

335 HCRA HB 202 UNORGANIZED BOROUGH TAXES - HB 213

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 7, 1977

SUBJECT: HB 202; certain questions

TO: Representative Lisa Rudd
Chairperson of C & R A

FROM: Richard A. Bradley *B*
Legislative Counsel

You have requested my comments on certain features of HB 202, introduced by Representative Parr.

An analysis of §100(b)(1): This subsection provides that certain property is exempt from the tax levied under §100(a). Four classes of property are listed:

"(1) unimproved land." Section 21(d) of the Alaska Native Claims Settlement Act provides:

(d) 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 after the date of enactment of this Act (December 18, 1971): Provided, That municipal taxes, local real property taxes, or local assessments may be imposed upon leased or developed real property within the jurisdiction of any governmental unit under the laws of the state: Provided further, That easements, rights of way, leaseholds, and similar interests in such real property may be taxed in accordance with state or local law. All rents, royalties, profits and other revenues or proceeds derived from such property interests shall be taxable to the same extent as such revenues or proceeds are taxable when received by a non-Native individual or corporation.

Congress possesses constitutional authority to deal with Natives (or Indians) differently than non-Natives. Art. I, §8, clause 3, United States Constitution. Accordingly, §21(d) does not violate the "equal protection clause" of the

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Fourteenth Amendment. There is a general consensus, however, that states do not have a similar authority and must deal with all their residents equally.

It strikes me that a provision of state law according a preferred status tax-wise to unimproved property establishes a reasonable classification for tax purposes; the existence of §21(d) is an adequate basis for the exemption. If a more elaborate rationale needs to be developed, consider the thesis that undeveloped land (in rural settings) is unproductive and hence should not be taxed. In an age concerned with the environment, a policy of establishing tax patterns which do not encourage (or force) development is socially desirable. Other states (and Alaska, AS 29.53.035) currently give special tax status to agricultural lands. Whether all the lands which will benefit from this exemption are agricultural does not seem significant.

Note that section 21(d) would allow taxation when property interests in third parties are created by lease. The exemption in §100(b)(1) does not seek to reach unimproved property held by lessees.

Note also that "unimproved land" is defined in the bill at §230(2).

"(2) real property exempt from taxation under AS 29-.53.020," this provision of the municipal code establishes "required exemptions." They include (under §20(a)):

(a)(1) municipal, state, or federally owned property. This section merely recites existing law, that is, the listed property is exempt, not because of this section but because of Federal and State law. Note that the section explicitly recognizes that to the extent that lessees are taxable, they pay taxes to the extent of their interest.

(2) household furniture of individual householders not exceeding \$500.

(3) property used exclusively by nonprofit religious, charitable, hospital, cemetery or educational purposes.

(4) property of veterans' organization.

(5) "money on deposit."

(6) property owned by senior citizens under the terms of the exemption at §20(e).

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The provisions of subsections (b) through (i) of 20 elaborate on the rights granted under (a), above.

"(3) real property exempted by a second class city under AS 29.53.025(a)." Second class cities may exist within the unorganized borough, AS 29.03.010. Such cities possess a "limited property tax," AS 29.53.410. A municipality levying that tax may grant an exemption on the first \$10,000 of value on a residence, AS 29.53.025(a).

"(4) real property subject to or exempt from taxation under AS 43.56 and AS 43.58." AS 43.56 establishes "oil and gas exploration production, and pipeline transportation property taxes." AS 43.58 establishes the "oil and gas reserves ad valorem tax." The property described in this paragraph is exempt from the taxes levied under HB 202 because the scheme of taxation established under AS 43.56 and AS 43.58 is comprehensive and is considered to result in full taxation of the properties subject to those taxes.

If you have any questions on the analysis here, please advise.

You also requested our comments on the implications of HB 202 for Village Housing or for ASHA projects generally that may exist in the unorganized borough.

AS 18.55.250 provides:

The property of the [Alaska State Housing] authority is public property used for essential public and governmental purposes and this property and the authority are exempt from all taxes and special assessments of a municipality, the state or a political subdivision of the state. However, instead of taxes, the authority may make payments to the municipality or political subdivision for improvements services and facilities furnished by it for the benefit of a housing or public building project.

Regional Native Housing Authorities created under AS 18-55.995-.996 are given "all [the] powers, rights, and functions now or subsequently specified for the Alaska State Housing Authority...under §§10-290 of [AS 18.55].

Accordingly, it appears that any improvements to lands owned by ASHA or the regional native housing authorities will be tax exempt (and will also contribute funds in lieu of taxes, if any are levied).

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If you have any other questions, please advise; if you need me at the hearing Thursday, I am as close as your telephone and can come over immediately (3896).

RAB:smh

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

MEMORANDUM

April 12, 1977

SUBJECT: Comparison of Per Capita Individual Income Tax Derived From
the Unorganized Borough With That Derived From the Organized
Boroughs (W.O.# 3666)

TO: The Honorable Lisa Rudd

FROM: Alexander Hoke *AH* WITH: Gregg K. Erickson *GE*
Research Analyst Director of Research

The Audit Division of the Department of Revenue informs us that the means to distinguish between those state individual income tax returns from the organized boroughs and those from the unorganized borough is not available to the department at the present time. Gary Jenkins, Director of the Audit Division, estimates that his present staff size must be at least doubled in order to extract and retain from the returns the additional data elements crucial to answering this and many similar questions referred to his office every year.

In the face of Revenue's inability to provide the data you need, we have developed an alternative approach.

The U.S. Bureau of Census generates population estimates annually, and the Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce provides statistics on per capita personal income by Census Division. The BEA data and the Census Bureau data (adjusted by the Alaska Department of Labor) used in this study is published in the Alaska Department of Commerce and Economic Development analysis of The Alaskan Economy Mid-Year Performance Report 1976 (hereinafter referred to as Mid-Year Report). A systematic categorization of the Census Division data into the organized borough or unorganized borough classifications provides a basis for estimating the proportion of state personal income tax revenues derived from each jurisdiction. Our method, though very complex, yields estimates that are--in our opinion--reasonably accurate *when used for the purposes intended*, i.e., to provide a comparison of the aggregate income tax burden in the organized and unorganized boroughs.

Our first assumption, then, is that the Census Division boundaries correspond closely enough to borough boundaries that Census Division population and income data can be grouped into borough classifications with a relatively high degree of confidence.

The second assumption we must make is that 1974 BEA statistics for per capita income (the most current available) are directly proportional to 1975 levels. [It is our opinion that an evaluation of 1974 data would prove so far removed from present reality that such an analysis would be valueless. Hence, we have chose to adjust 1974 data to correspond with 1975 conditions.] Naturally, there exists the very real danger, discussed in more detail later, that pipeline construction activity, Alaska Native Settlement Act impact, and other causes may have significantly disturbed the arithmetic relationship of a given Census Division with that of any other division.

Next, we note the "known" statistics which we manipulate on the basis of the above assumptions, namely the following statewide statistics for 1975 which provide guidelines for our computations:

404,634 = state total population for 1975
(Department of Labor)

\$2,306,407,942 = state total taxable income for calendar 1975
(Department of Revenue)

\$119,385,690 = state individual income tax revenues calculated
from fiscal 1976 collections of \$146,202,135

plus 1st Quarter Withholding of
FY 1975 +26,582,449

plus 2nd Quarter Withholding of
FY 1975 +33,406,030

minus 1st Quarter Withholding of
FY 1976 -37,216,531

minus 2nd Quarter Withholding of
FY 1976 -49,588,393
(Department of Revenue) \$119,385,690

182,907 = number of state individual income tax returns
(Department of Revenue)

Referring, now, to the attached computer printout (1975 Personal Income Tax Evaluation) we define each column of the printout as to its origin and/or derivation:

Census Division: This column represents a categorization of the Census Divisions into either the organized boroughs classification or the unorganized borough classification.

Population: These figures are taken directly from the Mid-Year Report (Table 10, page 45).

Estimated Per Capita Taxable Income: Table 15, page 49 of the Mid-Year Report offers Bureau of Economic Analysis residency adjusted estimates of per capita personal income (adjusted gross income) by Census Division for 1974. Recalling that we have a reliable 1975 total for state taxable income, \$2,306,407,942, we assume that taxable income is directly proportional to adjusted gross income, for which we have BEA 1974 statistics. If we further assume that the 1974 taxable income per Census Division is directly proportional to 1975 taxable income per Census Division, we can compute the appropriate proportionality factor which will lead us to an estimate of the 1975 state total taxable income figure. To summarize our procedure, the figures in the Estimated Per Capita Taxable Income column of the computer printout represent the product of 1974 BEA per capita personal income statistics and two factors of proportionality--one converting adjusted gross income to taxable income, and the other adjusting 1974 data to 1975 levels.

Estimated Total Taxable Income: The Census Division total taxable income is merely the product of the population and the per capita taxable income.

Estimated State Income Tax Revenues: We have a reliable estimate of calendar 1975 state individual income tax revenues, \$119,385,690. In line with our earlier assumption that the taxable income per Census Division is proportional to the BEA personal income figures, we further assume that income tax revenues per Census Division are proportional to the total taxable income for the division. Census Division income tax revenue figures are then equal to the product of state total individual income tax revenues times the quotient of total taxable income for the division as a fraction of the total taxable income for the state.

Estimated Number of Returns: Assuming that the number of tax returns from a given Census Division is proportional to the population of that division, we compute the number of returns per division as the product of the total number of returns for the state and the ratio of the population of that Census Division to the total state population.

Estimated Income Per Return: Per return income is the quotient of total taxable income for the Census Division (numerator) and the number of tax returns (denominator).

Method 1 Estimated Tax Per Return: Method 1 computes per return income tax as a function of the per return income for the Census Division as applied to the tax tables, and is adjusted proportionately so that total state income tax revenues matches the value supplied by the Department of Revenue.

Method 2 Estimated Tax Per Return: Method 2 is offered as a check against method 1 values, and is simply the quotient of the income tax revenues for the Census Division divided by the number of tax returns. It should be noted that when the per return income tax falls below \$668, method 1 values are less than the corresponding method 2 values, and when the per return tax is greater than \$668, method 1 values are greater than the corresponding method 2 values. This is the relationship we expected, in light of the progressive nature of the income tax tables.

It is our belief that the methodology used in this evaluation is the most useful and the most responsible procedure attainable under present circumstances. Nevertheless, several caveats are in order. Obtaining a satisfactory total for state population, for instance, is a highly speculative matter. The disparity between the Bureau of the Census estimates for 1975 state population (352,000) and the estimates provided by the Alaska Department of Labor (404,634) readily attests to the magnitude of the problem. Moreover, because revenue sharing allocations are based on the number of residents, there is much squabbling among borough governments over the residency of many pipeline construction workers. Hence, the proper ranking of Census Divisions in terms of population size is uncertain.

Additionally, many of our assumptions are subject to some degree of error. For example, while we have assumed a direct relationship between the number of tax returns and the population size of a Census Division, common sense dictates that in rural areas, where a significant proportion of residents rely on a subsistence economy, the ratio of the number of returns to the number of residents may differ widely from the same ratio in the urban areas.

Furthermore, according to the Mid-Year Report, radical changes in the BEA personal income statistics after 1973 arose from the large transfer payments of the Alaska Native Settlement Act. Although state averages were not greatly affected, certain Census Divisions (Angeon, Barrow, Bethel, Wade Hampton, etc.) experienced marked increases in personal income levels as a consequence of these transfer payments, due primarily to the subsistence economy prevalent in these districts. The question that arises is--just what sort of changes have taken place from our 1974 BEA income statistics to our 1975 income estimates?

To further compound the problem, BEA assumes, for purposes of personal income calculations, that these Alaska Native Settlement Act transfer payments are present, tangible income to the individual natives involved. In fact, the payments are made to regional native corporations and hence the income is essentially non-transferable (until 1991) stock in the corporations. In other words, the BEA per capita income figures tend to infer higher incomes than is actually the case since the transfer payment income is not a readily accessible or liquid income.

An additional problem emanates from the methodology used by the Bureau of the Census for population estimates. The Census Bureau population migration estimates are directly related to the number of school age children in a Census Division over the period of time in question. The Division of Economic Enterprise, according to the Mid-Year Report, believes that this methodology ignores the phenomenon of the preponderance of pipeline construction workers being either single or having decided not to bring their families to Alaska. Consequently, the per capita personal income data supplied by BEA, for those Census Divisions affected most severely by pipeline construction, is skewed toward higher values, since the relatively low numbers of school children would reflect a low general population (according to Census Bureau methodology).

In summary, avenues for the introduction of error into our calculations are clearly present in this evaluation. Nevertheless, we feel that a reliance on the relative magnitudes and interrelationships of the data is warranted, particularly in view of the close agreement of the estimated income tax as calculated by the two different methods.

AH:mo
Attachments

1975 PERSONAL INCOME TAX EVALUA

ORGANIZED BOROUGHS

CENSUS DIVISION	POPULATION	ESTIMATED PER CAPITA TXBL INCOME	ESTIMATED TOT TAXABLE INCOME
ANCHORAGE	177,817	\$5,919	\$1,052,526,156
BARROW-NORTH SLOPE	6,454	\$3,286	\$21,211,596
BRISTOL BAY BOROUGH	1,914	\$6,369	\$12,191,733
FAIRBANKS	55,517	\$5,156	\$341,787,580
HAINES	2,069	\$4,644	\$9,608,866
JUNEAU	17,714	\$6,616	\$117,213,251
KENAI-COOK INLET	15,621	\$5,485	\$85,695,302
KETCHIKAN	11,311	\$6,181	\$69,916,157
KODIAK	8,801	\$6,282	\$55,288,978
MATANUSKA-SUSITNA	12,462	\$4,355	\$54,280,116
SEWARD	3,149	\$5,553	\$17,504,230
SITKA	6,595	\$6,042	\$39,849,290
AVERAGES		\$5,876	
TOTALS	319,424		\$1,877,073,261

UNORGANIZED BOROUGH

CENSUS DIVISION	POPULATION	ESTIMATED PER CAPITA TXBL INCOME	ESTIMATED TOT TAXABLE INCOME
ALEUTIAN ISLANDS	7,086	\$6,628	\$46,969,970
ANGOOK	481	\$3,959	\$1,904,571
BETHEL	8,576	\$3,561	\$30,539,850
BRISTOL BAY	3,847	\$3,059	\$11,763,772
CORDOVA-MCCARTHY	2,003	\$6,402	\$12,824,887
KOBUK	4,548	\$3,486	\$15,857,375
KUSKOKWIM	2,721	\$4,166	\$11,336,530
NOME	6,660	\$4,249	\$28,303,790
OUTER KETCHIKAN	1,764	\$5,565	\$9,817,150
PRINCE OF WALES	2,502	\$5,221	\$13,063,751
SKAGWAY-YAKUTAT	2,732	\$4,994	\$13,645,730
SOUTHEAST FAIRBANKS	5,894	\$5,233	\$34,385,548
UPPER YUKON	8,780	\$7,073	\$62,104,316
VALDEZ-CHITNA-WHITTER	9,639	\$4,716	\$45,466,851
WADE HAMPTON	4,284	\$3,094	\$13,257,955
WRANGELL-PETERSBURG	5,270	\$5,909	\$31,141,652
YUKON-KOYUKUK	8,423	\$5,573	\$46,945,977
AVERAGES		\$5,038	
TOTALS	85,210		\$429,334,681

STATE TOTALS	404,634		\$2,306,407,942
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* Please note attached memorandum

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EST. STATE INCOME TAX REVENUES	ESTIMATED NBR OF RETURNS	ESTIMATED INCOME PER RETURN	METHOD 1 ESTIMATED TAX PER RETURN	METHOD 2 ESTIMATED TAX PER RETURN
\$54,481,498	80,379	\$13,094	\$682	\$677
\$1,097,967	2,917	\$7,270	\$302	\$376
\$631,075	855	\$14,091	\$760	\$729
\$17,601,816	25,035	\$13,619	\$723	\$704
\$497,380	935	\$10,274	\$483	\$531
\$5,067,253	8,007	\$14,638	\$806	\$757
\$4,435,812	7,051	\$12,136	\$608	\$628
\$3,619,042	5,112	\$13,674	\$727	\$707
\$2,861,901	3,978	\$13,897	\$745	\$719
\$2,809,680	5,633	\$9,635	\$442	\$498
\$906,064	1,423	\$12,297	\$621	\$636
\$2,062,703	2,931	\$13,367	\$703	\$691
		\$12,999	\$678	\$672
\$97,162,207	144,390			

EST. STATE INCOME TAX REVENUES	ESTIMATED NBR OF RETURNS	ESTIMATED INCOME PER RETURN	METHOD 1 ESTIMATED TAX PER RETURN	METHOD 2 ESTIMATED TAX PER RETURN
\$2,431,283	3,203	\$14,663	\$808	\$759
\$98,585	217	\$8,759	\$389	\$453
\$1,580,822	3,876	\$7,877	\$336	\$407
\$609,152	1,738	\$6,767	\$275	\$350
\$663,849	905	\$14,164	\$766	\$733
\$820,819	2,055	\$7,713	\$327	\$399
\$586,808	1,229	\$9,216	\$417	\$477
\$1,465,073	3,010	\$9,401	\$428	\$486
\$508,161	707	\$12,311	\$622	\$637
\$676,212	1,130	\$11,550	\$568	\$597
\$706,373	1,234	\$11,049	\$534	\$571
\$1,779,825	2,074	\$12,906	\$668	\$668
\$3,214,631	3,752	\$15,647	\$829	\$809
\$2,353,482	4,757	\$10,434	\$494	\$540
\$686,266	1,406	\$6,846	\$279	\$354
\$1,611,973	2,322	\$13,072	\$681	\$676
\$2,430,046	3,737	\$12,329	\$623	\$638
		\$11,146	\$556	\$576
\$2,223,432	39,717			

\$1,335,689 182,107

Legislative Affairs Agency
 Research Division
 12 April 1977

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 31, 1977

SUBJECT: Legislative Powers in the Unorganized Borough
TO: Representative Lisa Rudd
FROM: Richard Bradley, Legislative Counsel B

Judith Pinero's memorandum raised questions regarding the responsibilities of the legislature when it exercises powers granted to a borough assembly in organized boroughs. Specifically, she asked that I comment on two questions:

(1) Since the legislature acts as the assembly for the unorganized borough, does the legislature then fall under the statutory restrictions on the taxing powers of the boroughs? If so, what are those restrictions?

(2) Given the same authority of the legislature for the unorganized borough, does the legislature fall under any statutory requirements on the assessment and the appeal process of assessments?

Under the Alaska Constitution,

The legislative power of the State is vested in a legislature consisting of a senate ... and a house of representatives (Art. II, sec. 1)

Acting under this grant of authority, the legislature has created the framework of cities and boroughs and given them the broad range of powers they exercise. The legislature has established by statute the taxing powers of cities and boroughs (AS 29.53.010); similarly it has established the statutory requirements on assessment of property and has established an appeal process on assessments (AS 29.53.100 et. seq.)

At the same time, the Alaska Constitution recognizes that not all areas of the State may be organized into cities and boroughs. The areas excluded from organized municipal

context, in fact the legislature does not presently possess the responsibility, in any capacity, to act as an assessment review board. Since any legislation establishing such taxes and necessitating a review process may well deal with this issue explicitly, it seems undesirable to address the question abstractly. I suggest, moreover, that the legislature may wish to consider alternatives to the assumption of this function in any future legislation establishing a real property tax. See, for example, AS 43.56.040.

RB:lmk

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	

* SLA 1977, Chapter 90, Sec.9

** AS Sec.14.17.031(d)

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 (93% 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	95.9747	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

	Revised ADM 1st Qtr.	Elem.	Second.	Sp.Ed. (non-add)	Corres.	Voc.Ed. (non-add)	Elem. Sec.	Spec.Ed. Corres.	Voc. Ed.	Total Units		
Anchorage	35,125	17,212	17,913	2,107	-	1,806	801	198	--	102	2078*	
Bristol Bay	237	103	134	12	-	38	9	2	--	3	25	
Cordova	497	253	244	53	-	64	16	6	--	5	43	
Craig	190	82	108	11	-	11	7	2	--	2	19	
Dillingham	405	175	230	57	-	35	12	17	X6	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	4	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	793	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
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

M E M O R A N D U M

March 7, 1977

SUBJECT: HB 202; certain questions

TO: Representative Lisa Rudd
Chairperson of C & R A

FROM: Richard A. Bradley *B*
Legislative Counsel

You have requested my comments on certain features of HB 202, introduced by Representative Parr.

An analysis of §100(b)(1): This subsection provides that certain property is exempt from the tax levied under §100(a). Four classes of property are listed:

"(1) unimproved land." Section 21(d) of the Alaska Native Claims Settlement Act provides:

(d) 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 after the date of enactment of this Act (December 18, 1971): Provided, That municipal taxes, local real property taxes, or local assessments may be imposed upon leased or developed real property within the jurisdiction of any governmental unit under the laws of the state: Provided further, That easements, rights of way, leaseholds, and similar interests in such real property may be taxed in accordance with state or local law. All rents, royalties, profits and other revenues or proceeds derived from such property interests shall be taxable to the same extent as such revenues or proceeds are taxable when received by a non-Native individual or corporation.

Congress possesses constitutional authority to deal with Natives (or Indians) differently than non-Natives. Art. I, §8, clause 3, United States Constitution. Accordingly, §21(d) does not violate the "equal protection clause" of the

Representative Lisa Rudd
March 7, 1977
Page #2

Fourteenth Amendment. There is a general consensus, however, that states do not have a similar authority and must deal with all their residents equally.

It strikes me that a provision of state law according a preferred status tax-wise to unimproved property establishes a reasonable classification for tax purposes; the existence of §21(d) is an adequate basis for the exemption. If a more elaborate rationale needs to be developed, consider the thesis that undeveloped land (in rural settings) is unproductive and hence should not be taxed. In an age concerned with the environment, a policy of establishing tax patterns which do not encourage (or force) development is socially desirable. Other states (and Alaska, AS 29.53.035) currently give special tax status to agricultural lands. Whether all the lands which will benefit from this exemption are agricultural does not seem significant.

Note that section 21(d) would allow taxation when property interests in third parties are created by lease. The exemption in §100(b)(1) does not seek to reach unimproved property held by lessees.

Note also that "unimproved land" is defined in the bill at §230(2).

"(2) real property exempt from taxation under AS 29-.53.020," this provision of the municipal code establishes "required exemptions." They include (under §20(a)).

(a)(1) municipal, state, or federally owned property. This section merely recites existing law, that is, the listed property is exempt, not because of this section but because of Federal and State law. Note that the section explicitly recognizes that to the extent that lessees are taxable, they pay taxes to the extent of their interest.

(2) household furniture of individual householders not exceeding \$500.

(3) property used exclusively by nonprofit religious, charitable, hospital, cemetery or educational purposes.

(4) property of veterans' organization.

(5) "money on deposit."

(6) property owned by senior citizens under the terms of the exemption at §20(e).

Representative Lisa Rudd
March 7, 1977
Page #3

The provisions of subsections (b) through (i) of 20 elaborate on the rights granted under (a), above.

"(3) real property exempted by a second class city under AS 29.53.025(a)." Second class cities may exist within the unorganized borough, AS 29.03.010. Such cities possess a "limited property tax," AS 29.53.410. A municipality levying that tax may grant an exemption on the first \$10,000 of value on a residence, AS 29.53.025(a).

"(4) real property subject to or exempt from taxation under AS 43.56 and AS 43.58." AS 43.56 establishes "oil and gas exploration production, and pipeline transportation property taxes." AS 43.58 establishes the "oil and gas reserves ad valorem tax." The property described in this paragraph is exempt from the taxes levied under HB 202 because the scheme of taxation established under AS 43.56 and AS 43.58 is comprehensive and is considered to result in full taxation of the properties subject to those taxes.

If you have any questions on the analysis here, please advise.

You also requested our comments on the implications of HB 202 for Village Housing or for ASHA projects generally that may exist in the unorganized borough.

AS 18.55.250 provides:

The property of the [Alaska State Housing] authority is public property used for essential public and governmental purposes and this property and the authority are exempt from all taxes and special assessments of a municipality, the state or a political subdivision of the state. However, instead of taxes, the authority may make payments to the municipality or political subdivision for improvements services and facilities furnished by it for the benefit of a housing or public building project.

Regional Native Housing Authorities created under AS 18-55.995-.996 are given "all [the] powers, rights, and functions now or subsequently specified for the Alaska State Housing Authority...under §§10-290 of [AS 18.55].

Accordingly, it appears that any improvements to lands owned by ASHA or the regional native housing authorities will be tax exempt (and will also contribute funds in lieu of taxes, if any are levied).

Representative Lisa Kudd
March 7, 1977
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If you have any other questions, please advise; if you need me at the hearing Thursday, I am as close as your telephone and can come over immediately (3896).

RAB:smh



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

Submitted by: Parr

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.

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).

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.

RELATED MATERIAL
HB 202

November 4, 1977

Sally Smith - State Representative
321 Church St.
Fairbanks, AK. 99701

Dear Representative Smith,

Regarding the articles printed in the Mukluk News Oct. 20, '77 by Glen Marunde on the tax meeting held in Tok.

It can be easily seen that Mr. Marunde and a few other large property owners are against local government or State taxes. They also state that they don't want any State or Federal Programs. Yet, they seem to forget and didn't mention how many people attended the meeting that are on the State and Federal payroll here in Tok. In fact, as a contractor, Mr. Marunde put a notice in the paper a year or so ago stating he was not in the contracting business for private homes but would only bid or work on State and Federal projects. You might also notice on Page 3 of the School News, Mr. Marunde was awarded a contract for major maintenance of the schools in this area. He is, therefore, paid by the Alaska taxpayers. Also, a few years ago he was a leader in acquiring a R.D.A. grant to build the Tok Fire Dept. building, also an appropriation from the State legislature, Alaska tax payer's money.

Most of the ones attending the meeting were the same ones who 3 years ago were having meetings to get Public Works funding to build roads to their property. This raised the value of their property which some are now asking \$ 4,500 for 2 1/2 acres and higher. They forget, who do they have maintaining these roads now and complain if they aren't maintained, none other than the State Highway Dept. with State equipment and personnel. This takes up their time that could be used on our main highways. But, there is no concern about that as long as their own needs are met, "to hell with the rest".

It seems they want local control but will make no effort to incorporate. It's not fair to other areas who are organized to have to pay their share for schools and police protection when another area is getting the same services for free.

If it wasn't for the State and Federal payroll in Tok it could not exist at its present size. Some people are inclined to bite the hand that feeds them. Something Mr. Marunde should think about.

I personally am not for higher taxes, but it is something we have to put up with if we want improvements and better services. I believe in fairness to all Alaska residents to all pay our share.

Some of the same people at that meeting stand to make some good money from the gas pipeline as it will be going right through their property.

On the front page of the Nov. 3 news, I have marked out a para-

graph written by Mr. Marunde where he states he would like a new state building for Tok. He could see a chance for a contracting job, otherwise he wouldn't be interested. You might check with the Dept. of Highways, Tok. This past summer, they had funds to construct a warm storage building for their equipment. The Dept.'s construction crew was here from Fairbanks working on the building and just before freeze-up, Mr. Marunde complained so loudly about local contractors doing the plumbing that it stopped the project. Now the Dept. has an unheated and incomplete building to try and use this winter on account of one persons greed of more money for himself. As long as the ones complaining get what they want, they could care less of the needs of others.

It is estimated that there is approximately 900 people living in the Tok area, with about 208 who voted in the last general election. So, I would not call it a majority of the people who attended the meeting. That group led by Mr. Marunde likes to state that they express the views of the people. They're just making the loudest noise because they might lose a dollar. They better start looking at where they're getting the money to make their living, and most of them are making a real good living and quite a bit extra, above cost. The biggest % of the Tok funds are State and Federal.

I am hoping that you will pass this information on to the other members of the tax committee.

Sincerely,

Charlie R. Biederman
Charlie R. Biederman

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

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	\$ 212	\$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 Usibelli.

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 Physicians 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	9,160
	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	338,932	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.

The time has come, like it or not, to again consider formation of a borough for the Delta area. Most people are aware of the public hearing scheduled for next Monday evening concerning legislation which would levy a property tax on Alaska's huge unorganized borough.

Many hours will be consumed during the next few weeks as we engage in discussion about property taxes on the unorganized borough and about the possibility of a city sales tax. Imposition of either would affect just about everyone living within the greater Delta area. The unorganized borough includes all of the state of Alaska which is not already defined as being part of a specific borough.

According to their own news release, the legislature's Interim Committee on Taxation in the Unorganized Borough declares that "the tax would be equal to the average of the mill rates levied by the boroughs of the state for the support of school district activities, a figure currently estimated as seven mills." Our guess is, it would not be long before that figure is more like 10 mills, the figure previously

DELTA PAPER

EDITORIAL COMMENT

The DELTA PAPER
VOL. 2, NO. 22
OCT. 12, 1977

EDITORIAL COMMENT

(Continued from Page 1)
proposed by other legislation as a tax on the unorganized borough.

The Alaska Legislature has recently expanded the powers of the third class borough, making it flexible and yet far less constricting than a second class borough.

Our own third class borough could receive a portion of the state's ad valorem tax on the trans-Alaska pipeline and probably something similar from the planned natural gas line. To get the tax on the oil pipeline, we must also tax ourselves - it is generally agreed by those who have explored this avenue that a tax of about 3 mills would bring monies enough to provide for the needs of the people in a Delta area borough for a long time.

One of the problems which arose when the Deltana Borough was proposed in 1974 was the matter of a boundary. The local study committee suggested a relatively small area; the Dept. of Community and Regional Affairs wanted to impose a much larger one - including towns and areas not related according to the guidelines for establishment of boroughs. The people within a borough need to be socially, economically and culturally compatible. Part of the "boundary battle" would appear to be solved as a re-

The publishers of The Delta Paper realize full-well that taking a stand on the borough issue will probably make them unpopular with a number of local residents. We felt it was something we had to do, however, and if some people choose to no longer read The Delta Paper because of this, so be it, we are sorry. Readers are welcome to express their own opinions in letters to the editor, though unsigned, anonymous letters will not be published.

REAA School District, which closely follows the borough boundary suggested in 1974 and was approved by Community and Regional Affairs.

Though it had some support, the previous attempt toward the formation of a borough drew quite vocal opposition from some residents. Most opponents felt we could "put off" taxation and development - maintain the "status quo".

Who was here before Fort Greely? Only a handful of people remain who came to this area prior to the construction of the army post

in the early 50's. The entire economic base of the area - Delta Junction, Big Delta, Clearwater - is dependent upon employment at Fort Greely and the providing of support services related to the post and its personnel and employees.

Beyond the obvious economic base, most of us live here because we like it here. We stayed on through the tough times and have enjoyed the good times. Few people can say (honestly) that they moved to Delta because there were no taxes here.

We can direct community progress and growth but we cannot stop it lest we also stop our own personal growth. And, the Delta area has grown in spite of those who would stop it.

No one can put a cuddly puppy in a box, because he's so "cute".

EDITORIAL COMMENT... (Continued from Page 2)

stay just the way he is. By nature, he will grow and mature; the only way to stop it is to kill him.

Those who would stop reasonable growth and development would kill a community in their effort to keep it as they liked it. How much better to grow with it and help guide it and enjoy it as it grows!

As far as military facilities are concerned, Fort Greely is still on the "endangered species" list. If and when it should go - where will be the much-guarded status quo? The days of preserving status quo have passed - standing still means going backward as a community.

We need to stay informed on matters related to the coming natural gas pipeline; not only that it will undoubtedly bring economic benefits, but we need to encourage a take-off point so that Delta homes and businesses can enjoy lower cost heating, we need to explore the possibility of getting petro-chemical industry into the area - perhaps a urea plant to manufacture fertilizer to assist the agricultural development in the area. We must look to ways of

supporting ourselves and our community IF Fort Greely were closed or greatly curtailed.

The comment is often heard: "Once 'they' get taxes 'they' keep raising them." Who is 'they'? Think about it.

Taxes are coming - that fact is inevitable - a few details are still debatable.

Do we want to govern ourselves and tax ourselves and have a part in deciding what to do with our own tax monies? Or do we want to sit back and let the "big city" legislators govern us and impose the unorganized borough tax while we beg to have some of our own tax money spent in this area? Do we opt for "taxation without representation"? That is hardly the position one would expect the intelligent hard-working, independent thinkers of the Delta area to take.

Taxation and related matters will surely be among the topics brought up for discussion during Town Meeting which is planned for October 23. We sincerely hope that future matters of this nature will not again result in the dissension which occurred in 1974 when borough formation was attempted

and again in 1975 when the City of Delta Junction voted down a taxing ordinance. An old clipping from the Fairbanks Daily News-Miner of December 5, 1975, is a painful reminder of "Delta Junction divided by tax" as the headline stated.

(Continued on Page 9)

EDITORIAL COMMENT...

(Continued from Page 4)

The story was circulated by Associated Press and concluded with: "According to..., the chairwoman for the Anti-property tax committee, feelings are so bitter in the community that long-time friends and neighbors are refusing to speak to each other." Hopefully, we have grown and matured enough to avoid another situation which divides residents so dras-

tically.

In the past, it has been evident that the Delta area would be in line for more frequent and larger shares of state and federal funding if there were some amount of local effort - something more than bake sales and dances, which are commendable efforts but not terribly lucrative. Delta is noticeably missing out on two current funding items - see news stories on pages 8 and 10.

The City of Delta Junction is presently proposing to levy a three per cent sales tax. As Mayor Stan Orcutt pointed out in his column last week, the city's financial problems cannot be ignored any long-

er. Perhaps the answer would be a third class borough, with unified government which would allow the Delta area to control its future with as little government as would be absolutely necessary - there would then be no need for a sales tax within the city. We certainly don't have all the answers; we do feel that people working together can find them.

The time has come, it is here, now, to once again study the third-class borough - it may be our only hope to preserve the things we enjoy about this place we have chosen to call home.





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

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 FOR SERVICES (REIMBURSEMENT)	<u>5,025</u>	<u>6,050</u>

TOTAL -

\$ 527,360

November 15., 1977

THE SPIELER

Page 6

EDITORIAL

TAXES, what a dirty word. I am sure that a lot of you, like me, are paying taxes that exceed what our yearly income was a few years back.

We have heard a lot about taxes recently. A few days ago there was a legislative hearing in Tok, dealing with a proposed unorganized burough property tax. This hearing was attended by a few people from our area. I did not attend. I do have information that indicates that things were not what our leading anti-everything man reports that they were. He would have us believe that an overwhelming majority of the 700+ citizens of Tok rose up in mass to protest this gross invasion of our sovereign rights. Believe me this was not the case.

Our "Anti-man" made an issue of our tax money being spent in Tok. He seems to object to the fact that we have an ambulance paid for with state (tax) money. We have a volunteer fire department (true) but where did the money come from to build that fire hall? Where does the money come from (based on our population) to support our volunteer fire department activities? Where did the money come from to remodel the clinic garage so we can house our ambulance safely and

not have to shop around for storage space? Where did the money come from to renovate our clinic sewage system to the point where it will work in cold weather? Where does the money come from to provide a feeling of "We have not been forgotten" to the senior citizens of our area, the money that allows them to come to town, do their shopping, do their laundry and maybe have a hot meal along with their friends.

Where does the money come from to support our one million dollar plus, school system? It comes from tax money, your tax money, PROPERTY TAX money.

I don't like taxes. You don't like taxes. We don't like to be freeloaders either, do we?

CHAMBER OF COMMERCE

The annual election meeting of the Chamber of Commerce was held on October 28. The position of secretary and treasurer was combined and Jackie Currington was elected as secretary-treasurer. Mellie Terwilliger was re-elected as 2nd Vice President and Wally Wallis as president.

(continued on Page 7



LISA RUDD

ALASKA HOUSE OF REPRESENTATIVES

Pouch V
Juneau 99811

2827 Lore Road
Anchorage 99507

December 1, 1977

Mr. Carl A. Propes, Jr.
Land Manager
Chugach Natives, Inc.
912 East 15th Avenue
Anchorage, Alaska 99501

Dear Mr. Propes:

Thank you for your letter regarding HB 202. The Committee is looking at several other means by which rural residents could help with school costs.

In my opinion, the new law on 3rd class boroughs provides a means for rural areas to incorporate and provide themselves with needed local government services without placing an onerous tax burden upon themselves. You might call the Anchorage Legislative Information office and ask them to send you a copy of the new law.

We will try to keep you informed of further action on HB 202.

Cordially,

Lisa Rudd

LR/mcv

cc: C&RA Committee Members

ENGLISH BAY
PORT GRAHAM

SEWARD

CHENEGA

TATITLEK

VALDEZ

CORDOVA

EYAK

November 14, 1977

*Put on 202
mailing list*

Rep. Lisa Rudd, Chairman
Interim Committee on Taxation
in the Unorganized Borough
Alaska State Legislature
Juneau, Alaska 99811

Dear Representative Rudd,

I have seen several articles recently in the Tundra Times concerning your hearings in Delta, Tok and Fort Yukon on House Bill 202. The possibility of a tax on personal and real property within the unorganized areas of Alaska greatly concerns Chugach Natives, as the majority of our land selections under the Alaska Native Claims Settlement Act lie outside of incorporated areas. We would therefore like to be kept informed of any developments which take place on this subject, both during the "off-season" and the regular legislative session.

Of special concern to me is the definition of "unimproved land" in section 29.03.230(2) of H.B. 202. This may have to be refined so that the discretion of the state assessor in making his own definitions is kept to a minimum.

What troubles me most about H.B. 202 is its potential for indirectly instigating areas and communities which are presently unincorporated to organize. If they are to be taxed anyway, why shouldn't the inhabitants of these regions want increased local control over how their tax dollars are spent? Most of the state's rural areas which would be caught in this bind lack the unity of interest and the economic base needed to sustain viable organized governments. Moreover, I believe that the majority of residents in these remote areas and villages prefer to continue to

Chugach
Natives, Inc.

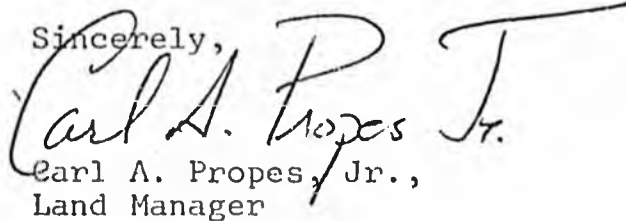
live as they have traditionally, without being bothered by more restrictions imposed by government.

Therefore, I recommend that if H.B. 202 is to be passed by the Legislature, a strong statement of purpose is needed to declare that the intent of the bill is not to compel hasty and premature incorporations of new governmental entities. Those brave and hardy persons who reside in the Alaskan "bush" must be allowed full self-determination over issues such as this, and only as a last resort should the Legislature enact a bill which would have the effect of reducing their freedoms.

Before H.B. 202 is seriously considered by the Legislature I would further hope that all other means by which rural residents could pay their fair share of school costs would be thoroughly analyzed.

I appreciate this opportunity to communicate my views on H.B. 202 to you and your Committee.

Sincerely,

Handwritten signature of Carl A. Propes Jr. in cursive script.

Carl A. Propes, Jr.,
Land Manager

cc: Rep. Bill Miles
Rep. Sally Smith
Rep. Merle Snider
Rep. Pete Loveseth
Rep. Nels Anderson
Rep. Tim Kelly
Rep. Al Ose

Leston L. McNeil
P.O. Box 333
Delta Junction, Ak 99737

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

19 October 1977

Dear Chairperson:

I regret that I was unable to attend the public hearing on HB 202, (Real Property Tax in Rural Alaska), that was held in Delta Junction on October 17. You have asked for written comments on this Bill and my comments are as follow.

First I would like to state that the people living in Rural Alaska, ie, the unorganized boroughs, pay exactly the same Alaska State and Federal taxes as does anyone else living in the Cities or in the Organized boroughs. We pay the Federal and Alaska State Income tax and the Alaska School tax and these are the only Federal and State taxes paid by anyone in the State.

Secondly I would like to point out that the State of Alaska does not pay one cent more towards the education of a child living in the unorganized borough than it does to help educate one living in the organized boroughs. The amount paid per child is the same. At least this is my understanding.

In that the people in the unorganized boroughs pay the same State and Federal taxes as does the people in the organized boroughs it would appear to be an act of gross discrimination for the State of Alaska to place a Real Property tax on one part of the State population and not on the other part. The fact that one part of the population has voted to tax it's self and the other part has chosen not to tax themselves should have no bearing on whether the State levies a tax or not.

Unless HB 202 is expanded to tax ALL the people of Alaska equally I will provide financial support to any group of citizens formed to challenge the constitutionality of this discriminatory tax in the courts.

Sincerely


Leston L. McNeil

CC: Fairbanks Daily News Miner
The Delta Paper

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

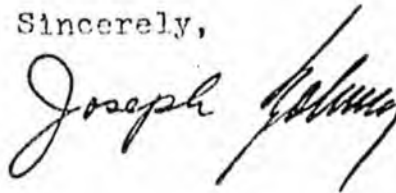
Dear Congressperson:

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

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

CHARLIE PARR

ALASKA LEGISLATURE

S. R. Box 50599
Fairbanks, Alaska 99701
456-5029

Pouch V
Juneau, Alaska 99811
465-3797

April 19, 1978

Ms. Elizabeth Johnston
Bristol Bay Native Corporation
P.O. Box 220
Anchorage, Alaska 99510

Dear Ms. Johnston:

Representative Nels A. Anderson, Jr. has kindly given me a copy of your letter of March 31 to Representative Lisa Rudd.

Since I am the sponsor of HB 202 some comments may in in order in reply to your remarks on that bill. To deal with your points in order:

1. Your discussion of the virtues of real property taxes is highly simplified, if not simplistic. You set up straw men, then demolish them.

a. The "seventy-five percent" (of the Legislature) which "is elected by persons not subject to the tax" is the same seventy-five percent which consistently funds the schools in the untaxed areas of the state.

b. Your logic escapes me. The legislature can't give the exemption in the unorganized borough unless it's being given in first-class cities? Try reading the parable of the workers in the vineyard.

c. I don't know if you have worked in property assessing-I did for a while, and can say only that you're wrong. True, there won't be a lot of revenue for the first two years or so, but then the program will more than pay for itself.

2. You appear to be making an argument against real property taxes in general, and much of what you say would apply to such taxes in the organized cities and boroughs as well. Is it your argument that they should be abolished? If so, in favor of...?

a. Sales taxes are even more regressive...

b. All taxes do this. Your point about subsistence and development isn't very clear, unless you are opposing

Ms. Elizabeth Johnston
pg. - 2 -

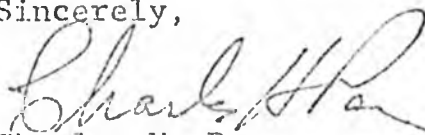
a subsidy for development (i.e., a tax exemption).

The latter part of your letter is addressed by the enclosed memorandum from Mr. Bradley.

Finally, Ms. Johnston, one point which your letter ignores. A lot of people in the unorganized borough are getting a free ride, and a significant percentage don't need it. Tell me why the owner of a \$400,000 lodge in Tok pays no property taxes, while one in Fairbanks North Star Borough does—

Because of this free ride, my constituents are paying more than their share. These are the simple facts of the case.

Sincerely,



Charles H. Parr

CHP:sg

cc: Representative Lisa Rudd
Representative Nels A. Anderson, Jr.

STATE OF ALASKA
THE LEGISLATURE

POUCHY - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800


LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 17, 1978

SUBJECT: HB 202; Comment on letter to Representative
Rudd from general counsel of Bristol Bay
Native Corporation. (Work Order No. 5357)

TO: Representative Charles H. Parr

FROM: Richard A. Bradley 
Legislative Counsel

You have provided me with a copy of a letter to Representative Lisa Rudd from Elizabeth Johnston, General Counsel of the Bristol Bay Native Corporation, dated March 31, 1978.

You ask that I comment on two questions.

Ms. Johnston's first question arises under section 21(d) of the Settlement Act. She notes that certain protections are given to the lands conveyed to Native Corporations. Because the language of the section is significant, it is useful to set out the material language:

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 or local real property taxes for a period of twenty years after the date of enactment of this Act [December 18, 1971]: Provided, That municipal taxes, local real property taxes, or local assessments may be imposed upon leased or developed real property within the jurisdiction of any governmental unit under the laws of the State: ...

The language of HB 202 [and SB 35] exempts "unimproved land." Both Jack Chenoweth [the drafter of SB 35] and I appear to conclude that the phrase "unimproved land" is the opposite of the phrase in §21(d) prohibiting taxes on "leased or developed real property."

Representative Charles H. Parr
Page 2
April 18, 1978

In my opinion, the judgment is completely proper; if anything, the phrase is quite conservative since lands subject to a leasehold interest without development, while taxable under the Federal law, do not become taxable under either HB 202 or SB 35 until they are "improved."

In my opinion, the phrase "leased or developed" need not be used in state legislation for it to be effective and the words actually used are effective and within the authority allowed to the legislature under the Settlement Act.

Ms. Johnston then asks whether the legislature, when it acts as a borough assembly, is imposing a "state or a local tax." The distinction is not significant although section 21(d) could well have been written with more precision.

(1) The first sentence of §21(d) exempts the property "from state or local property taxes" if it is not "developed or leased to third parties..."

(2) The first proviso allows "municipal taxes, local real property taxes, or local assessments on leased or developed real property within the jurisdiction of any governmental unit under the laws of the state:..."

(3) The second proviso allows taxation of "leaseholds, and similar interests in such real property" "in accordance with state or local law."

(4) The second sentence allows taxation of "all rents, royalties, profits, and other revenue or proceeds derived from such property interests."

Under the first phrase quoted, a state or local real property tax may be assessed and collected if the lands are "developed or leased to third parties." Since these phrases authorize state or local real property taxes and since the three remaining phrases do not explicitly contradict the first phrase, no problems are presented. However, if the first phrase is not relied on, it seems that it is quite reasonable to conclude that under our constitutional framework, the legislature is the effective agent for local government when it acts as the borough assembly for the unorganized borough.

Representative Charles H. Parr
Page 3
April 18, 1978

Finally, it is not clear what Ms. Johnston means by her comment on the "landowner/third-party" distinction. If by her comment she is implying that taxation can occur only when the real property is [both] "developed and leased" to third parties, then I suggest that she note that the language of sec. 21(d) rather reads "developed or leased" each time it is used in the section. The language clearly suggests that development of protected, unimproved lands either by a village or regional corporation or by a third party equally, in either situation, subjects the lands to property taxes. Nothing in the legislative history is to the contrary. See 2, 1971 USCCAN at 2192, 2247. While there are valid reasons for Congress to prevent the "tax alienation" which has plagued Indian lands in the other states, (an event that typically occurs when the lands are unproductive or underproductive and the owner lacks the wherewithal to pay the taxes) there seem minimal policy arguments for a conclusion that development of the protected lands by a Native Corporation should be more protected from taxation than development of the same lands by "third parties."

Her second and final concern is essentially a policy question addressed to the legislature. She states

"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 the present, the state spends twice the money ADM in the unorganized borough as it does in the boroughs."

While to this observer, no lack of commitment by the state legislature to education "in the bush" seems apparent, the concern vis-a-vis HB 202 is unfocussed and perhaps irrelevant.

HB 202 is a tax-raising measure, taxing the unorganized borough property not exempted at a rate

"equal to the average of the mill rates levied in boroughs in the state for support of the borough school districts on January 1 of the preceding year ..."

Representative Charles H. Parr
Page 4
April 18, 1978

There is no explicit or implicit correlation between the tax realizeable under HB 202 and the amounts appropriated to the support of education in bush Alaska, [or for that matter, between the amounts raised in organized boroughs by the property tax and the amounts spent there for education].

The citation of Serrano v. Priest is inapposite. Serrano essentially says that the rule should be

"From each according to his ability; to each according to his needs."

RAB:jpd

February 24, 1978

Report of the Local Government Committee
RurAlCap Citizen Participation Conference

The committee recognized the large number of House and Senate bills, either proposed or already introduced, addressing state, city, and borough needs. In addition, the committee recognized the limited time available to review and comment on these bills.

The committee, therefore, decided to study only those bills of extreme importance, that have the greatest impact on boroughs and cities. The committee, following the advise and suggestion of the assigned Technical Assistant, chose to consider, in detail, the following bills:

- see below* {
- o HB843: "Providing for equalization of the tax resources of municipalities and continuing a portion of the program of state aid for municipal purposes".
 - o SB502 Identical to HB843.
- see below* -
- o SB208 "Relating to municipal organization grants".
- add non residents* -
- o SSB75 "Authorizing a borough or city tax on net income".
 - o ~~HB802~~ "Providing for assessment, levy, and collection of a tax on developed land in the unorganized borough".
 - o ~~HB809~~ "Exempting certain items from sales tax".
 - o ~~HB878~~ "Relating to the levy and collection of sales and use tax by municipalities".

The committee, after study and evaluation of the bills identified above, recommended the following:

1. HB843/SB502: The committee supports this bill in principle, with the stipulation that: (a) Section 29.88.010(b) be revised to indicate that the grant made available to a municipality be a minimum of \$50,000 in those cases where the indicated formula grant is lower than \$50,000, and (b) the last sentence of Section 29.89.010(a) ("No payment may be made...") be eliminated.
2. SB208: The committee supports this bill with the proposed Department of Community and Regional Affairs amendments relative to dollar amounts available under Section 29.18.180(1) and (2) (please see the attached). Further, the committee feels that a section should be added to provide for pre-planning study grants of up to \$50,000 for borough incorporation, and up to \$25,000 for city incorporation; provided that: (1) the applicant submit a projected budget, (2) unexpended grant monies be returned to the State, and (3) identification of local governing bodies eligible for pre-planning grants occur.

3. SSHB75: The committee supports the concept of this bill with a stipulation that Section 29.53.500(g) be modified to include transient residents as subject to income tax payment. The concern of the committee is that non-resident wage earners should be taxed on their earned income.

*company
workers,
etc.*

The committee members unanimously agreed that they cannot support HB202, HB509, and HB578 and, therefore, have recommend to the entire Citizen Participation Conference delegation that it not support the bills.

Submitted: February 24, 1978

Committee Chairperson: Mr. Lutena Mulitalo
Facilitator: Mr. Gordon Jackson
Technical Assistant: Mr. Bill Pritchard

HB

2022

(Public Hearings
File)

1975 PERSONAL INCOME TAX EVALUATION

ORGANIZED BOROUGHES

CENSUS DIVISION	POPULATION	ESTIMATED PER CAPITA TXBL INCOME	ESTIMATED TOT TAXABLE INCOME	EST. STATE INCOME TAX REVENUES	ESTIMATED NBR OF RETURNS	ESTIMATED PER RETURN INCOME	ESTIMATED PER RETURN INC. TAX	ESTIMATED PER RETURN INC. TAX
ANCHORAGE	177,817	\$5,919	\$1,052,526,156	\$54,481,498	80,379	\$13,094	\$682	\$677
BARROW-NORTH SLOPE	6,454	\$3,286	\$21,211,596	\$1,097,967	2,917	\$7,270	\$302	\$376
BRISTOL BAY BOROUGH	1,914	\$6,369	\$12,191,733	\$631,075	865	\$14,091	\$760	\$729
FAIRBANKS	55,517	\$6,156	\$341,787,580	\$17,691,816	25,095	\$13,619	\$723	\$704
HAINES	2,069	\$4,644	\$9,608,866	\$497,380	935	\$10,274	\$483	\$531
JUNEAU	17,714	\$6,616	\$117,213,251	\$6,067,263	8,007	\$14,638	\$806	\$757
KENAI-COOK INLET	15,621	\$5,485	\$85,695,302	\$4,435,812	7,061	\$12,136	\$608	\$628
KETCHIKAN	11,311	\$6,181	\$69,916,157	\$3,619,042	5,112	\$13,674	\$727	\$707
KODIAK	8,801	\$6,282	\$55,288,978	\$2,861,901	3,978	\$13,897	\$745	\$719
MATANUSKA-SUSITNA	12,462	\$4,355	\$54,280,116	\$2,809,680	5,633	\$9,635	\$442	\$498
SEWARD	3,149	\$5,558	\$17,504,230	\$906,064	1,423	\$12,297	\$621	\$636
SITKA	6,595	\$6,042	\$39,849,290	\$2,062,703	2,981	\$13,367	\$703	\$691
AVERAGES		\$5,876				\$12,999	\$678	\$672
TOTALS	319,424		\$1,877,073,261	\$97,162,207	144,390			

UNORGANIZED BOROUGH

CENSUS DIVISION	POPULATION	ESTIMATED PER CAPITA TXBL INCOME	ESTIMATED TOT TAXABLE INCOME	EST. STATE INCOME TAX REVENUES	ESTIMATED NBR OF RETURNS	ESTIMATED PER RETURN INCOME	ESTIMATED PER RETURN INC. TAX	ESTIMATED PER RETURN INC. TAX
ALEUTIAN ISLANDS	7,086	\$6,628	\$46,969,970	\$2,431,288	3,203	\$14,663	\$808	\$759
ANGOON	481	\$3,959	\$1,904,571	\$98,585	217	\$8,759	\$389	\$453
BETHEL	8,576	\$3,561	\$30,539,850	\$1,580,822	3,876	\$7,877	\$336	\$407
BRISTOL BAY	3,847	\$3,059	\$11,768,772	\$609,182	1,738	\$6,767	\$275	\$350
CORDOVA-MCCARTHY	2,003	\$6,402	\$12,824,887	\$663,849	905	\$14,164	\$766	\$733
KOBUK	4,548	\$3,486	\$15,857,375	\$820,819	2,055	\$7,713	\$327	\$399
KUSKOKWIM	2,721	\$4,166	\$11,336,530	\$586,808	1,229	\$9,216	\$417	\$477
NOME	6,660	\$4,249	\$28,303,790	\$1,465,078	3,010	\$9,401	\$428	\$486
OUTER KETCHIKAN	1,764	\$5,565	\$9,817,150	\$508,161	797	\$12,311	\$622	\$637
PRINCE OF WALES	2,502	\$5,271	\$13,063,751	\$676,213	1,130	\$11,550	\$568	\$597
SKAGWAY-YAKUTAT	2,732	\$4,994	\$13,645,730	\$706,338	1,234	\$11,049	\$534	\$571
SOUTHEAST FAIRBANKS	5,394	\$5,833	\$34,385,548	\$1,779,885	2,664	\$12,906	\$668	\$668
UPPER YUKON	8,780	\$7,073	\$62,104,316	\$3,214,681	3,968	\$15,647	\$889	\$809
VALDEZ-CHITNA-WHITIER	9,639	\$4,716	\$45,466,851	\$2,353,482	4,357	\$10,434	\$494	\$540
WADE HAMPTON	4,284	\$3,094	\$13,257,955	\$686,266	1,936	\$6,846	\$279	\$354
WRANGELL-PETERSBURG	5,270	\$5,909	\$31,141,652	\$1,611,973	2,382	\$13,072	\$681	\$676
YUKON-KOYUKUK	8,423	\$5,573	\$46,945,977	\$2,430,046	3,807	\$12,329	\$623	\$638
AVERAGES		\$5,038				\$11,146	\$556	\$576
TOTALS	85,210		\$429,334,681	\$22,223,482	38,517			
STATE TOTALS	404,634		\$2,306,407,942	\$119,385,689	182,907			

February 21, 1977

RE: Basic Tax Information / Purpose and Authority

State Tax System

Personal Income Tax: Should stand-out as the single most important revenue instrument in the state tax system and should produce close to 25% of total state-local tax revenues.

General Sales Tax: As the other major state tax it should produce 20 to 25% of the total state-local tax revenue without imposing an extraordinary burden on low income families. Retail sales tax rests on the belief that consumption is an appropriate basis on which to distribute a substantial part of the state tax load.

Local Tax System

Property Tax: Provides 5 out of 6 local tax dollars.

In many states there are existing constitutional and statutory restrictions on the taxing powers of local governments in terms of specific rates or allowed rates of increase, coupled with requirements for specific referendum approval of proposed property tax levies.

The State Role

The state has a useful and significant coordinative role to play in the administration of local income taxes as well as in other non-property taxes. Income taxes are preferable to sales and many other types of taxes because they can be structured to distribute their burden in conformity with ability to pay and with necessary regard to the taxpayer's family obligations.

Income tax limitations for use at the local level:

- frequently people live in one jurisdiction and work in another.
- people often supplement their wages and salaries from local sources with investment and other unearned income from other parts of the state; however, local jurisdictions that now use these taxes generally limit them to income from wages and salaries, the type of income most easily taxed.

HB 202 is one of two bills which have been introduced in the legislature which, 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~~ ^{not} ^{or a 1st class} ^{or} ^{some rule city} within an incorporated borough. ~~The bill was not~~ HB 202 was introduced by Rep. Charles Parr of Fairbanks, ~~where~~. There is a similar bill in the Senate, which was introduced by ~~Rep~~ Senator Joe Orsini of Anch.

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 Dept. of C & RA has estimated that that rate is about 7 mills (7/10 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 & 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 ~~the~~ 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~~ the mechanics of assessment, appeals of assessment, collection of the tax, and enforcement processes and penalties.

The state assessor, from the Dept. of C & RA, is here with us and can discuss specific questions involving what constitutes "improved land", assessment practices, & the role of the Dept. should the bill pass.

HB 202 is not the first time the question of a property tax in the unorganized borough has been raised. It first came up in, &

think, 1972, when the 20 mill tax was placed on ^{oil & gas} ~~pipeline~~ 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, I believe the oil industry raised this question as a constitutional "equal protection" issue in litigation, but the suit was settled before the issue was decided.

Later efforts to focus on the question of taxation in the unorganized borough came ~~at the time of the creation~~ ^{when} in 1975 ^{of the} 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 education~~ the REAAs.

was re-established

The fact that the REAAs 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 ~~driving force behind~~ reason for the introduction of HB 202. Urban legislators frankly 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. Whether the legislature will act on HB 202 during the '78 session will turn, in part, on your testimony here tonight.

Describe bill passage process.

Introduce everyone.

here to listen
questions first, then testimony

Ft. Yukon - 2nd Cl. city
possible boro

file 202

House Bill 202 is one of two bills before the Legislature (the other being SB 35 by Orsini) which, if enacted, would levy and collect a property tax on property within the state's unorganized borough. The bill was introduced by Representative Charles Parr of Fairbanks.

If enacted, the bill would levy a tax on improved property ~~within~~ the unorganized borough. The tax would be at a rate which equal^s the average of the property tax rates levied by all boroughs in the state for the support of borough school districts, a figure which has been estimated by the Department of Community and Regional Affairs at about seven mills (seven-tenths of one per cent of the value of property taxable) per year.

As drafted, the bill would exempt from taxation

- (1) property which has not been improved, such as acreage in woodland;
- (2) real property, ^{which is} exempt from taxation under ~~certain provisions of~~ the state's municipal code -- the property of churches, veteran's groups, and senior citizens;
- (3) real property ^{taxed} ~~paid up~~ under the state's 20 mill levy on property used for the exploration, production or transportation of oil (pipeline property tax);
- (4) ~~a maximum of the first~~ ^{up to} \$10,000 ^{of the} value of residential real property, if the municipality authorizes the exemption and the voters approve by ordinance -- but I assume that the exemption would only be allowed in municipalities which themselves approve levy of a property tax by the municipality and would not be authorized in a municipality which itself did not levy

and collect a tax but approved the exemption for the purpose of reducing payment due under the state levy.

~~5) Land selected by Hester Corp. is~~

As I read the bill, agricultural lands used for farming -- which are exempted in boroughs and cities -- would not necessarily be exempted from levy under this tax -- the definition of "unimproved" would seem not to ~~preclude~~ ^{prevent} a tax on lands actually put to the plow, but would recognize lands as exempt if held for grazing purposes. (This could be a major point of discussion at the Delta Junction hearing.)

improved =
put to plow
unimproved =
grazing

The bulk of the legislation, after describing the ~~reach of the levy,~~ ^{extent of the tax} addresses mechanical things such as the manner of assessment, procedures for collection and appeals, and enforcement processes and penalties. The state assessor, in the Department of Community and Regional Affairs, will be with the committee and can discuss specific questions involving assessment practices and the nature of the Department's role should the legislation be enacted.

The House Bill is not the first ~~in time~~ to call for an unorganized borough tax levy. The question of levy was first seriously raised at the time the 20 mill property tax was levied on the pipeline -- at that time the question was one of equity between taxation of the pipeline and taxation, or rather non-taxation, of all other property in the unorganized areas, a typical "equal protection" based argument which the oil industry once raised in litigation but which, I understand, was settled prior to final hearing or appeal. Later efforts to focus on the question of levy in the unorganized borough came at the time of reform of the state-operated school system and its replacement by the system of rural educational ~~service~~ ^{attendance} areas (1975 session), where some legislators were

year?

asking whether it was fair to provide for local control and policy-making responsibility without adding the concomitant requirement of local tax contribution to support ~~of~~ educational services.

This, I suspect, is the chief reason underlying introduction of this bill: urban residents -- where property tax rates are hefty -- are asking legislators who represent them why it is that a dual system of education financing is permitted to continue [urban areas = Foundation program plus local property/sales tax; rural areas = no local effort], and if the legislature cannot figure out some way to reduce urban property/sales tax rates and levies, at least it could require a contribution for support of local schools by residents of rural areas.

The other bill, Senator Orsini's SB 35, is farther reaching: it would levy a flat ten mills (with a slightly broader system of tax credits) and indicates that an amount equal to the annual total receipts from the tax would be re-appropriated for the benefit of the unorganized borough, [an effort to avoid the "dedicated fund prohibition" problem.] Presumably the Orsini bill is grounded upon the assumption that residents of rural areas should contribute ~~to the state~~ not only for local support of education but for general government services ^{delivered to them} as well.

The levy and collection of any tax in the state's unorganized borough would be a step of major and historic proportions. In the unorganized area, aside from the first class cities which are school districts unto themselves, and are required to contribute to school costs, only one city levies a property tax, the City of Eagle, at three mills. About one-third of the second class cities levy a sales tax for the support of

general government (not educational) services, including Fort Yukon (3%), but not including Delta Junction ~~[with all the transient travel activity and the increase in business volume due to pipeline construction]~~ Tok is, of course, unincorporated.

This, and it should be stressed, is not the opening gun in the salvo leading to mandatory incorporation of new boroughs. (Admittedly, mandatory incorporation is always possible, ^{but at present it is improbable.} ~~[but the current administration won't address it in an election year, and a legislative initiative to that end is impossible without strong gubernatorial prodding.]~~ However, the same result could be obtained by, say, the levy of a very high property tax rate -- 20 or 25 mills -- which would force the citizen-taxpayers to seriously consider taking steps of their own volition to remove themselves from unorganized status.

~~[On this point, you should know that the Department of Community and Regional Affairs has received tentative inquiries from residents of Fort Yukon asking advice and assistance through the preliminary stages of organization of a general law borough in the region generally embracing the Upper Yukon REAA. Usually such "feelers" die an early natural death; in this instance, there is reason to be slightly more optimistic, if only because of the exceptional tax base provided in that region by the trans-Alaska pipeline.]~~ ~~[The committee's consideration of a property tax for the unorganized borough -- as distinct from any initiative by the members, serving as members of the House Community and Regional Affairs Committee, to overhaul or substantially modify the pipeline property tax and the generous treatment given under it to boroughs and cities containing pipeline property -- ought not to adversely affect the Fort Yukon area borough study effort.]~~

That the legislature can levy a property tax -- or any tax -- in the .
unorganized borough is undoubted: under the constitution, ^{the legis. is} ~~you are~~ the
assembly of the unorganized borough (Article X, sec. 6). Whether, for
reasons of equity or practical finance, the Legislature will act or
avoid action in this session will turn, in part, on the reception given
the idea of levy and collection of a tax by the residents of the unor-
ganized borough themselves.

[~~In short, what the Interim Committee on Taxation in the Unorganized
Borough is being asked to do is act to disprove the validity of the
shopworn proverb: "Nothing is certain except death and, except in
Alaska's unorganized borough, taxes." HB 202 is merely a gentle step in
that direction.~~]

Your information...

copies of letters sent...

Send to Judith Pinner

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

September 19, 1977

The Honorable John A. Carlson
Mayor, Fairbanks-North Star Borough
P.O. Box 1267
Fairbanks, Alaska 99707

Dear Mayor Carlson:

My thanks to you for working with Representative Sally Smith to provide an opportunity for the members of the House Community and Regional Affairs Committee to meet with elected municipal officials of the Fairbanks area to discuss matters of mutual interest and concern. I understand that the meeting has been scheduled for Wednesday, October 19, at 7:30 p.m., at the Borough Assembly chambers, 520 Fifth Avenue.

By this letter, I am extending a cordial invitation to you and the members of the Fairbanks-North Star Borough Assembly to meet with us at that time. I look forward to that meeting and hope that you and as many members of the assembly as possible will attend.

Sincerely,

/s/ Lisa Rudd by jc

Representative Lisa Rudd
Chairperson
House Community and
Regional Affairs Committee

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

September 19, 1977

The Honorable Carleta Lewis
Mayor, City of North Pole
P.O. Box 5109
North Pole, Alaska 99705

Dear Mayor Lewis:

In conjunction with public hearings in the Interior of Alaska during the third week of October, the House Community and Regional Affairs Committee will have an opportunity to meet with municipal officials from the metropolitan Fairbanks area. Mayor John Carlson of the Fairbanks-North Star Borough has graciously offered the use of the Borough Assembly Chambers for that meeting.

By this letter, I am extending a cordial invitation to you and the members of the council of the City of North Pole to meet with us to review matters of mutual interest. There will be no formal agenda: rather, the members of the committee will be available to review with you legislation currently pending, your ideas concerning other needed legislation, and any other matters of mutual concern.

The meeting will be held at 7:30 p.m., Wednesday, October 19 in the Borough Assembly chambers, 520 Fifth Avenue, Fairbanks. I welcome the opportunity to meet with you and hope that you and as many members of the council as possible will attend.

Sincerely,

/s/ Lisa Rudd by jc
Representative Lisa Rudd
Chairperson
House Community and
Regional Affairs Committee

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

September 19, 1977

The Honorable Harold Gillam
Mayor, City of Fairbanks
410 Cushman
Fairbanks, Alaska 99701

Dear Mayor Gillam:

In conjunction with public hearings in the Interior of Alaska during the third week of October, the House Community and Regional Affairs Committee will have an opportunity to meet with municipal officials from the metropolitan Fairbanks area. Mayor John Carlson of the Fairbanks-North Star Borough has graciously offered the use of the Borough Assembly Chambers for that meeting.

By this letter, I am extending a cordial invitation to you and the members of the council of the City of Fairbanks to meet with us to review matters of mutual interest. There will be no formal agenda: rather, the members of the committee will be available to review with you legislation currently pending, your ideas concerning other needed legislation, and any other matters of mutual concern.

The meeting will be held at 7:30 p.m., Wednesday, October 19 in the Borough Assembly chambers, 520 Fifth Avenue, Fairbanks. I welcome the opportunity to meet with you and hope that you and as many members of the council as possible will attend.

Sincerely,

/s/ Lisa Rudd by jc

Representative Lisa Rudd
Chairperson
House Community and
Regional Affairs Committee

Colleen Marunde - testimony - Voice of the Bush Tax

- Adink
 - more advanced notice
 - October 8th > postcard arrived
 - advertisement on 202 -
 - avoidance of separation between real & personal tax levy on unorganized territory by legislature
 - def. of unimproved land
- Questions: long tract with one structure?
- question the amt. of revenue to be generated
 - possibility of redistributing that would affect the saddle-like REAA's - wants the bill sent to H-HESS

final request

Bill - REAA school board
real tax base would be in Tok
no assurance of return of funds to area assessed valuation is too excessive
referred to H-HESS

Bill Simmons

- firehall, visitor center, clinic, ambulance
- lease for \$35,000 in grants from state
- courthouse, jail, library, teacher, licensing
- highway that goes to other parts of the state
- not going to benefit Alaskans or Alaska
- recommends - do not pass

tourist info building

Owner of Golden Bear -
- wants service to equal tax

Atkale Wilson - questionnaire for essential service
food stamps office, welfare office, clinic (Chadlain) those receiving
not those that pay the tax

PPPP

Terry Bringer - objects as tax ^{of forces local gov't organiz.}
opposes prop. tax in principle ^{by mapping & ownership in unorg. area}
no relationship to tax & social services
no defense for social services

Paul McCollum - what is the amount of federal \$ to
Tok area?
penalty tax on citizens

- Amendment:

Question

upon receipt of 100% state-funded education
requested that tax be lifted
~~the~~ borough owns schools and land in these area ??

Dual function of Legislature -
AMENDMENT

Raise the school tax

Paul Smith of Golden Bear

Jim Wilbough -

study of \$ amounts of services going into Tok

Wilson - benefit of living in the unorganized borough
to not pay a tax + a reason for living in bush

Marunde wrap-up
\$164,000 parcels

Recommendation to cut-off program - time certain,
legislature to refer to

Jim Wilbough - raised question of mill rate

Delta

Sign-up Sheet

NAME	ADDRESS
JOE NISTLER	Box 627 DELTA Jct, AK 99737
Sandra Anderson	Box 306 Delta Jct 99137
Bud Cooley	895-4885 Mile 1385 - Alaska Hwy via Delta Jct.
Michael McLean	Mile 1410 Alaska Hwy Delta Jct.
Clair M Danning	Box 823 Delta Jct. AK 99737
Sue Johnson	Box 493 Delta Jct AK 99737
Jill Olivera	Box 224 Delta Jct AK 99737
Lorraine Koon	Box 216 Delta Jct AK 99737
FRANK DIKE	Box 423 Delta Jct AK 99737
Fran. Columbo	Box 966 - D. J. AK - 99737 -
Leonard A. Lemon	Box 100 D J AK 99737
KEN KUTHER	Box 486 D J. AK. 99737
RICHARD SOUHRADA	Box 98 Delta Jct 99737.
DOUG PARSONS	Box 295 DELTA JCT "
Richard Carpenter	Box 884 Delta Jct 99737
Richard Souhrada	Box 48 Delta Jct 99737
Mary Jo Jabrowski	Box 532 Delta Jct 99737
Don Jabrowski	Box 832 Delta Jct 99737
Elizabeth G. Long	Box 855 " " "
Judy Love	M.P. 1380 Delta Jct "
Beryl L. Sheehan	Mile 1378 Alaska Hwy. Delta 99737

JR Mues PO Box 384 Delta JT
Donna Peckham P.O. Box 605 Delta Jct.
Anne Toth Box 965 Delta Jct.

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House 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

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)

1. @ assessment date January 1, 1979 (Amendment necessary)
2. 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.
3. Estimated tax base is discounted 20% to reflect the unimproved property exclusion.
(809,328,988 = 1,011,661,235 - 20% 202,332,247)
4. 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.)
5. 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. Parker Dozier*
AGENCY Community and Regional Affairs
PHONE 465-4730

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)
Parr

COPY OF LETTER SENT...

September 26, 1977

The Honorable Jonathan Solomon
Mayor, City of Fort Yukon
P.O. Box 269
Fort Yukon, Alaska 99740

Dear Mayor Solomon:

I am writing at the request of Representative Lisa Rudd, Chairperson of the Interim Committee on Taxation in the Unorganized Borough. The purpose of the letter is to invite you and the members of the council of the city of Fort Yukon, to a public hearing to be held in your community on legislation which, if enacted, would levy and collect a property tax in the state's unorganized borough.

The hearing in Fort Yukon has been scheduled for Thursday, October 20, at 7:30 pm in the Fort Yukon School library.

Enclosed please find copies of the legislation and of a recent press release advising of the forthcoming hearing. Should you have need of additional copies of the legislation, please contact:

Legislative Information Office
Legislative Affairs Agency
604 Barnette Street, Room 144
Fairbanks, Alaska 99707

Phone: 452-4449

Sincerely,

John B. Chenoweth
Legislative Counsel

JEC:hjd

Enclosures

Also: Delta Summary

HB

213

March 1, 1977

TO: LISA
FROM: JUDITH

RE: HB 213 - HOUSING ASSISTANCE OFFICE

Mr. Riggs, the Director of the Alaska State Housing Authority, returned my call on March 1, 1977. He is interested in HB 213 and would like some clarification as to the intent of the legislation. Mr. Riggs said that ASHA is working with the regional housing authorities to get them to take more responsibility for the management of their programs in the rural area. If the creation of a Housing Assistance Office in Community and Regional Affairs would primarily be a coordinating and assistance agency for the regionals, dealing with the problems of rural housing, then his agency is very much in favor of HB 213. Mr. Riggs does not oppose the bill if in fact the intent is to create a more general Housing Assistance Office; however, he would like more time to consider the legislation if the intent of the bill is to include administration of both urban and rural housing authorities.

I informed Mr. Riggs that his comments would be communicated to you and possibly made available to the committee members. He requested that I keep him informed which I assured him that I would do.