, so that we may implement further research.

LH:fc
Attachment

GENERAL FUND APPROPRIATIONS FOR FORT YUKON,
DELTA JUNCTION AND TOK IN SELECTED CATEGORIES

	FY 77		FY 78	
	Allocation	Per Capita*	Allocation	Per Capita*
<u>HEALTH CLINICS¹</u>				
Fort Yukon	\$ 69,600 Operating 124,000 Capital Improvements	\$ 109	\$ 64,800 Operating	\$ 102
	\$193,600	\$ 304		
Delta Junction	\$ 40,400 Operating	\$ 45	\$ 17,000 Operating	\$ 19
Tok	\$ 55,000 Operating 10,000 Capital Improvements	\$ 64	\$ 47,000 Operating	\$ 55
	\$ 65,000	\$ 76		
<u>AMBULANCE²</u>				
	0	-	0	-
<u>TOURISM³</u>				
Fort Yukon	0	-	0	-
Delta Junction	\$ 4,000	\$ 4.50	0	-
Tok	0	-	\$ 2,000	\$ 2.34
<u>TROOPERS⁴</u>				
Fort Yukon	\$ 42,550	\$ 67	\$ 43,250	\$ 68
Delta Junction	\$135,700	\$ 152	\$148,875	\$ 167
Tok	\$181,700	\$ 213	\$192,125	\$ 225
<u>SCHOOLS & EDUCATION⁵</u>				
Yukon Flats (includes Ft. Yukon)	\$1,478,093	\$5,038/ADM	\$2,040,875	\$6,378/ADM
Delta Greely (includes Delta J.)	\$2,505,541	\$3,188/ADM	\$2,989,819	\$3,448/ADM
Alaska Gateway (includes Tok)	\$1,393,477	\$3,767/ADM	\$1,879,750	\$4,131/ADM
<u>RECREATION CENTERS⁶</u>				
Fort Yukon	\$ 3,185	\$ 5	See notes following	
Delta Junction	\$ 4,460	\$ 5		
Tok	0	-		
<u>ALCOHOL PROGRAMS⁷</u>				
Fort Yukon	0	-	See notes following	
Delta Junction	0	-		
Tok	\$ 15,700	\$ 18		

*Based on population estimates from the Department of Community and Regional Affairs

Notes to Table A:

1. Health Clinics - includes costs for Public Health nursing and Capital Improvement Funding.

Fort Yukon's FY '77 funding covered services to additional villages of Allakaket, Anaktuvuk Pass, Arctic Village, Beaver, Beetle, Birch Creek, Chalkyitsik, Stevens Village, and Venetie with an estimated population of 1400. Capital Improvement money was appropriated for Health Center to increase FY '76 amount of \$200,000.

FY '78 funds covered services to additional villages of Arctic Village, Beaver, Birch Creek, Chalkyitsik, Rampart, Stevens Village, and Venetie with an estimated total population of 1,150. Delta Junction's funding covers services to additional villages of Cantwell, Circle, Clear, Eagle, Healy, Mt. McKinley, Nenana, Suntrana and Usiballi.

FY '78 funds were reduced because a part-time nursing position was relocated from another service to provide more coverage for Delta area and reduce the workload of the Fairbanks Itinerant nurse position.

Tok's operating costs covered services to the following villages: Dot Lake, Mentasta, Northway, Richardson Highway (from mile 219), Tanacross, Tetlin, Tok, Area North of Mile 63.5 to Porcupine Creek. FY 77 Capital Improvements for repair of community buildings leased by Tanana Valley Physician Clinic in Fairbanks.

2. The only locations in the state where general funds have been allocated for ambulance services are Cooper Landing and Healy to assist with gas and maintenance costs.
3. The Division of Tourism in the Department of Commerce awarded money to Delta Junction and Tok for visitor information services.
4. These figures reflect salaries and benefits estimates for Trooper positions assigned to the three areas which include:

Fort Yukon - 1 Trooper (currently vacant)

Delta Junction - FY '77 - 1 Dispatcher, 1 Corporal, 2 Troopers; another 1/2 time Dispatcher allocated for FY '78.

Tok - FY '77 - 2 Troopers, 1 Constable (currently vacant), 1 Corporal; another Trooper position in FY '78.

Other Trooper-related costs such as for building and vehicle maintenance were unobtainable for each specific location.

5. Educational expenditures are available by school district only. Comparative costs have been computed per average daily membership (ADM), an average daily school attendance figure that provides a more meaningful basis of comparison than would per capita allotments. Per Capita costs are not included due to the difficulties in obtaining reliable population estimates for each school district.
6. FY '77 funds shown here were granted through the Revenue Sharing Program with Community and Regional Affairs. They were provided for the development of a park with play and picnic areas in Delta Junction and for 2 campgrounds and a community center in Fort Yukon. This program bases allotments on a \$5 per capita rate for each city/ village that applies in the state. FY '78 appropriations depend upon applications submitted and will be determined later.
7. Money for alcohol programs thru the Office of Alcoholism and Drug Abuse is available if applied for. Fort Yukon and Delta Junction have not submitted applications within the past several years and therefore have received no state funds. Allocations of FY '78 funds have not yet been determined.

TABLE B

Education Expenditures in Boroughs vs. Unorganized Borough, FY'77 & FY'78

		<u>Boroughs</u>	<u>Unorganized Borough</u>
	Population	329,060	69,160
	ADM	65,427	16,558
	State Aid	\$ 121,474,550	60,408,733
FY'77	Aver. State Aid/ADM	1,857	3,648
	Aver. State Aid/Capita	369.	873.
<hr/>			
	Population	338,952	72,046
	ADM	66,773	17,356
	State Aid	\$ 135,971,910	74,715,377.
FY'78 Esti- mates	Aver. State Aid/ADM	2,036.	4,305.
	Aver. State Aid/Capita	401.	1,037.

FORT YUKON INCOME SOURCES

FY 76

3% SALES TAX	\$ 43,630	
Municipal LIQUOR STORE SALES	379,815	
COMMUNITY CENTER VENDING MACHINES	545	
BUILDING RENT	5,925	
SNOW MACHINE FEES	1,905	
FINES	35	
MISCELLANEOUS REVENUE	<u>325</u>	\$ 432,180
STATE REVENUE SHARING (GRANT)		
Police, FIRE, PARKS AND REC. AND LAND USE PLANNING	51,065	
BUSINESS LICENSE (REFUND) -	4,200	
LIQUOR LICENSE REFUND.	500	
LAW ENFORCEMENT (LEAA) (REFUND OR REIMBURSEMENT)	17,335	
STATE SERVICES (REIMBURSEMENT)	<u>16,030</u>	89,130
FEDERAL REVENUE SHARING (GRANT)	1,025	
FEDERAL REIMBURSEMENT IN SERVICES (REIMBURSEMENT)	<u>5,025</u>	6,050
TOTAL -		<u>\$ 527,360</u>

REPORT OF THE INTERIM COMMITTEE
ON TAXATION IN THE UNORGANIZED BOROUGH

The purpose of the interim committee was to hold public hearings to receive comments from citizens in Delta, Tok, and Fort Yukon as representative of unorganized areas of the state that would be affected by taxation in the unorganized borough. The vehicle for the hearings was HB 202, by Rep. Charles Parr.

The interim committee was composed of members of the standing House Community and Regional Affairs Committee for the Tenth Alaska State Legislature. The members are:

Representative Lisa Rudd, Chair
Representatives Merle Snider, Bill Miles, Sally Smith,
Randy Phillips, Nels Anderson, Pete Lovseth, Al Ose and
Tim Felly.

Staff accompanying the committee were:

Bob Dozier, State Assessor; Jim McKenzie, Legislative
Affairs Legal Division and Judith Pinero, Administrative
Assistant to the committee.

There was no action taken on the bill nor were there any work sessions or mark-up during the interim.

Public Hearings

Delta	October 17
Tok	October 18
Fort Yukon	October 20

(With stops in Dot Lake, Beaver and Stevens village)

Notification-Publication

August, 1977	Letters to Delta, Tok and Fort Yukon School Board to arrange meeting space in the local schools.
August, 1977	Letters to Dot Lake, Beaver, and Stevens Village advising community of the committee's plans for an informal visit to talk to residents.
September 1977	Public hearing announcements provided to interested persons and newspapers in the communities and surrounding areas.

Summary and History of House Bill 202

House Bill 202 is "An Act providing for assessment, levy and collection of a tax on developed land in the unorganized borough; and providing for an effective date."

The bill, if enacted, would levy a tax on improved property in the state's unorganized borough - that is, any land in the state which is not within an incorporated borough or a first class or home rule city. House Bill 202 was introduced by Rep. Charles Parr of Fairbanks.

There is a similar bill in the Senate, which was introduced by Senator Joe Orsini of Anchorage.

Only improved property would be taxed and the bill calls for the tax rate to equal the average of the property tax rates levied by the boroughs in the state for the support of borough school districts. The Department of Community and Regional Affairs has estimated that the rate is about 7 mills (7/10ths of 1% of the assessed value of the property).

As the bill is drafted, the following property would be exempt from taxation:

1. Property which has not been improved, such as acreage in woodland.
2. Real property which is exempt from taxation under the state's municipal code, such as the property of churches, veterans' groups and senior citizens;
3. Real property which is being taxed under the state's 20 mill levy on property used for the exploration, production or transportation of oil, and
4. up to \$10,000. of the value of residential real property, if it is within a municipality and if the municipality approves the exemption.

The bulk of the legislation, after describing the extent of the tax, addresses the mechanics of assessment, appeals of assessments, collection of the tax, and enforcement processes and penalties.

HB 202 is not the first time the question of a property tax in the unorganized borough has been raised. It came up in 1972 when the 20 mill tax was placed on oil and gas properties. At that time, the question was whether it was fair to tax the pipeline, but not any of the other valuable property in the unorganized areas.

In fact, the oil industry raised this question as a constitutional "equal protection" issue in litigation, but the suit was settled before the issue was decided by the courts. Later efforts to focus on the question of taxation in the unorganized borough came in 1975 with the establishment of rural education attendance areas in the unorganized borough. Some legislators felt at that time that local control and policy making power should not be given to the REAA's without requiring them to make local tax contributions to help support the REAA's.

The fact that the REAA's are entirely supported by the state whereas school districts in incorporated areas must support much of their education services through local tax levies, seems to be the reason for the introduction of HB 202. Urban legislators find it hard to justify this apparent inequity to their constituents, who are paying both local and state taxes to support education in the state.

That the legislature has the power to levy a property tax, or any tax, in the unorganized borough is without doubt. Under the state constitution (Art.X, Sec.6) the legislature is the assembly, or governing body, of the unorganized borough.

PUBLIC HEARING COMMENTS - SYNOPSIS

- taxation imposed by the state forces the formation of local government.
- no assurance that revenues generated would benefit their area.
- taxation without representation.
- cost to the state of levying the tax is too high for the revenues to be realized.
- opposition to property tax in principle.
- amount of taxation would not equal the services to the area.
- punitive legislation

- improved land to be taxed (i.e. local electric company) would result in higher rates to consumer.

SUGGESTED AMENDMENTS TO HB 202;

- remove exemption for unimproved land
- clarify vague language in the bill
- provide a definition of unimproved land

RECOMMENDATIONS BY PUBLIC HEARING PARTICIPANTS:

1. In lieu of enacting HB 202, raise the amount of school tax paid by residents of the unorganized borough.
2. If the tax were to be levied, upon receipt by organized areas of 100% state-funded education, the tax should be lifted.
3. One request was received for a referral of the bill to the House Health, Education and Social Services Committee to determine the effect of the bill on the REAA's.
4. Need for more public testimony.

About 80 people attended each public hearing.- A very large number considering the size of the communities. Only one person (in Delta) testified in favor of the bill. However, after each hearing several people told committee members that they realized that their area should contribute to the cost of the education services they receive but had not dared say so in face of community opposition to the tax.

The House Community and Regional Affairs Committee is continuing work on the issue of taxation in the unorganized borough during the 1978 Legislative session.

Respectfully submitted,

Lisa Rudd, Chair
House Community and Regional
Affairs Committee

March 1 1978
LR/vb

ADM = average
20.4
MEMBERSHIP

STATE OF ALASKA
DEPARTMENT OF EDUCATION
PUBLIC SCHOOL FOUNDATION PROGRAM COMPUTATIONS
FINAL REPORTS RECAPITULATION
1976-77 FISCAL YEAR

AGNES
SINICK
(2865)

7/7/77

School District	Revised ADM End of 1st. Qtr.	Final ADM 1976-77	Instr. Units	Instr. Unit Allotment	Basic Need	Level of State Support (95% Min.)	Final Computation of Entitlement	(PER PUPIL) Per ADM
Anchorage	35,622	35,332	2,060	25,000	51,500,000	95.4038	49,132,957	\$1,391
*Contact Schools, other	244	264	45	25,000	1,125,000	100.0000	1,125,000	4,261
Bristol Bay	258	264	*27/26	33,141	894,807	95.4993	854,534	3,237
Cordova	527	533	*48/47	28,750	1,380,000	97.3176	1,342,983	2,520
Craig	160	182	19	26,875	510,625	98.9177	505,099	2,775
Dillingham	426	411	*40/39	33,141	1,325,640	98.6323	1,307,509	3,181
Fairbanks	9,387	9,071	*607/591	27,813	16,882,491	95.1513	16,063,910	1,771
Galena	135	136	15	35,110	526,650	99.4123	523,555	3,850
Gaines	444	454	42	26,875	1,128,750	96.3233	1,087,249	2,395
Healy	280	280	29	26,875	779,375	99.4278	774,915	2,768
Hydaburg	105	100	*14/13	26,875	376,250	99.3584	373,836	3,738
Kuneneau	4,325	4,253	*296/295	25,000	7,400,000	96.4447	7,136,908	1,678
Kake	208	202	*22/21	26,875	591,250	99.4979	588,281	2,912
Kenai	5,248	5,162	382	26,875	10,266,250	95.0000	9,752,937	1,889
Ketchikan	2,600	2,583	*181/179	25,000	4,525,000	95.2884	4,311,800	1,669
King Cove	124	126	15	33,141	497,115	99.2887	493,579	3,949
Klawock	78	79	8	26,875	215,000	99.4347	213,785	2,706
Kodiak	2,129	2,102	*173/172	28,219	4,881,987	97.0442	4,737,588	2,254
Kat-Su	3,474	3,501	246	25,938	6,380,748	95.6512	6,103,262	1,743
Kenana	189	189	22	33,438	735,636	98.9667	728,035	3,852
Kome	887	829	*71/67	33,141	2,353,011	99.0591	2,330,872	2,812
North Slope	1,136	1,069	*117/115	35,110	4,107,870	95.0000	3,902,476	3,651
Relican	34	33	5	28,219	141,095	96.1117	135,609	4,109
Petersburg	613	597	46	25,938	1,193,148	97.0889	1,158,414	1,940
Relawik	197	193	*20/19	35,110	702,200	99.7249	700,268	3,628
Sitka	1,672	1,656	*123/120	25,938	3,190,374	95.9206	3,060,226	1,848
Sikagway	215	208	*20/19	26,875	537,500	95.0133	510,696	2,455
St. Mary's	104	101	17	34,125	580,125	99.6919	578,338	5,726
Unalaska	129	119	*16/14	33,141	530,256	97.5325	517,172	4,346
Waldez	958	953	77	28,750	2,213,750	95.0000	2,103,062	2,207
Wrangell	538	516	*45/44	25,938	1,167,210	97.6175	1,139,401	2,208
Yakutat	162	152	18	28,219	507,942	99.3098	504,436	3,319
Totals	72,608	71,650	*4866/4827				123,798,692	
Correspondence (Centralized)	434	434	26		650,000		650,000	
							124,448,692	

*Entitlement based on first quarter reporting. AS Sec. 14.17.180

STATE OF ALASKA
DEPARTMENT OF EDUCATION

School District	Final ADM 1976-77	Property Value	Value per ADM	Index	Level of State Support (95% Min.)	Matching Ratio: 1 Local Support
Anchorage	35,332	2,935,044,735	83,094	.91924	95.4038	20.7571
Contact Schools	-	-	-	-	-	-
Bristol Bay	264	21,481,048	81,368	.90014	95.4993	21.2187
Cordova	533	25,847,685	48,495	.53648	97.3176	36.2799
Craig	182	3,561,060	19,566	.21646	98.9177	91.3978
Dillingham	411	10,162,467	24,726	.27354	98.6323	72.1159
Fairbanks	9,071	795,157,070	87,659	.96975	95.1513	19.6239
Galena	136	1,445,000	10,625	.11754	99.4123	169.1534
Haines	454	30,177,406	66,470	.73534	96.3233	26.1984
Hoonah	280	2,896,750	10,346	.11445	99.4278	173.7497
Hydaburg	100	1,160,000	11,600	.12833	99.3584	154.8517
Juneau	4,253	273,362,585	64,275	.71106	96.4447	27.1271
Kenai	202	1,833,500	9,077	.10041	99.4979	198.1774
Kenai	5,162	727,586,155	140,950	1.55929	95.0000	19.0000
Ketchikan	2,583	220,019,825	85,180	.94232	95.2884	20.2242
King Cove	126	1,607,325	12,859	.14225	99.2887	139.5969
Klawock	79	807,425	10,221	.11307	99.4347	175.8864
Kodiak	2,102	112,324,150	53,437	.59115	97.0442	32.8321
Mat-Su	3,501	275,250,605	78,621	.86975	95.6512	21.9950
Nenana	189	3,549,395	18,581	.20666	98.9667	95.7763
Nome	829	14,101,800	17,011	.18818	99.0591	105.2795
North Slope	1,069	560,968,180	524,760	5.80525	95.0000	19.0000
Pelican	33	2,319,785	70,297	.77767	96.1117	24.7179
Petersburg	597	31,420,066	52,630	.58223	97.0889	33.3503
Selawik	193	959,950	4,974	.05502	99.7249	362.4781
Sitka	1,656	122,573,565	73,751	.81588	95.9206	23.5134
Skagway	208	18,751,910	90,153	.99734	95.0133	19.0533
St. Mary's	101	562,500	5,569	.06161	99.6919	323.6149
Unalaska	119	5,308,500	44,609	.49350	97.5325	39.5270
Valdez	953	228,073,510	239,322	2.64754	95.0000	19.0000
Wrangell	516	22,225,110	43,072	.47649	97.6175	40.9735
Yakutat	152	1,884,050	12,477	.13803	99.3098	143.8952
Totals	71,386	6,452,423,112	90,394	Average		

STATE OF ALASKA
DEPARTMENT OF EDUCATION

-----1976-77 FINAL ADM-----

-----INSTRUCTIONAL UNITS-----

School District	1976-77 FINAL ADM						INSTRUCTIONAL UNITS					Total
	Final ADM	Elem.	Second	Sp. Ed. (non-add)	Corres.	Voc. Ed. (non-add)	Elem.	Second	Spec. Educ.	Corres.	Voc. Ed.	
Anchorage	35,332	17,435	17,897	1,758	--	1,890	810	980	164	--	106	2,060
Contr. Schs.	264	95	169	264	--	--	7	13	25	--	--	45
Bristol Bay	264	106	158	17	--	35	9	11	3	--	3	26
Cordova	533	277	256	90	--	72	17	16	9	--	5	47
Craig	182	81	101	10	--	11	7	8	2	--	2	19
Dillingham	411	167	244	57	--	41	11	18	6	--	4	39
Fairbanks	9,071	4,657	4,289	722	125	467	242	243	67	9	30	591
Galena	136	61	75	10	--	12	5	6	2	--	2	15
Haines	454	226	228	36	--	28	15	17	5	--	5	42
Hoonah	280	144	136	48	--	30	10	10	6	--	3	29
Hydaburg	100	48	52	11	--	10	5	5	2	--	1	13
Igneau	4,253	2,172	2,070	400	11	305	117	119	38	2	19	295
Kake	202	114	88	16	--	37	8	7	3	--	3	21
Kenai	5,162	2,780	2,266	373	116	293	175	138	35	8	26	382
Ketchikan	2,583	1,201	1,356	218	26	166	65	79	21	3	11	179
King Cove	126	92	34	10	--	12	7	4	2	--	2	15
Klawock	79	79	--	12	--	--	6	--	2	--	--	8
Kodiak	2,102	1,175	906	192	21	157	78	60	19	3	12	172
Kat-Su	3,501	1,583	1,686	180	232	266	94	100	18	15	19	246
Kenana	189	120	69	19	--	14	9	6	3	--	4	22
Kome	829	403	426	105	--	75	24	27	11	--	5	67
North Slope	1,069	615	450	200	4	84	46	36	19	--	14	115
Pelican	33	22	11	--	--	--	3	2	--	--	--	5
Petersburg	597	406	191	43	--	35	25	13	5	--	3	46
Selawik	193	77	116	18	--	16	6	8	3	--	2	19
Sitka	1,656	742	909	130	5	136	45	52	13	1	9	120
Skagway	208	114	94	10	--	11	8	7	2	--	2	19
St. Mary's	101	72	29	41	--	26	6	3	5	--	3	17
Unalaska	119	61	58	9	--	13	5	5	2	--	2	14
Valdez	953	648	300	107	5	68	38	21	11	1	6	77
Wrangell	516	253	263	59	--	46	16	17	7	--	4	44
Yakutat	152	86	66	19	--	15	7	6	3	--	2	18
TOTALS	71,650	36,112	34,993	5,184	545	4,371	1,926	2,037	513	42	309	4,827

STATE OF ALASKA DEPARTMENT OF EDUCATION
PUBLIC SCHOOL FOUNDATION PROGRAM COMPUTATIONS
FINAL REPORT RECAPITULATION: 1976-77 FISCAL YEAR

REGIONAL EDUCATION ATTENDANCE AREAS	Revised ADM End 1st Qtr.	Final ADM 1976-77	Instr. Units	Instr. Unit Allotment	Basic Need	Equiv. of Local Support \$611.00/ADM	Final Computation of Entitlement	Per ADM	
1. Adak	623	588	* 44/ 41	\$33,141	\$1,458,204	\$359,268	\$1,817,472	\$3,091	
2. Alaska Gateway	440	423	* 48/ 46	27,813	1,335,024	258,453	1,593,477	3,767	
3. Aleutian	235	220	* 31/ 30	33,141	1,027,371	134,420	1,161,791	5,281	
4. Annette	400	398	* 34/ 33	26,250	892,500	243,178	1,135,678	2,853	
5. Bering Straits	322	306	* 42/ 39	33,141	1,391,922	186,966	1,578,888	5,160	
6. Chatham	155	157		23	27,235	626,405	95,927	722,332	4,601
7. Chugach	72	64	* 10/ 8	30,188	301,880	39,104	340,984	5,329	
8. Copper River	740	699	* 68/ 66	28,750	1,955,000	427,089	2,382,089	3,408	
9. Delta/Greely	835	786	* 64/ 60	27,813	1,780,032	480,246	2,260,278	2,876	
10. Iditarod	305	277	* 40/ 37	35,110	1,404,400	169,247	1,573,647	5,681	
11. Kuspuk	366	360		45	35,110	1,579,950	219,960	1,799,910	5,000
12. Lake & Peninsula	346	362		53	33,141	1,756,473	221,182	1,977,655	5,463
13. Lower Kuskokwim	1457	1418	*113/112	34,125	3,856,125	865,398	4,722,523	3,330	
14. Lower Yukon	729	704	* 72/ 70	34,125	2,457,000	430,144	2,887,144	4,101	
15. Northwest Arctic	1310	1318		120	35,110	4,213,200	805,298	5,018,498	3,808
16. Pribilof	185	181	* 22/ 21	33,141	729,102	110,591	839,693	4,639	
17. Southeast Island	396	397		47	26,250	1,233,750	242,567	1,476,317	3,719
18. Southwest	520	530		66	33,141	2,187,306	323,830	2,511,136	4,738
19. Upper Railbelt	358	356	* 42/ 41	33,438	1,404,396	217,516	1,621,912	4,556	
20. Yukon Flats	292	293		37	35,110	1,299,070	179,023	1,478,093	5,045
21. Yukon Koyukuk	699	682	* 86/ 85	35,110	3,019,460	416,702	3,436,162	5,038	
Totals	10,785	10,519	1107/1080		\$35,908,570	\$6,427,109	\$42,335,679		
Anchorage On-Base	2,876	2,866	176	25,000	4,400,000	--	4,400,000		
Fairbanks On-Base	2,475	2,427	153	27,813	4,255,389	--	4,255,389		
Grand Totals	16,136	15,812	1,436		\$44,563,959	\$6,427,109	\$50,991,068		

*Entitlement based on first quarter reporting. AS Sec. 14.17.180

STATE OF ALASKA
DEPARTMENT OF EDUCATION

REGIONAL EDUCATION ATTENDANCE AREAS	1976-77 Final ADM						Instructional Units					
	Total ADM	Elem.	Sec.	Sp. Ed. (Non-Add)	Corres.	Voc. Ed. (Non-Add)	Elem.	Sec.	Sp. Ed.	Corres.	Voc. Ed.	Total Units
Adak	588	383	205	6	--	15	23	15	1	-	2	41
Alaska Gateway	423	275	106	25	42	12	24	12	4	4	2	46
Aleutian	220	183	37	16	--	11	19	6	3	-	2	30
Annette	398	228	170	26	--	24	16	11	4	-	2	33
Bering Straits	306	160	146	19	--	18	18	16	3	-	2	39
Chatham	157	85	72	13	--	8	10	9	2	-	2	23
Chugach	64	45	19	5	--	--	5	2	1	-	-	8
Copper River	699	392	243	63	64	32	33	18	6	6	3	66
Delta Greely	786	420	340	54	26	48	25	22	6	3	4	60
Iditarod	277	180	97	12	--	13	20	13	2	-	2	37
Kuspuk	360	240	104	11	16	12	26	13	2	2	2	45
Lake & Peninsula	362	269	77	38	16	23	33	10	5	2	3	53
Lower Kuskokwim	1418	670	748	107	--	109	43	49	11	-	9	112
Lower Yukon	704	446	258	68	--	55	34	22	7	-	7	70
Northwest Arctic	1313	742	571	57	5	57	58	49	6	1	6	120
Pribilof	181	117	64	16	--	13	10	6	3	-	2	21
Southeast Island	397	234	57	26	106	5	29	5	4	8	1	47
Southwest	530	363	152	49	15	37	37	16	6	2	5	66
Upper Railbelt	356	203	153	15	--	35	18	16	3	-	4	41
Yukon Flats	293	219	74	16	--	11	21	11	3	-	2	37
Yukon Koyukuk	682	429	206	38	47	44	44	25	5	5	6	85
Totals	10519	6283	3899	680	337	582	546	346	87	33	68	1080
Anchorage On-Base	2866	2866	--	243	--	--	153	--	23	-	-	176
Fairbanks On-Base	2427	1710	712	162	5	63	95	44	11	-	3	153
Grand Totals	15812	10859	4611	1085	342	645	794	390	121	33	71	1409

1975 PERSONAL INCOME TAX COLLECTIONS

ORGANIZED BOROUGHS

CENSUS DIVISION	NUMBER OF RETURNS	TOTAL ADJUSTED GROSS INCOME	INCOME PER RETURN	EST. STATE INCOME TAX REVENUES	50% OF EST. STATE INCOME TAX REVENUES	40% OF EST. STATE INCOME TAX REVENUES	30% OF EST. STATE INCOME TAX REVENUES
ANCHORAGE	36,209	\$550,868,891	\$15,213	\$22,280,962	\$11,140,481	\$8,912,384	\$6,684,288
BARROW-NORTH SLOPE	769	\$10,722,809	\$13,943	\$433,704	\$216,852	\$173,481	\$130,111
BRISTOL BAY BOROUGH	232	\$3,062,136	\$13,198	\$123,854	\$61,927	\$49,541	\$37,156
FAIRBANKS	17,233	\$310,274,674	\$18,004	\$12,549,661	\$6,274,830	\$5,019,864	\$3,764,898
HAINES	526	\$6,692,153	\$12,722	\$270,677	\$135,338	\$108,270	\$81,203
JUNEAU	4,120	\$59,481,069	\$14,437	\$2,405,827	\$1,202,913	\$962,330	\$721,748
KENAI-COOK INLET	5,094	\$84,132,431	\$16,515	\$3,402,899	\$1,701,449	\$1,361,159	\$1,020,869
KETCHIKAN	3,953	\$56,618,151	\$14,322	\$2,290,031	\$1,145,015	\$916,012	\$687,009
KODIAK	2,532	\$30,271,687	\$11,955	\$1,224,397	\$612,198	\$489,758	\$367,319
MATANUSKA-SUSITNA	3,169	\$53,155,715	\$16,773	\$2,149,986	\$1,074,993	\$859,994	\$644,995
SEWARD	1,037	\$14,138,478	\$13,634	\$571,858	\$285,929	\$228,743	\$171,557
SITKA	2,087	\$29,728,861	\$14,244	\$1,202,441	\$601,220	\$480,976	\$360,732
TOTALS	76,961	\$1,209,147,055	\$15,711	\$48,906,301	\$24,453,150	\$19,562,520	\$14,671,890
AVERAGES		\$100,762,254		\$635	\$317	\$254	\$190

UNORGANIZED BOROUGH

CENSUS DIVISION	NUMBER OF RETURNS	TOTAL ADJUSTED GROSS INCOME	INCOME PER RETURN	EST. STATE INCOME TAX REVENUES	50% OF EST. STATE INCOME TAX REVENUES	40% OF EST. STATE INCOME TAX REVENUES	30% OF EST. STATE INCOME TAX REV
ALEUTIAN ISLANDS	647	\$6,353,344	\$9,819	\$256,973	\$128,486	\$102,789	\$77, . .
ANGOON	125	\$733,682	\$5,869	\$29,675	\$14,837	\$11,870	\$8,902
BETHEL	1,623	\$13,716,145	\$8,451	\$554,776	\$277,388	\$221,910	\$166,432
BRISTOL BAY	809	\$7,872,127	\$9,730	\$318,403	\$159,201	\$127,361	\$95,521
CORDOVA-MCCARTHY	625	\$8,224,031	\$13,158	\$332,636	\$166,318	\$133,054	\$99,791
KOBUK	1,007	\$11,326,381	\$11,247	\$458,117	\$229,058	\$183,246	\$137,435
KUSKOKWIM	336	\$3,669,253	\$10,920	\$148,410	\$74,205	\$59,364	\$44,523
NOME	1,446	\$14,427,556	\$9,977	\$583,550	\$291,775	\$233,420	\$175,065
OUTER KETCHIKAN	396	\$4,358,103	\$11,005	\$176,271	\$88,135	\$70,508	\$52,881
PRINCE OF WALES	336	\$3,026,843	\$9,008	\$122,426	\$61,213	\$48,970	\$36,727
SKAGWAY-YAKUTAT	739	\$8,959,353	\$12,123	\$362,378	\$181,189	\$144,951	\$108,713
SOUTHEAST FAIRBANKS	1,033	\$20,167,033	\$19,522	\$815,694	\$407,847	\$326,277	\$244,708
UPPER YUKON	333	\$3,635,754	\$10,918	\$147,055	\$73,527	\$58,822	\$44,116
VALDEZ-CHITNA-WHITTIER	2,083	\$45,636,152	\$21,908	\$1,845,842	\$922,921	\$738,337	\$553,752
WADE HAMPTON	626	\$4,713,158	\$7,529	\$190,632	\$95,316	\$76,253	\$57,189
WRANGELL-PETERSBURG	1,825	\$23,044,697	\$12,627	\$932,087	\$466,043	\$372,835	\$279,626
YUKON-KOYUKUK	1,384	\$20,691,808	\$14,950	\$836,920	\$418,460	\$334,768	\$251,076
TOTALS	15,373	\$200,555,420	\$13,045	\$8,111,853	\$4,055,926	\$3,244,741	\$2,433,556
AVERAGES		\$11,797,377		\$527	\$263	\$211	\$158

OUTSIDE OF ALASKA AND UNCLASSIFIED IN ALASKA

	NUMBER OF RETURNS	TOTAL ADJUSTED GROSS INCOME	INCOME PER RETURN	EST. STATE INCOME TAX REVENUES
OUTSIDE ALASKA	70,348	\$1,364,662,247	\$19,399	\$55,196,357
UNCLASSIFIED IN ALASKA	17,545	\$320,867,984	\$18,298	\$12,978,115
STATE TOTALS	180,227	\$3,095,232,706	\$17,174	\$125,192,700

prepared by:
legislative affairs agency
january, 1978

1975 PERSONAL INCOME TAX COLLECTIONS

ORGANIZED BOROUGHES

CENSUS DIVISION	NUMBER OF RETURNS	TOTAL ADJUSTED GROSS INCOME	INCOME PER RETURN	EST. STATE INCOME TAX REVENUES	50% OF EST. STATE INCOME TAX REVENUES	40% OF EST. STATE INCOME TAX REVENUES	30% OF EST. STATE INCOME TAX REVENUES
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prepared by:
legislative affairs agency
january, 1978

Shively



ALASKA HOUSE OF REPRESENTATIVES

Community and Regional Affairs Committee

LISA RUDD, Chair

Pouch V, State Capitol
Juneau, Alaska 99811
(907) 465-8870

9 May 1978

Mr. John Shively
Vice President of Operations
Nana Development Corporation, Inc.
P.O. Box 4-U
Anchorage, Alaska 99509

Dear John,

Thanks so much for your thoughtful letter about HB 202 (taxation in the unorganized borough). I am enclosing a copy of my response to Ms. Johnston's letter. I would like also to address the concerns you raise.

It is not completely true that local governments have been formed when a local tax base develops. There is no local government in Tok, for instance, although there is certainly enough tax base there for at least a second class city. I understand that there is a move afoot to form a borough in the Yukon Flats area, using 150 miles of pipeline as its tax base. (In fact, I have been instrumental in getting \$90,000 put into the state budget for FY 79 to fund studies, surveys and public meetings to help the Yukon Flats people decide whether to form a borough.)

I am not at all sure that the state per capita limit on local government taxation of oil and gas production facilities works a hardship on local governments. Rather than being held under the level of other local governments the North Slope Borough and the Kenai Peninsula Borough collect more property taxes per capita than any other boroughs, and the North Slope Borough collects 3 1/2 times as much property tax per capita as the Kenai Borough. (I am referring here to 1976 figures, the only ones available to me as I write this on a Sunday afternoon).

You can argue if you wish that rural areas are supporting the state through oil production, but the fact is that the North Slope development is on state land which the state leased to the oil companies and the royalties which go into the state treasury were granted to the state in the Statehood Act. If you believe it is true even after all that that the rural areas are supporting the state, then you must at least recognize that it is not because of any effort put forth by

the rural populations of the state.

The thing that I think we need the most in this state is the formation of local governments. There is a very unhealthy love/hate relationship developing between the unincorporated areas of the state and the state government. Rural people are dependant on the state and powerless to influence it. I would be willing to have the state fund the entire cost of local governments in the rural areas to get things started, as we have done with the REAAs. But I would have to have some assurances that local governments would tax themselves as soon as their property valuation reached a certain per capita amount. In fact, I have tried to initiate discussions with my own committee and some rural legislators along these lines and have been firmly rebuffed. It is only natural, I suppose, that as long as people in the rural areas can get things free they will resist any proposals which may lead to their having to pay.

To summarize: the present situation is unhealthy. The best way to end it is to encourage the formation of local governments in the rural areas of the state. I have made a number of efforts this year to interest other legislators in various methods of encouraging the formation of local governments without putting financial burdens on those local governments. So far I am the only legislator I know who is interested in that approach.

I believe that unless something is done to form local governments soon we will see the enactment of a state property tax, for the reasons I outlined in my letter to Ms. Johnston.

Let's sit down and talk this over next time you're in Juneau.

Yours sincerely,



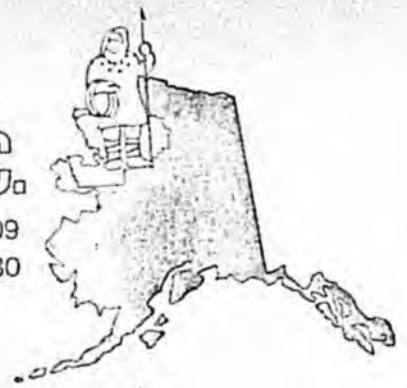
Lisa Rudd

LR/vb

cc: Elizabeth Johnston, General Counsel
Janie Leask, Exec. V.P., AFN

NANA DEVELOPMENT CORPORATION, INC.

P.O. BOX 4-U, ANCHORAGE, ALASKA 99509
TELEPHONE (907) 276-6030



April 24, 1978

Honorable Lisa Rudd
Alaska State House of Representatives
Pouch V
State Capital Building
Juneau, Alaska 99811

Dear Lisa:

Elizabeth Johnson of Bristol Bay Native Corporation, was kind enough to send me a copy of a letter relating to taxation in the unorganized borough. I would like to say that I personally concur with all of her comments. I think that the letter states fairly clearly the dilemma facing the State Legislature in attempting to levy a property tax on the unorganized borough.

I believe that there are a couple of further points to be made in regard to taxation in the unorganized borough. The first and most important is that whenever there has been industrial or other economic development in the rural areas, which have provided for a tax base, local government of some kind has been formed. Sometimes in rural areas, this government has been formed over the vigorous objection of people in the State Legislature and the State administration as in the case of the North Slope Borough. It is not that rural people do not want a tax system, it is just that presently there is not a base out there to support any kind of meaningful government.

You should realize that the State has reduced the possibility of potential rural governments by limiting the amount of taxation that can be received from oil development. It is quite possible that one or more boroughs could have been formed along the pipeline route, but with the State limitation on taxation, this will most likely not take place. It seems inconsistent to me that the State Legislature on one hand limits rural people's ability to tax major economic development such as pipeline yet wants to mandate a tax on small homes and businesses owned by individuals that can barely afford to eek out a living.

I think another point worthy of note is that presently State government is supported by the rural areas. Without the income received from oil development, fisheries, and to a limited extent timber, the State government could not exist in its present form. There seems to be a myth among many Anchorage legislators

Honorable Lisa Rudd

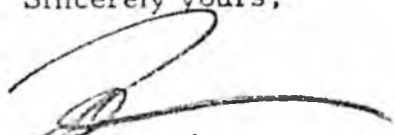
Page 2

April 24, 1978

that the rural parts of the State do not carry out their own weight. I am sure rural people would be more than pleased to retain those revenues that are produced from the rural areas and let Anchorage and Fairbanks try to subsist on the revenues produced from their contributions to the State.

I would be glad to talk to you further on this issue if you would like.

Sincerely yours,



John Shively
Vice President of Operations

JS/mt

cc Elizabeth Johnson
Janie Leask

EX. V.P.
AEN.



ALASKA HOUSE OF REPRESENTATIVES

Community and Regional Affairs Committee

LISA RUDD, Chair

Pouch V, State Capitol
Juneau, Alaska 99811
(907) 465-8570

26 April 1978

Ms. Elizabeth Johnston
General Counsel - Bristol Bay
Native Corporation
445 E. 5th Avenue P.O. Box 220
Anchorage, Alaska 99510

Dear Ms. Johnston,

Thank you very much for your remarks concerning HB 202, taxation in the unorganized borough. HB 202 has passed out of the Community and Regional Affairs Committee and is now in the House Finance Committee.

My personal feeling is that HB 202 is a needed bill in that it will address an inequity which has existed since statehood. That is, that those residents in the organized municipalities are paying to support not only local government services in their own areas, but also for local government services provided by the state to residents in the unorganized borough.

You suggested that local autonomy cannot be fostered by HB 202. I would, of course, prefer local government incorporation to HB 202. This would allow for local autonomy. However, as long as the state is funding what are normally local government services in the unorganized areas of the state, I must support the levy of a state property tax there.

It may interest you to know that the territorial government instituted a property tax which was levied throughout Alaska. One of the benefits which accrued from that tax and which will accrue to the state again if HB 202 is implemented, is that we will have a current inventory of properties and ownership throughout the state. The cadastral mapping process will straighten out property descriptions and title claims. This is an important tool for planning and value estimating during important negotiations such as D-2, the natural gas pipeline, and other future issues, as well as aiding in the planning of future municipalities.

I do not believe that cadastral mapping and property valuation will be as difficult as you envision. Properties do change hands fairly frequently in the bush. The same mechanisms for property assessment which are used in the organized areas of the state are relevant in the unorganized borough. The sheer magnitude of the inventory task will undoubtedly make it expensive, but once the program is in operation, revenues can be expected to exceed expenses.

To address your points regarding low income in the bush, information presented to the committee did not indicate that Bristol Bay residents are below the state average per capita income level. Rather, they are above the state average. High employment is a normal condition throughout the state --urban and rural, organized and unorganized areas. This is not a desirable condition, but it remains with us and property taxes remain an effective mechanism for funding local services.

As the bill passed out of committee, unimproved land was exempted from taxation. With regard to Native Lands, it is clear in the Alaska Native Claims Settlement Act that the state can tax only lands which have been leased or developed. Among those, HB 202 proposes to tax only those which are "improved." I have enclosed a memorandum from Richard Bradley of Legislative Affairs Agency which discusses this issue.

Please rest assured that HB 202 is not in any way a retreat from the state's obligation to provide education for all its residents. As you have stated, the state pays twice as much for education in the unorganized borough as in the organized boroughs. To provide for a property tax in the unorganized borough is simply an effort to equalize the tax burden. And although education is the largest area of concern there is no dedication of funds to education contained in HB 202. The bill is concerned with all those services which are normally local government services provided by the State in the unorganized borough.

I will say in closing that the time for HB 202 has probably not yet arrived, but I believe such a program is not far away. The obvious alternative for people in the unincorporated areas of the state is to form local governments.

Last year the legislature (led by my Community and Regional Affairs Committee) changed the powers of third class boroughs so that the only mandatory responsibility they now have is providing education within their boundaries. Since the state pays most of the cost of education anyway and since many other local government services are supported by revenue sharing from the state, the cost to rural people of maintaining a minimal

local government structure should not be too great. I have proposed a minimum \$25,000 grant to small villages which receive revenue sharing money, which should ease the burden even further.

Again, thank you for your letter. I hope that my response has clarified some of the issues for your.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Lisa Rudd".

Lisa Rudd, Chair

LR/vb

cc: Rep. Nels Anderson
Bristol Bay Native Corporation
Bristol Bay Health Corporation
Enc: Copy of Bradley memo

Bristol
Bay
Native
Corporation

445 E. 5TH AVENUE / P.O. BOX 220 / ANCHORAGE, ALASKA 99510 / PH (907) 278-3602

March 31, 1978

The Honorable Lisa Rudd
Alaska State House of
Representatives
Pouch V
State Capitol Building
Juneau, AK 99811

Dear Representative Rudd:

We have reviewed the proposed H.B. 202 and S.B. 35 dealing with real property taxes in the unorganized borough. While real property taxes are the favored way to support school systems, they cannot be justified in the present instance.

1. Real property taxes have basically three virtues: they preserve the autonomy of the local decision-making; they are subject to equitable exemptions for the poor and elderly; finally, they are relatively simple or inexpensive to administer. However, if real property taxes are levied in unorganized borough, none of these goals will be achieved.

a. Local autonomy cannot be fostered by the State Legislature making decisions on local tax rates, exemptions or spending. Not only is the State Legislature removed from the locale to be taxed, but seventy-five percent of that body is elected by persons not subject to the tax.

b. Although Alaska Statute 29.53.025(a) permits certain equitable exemptions, they are optional only. For any of them to be effective, a municipality within the borough, then the borough, and finally, in some instances, the voters must act. Unless first-class cities within the unorganized borough have created a \$10,000 exemption for residences, the State Legislature functioning as a borough assembly cannot make said exemption a reality. Equity is thereby lost.

all
sent.
to HB
202

we prefer
local decision
which wd. allow local
autonomy, to
HB 202.
However, as
long as state
is spending
what are
normally
local govt.
services in the
unincorp. areas of state
& must support a state
prop. tax there

*Prop. changes
made fairly
recently
in bush.
also, using
prop. not
included!
see page -*

c. Real property taxes are, in general, relatively inexpensive to administer. This fact coupled with high compliance makes them extremely appealing to government. However, the factors which make these taxes inexpensive are absent in the bush. In the unorganized borough, real property descriptions, locations, or recorded owners are almost nonexistent. Furthermore, an identifiable market on which to base full and true value is also lacking. Since the comparable sales approach could not be used for valuation, only the capitalization of income and the cost replacement approaches remain. The income approach, of course, could be used only on income-producing property, yet values will be needed for all "improved" real property. Finally, the cost replacement approach is the least fair or reliable one and, in any case, is of aid only as to buildings. Giving these administrative and valuation problems, costs will be substantial, and the worth of any tax correspondingly reduced.

2. Certain weaknesses or problems are inherent in real property taxes. Such taxes are regressive, and their high effective rate influences economic behavior. Both of these problems are exacerbated when real property taxes are instituted in the bush.

a. Real property taxes are regressive. Unlike income taxes, they impose a greater proportional burden on those with low income. For instance, the estimated income per return of Bristol Bay residents is only half that of Anchorage residents while their cost of living is twenty-eight percent higher. Clearly, the proportional burden of real property taxes on such people is great.

b. Real property taxes influence economic choices or the use of resources. Therefore, care must be taken so that such taxes will foster the type of resource allocation which the State favors. At present, the State of Alaska is trying to protect traditional subsistence and, at the same time, trying to encourage development sufficient to reduce unemployment. Neither of these goals is enhanced by real property taxes.

For instance, it is very expensive for commercial enterprises to locate in rural Alaska. They incur additional costs in housing, communications and transportation by so doing. At present, only the fishing or extractive industries are drawn there because of certain resources.

As a result, rural Alaskans suffer from high unemployment which is only partially offset by their subsistence rights. Many outside communities which have struggled with depressed economies have not only cut taxation, but also donated lands to businesses willing to relocate. Yet Alaska is proposing a real property tax for depressed areas.

Don. did not accept res.

To complicate matters further, Bob Dozier of the State Assessor's office has proposed that the unimproved land be taxed too. Such an action would force the landowner to choose among developing, paying taxes out of his other income, or losing his land to the State. Therefore such taxes increase pressure for development but, as discussed above, without the existence of development opportunities. Given that many rural Alaskans do not have much by way of other income, more land would move into State ownership through foreclosure. Certainly, this does not protect a subsistence life-style or encourage development.

Even if the problems discussed above do not exist, two technical or legal difficulties remain. H.B. 202 and S.B. 35 fail to adequately take into account Section 21(d) of the Alaska Native Claims Settlement Act and Article IX, Section 7 of the Alaska Constitution. Confusion, litigation and additional expenses for the State and private property owners alike would result.

1. Generally, Section 21(d) provides that Native lands are exempt for twenty years provided that they are not leased or developed. Congress granted this tax moratorium for many reasons. Partially it was additional compensation for Native claims. Partially it was to allow for necessary adjustments to the economic mainstream. The intent was to give Native corporations time to experiment economically before assuming substantial tax burdens, to provide temporary sanctuary for traditional subsistence, and to retard the inexorable movement of Native lands to non-Native hands. Price, The Tax Exemption of Native Lands Under Section 21(d) of the Alaska Native Claims Settlement Act, 6 UCLA-AK. L.REV. 1 (1976). In so doing, Congress has preempted and limited the State of Alaska's options.

The relevant language of section 21(d) is as follows:

Real property interests conveyed, pursuant to this Act, to a Native individual, Native group, or Village or Regional Corporation which are not developed or leased to third parties, shall be exempt from State and local real property taxes for a period of twenty years ... Provided

The Honorable Lisa Rudd
March 31, 1978
Page 4

*Clear in ANCSA that state
can tax only lands which
have been leased or developed.
Among these, HB 202 proposed
to tax only those which are "improved"*

That ... local real property taxes ... may be imposed upon leased or developed real property within the jurisdiction of any governmental unit under the laws of the State ...

Yet the State Legislature proposes to tax all improved real property. How does this fit with the phrase "leased or developed"? When the State Legislature is acting as a borough assembly, is it imposing a State or a local tax? Where is the landowner/third-party distinction recognized by the State? Certainly, the proposed bills as presently drafted do not make clear that the State will not encroach on Native rights granted by Congress.

2. Article IX, Section 7 of the Alaska Constitution states that "the proceeds of any State tax or license shall not be dedicated to any special purpose ..." Yet S.B. 35 appropriates the net revenues generated by taxation for the benefit of the unorganized borough. Assuming, arguendo, that S.B. 35 imposes a State tax, then the attempt to dedicate revenues to schools or to local government is unconstitutional. It is of no effect. 1969 Atty Gen'l Opinion #3.

Our final concern is that H.B. 202 and S.B. 35 attempt to link the burdens of taxation to the benefits of education. Yet for the foreseeable future, taxable lands in rural Alaska cannot pay for the high cost of education in the bush. Is the State retreating from its commitment to equal opportunities for all Alaska's children? At present, the State spends twice the money ADM in the unorganized borough as it does in the boroughs. If the State does not continue this type of commitment, only areas with a high assessed valuation of real property can choose to have quality education. For the unorganized borough, such choice is illusory. The State's withdrawal, therefore, would violate equal protection. *Serrano v. Priest*, 557 P.2d 929 (1977) cert. denied.

Very truly yours,

Elizabeth Johnston

Elizabeth Johnston
General Counsel

cc: Rep. Nels Anderson, Jr.
Bristol Bay Area Health Corp.
Bristol Bay Native Association

*HB 202
is
not
clear
is
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clear
is
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clear*

*Ed a concern
in fact, that
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contain
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*do
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work at
equalize tax
burden*

HB-70
STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

January 19, 1978

MEMORANDUM

SUBJECT: Individual Income Tax Base in Municipalities (W.O. #4480)

TO: The Honorable Lisa Rudd

FROM: Ken Humphreys *K.H.*
Research Analyst

This memorandum is in response to your request for information concerning the income tax base in municipalities. We have obtained data from the Department of Revenue which sheds some light on the geographical distribution of individual Alaska income tax collections.

The enclosed table gives actual tabulations for the number of 1975 returns for each census district and total adjusted gross income. Returns were assigned to census divisions on the basis of zip codes. Some 70,348 returns (39% of the total number accounting for 44% of total adjusted gross income) were filed with a zip code outside the state; another 17,545 returns (about 10% of the total number accounting for about 10% of total adjusted gross income) had an Alaskan zip code but are "unclassified" by census district.

On the basis of these tabulations, we have assumed that income tax revenues are proportional to adjusted gross income and generated an estimate for state income tax revenues for each division. Finally, we have, as you requested, applied factors of 30%, 40% and 50% to the estimated state income tax revenues for each division to arrive at approximate amounts that might have been generated under a local income tax such as H.B. 75 would allow.

Census divisions have been categorized under a heading of either Organized Boroughs or Unorganized Borough even though boundaries do not exactly correspond.

Zip code allocation of 1976 returns will not be available until March at the earliest. Until then, the best estimate for 1976 individual income tax revenues by census division can be obtained by multiplying the

Hon. Lisa Rudd

-2-

January 19, 1978

figures in the enclosed table by $\frac{176,732,500}{125,192,700}$ or 1.41, the ratio of 1976 to 1975 total collections. There is evidence to suggest that there are appreciable differences in the distribution of income from 1975 to 1976, so this method of estimation is not recommended.

Please let us know if you would like further information.

Attachment
KH:dh

SUPPLEMENT TO REVISED FOUNDATION REPORT DATED 1-9-78

STATE OF ALASKA
DEPARTMENT OF EDUCATION

	Revised ADM 1st Qtr.	Elem.	Second.	Sp.Ed. (non-add)	Corres.	Voc.Ed. (non-add)	Elem. Sec.	Spec.Ed.	Voc. Corres. Ed.	Total Units		
Anchorage	35,125	17,212	17,913	2,107	-	1,806	801	977	198	--	102	2078*
Bristol Bay	237	103	134	12	-	38	9	11	2	--	3	25
Cordova	497	253	244	53	-	64	16	16	6	--	5	43
Craig	190	82	108	11	-	11	7	8	2	--	2	19
Dillingham	405	175	230	57	-	35	12	17	76	--	3	38
Fairbanks	9,003	4,640	4,214	517	149	574	241	237	48	10	38	574
Galena	164	72	92	9	-	24	6	7	2	--	2	17
Haines	423	207	216	40	-	27	14	16	5	--	3	38
Hoonah	276	132	144	48	-	33	9	10	5	--	3	27
Hydaburg	99	64	35	12	-	21	6	4	2	--	2	14
Juneau	4,305	2,129	2,167	366	9	348	114	123	35	1	21	294
Kake	200	107	93	18	-	32	8	7	3	--	3	21
Kenai	5,634	3,053	2,442	330	139	265	193	148	31	10	26	408
Ketchikan	2,563	1,176	1,336	206	51	180	66	78	20	5	11	180
King Cove	121	55	66	13	-	13	5	6	2	--	2	15
Klawock	77	77	-	9	-	-	6	-	2	--	--	8
Kodiak	2,040	1,139	878	216	23	150	77	58	21	3	12	171
Mat-Su	3,823	1,749	1,869	182	205	314	105	110	18	13	21	267
Nenana	198	127	71	17	-	26	9	6	3	--	4	22
Nome	799	438	361	101	-	55	26	24	10	--	4	64
North Slope	1,095	593	495	132	7	107	45	39	13	1	15	113
Pelican	35	21	14	-	-	2	3	2	-	--	-	5
Petersburg	581	406	175	43	-	45	25	12	5	--	4	46
Sitka	1,765	798	959	123	8	137	48	55	12	1	8	124
Skagway	232	124	108	12	-	17	9	8	2	--	2	21
St. Mary's	108	82	26	40	-	35	7	3	5	--	3	18
Unalaska	129	65	64	11	-	10	6	6	2	--	2	16
Valdez	826	368	458	134	-	63	22	32	13	--	6	73
Wrangell	499	267	232	47	-	42	17	15	6	--	4	42
Yakutat	168	94	74	21	-	16	7	6	3	--	2	18
TOTALS	71,617	35,808	35,218	4,887	591	4,490	1,919	2,041	482	44	313	4,799

* Based on a preliminary report from the district. The first quarter entitlement has not been determined at this date.

STATE OF ALASKA DEPARTMENT OF EDUCATION
PUBLIC SCHOOL FOUNDATION PROGRAM COMPUTATIONS
REVISED REPORT RECAPITULATION
1977-78 FISCAL YEAR

12-13-77

Regional Education Attendance Areas	Final ADM 1976-77	Revised ADM 1st qtr.	Instr. Units	Instr. Unit Allot.	Basic Need	Equiv. of Local Support Estimate \$650.00	Revised Computation of Entitlement	per ADM
Adak	588	615	44	\$38,500	\$1,694,000	\$399,750	\$2,093,750	\$3,404
AK Central Railbelt	356	357	42	36,781*	1,544,802	232,050	1,776,852	4,977
Alaska Gateway	423	415	47	33,000	1,551,000	269,750	1,820,750	4,387
Aleutian	220	231	33	41,250	1,361,250	150,150	1,511,400	4,387
Annette Metlakatla	398	325	33/29**	28,875*	952,875	211,250	1,164,125	3,582
Bering Straits	306	472	65	42,625	2,770,625	306,800	3,077,425	6,520
Chatham	157	189	23	29,958*	689,034	122,850	811,884	4,296
Chugach	64	48	9/8**	33,206*	298,854	31,200	330,054	6,876
Copper River	699	751	70	31,625	2,213,750	488,150	2,701,900	3,598
Delta/Greely	786	765	62	33,000	2,046,000	497,250	2,543,250	3,325
Iditarod	277	271	40	42,625	1,705,000	176,150	1,881,150	6,941
Kuspuk	360	356	48	42,625	2,046,000	231,400	2,277,400	6,397
Lake & Peninsula	362	384	56	42,625	2,387,000	249,600	2,636,600	6,866
Lower Kuskokwim	1418	1469	125	42,625	5,328,125	954,850	6,282,975	4,277
Lower Yukon	704	902	87	42,625	3,708,375	586,300	4,294,675	4,761
Northwest	1318	514	148	42,625	6,308,500	984,100	7,292,600	4,817
Pribilof	181	187	22	41,250	907,500	121,550	1,029,050	5,503
Southeast	397	437	56	28,875*	1,617,000	284,050	1,901,050	4,350
Southwest	530	518	65	42,625	2,770,625	336,700	3,107,325	5,998
Yukon Flats	293	285	37	42,625	1,577,125	185,250	1,762,375	6,184
Yukon-Koyukuk	682	657	78	42,625	3,324,750	427,050	3,751,800	5,702
TOTALS	10,519	11,148	1,190/1,185		46,802,190	7,246,200	54,048,390	

* SLA 1977, Chapter 90, Sec.9

** AS Sec.14.17.031(d)

SUPPLEMENT TO REVISED FOUNDATION REPORT DATED 1-9-78

STATE OF ALASKA
DEPARTMENT OF EDUCATION

School District	Revised ADM 1st Qtr. 1977-78	1-1-76 Property Value	Value per ADM	Index	Level of State Support (95% Min.)	Matching Ratio: 1 Local Support
Anchorage	35,125	\$3,739,897,143	\$106,474	.77783	96.1108	22.2248
Bristol Bay	237	26,122,279	110,221	.80521	95.9740	23.8386
Cordova	497	31,145,500	62,667	.45781	97.7110	42.6866
Craig	190	4,788,275	25,201	.18411	99.0795	107.6446
Dillingham	405	12,169,965	30,049	.21952	98.9024	90.1098
Fairbanks	9,003	1,237,213,035	137,422	1.00393	95.0000	19.0000
Galena	164	1,589,500	9,692	.07080	99.6460	281.5049
Haines	423	35,901,910	84,874	.62004	96.8998	31.2557
Hoonah	276	3,318,375	12,023	.08783	99.5608	226.7108
Hydaburg	99	1,269,775	12,826	.09370	99.5315	212.4497
Juneau	4,305	326,964,635	75,950	.55485	97.2258	35.0464
Kake	200	2,126,165	10,631	.07766	99.6117	256.5145
Kenai	5,634	908,583,275	161,268	1.17813	95.0000	19.0000
Ketchikan	2,563	245,439,315	95,763	.69958	96.5021	27.5886
King Cove	121	2,290,785	18,932	.13831	99.3085	143.6015
Klawock	77	906,400	11,771	.08600	99.5700	231.4853
Kodiak	2,040	145,763,615	71,453	.52199	97.3900	37.3143
Mat-Su	3,823	453,284,865	118,568	.86619	95.6691	22.0899
Nenana	198	3,563,695	17,998	.13149	99.3426	151.1019
Nome	799	19,273,555	24,122	.17622	99.1189	112.4944
North Slope	1,095	1,794,223,660	1,638,560	11.97034	95.0000	19.0000
Pelican	35	2,646,250	75,607	.55234	97.2383	35.2109
Petersburg	581	33,067,805	56,915	.41579	97.9211	47.1024
Sitka	1,765	150,585,865	85,318	.62328	96.8836	31.0883
Skagway	232	23,421,050	100,953	.73750	96.3125	26.1186
St. Mary's	108	660,000	6,111	.04464	99.7768	446.8984
Unalaska	129	13,903,863	107,782	.78739	96.0630	24.4002
Valdez	826	544,885,760	659,668	4.81914	95.0000	19.0000
Wrangell	499	35,755,600	71,655	.52347	97.3827	37.2073
Yakutat	168	2,562,435	15,253	.11143	99.4429	178.5104
TOTALS	71,617	\$9,803,324,350				
		136,885 average				

Supplement to REAA Revised Foundation Report dated 12-13-77

STATE OF ALASKA

DEPARTMENT OF EDUCATION

1977-78 Revised ADM

Instructional Units

REAA	1st Qtr. ADM 1977-78	Elem.	Sec.	Spec.Ed. (Non-Add)	Corres.	Voc. Ed (Non-add)	Elem.	Sec.	Spec. Ed.	Corres.	Voc. Ed.	Total
Adak	615	411	204	6	-	29	25	15	1	-	3	44
AK Central Railbelt	357	198	159	14	-	24	19	17	2	-	4	42
Alaska Gateway	415	225	138	30	52	15	20	16	4	5	2	47
Aleutian	231	156	64	24	11	8	18	9	3	2	1	33
Annette Metlakatla	325	167	158	32	-	29	11	11	4	-	3	29
Bering Straits	472	119	344	28	9	93	15	35	4	1	10	65
Chatham	189	95	94	13	-	11	11	8	2	-	2	23
Chugach	48	39	9	5	-	-	5	2	1	-	-	8
Copper River	751	422	247	55	82	44	35	18	6	7	4	70
Delta/Greely	765	412	317	54	36	65	25	22	6	4	5	62
Iditarod	271	156	103	11	12	27	18	14	2	2	4	40
Kuspuk	356	212	130	11	14	11	25	17	2	2	2	48
Lake & Peninsula	384	281	91	37	12	23	33	13	5	2	3	56
Lower Kuskokwim	1469	622	847	137	-	98	41	61	14	-	9	125
Lower Yukon	902	608	294	72	-	71	45	26	8	-	8	87
Northwest	1514	769	735	106	10	106	64	59	11	2	12	148
Pribilof	187	114	73	16	-	12	10	7	3	-	2	22
Southeast	437	272	65	27	100	13	35	7	4	8	2	56
Southwest	518	345	160	48	13	34	35	17	6	2	5	65
Yukon Flats	285	204	66	19	15	13	19	11	3	2	2	37
Yukon-Koyukuk	657	349	226	34	82	44	38	24	4	7	5	78
TOTALS	11,148	6,176	4,524	779	448	770	547	409	95	46	88	1,185

STATE OF ALASKA
DEPARTMENT OF EDUCATION
PUBLIC SCHOOL FOUNDATION PROGRAM COMPUTATIONS
REVISED REPORT RECAPITULATIONS
1977-78 FISCAL YEAR

1-9-78

	Final ADM (1976-77)	Revised ADM 1st Qtr.	Instr. Units	Instr. Unit Allotment	Basic Need	Level of State Support (95% Min.)	Final Computation of Entitlement	Per ADM
Anchorage	35,332	35,125	2,078*	\$27,500	\$57,145,000	96.1108	\$54,922,517	\$1564
Bristol Bay	264	237	25	42,625	1,065,625	95.9740	1,022,723	4315
Cordova	533	497	43	31,625	1,359,875	97.7110	1,328,747	2674
Craig	182	190	19	29,700	564,300	99.0795	559,106	2943
Dillingham 40/39	411	405	38	42,625	1,619,750	98.9024	1,601,972	3955
Fairbanks	9,071	9,003	574	30,800	17,679,200	95.0000	16,795,240	2926
Galena	136	164	17	42,625	724,625	99.6460	722,060	4403
Haines	454	423	38	31,625	1,201,750	96.8998	1,164,493	2753
Hoonah	280	276	27	30,800	831,600	99.5608	827,948	3000
Hydaburg	100	99	14	29,700	415,800	99.5315	413,852	4180
Juneau	4,253	4,305	294	27,500	8,085,000	97.2258	7,860,706	1826
Kake	202	200	21	29,700	623,700	99.6117	621,278	3106
Kenai	5,162	5,634	408	29,700	12,117,600	95.0000	11,511,720	2043
Ketchikan	2,583	2,563	180	27,500	4,950,000	96.5021	4,776,854	1864
King Cove	126	121	15	41,250	618,750	99.3085	614,471	5078
Klawock	79	77	8	29,700	237,600	99.5700	236,578	3072
Kodiak	2,102	2,040	171	30,800	5,266,800	97.3900	5,129,377	2514
Mat-Su	3,501	3,823	267	28,600	7,636,200	95.6691	7,305,484	1911
Nenana	189	198	22	36,781**	809,182	99.3426	803,862	4060
Nome	829	799	64	42,625	2,728,000	99.1189	2,703,964	3384
North Slope	1,069	1,095	113	42,625	4,816,625	95.0000	4,575,794	4179
Pelican	33	35	5	31,040**	155,200	97.2383	150,914	4312
Petersburg	597	581	46	28,600	1,315,600	97.9211	1,288,250	2217
Sitka	1,656	1,765	124	28,600	3,546,400	96.8836	3,435,880	1947
Skagway	208	232	21	29,700	623,700	96.3125	600,701	2589
St. Mary's	101	108	18	42,625	767,250	99.7768	765,537	7088
Unalaska	119	129	16	41,250	660,000	96.0630	634,016	4915
Valdez	953	826	73	31,625	2,308,625	95.0000	2,193,194	2655
Wrangell	516	499	42	28,600	1,201,200	97.3827	1,169,761	2344
Yakutat	152	168	18	33,000	594,000	99.4429	590,691	3516
TOTALS	71,457	71,617	4,799		141,668,957		136,327,690	
Centralized Corres.	434	537	32	27,500	880,000	100.00	880,000	1639

**SLA 1977, Chapt 90, Sec. 9

* Based on a preliminary report from the district. The first quarter entitlement has not been determined at this date.

STATE OF ALASKA DEPARTMENT OF EDUCATION
PUBLIC SCHOOL FOUNDATION PROGRAM COMPUTATIONS
REVISED REPORT RECAPITULATION
1977-78 FISCAL YEAR

12-13-77

Regional Education Attendance Areas	Final ADM 1976-77	Revised ADM 1st qtr.	Instr. Units	Instr. Unit Allot.	Basic Need	Equiv. of Local Support Estimate \$650.00	Revised Computation of Entitlement	er 'r'
Adak	588	615	44	\$38,500	\$1,694,000	\$399,750	\$2,093,750	\$3,404
AK Central Railbelt	356	357	42	36,781*	1,544,802	232,050	1,776,852	4,977
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Aleutian	220	231	33	41,250	1,361,250	150,150	1,511,400	4,387
Annette Metlakatla	398	325	33/29**	28,875*	952,875	211,250	1,164,125	3,582
Bering Straits	306	472	65	42,625	2,770,625	306,800	3,077,425	6,520
Clatham	157	189	23	29,958*	689,034	122,850	811,884	4,296
Chugach	64	48	9/8**	33,206*	298,854	31,200	330,054	6,876
Copper River	699	751	70	31,625	2,213,750	488,150	2,701,900	3,598
Delta/Greely	786	765	62	33,000	2,046,000	497,250	2,543,250	3,325
Iditarod	277	271	40	42,625	1,705,000	176,150	1,881,150	6,941
Kuspuk	360	356	48	42,625	2,046,000	231,400	2,277,400	6,397
Lake & Peninsula	362	384	56	42,625	2,387,000	249,600	2,636,600	6,866
Lower Kuskokwim	1418	1469	125	42,625	5,328,125	954,850	6,282,975	4,277
Lower Yukon	704	902	87	42,625	3,708,375	586,300	4,294,675	4,761
Northwest	1318	1514	148	42,625	6,308,500	984,100	7,292,600	4,817
Pribilof	181	187	22	41,250	907,500	121,550	1,029,050	5,503
Southeast	397	437	56	28,875*	1,617,000	284,050	1,901,050	4,350
Southwest	530	518	65	42,625	2,770,625	336,700	3,107,325	5,998
Yukon Flats	293	285	37	42,625	1,577,125	185,250	1,762,375	6,184
Yukon-Koyukuk	682	657	78	42,625	3,324,750	427,050	3,751,800	5,702
TOTALS	10,519	11,148	1,190/1,185		46,802,190	7,246,200	54,048,390	

* SLA 1977, Chapter 90, Sec.9

** AS Sec.14.17.031(d)

STATE OF ALASKA DEPARTMENT OF EDUCATION
PUBLIC SCHOOL FOUNDATION PROGRAM COMPUTATIONS
REVISED REPORT RECAPITULATION
1977-78 FISCAL YEAR

12-13-77

Regional Education Attendance Areas	Final ADM 1976-77	Revised ADM 1st qtr.	Instr. Units	Instr. Unit Allot.	Basic Need	Equiv. of Local Support Estimate \$650.00	Revised Computation of Entitlement	per ADM
Adak	588	615	44	\$38,500	\$1,694,000	\$399,750	\$2,093,750	\$3,404
AK Central Railbelt	356	357	42	36,781*	1,544,802	232,050	1,776,852	4,977
Alaska Gateway	423	415	47	33,000	1,551,000	269,750	1,820,750	4,387
Aleutian	220	231	33	41,250	1,361,250	150,150	1,511,400	4,387
Annette Metlakatla	398	325	33/29**	28,875*	952,875	211,250	1,164,125	3,582
Bering Straits	306	472	65	42,625	2,770,625	306,800	3,077,425	6,520
Chatham	157	189	23	29,958*	689,034	122,850	811,884	4,296
Chugach	64	48	9/8**	33,206*	298,854	31,200	330,054	6,876
Copper River	699	751	70	31,625	2,213,750	488,150	2,701,900	3,598
Delta/Greely	786	765	62	33,000	2,046,000	497,250	2,543,250	3,325
Iditarod	277	271	40	42,625	1,705,000	176,150	1,881,150	6,941
Kuspuk	360	356	48	42,625	2,046,000	231,400	2,277,400	6,397
Lake & Peninsula	362	384	56	42,625	2,387,000	249,600	2,636,600	6,866
Lower Kuskokwim	1418	1469	125	42,625	5,328,125	954,850	6,282,975	4,277
Lower Yukon	704	902	87	42,625	3,708,375	586,300	4,294,675	4,761
Northwest	1318	1514	148	42,625	6,308,500	984,100	7,292,600	4,817
Pribilof	181	187	22	41,250	907,500	121,550	1,029,050	5,503
Southeast	397	437	56	28,875*	1,617,000	284,050	1,901,050	4,350
Southwest	530	518	65	42,625	2,770,625	336,700	3,107,325	5,998
Yukon Flats	293	285	37	42,625	1,577,125	185,250	1,762,375	6,184
Yukon-Koyukuk	682	657	78	42,625	3,324,750	427,050	3,751,800	5,702
TOTALS	10,519	11,148	1,190/1,185		46,802,190	7,246,200	54,048,390	

* SIA 1977, Chapter 90, Sec.9

** AS Sec.14.17.031(d)