

ALABAMA LEGISLATIVE COMMITTEES 1901-1902 8072

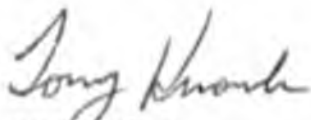
1239	HCRA	HB 746	-	HB 840	1239
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Because of the complexities involved in formulating a new program to equitably distribute our State's wealth to Alaskan communities and the desire of the Legislature for early adjournment, this is not the time for such a major change. Instead of completely revamping the entire State Revenue Sharing and Municipal Assistance programs this session, the Legislature should postpone any action until 1983. In the interim we support the recommendation by the Alaskan Municipal League Legislative Committee to further examine these programs. Items which should be included in any such examination include:

- o Factors such as population, cost of living, tax effort, geography, ability to tax, which should be used to determine entitlements.
- o The extent to which the state should mandate particular applications and use of funds.
- o Means to ensure predictability of annual entitlements, such as through the creation of an endowment fund or basing it on certain state revenues (e.g., petroleum production revenues).
- o "Hold harmless" clauses to protect municipalities adversely affected by changes in law/adequate funding amounts.
- o Whether appropriation sources should be identified (e.g., XX of petroleum production revenues).
- o Application of the programs to unincorporated, Native or traditional rural governments.
- o Relation of program to state mandated or municipal initiated local tax reductions.
- o Whether revenue sharing programs (roads & hospitals) should be eliminated and combined into a new program.

It is important that the concept of combining the two programs not be allowed to die. However, the best approach this year is to fund the existing Municipal Assistance and State Revenue Sharing programs at levels sufficient to maintain existing municipal programs and to avoid increases in local taxes.

Sincerely,



Tony Knowles  
Mayor

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State Financial Assistance Programs Available to Municipalities and/or Unincorporated Communities

<u>Program</u>	<u>Operating (O) or Capital (C)</u>	<u>Dept.</u>	<u>AMOUNT</u> (In thousands of dollars)		
			<u>FY 80 Actual</u>	<u>FY 81 Actual</u>	<u>FY 82 Budgeted</u>
State Revenue Sharing	(O)	(C&RA)	\$26,899.6	\$52,601.3	\$55,707.6
Municipal Assistance	(O)	(Revenue)	11,400.0	56,500.0	87,400.0
Amusement & Gaming Shared Tax	(O)	(Revenue)	30.8	34.4	36.0
Aviation Fuel Shared Tax	(O)	(Revenue)	162.9	135.0	141.0
Electric & Telephone Coop. Shared Tax	(O)	(Revenue)	2,521.7	1,092.9	2,100.0
Liquor License Shared Tax	(O)	(Revenue)	588.7	770.3	900.0
Fisheries Shared Tax (Raw Fish Tax)	(O)	(Revenue)	3,893.8	3,279.5	5,907.0
Municipal Grants	(C)&(O)	(Admin.) New Program		208,255.9	281,389.0
Grants to Unincorporated Communities	(C)	(C&RA)	3,445.4	9,582.1	12,898.5
Municipal Aid Account (SB 168)	(C)	(Admin.) New Program			*200,000.0
Aid to Unincorporated Communities (SB 168)	(C)	(C&RA) New Program			*13,131.0
Basic State Aid to Education	(O)	(Education)	238,308.1	275,370.7	345,337.1
Supplemental Equalization	(O)	(Education) New Program**			
State Aid for Retirement of School Debt	(O)	(Education)	24,081.0	38,380.2	38,262.0

\*\$95,000.0 planned for Municipal Aid and \$6,246.7 planned for Unincorporated Community Aid in FY 83.

\*\*Funding contained in basic State Aid to Education

Note: This listing does not include discretionary or competitive grant programs (i.e., Village Safe Water-DEC; RDA, Community Legal Assistance, Bulk Fuel, etc.-C&RA; Local Service Roads and Trails-DOT/PF; etc.)

## SUMMARY

During fiscal year 1982, over \$1 billion will be spent by four State agencies for 15 programs to provide financial assistance to localities in Alaska.

The Department of Community and Regional Affairs has examined all of these programs with particular emphasis on Revenue Sharing and Municipal Assistance and finds the following problems:

- 1) Revenue Sharing emphasizes tax effort and ability to raise taxes while Municipal Assistance emphasizes population and tax relief.
- 2) Municipal Assistance distributes funds according to outdated indicators and is linked to the declining corporate income tax collections.
- 3) Revenue Sharing, which was revised in 1980, contains a hold harmless provision that reduces the impact of the formula.
- 4) Localities are growing increasingly dependent on the State for funding of property tax relief and increased service provision at the same time as State revenues continue to fall and a Constitutional spending limit is considered by the voters of the State.
- 5) Municipal Assistance encourages municipal incorporation while Revenue Sharing does not.
- 6) The Revenue Sharing and Municipal Assistance Programs are administered by two different agencies and have different reporting and accountability requirements.

In order to address these problems, the Department proposes the following program:

- 1) The Municipal Assistance statute should be repealed and all funds for this purpose should be distributed through the Revenue Sharing program.
- 2) Each recipient should be required to spend 50% of its funds on 3 municipal services from among the following list:

Municipal Administration, Finance and Planning

Police Protection

Fire Protection

Environmental Pollution Control

Solid Waste Collection and Disposal

Land Use Planning

Parks and Recreation

Roads and Street Maintenance

Hospitals

Health Facilities

Airports

Marine Ports

Small Boat Harbors

3) The minimum entitlement for incorporated entities should be \$100,000. Unincorporated entities should be deleted from the program and treated separately.

4) In order to insure that no community receives less funding as a result of combining these programs, the Department proposes that all communities be held harmless at the fiscal year 1983 allocations. In order to let the formula take effect, the Department proposes that any additional appropriations be allocated to recipients using the revenue sharing formula with the proviso that first priority for additional funding go to communities that fall below the minimum entitlement level.

5) The entire program should be funded at a level no less than the proposed fiscal year 1983 appropriation of \$143,351,300. This amount should increase each year by the same percentage that the proposed Constitutional spending limit allows the State budget to increase. Further, the State should pledge to reduce expenditures for State services by a similar amount each year.

6) The existing Rural Development Assistance Program should be expanded to be a program of assistance to unincorporated communities that requires application on a competitive basis for grants up to \$100,000 for capital projects, operation and maintenance of capital projects and community services.

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## Matanuska-Susitna Borough

BOX 8, PALMER, ALASKA 99645 • PHONE 745-3266

BOROUGH ATTORNEY'S OFFICE

February 23, 1982

Rep. Patrick M. O'Connell, Chairman  
Community and Regional Affairs Committee  
Pouch V, Mail Stop 3100  
Juneau, Alaska 99811

Dear Rep. O'Connell:

### COMMENTS ON HOUSE BILL 746

The following comments and concerns are the product of a brief review of HB746, introduced 2/10/82 and before CERA Committee. It is hoped that these comments will be of help to others in reviewing this bill.

1. Section 1 of the bill increases the minimum annual entitlement of every municipal government in the State from \$25,000 to \$100,000, plus a cost-of-living differential. The effect of this increased allocation is to divide revenue sharing funds by government rather than by population served. With an estimated 140 boroughs and cities in Alaska, \$14 million would be divided without regard to population or to the tax base available to these municipalities. Any reduction in appropriations to municipal revenue sharing will be cut from the population formula entitlements first. Additional funding in future years would go first to meeting the \$100,000 minimum entitlement.

This formula would promote fragmentation of government and is a disincentive to unification of small local governments. This is contrary to the purpose of Article X of the Alaska Constitution "to provide for maximum local self-government with a minimum of local government units, and to prevent duplication of tax-levying jurisdictions." Current Municipal Assistance and revenue sharing disbursements are based primarily on population served and also on the wealth from which local taxes may be drawn. The proposed formula would emphasize instead assistance to the government and de-emphasize assistance to the residents of its jurisdiction.

2. Section 2 adds new section AS 29.95.040, which appears to guarantee no decrease in revenue sharing assistance to any municipality. In fact, since no commitment can be made for future legislatures to appropriate funds, the effect of this section is to lock in the proportional share of revenue sharing to which each government is entitled, regardless of future changes in relative population or tax base.

3. Because the bill repeals the municipal assistance program (AS 43.20.016), nearly all state aid to local governments would appear to go through the formula in AS 29.88.010:

$$\text{Entitlement} = \text{Population} \times \frac{\text{Locally generated revenues}}{.001 \times \text{Local assessed value}}$$

This formula, based on local effort, is directly proportional to the mill rate because it includes "locally generated revenues" in the formula. This formula is intended to aid those localities which are willing to help themselves, and it provides an incentive for local effort. However, the effect is to penalize greatly any local government which cuts its mill rate. This appears to be contrary to the intent of current AS 43.20.016(d) to promote reduction of tax levies.

Thank you for the opportunity to comment on this bill.

Very truly yours,



Steven H. Morrisett  
Borough Attorney

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cc: Ginny Chibbrod, Director, APL  
Gary Thurlow, Borough Manager  
Katanuska-Susitna Borough Assembly Members

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JAY S. HAMMOND, Governor

**DEPT. OF COMMUNITY & REGIONAL AFFAIRS**

OFFICE OF THE COMMISSIONER

POUCH B  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-4700

February 4, 1982

The Honorable Jay S. Hammond  
Governor, State of Alaska  
Pouch A  
Juneau, Alaska 99811

Dear Governor Hammond:

By this letter I am transmitting the report entitled REFORM OF FINANCIAL ASSISTANCE PROGRAMS FOR LOCALITIES IN ALASKA. This report is the product of the Task Force established by you to examine consolidation of the State Financial Aid Programs into one agency and to re-examine the policy objectives of those programs.

The Department looks forward to the introduction of your legislative package that will implement these recommendations.

Sincerely,

*Lee McAnerney*  
Lee McAnerney  
Commissioner

cc: The Honorable Terry Miller  
Lieutenant Governor

The Honorable Bill Hudson  
Commissioner, Dept. of Administration

The Honorable Tom Williams  
Commissioner, Dept. of Revenue

REFORM OF FINANCIAL ASSISTANCE PROGRAMS FOR LOCALITIES  
IN ALASKA

Recommendations for Action by the Governor

State of Alaska  
Department of Community and  
Regional Affairs

January 1982

## SUMMARY

During fiscal year 1982, over \$1 billion will be spent by four State agencies for 15 programs to provide financial assistance to localities in Alaska.

The Department of Community and Regional Affairs has examined all of these programs with particular emphasis on Revenue Sharing and Municipal Assistance and finds the following problems:

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- 2) Municipal Assistance distributes funds according to outdated indicators and is linked to the declining corporate income tax collections.
- 3) Revenue Sharing, which was revised in 1980, contains a hold harmless provision that reduces the impact of the formula.
- 4) Localities are growing increasingly dependent on the State for funding of property tax relief and increased service provision at the same time as State revenues continue to fall and a Constitutional spending limit is considered by the voters of the State.
- 5) Municipal Assistance encourages municipal incorporation while Revenue Sharing does not.
- 6) The Revenue Sharing and Municipal Assistance Programs are administered by two different agencies and have different reporting and accountability requirements.

In order to address these problems, the Department proposes the following program:

- 1) The Municipal Assistance statute should be repealed and all funds for this purpose should be distributed through the Revenue Sharing program.
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Environmental Pollution Control

Solid Waste Collection and Disposal

Land Use Planning

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Roads and Street Maintenance

Hospitals

Health Facilities

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Small Boat Harbors

- 3) The minimum entitlement for incorporated entities should be \$100,000. Unincorporated entities should be deleted from the program and treated separately.
- 4) In order to insure that no community receives less funding as a result of combining these programs, the Department proposes that all communities be held harmless at the fiscal year 1983 allocations. In order to let the formula take effect, the Department proposes that any additional appropriations be allocated to recipients using the revenue sharing formula with the proviso that first priority for additional funding go to communities that fall below the minimum entitlement level.
- 5) The entire program should be funded at a level no less than the proposed fiscal year 1983 appropriation of \$143,351,300. This amount should increase each year by the same percentage that the proposed Constitutional spending limit allows the State budget to increase. Further, the State should pledge to reduce expenditures for State services by a similar amount each year.
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## REPORT AND RECOMMENDATIONS

On July 9, 1981 Governor Hammond appointed a Cabinet level Task Force to review existing municipal aid programs and develop recommendations for organizational and programmatic consolidation. The Task Force consisted of the following members:

Executive Assistant to the Governor  
Special Assistant to the Governor for CRA Activities  
Commissioner of Community and Regional Affairs  
Commissioner of Administration  
Commissioner of Revenue  
Director of Budget and Management  
Assistant Attorney General for Legislation

The Task Force met with Governor Hammond in September 1981 and agreed in principle to consolidate programs in the Department of Community and Regional Affairs.

The staff of the Department of Community and Regional Affairs (DCRA) then began a re-examination of the policy objectives of existing programs and developed a series of recommendations for action by the Governor.

This report provides the findings and recommendations of the Task Force and the DCRA staff.

### Review of Existing Programs

The State of Alaska provides a wide variety of direct financial assistance programs to local governments and communities. The following chart shows that over \$1 billion will be spent in fiscal year 1982 among 15 programs administered by four different State agencies:

State Financial Assistance Programs Available to Municipalities and/or Unincorporated Communities

<u>Program</u>	<u>Operating (O) or Capital (C)</u>	<u>Dept.</u>	<u>AMOUNT</u> (In thousands of dollars)		
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\*\$95,000.0 planned for Municipal Aid and \$6,246.7 planned for Unincorporated Community Aid in FY 83.

\*\*Funding contained in basic State Aid to Education.

Note: This listing does not include discretionary or competitive grant programs (i.e., Village Safe Water-DEC; RDA, Community Legal Assistance, Bulk Fuel, etc.-C&RA; Local Service Roads and Trails-DCI, PF; etc.)

The Task Force examined all of these programs for potential consolidation. Of the various operating budget programs, only State Revenue Sharing and Municipal Assistance are proposed for consolidation. The remaining programs are either "shared tax" programs which are simply tax collection and distribution programs and not tied to efforts to redistribute State wealth or education programs which are special purpose aid programs to fulfill the Constitutional commitment to State responsibility for education. No changes are proposed for these programs.

#### STATE REVENUE SHARING

This program distributes funding to incorporated and unincorporated entities on the basis of population and local tax effort as it relates to relative size of the tax base. Additional funds are shared on the basis of provision of road maintenance and health and hospital services. The program provides a minimum entitlement of \$25,000 plus cost of living adjustments for incorporated entities and \$25,000 for unincorporated entities.

In order to be eligible, applicants must meet the following requirements:

##### Cities & Boroughs Must:

1. Conduct regular elections
2. Hold council meetings
3. Adopt a municipal budget
4. Adopt a code of ordinances
5. Make application
6. Provide Department with an annual audit or certified financial statement

##### Unincorporated Communities Must:

1. Hold a public meeting
2. Submit budget
3. Make application

Recipients are free to use their funding for municipal purposes as they see fit.

#### MUNICIPAL ASSISTANCE

The Municipal Assistance Fund was established to replace the Gross Receipts Tax Law which was repealed January 1, 1979. The amount of this fund is established by the Legislature, which may appropriate to the fund an amount equal or greater than 10% of the Corporate Income Tax receipts for the prior fiscal year. These funds are provided only to

municipalities. The first \$10.6 million is allocated on the basis of the distribution of fiscal year 1978 Gross Business Receipts Taxes. The balance of the appropriation is distributed on a strictly per capita basis.

Prior to fiscal year 1982, the Department of Revenue simply mailed checks to recipients. In 1981 the Legislature added the requirement for submission of a resolution approved by the governing body of the municipality that requests funds.

These funds may be used for any purpose, but the statute encourages recipients to utilize the funds to reduce property taxes.

#### Problems With Current Structure

1. Revenue Sharing emphasizes tax effort and ability to raise taxes while Municipal Assistance emphasizes population and tax relief.

Formula programs that emphasize population ignore differences in cost of living and economies of scale in many parts of the State. Further, to the extent that Municipal Assistance funds are utilized to reduce local taxes, a reduction will occur in Revenue Sharing allocation as a result of the tax effort formula. However, the huge increase in funding over the past years for both programs has mitigated this impact.

2. Municipal Assistance program distributes funds according to outdated indicators and is linked to the corporate income tax.

Approximately \$10.6 million of the Municipal Assistance funding is distributed to recipients on the basis of 1978 distribution of Gross Business Receipts Tax. That distribution bears no relationship to the overall goal of equitable distribution of State wealth. The program is also loosely linked to corporate income tax receipts. Under new law, the receipts are likely to drop significantly in the next several years, creating uncertainty for local recipients.

3. Revenue Sharing, which was revised in 1980, contains a hold harmless provision that reduces the impact of the formula.

The 1980 amendments to the Revenue Sharing Program enacted a formula based on population and local tax effort. The legislation also contained a provision requiring all recipients to be held harmless at 125% of the 1980 allocation. This provision has not allowed the formula to reallocate resources among recipients and has continued to emphasize

population as the basic factor for distribution of funds.

4. Localities are growing increasingly dependent on the State for funding of property tax relief and increased service provision at the same time as State revenues continue to fall and a Constitutional spending limit is considered by the voters of the State.

The Legislature greatly expanded both the Revenue Sharing and Municipal Assistance programs in Chapter 6/SLA 81 with the clear intent that additional funds be utilized for local tax relief. A survey conducted by the Department, in conjunction with the Alaska Municipal League, indicated that nearly all property tax levying jurisdictions reduced taxes, with seven municipalities reducing local property taxes by 25% or more. Several municipalities lowered sales taxes in response to this appropriation. Eleven of the municipalities responding, mostly small rural cities, indicated that new services were provided with the additional funding. A copy of the results of the survey is attached as Appendix A.

At the same time the State budget increased by almost 400% from fiscal year 1980 to 1982. Although not all of the State budget goes to local service provision, a significant portion does. The Department of Community and Regional Affairs conducted a survey of all State agencies to determine which services delivered at the State level are more appropriate for local administration. A copy of the survey results is attached in Appendix B.

As the voters consider a Constitutional spending limit, the clash between demands for local tax relief and increased service provision will become more apparent.

5. Municipal Assistance encourages municipal incorporation while Revenue Sharing does not.

Municipal Assistance is available only to incorporated communities and hence, advances the Governor's desire to encourage incorporation without mandating it. Revenue Sharing is available to incorporated communities with a minimum entitlement of \$25,000 plus a cost of living adjustment and to unincorporated communities with a minimum entitlement of \$25,000. This approach offers practically no incentive for incorporation and the small amount of funding does little to enhance capacity for self-government.

6. The two programs are administered by two different agencies and have different reporting and accountability requirements.

As stated above, communities are confronted with two sets of conditions for receipt of funds and receive entitlements at various times throughout the year.

#### Proposed Policy Objectives

As a result of these problems, the Department proposes the following policy objectives to guide development of a reform program.

1. The distribution of funding should be equitable and consider the local tax base and local effort as well as population.
2. A portion of the funding should be utilized by recipients to provide services desired by local residents. Any requirements should be flexible enough to allow local decision-making and should provide a portion of funding for use as the recipient sees fit.
3. Any distribution scheme should provide incentives for incorporation without mandating incorporation and should provide a minimum entitlement sufficient to promote self-government at the local level.
4. The program funding level should be predictable and application requirements should be uniform and simple.

#### Proposed Program

The Department proposes the following program:

1. The Municipal Assistance statute should be repealed, and all funds for this purpose should be distributed through the Revenue Sharing program.

This change is proposed to preserve the concept of distributing funds on the basis of local tax effort and local tax base as well as population. This change will also simplify administration of the programs.

2. Each recipient should be required to spend 50% of its funds on 3 municipal services from among the following list:

Municipal Administration, Finance and Planning

Police Protection

Fire Protection

Environmental Pollution Control  
Solid Waste Collection and Disposal  
Land Use Planning  
Parks and Recreation  
Roads and Street Maintenance  
Hospitals  
Health Facilities  
Airports  
Marine Ports  
Small Boat Harbors

Every recipient will be requested to submit a plan for expenditure of 50% of its funds on 3 of these services. The purpose is to increase responsibility for service provision at the local level. All municipalities should be capable of providing at least 3 of these services and should have little trouble demonstrating usage of a portion of their funds for these purposes. The Department intends that this requirement be as flexible as possible. The remaining 50% of the funds may be used for any purpose the recipient chooses, including tax relief.

3. The minimum entitlement for incorporated entities should be \$100,000. Unincorporated entities should be deleted from the program and treated separately as described later in this report.

The increased minimum entitlement is required to create functioning governmental structures at the local level. The current minimum entitlement does little to enhance the capacity for local government in small communities.

4. In order to insure that no community receives less funding as a result of combining these programs, the Department proposes that all communities be held harmless at the fiscal year 1983 allocations. In order to let the formula take effect, the Department proposes that any additional appropriations be allocated using the revenue sharing formula with the proviso that first priority for additional funding go to communities that fall below the minimum entitlement level.

5. The entire program should be funded at a level no

less than the proposed fiscal year 1983 appropriation of \$143,351,300. This amount should increase each year by the same percentage that the proposed Constitutional spending allows the State budget to increase. Further, the State should pledge to reduce expenditures for State services by a similar amount each year.

This final change will insure that municipalities receive program funding that will increase at a level which is predictable and which can be accommodated by the proposed Constitutional limit on State spending. The proposed reduction in expenditures for State services will control the growth of State government and encourage a gradual transfer of responsibility to the local level.

#### FUNDING FOR UNINCORPORATED COMMUNITIES

Funding for unincorporated communities has been an issue since 1980 when the newly enacted Revenue Sharing law contained a provision for funding for Native Village Governments. In 1981 a major program of capital funding for unincorporated communities was enacted as part of a larger capital project funding package.

On one hand, massive funding for unincorporated communities would seem to remove the incentive for incorporation. On the other hand, there is an important public policy interest in sharing Alaska's wealth with all Alaskans. It would be very difficult for the State to cut off funding for unincorporated communities after enacting several laws to provide substantial amounts of money to these communities. The Department recommends creation of a program of financial assistance to unincorporated communities that provides a reasonable level of funding and preserves incentives for incorporation.

The current law, which provides an entitlement of \$25,000 to each Native Village Government in Alaska, has caused a number of administrative problems and the Department has had to rely on a series of legal opinions which give guidance on implementation. The Department of Law has raised significant objections to programs that share exclusively with Native Village Governments on the grounds of violation of the "public purpose" and "equal protection" clauses of the Alaska Constitution. Law has ruled that these funds must be shared with all unincorporated communities. Objections have also been raised to programs which provide an entitlement to unincorporated entities. Law is concerned that a discretionary entitlement confers local government decision-making powers on unincorporated entities in

violation of the Alaska Constitution. However, Law has not strictly barred DCRA from dealing with existing entities for delivery of specific services.

While the Department has no objection to a program that encompasses all unincorporated communities, the Department is concerned that prohibitions on dealing with existing entities do nothing to enhance the concept of local self-government.

In order to provide a coherent program of assistance to unincorporated communities and meet some of the legal objections raised by the Department of Law, the Department recommends repealing the Statute providing revenue sharing to Native Village Governments and transferring the \$2.5 million funding for the program to a revised Rural Development Assistance (RDA) Grant program. The revised RDA program would be available exclusively for unincorporated communities to apply for grants up to \$100,000 on a competitive basis for capital projects, community service projects and funds for operation and maintenance of capital facilities. With \$3.3 million for the program proposed in the fiscal year 1983 budget, total program funding would be \$5.8 million for fiscal year 1983. (It should be noted that approximately 2/3 of the fiscal year 1981 RDA program appropriation was awarded to incorporated areas. It is expected that the increased minimum entitlement under the revenue sharing program would provide greater certainty of funding to these communities.) DCRA would propose to provide funding to existing entities in any unincorporated community and to conduct all grant funding on a contractual basis in order to insure that funds are spent in a manner consistent with the State Constitution and Laws. The Department further proposes to add a provision to law that would allow withholding of additional State funds if a finding is made that expenditure of funds was not consistent with those laws. The Department strongly feels that this approach is equitable, preserves incentives for incorporation and provides the greatest ease of administration.

#### Capital Programs

There are 4 basic programs of capital assistance to localities as follows:

#### Municipal Grants - Department of Administration

Municipal grants were formalized under AS 37.05.315, which set out a general process by which the Department of Admin-

istration disperses and administers specific legislative grants to municipalities. The Department is prohibited by this law from adopting regulations or procedures for administering those appropriations. The Division of Budget and Management indicates that many municipal grants will be considered part of the operating budget in the future.

#### Grants to Unincorporated Communities - DCRA

Specific legislative grants to unincorporated communities are also addressed under AS 37.05.315. The Department of Community and Regional Affairs is charged with administering these grants in a manner similar to Municipal Grants.

#### Municipal Aid Account - Department of Administration

Chapter 60, SLA 1981 created a program to provide one-time per capita funding to municipalities for capital improvements and/or social services. Cities with populations of less than 1,000 may also use funding for operating expenses of capital projects.

#### Aid to Unincorporated Communities - DCRA

Chapter 60, SLA 1981 also created the Unincorporated Communities Aid Account which provides a one time payment of \$1,000 per capita to unincorporated communities in the unorganized borough with a population of at least 25 persons. This program is administered by the Department of Community and Regional Affairs with payment going to the most qualified entity.

The Department had planned to recommend a program of planning for capital projects and a distribution of funds based on population and need. However, budgetary limitations have forestalled this effort. The Task Force did agree in principle, however, that future appropriations under these programs should be administered by the Department of Community and Regional Affairs. The Governor's Office has requested preparation of legislation to accomplish this purpose.

#### Conclusion

The Department of Community and Regional Affairs has drafted legislation to implement these recommendations (Appendix C).

The Task Force concurs with these recommendations to the extent that an organizational consolidation of programs occur. Other recommendations were prepared and submitted by the Department of Community and Regional Affairs.

The Department is submitting these recommendations in the belief that the State needs a coherent policy for sharing State wealth with localities. This proposed program attempts to alleviate a variety of existing administrative problems and enhance the Governor's policy objectives concerning local government.

MODEL - MUNICIPAL REVENUE SHARING ENTITLEMENTS

TOTAL APPROPRIATION = \$158,816,000

BASIC APPROP. PRORATION FACTOR = 1.0000000000000000

MINIMUM ENT. PRORATION FACTOR = 1.0000000000000000

CHAPTER 88 PRORATION FACTOR = 3.23533604175440

REV	NAME	POPULATION	MILL RATE EQV	BASIC ENTITLEMENT <i>Fy83</i>	MINIMUM ENTITLEMENT	CHAPTER 88 ENTITLEMENT	TOTAL ENTITLEMENT <i>Fy84</i>
<b>BOROUGH</b>							
010	ALBION BOROUGH A.M.	180,740	6.25	\$60,962,818	\$0	\$3,658,630	\$64,621,447
020	BRIXTON BAY BOROUGH	1,182	26.97	\$495,408	\$0	\$103,155	\$598,563
030	FATDANKS BOROUGH	51,559	8.21	\$9,391,880	\$0	\$1,372,997	\$9,764,877
070	JAINES BOROUGH	1,712	5.85	\$205,188	\$0	\$52,420	\$240,608
090	JUNEAU BOROUGH A.M.	21,050	14.21	\$7,573,906	\$0	\$1,010,473	\$8,584,379
150	YENNY PENINSULA BOROUGH	26,520	4.01	\$4,597,144	\$0	\$344,226	\$4,941,370
020	PETCHIKALL BOROUGH	11,373	9.12	\$1,420,524	\$0	\$335,652	\$1,756,176
010	MOBILE ISLAND BOROUGH	8,352	6.54	\$1,336,003	\$0	\$185,013	\$1,521,016
040	NET-SH BOROUGH	19,123	7.42	\$5,319,130	\$0	\$459,548	\$5,778,678
050	NORTH SLOPE BOROUGH	4,504	9.71	\$1,838,230	\$0	\$141,620	\$1,980,450
030	STINA BOROUGH	7,927	13.53	\$2,645,231	\$0	\$343,478	\$2,993,759
<b>BEST CLASS CITIES</b>							
100	CAPE M	2,353	5.98	\$571,222	\$0	\$45,559	\$616,781
100	COCONA	2,223	33.80	\$1,191,991	\$0	\$243,126	\$1,435,117
100	CRALG	560	27.60	\$252,694	\$0	\$50,009	\$302,703
100	DELL BEHAM	1,566	24.03	\$603,242	\$0	\$121,767	\$725,009
100	FATDANKS	25,568	17.13	\$10,317,907	\$0	\$1,417,047	\$11,734,954
100	GALENA	805	23.62	\$236,893	\$0	\$51,535	\$288,428
100	JAINES	1,017	23.97	\$391,410	\$0	\$78,876	\$470,286
100	JUNEAU	2,588	20.00	\$621,251	\$0	\$167,538	\$788,789
100	MOBILE	799	5.76	\$229,449	\$0	\$14,892	\$244,341
100	NET-SH	355	4.79	\$75,423	\$3,577	\$5,528	\$105,528
100	STINA	523	17.95	\$187,911	\$0	\$33,274	\$221,185
110	ALBION	4,558	23.72	\$1,801,326	\$0	\$349,890	\$2,151,216
110	BRIXTON	7,200	32.09	\$3,185,758	\$0	\$77,534	\$3,263,292
110	CRALG	513	22.87	\$185,245	\$0	\$37,971	\$223,216
110	DELL	389	3.11	\$102,688	\$0	\$3,918	\$106,606
110	MOBILE	4,678	19.51	\$1,916,642	\$0	\$295,401	\$2,212,043
110	STINA	454	21.76	\$201,983	\$0	\$31,968	\$233,951
110	YENNY	3,039	29.01	\$1,376,908	\$0	\$285,255	\$1,662,163

MODEL - MUNICIPAL REVENUE SHARING ENTITLEMENTS

PAGE 2  
FEB 1, 1982

TOTAL APPROPRIATION = \$158,816,000

BASIC APPROP. PRORATION FACTOR = 1.00000000000000

MINIMUM ENT. PRORATION FACTOR = 1.00000000000000

CHAPTER 88 PRORATION FACTOR = 3.23533604176440

KEY	NAME	POPULATION	MILL. RATE EQV	BASIC ENTITLEMENT <i>FY83</i>	MINIMUM ENTITLEMENT	CHAPTER 88 ENTITLEMENT	TOTAL ENTITLEMENT <i>FY84</i>
<b>FIRST CLASS CITIES</b>							
1150	NORTH POLE	928	9.14	\$288,162	\$0	\$27,448	\$315,610
1200	PALMER	2,094	19.11	\$1,020,583	\$0	\$129,528	\$1,150,111
1210	PELICAN	172	26.57	\$70,329	\$29,671	\$14,787	\$114,787
1220	PETERSBURG	3,001	27.98	\$1,333,818	\$0	\$271,753	\$1,605,581
1250	SAND POINT	697	26.61	\$267,868	\$0	\$60,007	\$327,875
1290	SANIT MARY'S	432	32.43	\$212,268	\$0	\$53,722	\$265,990
1290	SELDONIA	505	20.62	\$174,173	\$0	\$33,700	\$207,873
1260	SEWARD	1,943	22.73	\$1,057,506	\$0	\$142,939	\$1,200,445
1270	SKAWWAY	819	14.18	\$274,515	\$0	\$37,579	\$312,094
1280	SOLICITIA	2,445	20.15	\$570,833	\$0	\$159,446	\$730,279
1290	UNIONVILLE	1,944	61.84	\$936,046	\$0	\$328,945	\$1,324,991
1290	VALLEY	3,279	6.75	\$3,133,376	\$0	\$71,618	\$3,204,994
1330	WINDFELL	2,345	25.75	\$1,095,115	\$0	\$135,365	\$1,230,480
1350	WINDFELL	430	19.72	\$156,900	\$0	\$27,440	\$184,340
<b>SECOND CLASS CITIES</b>							
2000	ALTON	103	0.00	\$47,058	\$52,942	\$0	\$100,000
2010	ARMAHINE	435	3.78	\$125,276	\$0	\$5,329	\$130,605
2020	ARMAHINE	197	0.00	\$71,702	\$28,298	\$0	\$100,000
2020	ARMAHINE	635	5.03	\$256,950	\$0	\$10,350	\$267,300
2040	ARMAHINE	189	0.00	\$182,193	\$0	\$92,083	\$274,276
2050	ARMAHINE	534	6.68	\$193,032	\$0	\$28,821	\$221,853
2060	ARMAHINE	152	0.00	\$61,976	\$38,024	\$0	\$100,000
2070	ARMAHINE	158	0.00	\$65,195	\$34,804	\$0	\$100,000
2090	ARMAHINE	198	19.70	\$76,305	\$23,695	\$12,621	\$112,621
2100	ARMAHINE PASS	275	0.00	\$80,078	\$19,922	\$0	\$100,000
2100	ARMAHINE	500	4.38	\$134,014	\$0	\$7,097	\$141,111
2110	ARMAHINE	445	0.00	\$129,373	\$0	\$0	\$129,373
2120	ARMAHINE	338	6.17	\$173,740	\$0	\$6,757	\$180,497
2130	ARMAHINE	110	0.00	\$55,761	\$44,239	\$0	\$100,000
2140	ARMAHINE	226	1.32	\$80,991	\$19,009	\$972	\$100,972

MODEL - MUNICIPAL REVENUE SHARING ENTITLEMENTS

TOTAL APPROPRIATION \$158,816,000

BASIC APPROP. PRORATION FACTOR = 1.00000000000000  
 MINIMUM ENT. PRORATION FACTOR = 1.00000000000000  
 CHAPTER 88 PRORATION FACTOR = 3.23533604176440

KEY	NAME	POPULATION	MILL RATE EGV	BASIC ENTITLEMENT FY83	MINIMUM ENTITLEMENT	CHAPTER 88 ENTITLEMENT	TOTAL ENTITLEMENT FY84
SECOND CLASS CITIES							
0150	BETHEL	3,549	12.05	\$1,514,923	\$0	\$135,416	\$1,650,339
0160	BREVIN MISSION	149	7.18	\$63,512	\$36,488	\$3,462	\$103,462
0170	BUCKLAND	211	7.06	\$75,618	\$24,382	\$4,819	\$104,819
0180	CHEFORMAN	230	8.90	\$78,621	\$21,379	\$6,627	\$106,627
0190	CHEVAL	491	2.99	\$129,761	\$0	\$4,754	\$134,515
0200	CHUATHAULIE	104	6.69	\$59,219	\$40,781	\$2,252	\$102,252
0210	CLARK'S POINT	78	14.90	\$46,971	\$53,029	\$3,760	\$103,760
0220	DEER HILL	155	21.99	\$64,927	\$35,013	\$11,022	\$111,022
0230	DELTA JUNCTION	945	0.00	\$258,272	\$0	\$0	\$258,272
0240	DUNNELL	149	5.86	\$60,703	\$39,297	\$2,827	\$102,827
0250	EAGLE	186	2.47	\$65,675	\$34,325	\$1,431	\$101,431
0260	EGG	226	2.03	\$77,269	\$22,731	\$1,485	\$101,485
0270	EMERY	77	2.23	\$46,345	\$53,655	\$56	\$100,560
0280	ELIH	228	4.72	\$79,430	\$20,570	\$3,483	\$103,483
0290	EMMONS	568	7.39	\$170,887	\$0	\$13,585	\$184,472
0300	EMM SUMON	599	12.71	\$206,938	\$0	\$24,631	\$231,610
0310	FORTUNE LEDGE	243	9.01	\$81,653	\$18,347	\$7,033	\$107,033
0320	GAMBELL	480	4.57	\$129,627	\$0	\$7,110	\$136,737
0330	GILGREN	94	8.10	\$53,150	\$40,850	\$2,465	\$102,465
0340	GOODRICH BAY	167	0.00	\$65,429	\$34,571	\$0	\$100,000
0350	GRAND HILL	209	0.00	\$73,879	\$26,121	\$0	\$100,000
0360	HOLY CROSS	241	1.78	\$81,186	\$18,814	\$1,395	\$101,395
0370	HOOVER BAY	674	2.86	\$157,803	\$0	\$5,790	\$163,593
0380	HORRIGAN	523	0.11	\$190,825	\$0	\$216	\$191,041
0390	HUGHES	71	2.66	\$47,755	\$52,245	\$613	\$100,613
0400	HUELTA	230	0.00	\$113,427	\$0	\$1	\$113,427
0410	HATHORN	425	2.41	\$110,208	\$0	\$3,324	\$113,532
0420	HAYWARD	201	0.30	\$74,330	\$25,670	\$197	\$100,197
0430	HAYTAG	247	0.00	\$80,762	\$19,238	\$0	\$100,000
0440	HAYWILL	64	0.12	\$37,041	\$62,959	\$26	\$100,026
0450	HEINE	356	3.09	\$105,694	\$0	\$3,554	\$109,248

MODEL - MUNICIPAL REVENUE SHARING ENTITLEMENTS

TOTAL APPROPRIATION \$153,816,000

BASIC APPROP. PRORATION FACTOR = 1.0000000000000000

MINIMUM ENT. PRORATION FACTOR = 1.0000000000000000

CHAPTER 88 PRORATION FACTOR = 3.23532604176440

KEY	NAME	POPULATION	MILL RATE EQV	BASIC ENTITLEMENT <i>FY83</i>	MINIMUM ENTITLEMENT	CHAPTER 88 ENTITLEMENT	TOTAL ENTITLEMENT <i>FY84</i>
SECOND CLASS CITIES							
170	KIVIA IWA	249	4.85	\$82,859	\$17,141	\$3,921	\$103,921
180	KOBUK	64	3.48	\$46,323	\$53,677	\$721	\$100,721
190	KOTLIK	339	4.07	\$100,628	\$0	\$4,467	\$105,095
200	KOTZEBUE	2,250	17.15	\$730,161	\$0	\$124,851	\$855,027
210	KOVAK	203	6.31	\$74,417	\$25,583	\$4,149	\$104,149
220	KOVUUK	95	10.23	\$53,253	\$46,747	\$3,145	\$103,145
230	KUFFENDE	47	1.88	\$34,745	\$65,254	\$285	\$100,285
240	KUOTLIK	454	3.86	\$122,715	\$0	\$5,676	\$128,391
250	LARGEN BAY	167	0.00	\$58,902	\$41,098	\$0	\$100,000
255	LOWER PALSNAG	244	3.29	\$152,627	\$0	\$2,599	\$155,226
260	MARSHFIELD	290	1.51	\$89,056	\$10,944	\$1,421	\$101,421
270	MCCRATH	343	2.01	\$120,096	\$0	\$2,232	\$122,327
280	MEDFORD	160	14.19	\$67,664	\$32,336	\$7,349	\$107,349
290	MOUNTAIN VILLAGE	580	16.25	\$218,945	\$0	\$30,502	\$249,447
300	NARVALAK	260	8.48	\$90,300	\$9,700	\$7,139	\$107,139
310	NARVALAK	242	0.00	\$90,443	\$19,557	\$0	\$100,000
320	NORMLIN	135	1.40	\$58,379	\$41,621	\$612	\$100,612
330	NEW SUDANOR	327	0.00	\$36,362	\$3,632	\$0	\$100,000
340	NERTON	175	0.95	\$67,329	\$32,671	\$542	\$100,542
350	NICHIBUTE	135	8.32	\$59,374	\$0,626	\$3,639	\$103,639
360	NILUKA	91	0.00	\$51,037	\$48,963	\$0	\$100,000
370	NORVAL TOM	173	0.18	\$05,831	\$34,169	\$104	\$100,104
380	NORVAL	502	3.38	\$135,703	\$0	\$5,571	\$141,274
390	NORVAL	333	2.42	\$101,820	\$0	\$2,655	\$104,475
400	NORVAL	271	0.00	\$87,095	\$12,905	\$0	\$100,000
410	OLD HARBO	244	0.21	\$92,508	\$7,492	\$235	\$100,235
420	OUTRICK	170	1.83	\$60,075	\$30,925	\$896	\$100,896
430	PALM STATION	323	6.05	\$96,536	\$3,464	\$6,330	\$106,330
440	PLATON	55	0.00	\$43,822	\$56,178	\$0	\$100,000
450	POINT HORN	511	1.20	\$111,696	\$0	\$2,077	\$113,773
460	PORT ALEXANDER	90	3.02	\$43,090	\$56,910	\$680	\$100,680

MODEL - MUNICIPAL REVENUE SHARING ENTITLEMENTS

TOTAL APPROPRIATION - \$158,816,000

BASIC APPROP. PRORATION FACTOR = 1.0000000000000000

MINIMUM ENT. PRORATION FACTOR = 1.0000000000000000

CHAPTER 88 PRORATION FACTOR = 3.23533604176440

KEY	NAME	POPULATION	MILL RATE EQV	BASIC ENTITLEMENT <i>Fy83</i>	MINIMUM ENTITLEMENT	CHAPTER 88 ENTITLEMENT	TOTAL ENTITLEMENT <i>Fy84</i>
SECOND CLASS CITIES							
0770	PORT HEIDEN	91	1.26	\$108,124	\$0	\$373	\$108,497
0780	PORT LIONS	211	10.52	\$68,176	\$31,824	\$7,181	\$107,181
0790	QUINNESCAM	409	3.52	\$114,138	\$0	\$4,662	\$118,800
0800	RUBY	190	0.70	\$71,845	\$28,155	\$42	\$100,042
0810	CHRISTIAN MISSION	169	1.81	\$65,606	\$34,394	\$992	\$100,992
0820	SAINTE MICHAEL	258	5.29	\$88,913	\$11,087	\$4,422	\$104,422
0830	SAINTE PAUL	591	9.88	\$259,082	\$0	\$12,901	\$277,983
0840	SANDONGA	530	7.71	\$140,719	\$0	\$13,229	\$153,948
0850	SAYBURN	275	0.00	\$79,462	\$20,538	\$0	\$100,000
0860	SCHIBON BAY	249	2.77	\$82,162	\$17,838	\$2,232	\$102,232
0870	SELAHAK	361	0.00	\$108,009	\$0	\$0	\$108,009
0880	SEVYER	127	1.06	\$59,049	\$40,351	\$444	\$100,444
0890	SHILOH TWP	177	3.37	\$34,502	\$5,498	\$1,230	\$101,230
0900	SHILOH POINT	103	6.64	\$53,165	\$46,835	\$7,213	\$107,213
0910	SHISHMARFF	425	3.52	\$118,541	\$0	\$7,926	\$126,467
0920	SILVERDALE	208	2.30	\$76,124	\$23,876	\$1,549	\$101,549
0930	STEBBINS	357	4.44	\$104,022	\$0	\$5,132	\$109,154
0940	TARZANA	388	2.44	\$232,002	\$0	\$3,074	\$235,076
0950	TRILLER	229	8.78	\$79,549	\$20,451	\$6,510	\$106,510
0960	TRIMMER SPRINGS	132	2.72	\$52,869	\$47,131	\$1,164	\$101,164
0970	TUGLAK	511	0.73	\$136,524	\$0	\$1,221	\$137,745
0980	TOLSON BAY	331	7.58	\$98,860	\$1,140	\$8,127	\$108,127
0990	TROUSARD	234	3.42	\$170,124	\$0	\$2,596	\$172,720
1005	TROUSARD	301	2.25	\$92,244	\$7,756	\$2,198	\$102,198
1020	UNCLARK CMT	672	7.44	\$202,974	\$0	\$16,197	\$219,171
1030	UNCLARK SPAG	128	2.95	\$65,213	\$3,787	\$1,221	\$101,221
1040	UNCLARK TWP	410	0.00	\$114,838	\$0	\$0	\$114,838
1050	UNCLARK	143	9.53	\$59,432	\$40,568	\$4,709	\$104,709
1060	UNCLARK	1,928	0.33	\$562,063	\$0	\$2,045	\$564,108
1070	WHITE MOUNTAIN	125	10.10	\$58,346	\$41,654	\$4,088	\$104,088
1080	WILLET	211	39.68	\$101,859	\$0	\$27,603	\$129,462
TOTAL				\$142,292,273	\$2,135,658	\$14,388,068	\$158,816,000

# Appendix A

December 17, 1981

## SB 125 (CH. 6 SLA 1981) CRA/AML QUESTIONNAIRE RESPONSES

MUNICIPALITY	WERE TAXES REDUCED?	1981 LEVEL	1982 LEVEL	EST 1982 LEVEL W/O FUNDING	REDUCTION OF FEES & CHARGES	WAS RATE OR FEE INCREASED?	NEW SERVICES PROVIDED?	IS FUNDING ADEQUATE?	LISTED IN BUDGET FOR FY 82	FY 83
Municipality of Anchorage	Yes	12.06 mills average	8.30 mills	12.06 mills*	No	Yes	No		1981	
Bristol Bay Borough	Yes	7.5 mills Areawide	6.5 mills Areawide	8.5 mills	N/A	No	Yes	No	Yes	
Fairbanks North Star Borough	NR									
Haines Borough	Yes	1.8 mills	1 mill?	3.5 mills	N/A	No	No	Yes	Yes	
City/Borough of Juneau	Yes	11.06 mills average	4.90 mills	11.73 mills	No	User fees	No	No		Yes
Kenai Peninsula Borough	Yes	2.5 mills	1.75 mills	2.63 mills	No	No	No	No		Yes
Ketchikan Gateway Borough	NR									
Kodiak Island Borough	Yes	7 mills	5.5 mills		No	No	No	Yes	Yes	
Kat-Su Borough	Yes	8.4 mills	6.7 mills	9.9 mills	No	No	Yes	No		Yes
North Slope Borough	NR									
City/Borough of Sitka	Yes	3.5 mills 4%	3.0 mills 4%	5.5 mills 4%	No	Yes	No	No	Yes*	

NR - No response

N/A - Not Applicable

\* - Response unclear, information estimated

MUNICIPALITY	WERE TAXES REDUCED?	EST 1982 LEVEL W/O FUNDING		REDUCTION OF FEES & CHARGES	WAS RATE OR FEE INCREASED?	NEW SERVICES PROVIDED?	IS FUNDING ADEQUATE?	LISTED IN BUDGET FOR		
		1981 LEVEL	1982 LEVEL					FY 82	FY 83	
Cordova (Home rule)	Yes	15 mills 4%	1 mill 4%	15 mills 4%	No	No	No	Yes	Yes	
Craig	NR									
Dillingham	NR									
Galena (1st)	No	3%	3%	3%	No	Yes	Questionable	No	Yes	
Hoquah	NR									
Kake (1st)	No	3%	3%	3%	No	Yes	Yes	No	No	Yes*
King Cove	NR									
Kenai	NR									
Nome (1st)	Yes	15 mills 3%	9 mills 3%	12.5 mill 3%	Exempted Sales Tax on heating and utilities	No	Yes	No	Yes	
Pelican	Yes	5.5 mills 3%	5 mills 3%	7 mills 3%	No	No	No	Yes	Yes	
Petersburg	NR									
Sand Point	Yes	2%	2%	2%	No	No	No	Depends on fishing success	Yes	
Skagway (1st)	Yes	7 mills 4%	4 mills 3%	5 mills 3%	No	Yes	No	No	Scale	Must
Unalaska (1st)	Yes	13 mills 1%	13 mills 1%	Rates to Max.	No	No	In the process	Barely	Yes	
Valdez	NR									
Wrangell (Home rule)	Yes	12.9 mills	7.2 mills	12.9 mills	No	No	No	No	Yes	
Yakutat (1st)	No	13.7 mills 2%	13.7 mills 2%	Unknown	No	No	No	No	Yes	

NR - No response

NR/A - Not Applicable

\* - Response unclear, information estimated

MUNICIPALITY	WERE TAXES REDUCED?	1981 LEVEL	1982 LEVEL	EST 1982 LEVEL W/O FUNDING	REDUCTION OF FEES & CHARGES	WAS RATE OR FEE INCREASED?	NEW SERVICES PROVIDED?	IS FUNDING ADEQUATE?	LISTED IN BUDGET FOR FY 82	FY 83
Aktachuk(2nd)	NR									
Alvat (2nd)	NR									
Amulikut(2nd)	NR									
Anutan(2nd)	NR									
Alakanak(2nd)	NR									
Allakaket	NR									
<hr/>										
Aabier (2nd)	No							No		
<hr/>										
Anderson	NR									
<hr/>										
Angoon (2nd)	No							Yes		
<hr/>										
Aniak	NR									
Ayik	NR									
<hr/>										
Atnautluk (2nd)	No							Yes		
<hr/>										
Bethel (2nd)	No							No		
<hr/>										
Brookly Mission	NR									
Luakland	NR									
<hr/>										
Chelornak (2nd)	No							No		
<hr/>										
Chesak (2nd)	No							No		
<hr/>										
Christiana	NR									
Clark's Point	NR									
Dooling	NR									
Delta Junction	NR									
Etivak	NR									
Engle	NR							Yes		
Erb	NR									
Etivak	NR									
Etto	NR									
Etivak	NR									

NR - No Response  
 N/A - Not Applicable

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MUNICIPALITY	WERE TAXES REDUCED?	1981 LEVEL	1982 LEVEL	EST 1982 LEVEL W/O FUNDING	REDUCTION OF FEES & CHARGES	WAS RATE OR FEE INCREASED?	NEW SERVICES PROVIDED?	IS FUNDING ADEQUATE?	LISTED IN BUDGET FOR FY 82	FY 83
Fort Yukon (2nd)	No						Yes			
Fortuna Ledge	NR									
Gaskell	NR									
Golevin	NR									
Golanows Bay	NR									
Grayling	NR									
Holy Cross	NR									
Jounah	NR									
Kemper Bay	NR									
Kholes	NR									
Kusliis	NR									
Kyaburg	NR									
Kaschuk	NR									
Kave	NR									
Kaitag	NR									
Kasson	NR									
Kiana	NR									
Kivalina (2nd)	No						No			
Klunck	NR									
Kolka	NR									
Kotlik	NR									
Kotzebue	NR									
Koyuk	NR									
Koyukuk	NR									
Kupreukof	NR									
Kuthluk	NR									
Larsen Bay	NR									
Lower Kalskag	NR									
Panokutak	NR									
Pearlth	NR									
Peluruk	NR									
Mountain Village	NR									
Napaktoo (2nd)	No						No			
Napaktoo	NR									
New Stuyshok	NR									
Nukshon	NR									
Nutur	NR									

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NR - no response  
N/A - not applicable

MUNICIPALITY	WERE TAXES REDUCED?	1981 LEVEL	1982 LEVEL	EST 1982 LEVEL W/O FUNDING	REDUCTION OF FEES & CHARGES	HAS RATE OR FEE INCREASED?	NEW SERVICES PROVIDED?	IS FUNDING ADEQUATE?	LISTED IN BUDGET FOR FY 82 FY 83
Highgate	NR								
Nikolai	NR								
Nonsilton	NR								
Norvia	NR								
Nuqsut	NR								
Nulato	NR								
Old Harbor	NR								
Quzinkie	NR								
Pilot Station	NR								
Platinum	NR								
Point Hope	NR								
Port Alexander	NR								
Port Dalton	NR								
Port Lions	NR								
<hr/>									
Quinnagak (2nd)	No						Yes		
<hr/>									
Raily	NR								
Russian Mission	NR								
Saint Michael	NR								
Saint Paul	NR								
Savonoga	NR								
Sixton	NR								
Seavon Bay	NR								
Solarik	NR								
Stacy In	NR								
St. Loulik	NR								
Stellan Point	NR								
<hr/>									
Shyswaref (2nd)	No						No		
<hr/>									
Shinguk	NR								
Stebbins	NR								
<hr/>									
Tarano (2nd)	No						Yes		
<hr/>									
Teller	NR								
<hr/>									
Tenakoe Springs (2nd)	No						Yes		

NR - No response  
 N/A - Not applicable

MUNICIPALITY	WERE TAXES REDUCED?	1981 LEVEL	1982 LEVEL	EST 1982 LEVEL W/O FUNDING	REDUCTION OF FEES & CHARGES	WAS RATE OR FEE INCREASED?	NEW SERVICES PROVIDED?	IS FUNDING ADEQUATE?	LISTED IN BUDGET FOR FY 82	FY 83
Togiak	NR									
Toksook Bay	NR									
Tulksak	NR									
Tunarsuk	NR									
Unalakleet (2nd)	No						Yes			
Upper Kalskag	NR									
Wainwright	NR									
Wales	NR									
Wasilla	NR									
White Mountain	NR									
Whittier	NR									

NR - No Response  
 N/A - Not Applicable

Appendix B

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: All Commissioners

DATE: October 2, 1981

FILE NO

TELEPHONE NO

FROM: Lee McAnerney  
Commissioner

SUBJECT: Inventory of "local  
services" provided  
by State agencies.

At the Cabinet meeting on September 21, Governor Hammond indicated that each State agency should identify any services currently provided by the State which might be more appropriately delivered by a local government. The purpose of this identification process would be to examine the potential for linking the provision of these services with the receipt of State revenue sharing and municipal assistance funds by local governments.

The Governor has already appointed a working group, which I chair, to reexamine the policy objectives of financial aid programs for local governments. One aspect of this reexamination involves exploring the concept advanced by the Governor. To assist in this effort, I would appreciate information from your agency on any programs or services delivered by state government which you feel should be delivered at the local level. While it is difficult to make a distinction between State and local responsibilities, I might suggest that "local services" include local public protection, streets and sidewalks, local utilities, local health clinics and hospitals, libraries, planning, platting and zoning, mass transit, ambulances, boat harbors and parks and recreation. However, please feel free to provide information on programs or services which are not listed that you feel are appropriately "local" in nature. I would appreciate a concise description of the program or service, where the program or service is provided, the level of funding for the program or service and the level of technical support provided in addition to direct program or service funds.

I would appreciate your response to my office no later than October 16, 1981.

Thank you for your cooperation.

# MEMORANDUM

State of Alaska

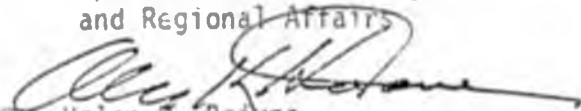
RECEIVED  
DEC 17 1981

TO Lee McAnerney  
Commissioner  
Department of Community  
and Regional Affairs

DATE December 17, 1981 OF COMMUNITY  
AND REGIONAL AFFAIRS

FILE NO:

TELEPHONE NO:

  
FROM Helen D. Beirne  
Commissioner  
Department of Health and  
Social Services

SUBJECT Inventory of "Local  
Services" Provided by  
State Agencies

I am sorry for the delay in responding to your memorandum of October 2. However, we find that the issue of what is more properly a local service as opposed to a state service is considerably more complicated than it originally appeared on the surface as evidenced in our efforts over the last two years to contract with local entities for the delivery of various types of health and social services. Those efforts have demonstrated that there are substantial legal problems. As I understand the various opinions and memoranda of advice which we have received from the Department of Law on this topic, there are legal impediments which restrain the state from relinquishing certain functions particularly in the area of discretionary functions and to some extent also in the area of ministerial functions. I presume that extensive statutory revisions would be required in order for the state to hand over certain functions to local government and also to permit local government to assume them regardless of the source of financing.

A second complicating factor is the problem of economies of scale. Many of our communities are of insufficient size to support full-time workers such as public health nurses, social workers, probation officers, etc. A move toward local services would require in many instances the formation of some type of local district combining several small units.

A third problem area would be definition of the state's role if any in setting standards to be met by locally delivered services. In some of the older revenue sharing legislation there were examples of standards such as qualifications of personnel, etc. to which a municipality had to agree in order to receive funds. Although the prevailing national mood seems to be anti-regulatory, it does appear that certain sensible minimum standards ought to be applied at least in certain areas such as hospital construction, etc.

Notwithstanding the reservations expressed above consideration could be given to a stronger local role using revenue sharing or municipal assistance funds for the following types of activities:

1. Municipal health centers: Anchorage operates the only health department in the state and the state contributes approximately half of the general public health program costs through an annual grant to the Municipality. Fairbanks has traditionally provided a great deal of support to the Fairbanks health center in the way of additions or remodeling, equipment.

etc. Relatively few other local governments make any substantial contribution to the health centers which serve their populations. In fact, there seems to have been a withdrawal of local support in some communities. Certainly some municipal revenue sharing funds could be used in communities such as Ketchikan, Sitka, Petersburg, Wrangell, Homer, Kenai, etc. to pay costs of space rental, equipment replacement, vehicles, etc. Where the health center serves both a municipality and a surrounding area, some adjustment presumably would have to be made depending upon the proportions of services provided within a municipality versus those outside.

2. Various programs serving developmentally disabled individuals could conceivably receive a portion of their support from revenue sharing funds. These might include infant learning programs, respite care services, etc.
3. Certain types of counseling and crisis intervention types of services such as those provided through Big Brothers/Big Sisters and various local contractors or grantees now receiving funds directly from the state could presumably appropriately be supported through use of revenue sharing funds. Many of the costs of community mental health centers and community alcoholism and drug abuse programs could be met through revenue sharing mechanisms.
4. Support for operational costs of local hospitals could also be met to some extent with revenue sharing mechanisms. It is doubtful that in the smaller communities if revenue sharing would be an adequate source of funds for major capital improvements to the hospital system.

In summary, theoretically almost all of the grant or contract programs currently operated by the Department could be handled through revenue sharing at the local level. I have attached material regarding the potential funding involved in these programs. A major question would be the state's obligation to assure that certain types of services such as alcohol or mental health are in fact available at the local level. Each governing statute would have to be researched to determine its compatibility with a local control approach.

Attachments

# MEMORANDUM

State of Alaska

TO Debra Behr  
Special Assistant  
Office of the Commissioner  
Dept. of Health & Social Services

DATE December 14, 1981

FILE NO DG-29

TELEPHONE NO

FROM Joanne Clark *JCC*  
Acting Director  
Div. of Management and Budget  
Dept. of Health & Social Services

SUBJECT FY 82 Grantees

Attached is a compilation of FY83 Detail Budget form 18's showing the Department of Health and Social Services FY 82 Grantees and the amounts granted. A summary of these forms is as follows:

<u>Component</u>	<u>Number of Grants</u>	<u>Total FY 82 Authorized</u>
Alcoholism Grants	56	14,151.3
Drug Abuse Grants	8	1,573.6
HSA Grants	3	300.0
Community Services	18	4,549.4
Comm. MH Grants	23	4,178.4
Spec. Proj. and Grants	1	25.6
Handicapped Children	3	75.5
Nutrition	4	540.8
Spec. Education Grants	Numerous	1,400.0
Grants to Mun. of Anch.	1	939.1
Public Health Admin.	4	106.3
Anch. Prog./Handicapped	Various	620.9
Holistic Health	17	275.3
Health Clinics	9	942.0
EMS Administration	4	148.3
EMS Grants - Reg. Councils	4	1,365.0
<b>TOTALS</b>	<b>155+</b>	<b>31,281.5</b>

Attachments

# MEMORANDUM

## State of Alaska Department of Transportation & Public Facilities

TO: Lee McNerny  
Commissioner  
Department of Community  
and Regional Affairs

DATE: December 14, 1981

FILE NO: 000H

TELEPHONE NO: 465-3900

FROM: Robert W. Ward  
Commissioner  
Department of Transportation  
and Public Facilities

SUBJECT: Inventory of "Local  
Services" provided  
by State agencies.  
(Memo 10-2-81)

State agencies

With a few exceptions the DOT/PF is the overall planning and construction agency for facilities of all types for the various Departments of the State's programs. DOT/PF, unless mandated otherwise by the legislature for specific programs, has three means to implement projects within municipalities: a) by means of transferring DOT/PF responsibilities to local governments, b) by means of granting or "passing through" funds to local governments, and c) by means of doing the work for municipalities.

The transfer of responsibilities agreement (TORA) is presently employed to varying degrees at the request of local government and by administrative determination by the Department.

Grants to political sub-divisions are still employed where federal funds or other Departments of the State funds are involved and are to be administered by DOT/PF. These grants funds are made available in varying degrees depending upon the recipient's ability to administer them.

A list of facilities programs with which DOT/PF is usually involved and for which the authority and responsibility to plan provide, operate and maintain, to some extent, could be shifted to the political sub-divisions, is as follows:

- Local Service Roads and Trails
- + Mass Transit
- Bicycle Paths
- Pedestrian Walkways
- Airports
- + Airport Terminals
- + Aircraft Parking
- + Airport Concessions
- + Ports - Under existing law the Alaska Port Development Act (AS 30.15) allows municipalities to receive grants from the state for port construction and improvement upon application and approval.

- + Small Boat Harbors - The costs of construction for small boat harbor projects are usually assumed by the State upon project approval by DOT/PF and after negotiation with the municipality. Traditionally, local interests assume the responsibilities for providing lands, easement, rights-of-way and operation and maintenance of these facilities.
- + Harbors of Refuge and Launching Ramp Facilities - These are usually small facilities with few amenities and are constructed and maintained by the State. In some cases these facilities are within the boundries of political sub-divisions with taxing or fee collecting authority.
- Buildings - The responsibilities for buildings of many types which are presently constructed, insured, maintained and operated solely by the State to satisfy the various Departments' programs could, in varying degrees, be shifted to the municipalities. In some cases, the public would obviously be better served under State operation as in the cases of Pioneers' Homes or remote highways maintenance facilities, for example. However, as in the case of school programs which to the greatest extent possible, are now administered by the political sub-divisions, there are numerous other facilities that could fall into this category of administration to different degrees. A partial list is as follows:  
  
Office buildings, warehouses, storage facilities, repair facilities (vehicle, aircraft, marine), telecommunications facilities, utilities facilities, libraries, museums, hospitals, public meeting centers, gymnasiums, swimming pools, vocational rehabilitation centers, housing connected with numerous programs such as hatcheries, law enforcement, etc., courts, jails and other rehabilitation facilities and combined facilities that might serve both several state programs needs in addition to local programs.
- + Planning - More responsibility for both transportation and facilities planning could and should be vested with the political sub-divisions in anticipation of their greater involvement.

Cost for services and programs which are currently being provided by the state which might be more appropriately delivered by local government are identified as follows:

<u>Program</u>	<u>\$ Millions</u>
1. <u>Local Service Roads and Trails</u> - Construction (Including local streets, sidewalks and trails) Statewide - Rural Areas	7.0
2. <u>Local Roads and Street Maintenance</u> (Road repairs, grading, snow-ice removal) Statewide	16.0

<u>Program</u>	<u>\$ Millions</u>
3. Airports Maintenance Statewide	7.6
4. Mass Transit (Planning) Statewide	1.0
5. Bicycle Paths Statewide	2.0
6. Ports Statewide	10.0
7. Small Boat Harbors Statewide	20.0
8. Harbors or Refuge and Launching Ramp Facilities	<u>2.0</u>
	65.6

Buildings - These amounts can vary radically depending upon various agency programs requirements, Federal or other participation and community capability for contracting maintenance and operations. Also, much of the facilities financing is tied to previous bond measures which might lead to serious legal implications if contracting authority were changed.

# MEMORANDUM

State of Alaska

TO Richard Aks  
Deputy Commissioner  
Department of Community  
& Regional Affairs

DATE November 20, 1981

FILE NO

TELEPHONE NO

FROM Glenn Akins  
Deputy Commissioner  
Department of Environmental  
Conservation

SUBJECT Inventory of Local  
Services

As you know, this Department believes that many of our functions may, and should, be carried out by local governments. However, only the Municipality of Anchorage currently conducts a reasonably extensive local environmental management program. Fairbanks North Star Borough and the North Slope Borough have limited environmental programs and express interest in expanding them. Other communities seem to prefer to let the state perform all health and environmental protection functions.

As we have discussed with Senator Sturgulewski's Title 29 Review Commission, the main functions we believe should be delegated to locals are the following:

1. Subdivision Plan Review (approval of subdivisions' plans to assure adequate disposal of sewage). DEC regulations allow local administration. Anchorage has an excellent program.
2. On-Lot Water and Sewer Inspections; DEC inspects homes for which bank loans are desired, to assure the bank that the property has safe and adequate water and waste disposal. Anchorage conducts this program locally.
3. Sanitation (Health) Inspections; Restaurants, public facilities and institutions are inspected to assure protection of public health.
4. Surface Oiling; Regulation of oil application to road surfaces.
5. Air Quality; Local governments may establish air quality control programs, including permitting. The North Slope borough has expressed an interest in this program.

I would be happy to provide more detailed information and work with you further on this matter.

# MEMORANDUM

State of Alaska

TO Lee McAnerney, Commissioner  
Department of Community &  
Regional Affairs

DATE October 16, 1981

FILE NO

TELEPHONE NO

FROM Charles R. Webber, Commissioner  
Department of Commerce & Economic  
Development

SUBJECT Inventory of Local Services  
Provided by State Agencies

Your memorandum of October 2 requesting each state agency to identify services currently provided by the State which might be more appropriately delivered by a local government.

The Cultural Facilities Development Fund provides State assistance in the construction and development of cultural facilities within municipalities which actively provide support to the arts.

The facilities are for local use and are funded on an individual basis by the Legislature.

There is also an Advisory Council on Cultural Facilities to assist and review requests from municipalities. This council was funded for one year in the amount of \$37,500. Technical support is provided by the department.

Although capital funding was requested by the Advisory Council for FY '82, no appropriations were approved; \$10,000,000 will be requested for FY '83 but has not been approved by the Budget and Review Committee to date.

Attached is further information concerning this program.

CRM/cw#2511/wfs 5/9

Attachment

RECEIVED  
OCT 20 1981  
DEPT. OF COMMUNITY  
AND REGIONAL AFFAIRS

# MEMORANDUM

# State of Alaska

TO Lee McAnerney, Commissioner  
Department of Community and  
Regional Affairs

DATE October 9, 1981

FILE NO

TELEPHONE NO 465-2700

FROM *Judy Knight for*  
Edmund H. Orbeck, Commissioner  
Department of Labor

SUBJECT Inventory of "Local  
Services" Provided by  
State Agencies

Pursuant to your memorandum of October 2, same subject, I have reviewed the services provided by this department with respect to those which might be handled by a local government.

The employment and unemployment services of the Department are delivered in a local area environment, but rely on the statewide labor market and service concept for full effectiveness. Our worker protection components also are aimed toward coverage in the local areas, but are quite technical in nature and considerable effectiveness is lost in fragmenting them. For example, authority for inspections is granted to local governments according to the statutes and the department provides technical assistance and training to local government building inspectors upon request in those few municipalities which have adopted codes and taken on that function. Even so, there are continuing requests for electrical and plumbing inspections in those locations from our State inspectors.

In summary, we do not believe there are programs or services currently provided by our department which should be delivered at the local level.

cc: Jay S. Hammond, Governor  
Terry Miller, Lieutenant Governor

RECEIVED  
OCT 14 1981  
DEPT. OF COMMUNITY  
AND REGIONAL AFFAIRS

# MEMORANDUM

# State of Alaska

TO Lee McAnerney  
Commissioner  
Department of Community  
and Regional Affairs

DATE November 23, 1981

FILE NO

TELEPHONE NO 465-4322

FROM Will R. Nix  
Commissioner  
Public Safety

SUBJECT Inventory of Local  
Services Department of

At the outset, please forgive this department for not responding, but your letter reflected that a response was necessary only on "any programs or services delivered by state government which you feel should be delivered at the local level." Since this department could not identify existing state programs that could be diversified for local government to assume responsibility, we did not respond.

Those programs which are conducive to local management have already been implemented. I speak of the Village Public Safety Officer Program, the Emergency Medical Services, with ambulances being provided by the Highway Safety Planning Agency, and limited incarceration at certain local jail facilities.

In each of the cited cases, the programs are not, and presently cannot be, autonomous local programs. They are, in fact, wholly or partially supported monetarily and monitored by the state because of existing law or because it is a more convenient mode of operation for the state with corresponding benefits to the local communities.

# MEMORANDUM

# State of Alaska

TO Lee McAnerney  
Commissioner  
Department of Community and Regional  
Affairs

DATE November 25, 1981

FILE NO

TELEPHONE NO 465-2800

FROM Marshall L. Kind  
Commissioner  
Department of Education

SUBJECT Inventory of "Local Services"

I have received your "tickler" of November 19, 1981, concerning our lack of response to your earlier memo on the above referenced subject. In this case, our non-response was indeed a response. To my knowledge, all educational services under the jurisdiction of this department are delivered at the local level unless otherwise precluded by law.

# MEMORANDUM

# State of Alaska

TO Lee McAnerney  
Commissioner  
Department of Community  
and Regional Affairs

DATE November 19, 1981

FILE NO

TELEPHONE NO 465-3600

FROM WILSON L. CONDON  
ATTORNEY GENERAL

SUBJECT Inventory of "local services"

By:

Elizabeth Shaw  
Assistant Attorney General  
Department of Law

This department has not identified any services currently provided by our attorneys which would appropriately be delivered by local governments!

We hope that our delay in responding to your memorandum of October 2, 1981, has not inconvenienced you .

RECEIVED  
NOV 22 1981  
DEPT. OF COMMUNITY  
AND REGIONAL AFFAIRS

# MEMORANDUM

# State of Alaska

TO: Lee McAnerney  
Commissioner  
Department of Community and  
Regional Affairs

DATE 16 October 1981

FILE NO

TELEPHONE NO

FROM: Major General C.F. Neerason, <sup>1011</sup>  
The Adjutant General  
Department of Military Affairs

SUBJECT: Inventory of "local services"  
Provided by State Agencies

We have examined the services provided by this agency and feel that they are best provided by us on a statewide basis. I do not feel that local governments could provide them adequately.

Thank you for the opportunity to comment on this matter.

RECEIVED  
OCT 24 1981  
DEPT. OF COMMUNITY  
AND REGIONAL AFFAIRS

# MEMORANDUM

State of Alaska

Department of Revenue

TO The Honorable Lee McAnerney  
Commissioner  
Department of Community  
and Regional Affairs

DATE October 27, 1981

FILE NO

TELEPHONE NO

FROM Thomas K. Williams *TKW*  
Commissioner  
Department of Revenue

SUBJECT Investing of "local  
services" provided by  
state Agencies

We have reviewed the programs administered by the Department of Revenue considering which would be more appropriately administered by local government.

Several of our programs have aspects which could be effective at the local government level. However, these programs also have factors and conditions which effect the unincorporated areas of Alaska. These are primarily license and permit programs which require that continuity be maintained at the state-wide level. Re-direction of these programs is not a practical idea until such time as local administrative powers exist in the unincorporated areas.

TKW:PAW:mll

# MEMORANDUM

# State of Alaska

TO Lee McAnerney  
Commissioner  
Department of Community  
& Regional Affairs

DATE December 1, 1981

FILE NO

TELEPHONE NO 465-4100

FROM *for* Ronald O. Skoog  
Commissioner  
Department of Fish & Game

SUBJECT Inventory of "Local  
Services" Provided  
by State Agencies

Please accept my apologies for the delay in my response to your memo of October 2. To get right to the point, the type of responsibilities this Department has, which is dealing primarily with the public Fish and Wildlife Resource and their habitat, does not lend itself to being delegation to "local" government. Migratory habits of the animals and the degree of scientific and technical expertise required to manage the resource are two of the specific reasons that delegation of responsibilities to local government would not produce satisfactory results. The Department does engage in many cooperative programs at the local level, such as fish culture projects in the schools, habitat improvement and hunter safety programs. Our involvement, however, is limited to providing scientific and technical expertise and in the case of the hunter safety program to assist technically as well as administering the grant.

Therefore, I cannot recommend any of the programs in the Department of Fish and Game nor any of the services we provide as appropriate for delegation to local government.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. \_\_\_\_\_  
 Title "An Act relating to the consolidation of State Revenue Sharing & Municipal  
Requested by Rules Committee by request of the Governor Date 1-14-82 Assistance

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs  
 Program Category Affected Development  
 BRU, Program, Or Subprogram(s) Affected Local Govt. Assist.--Train. & Dev. & Rev. Snar. Adm:  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		139.3	149.1	159.5	170.6	
200 TRAVEL		29.4	32.0	34.9	38.1	
300 CONTRACTUAL		35.4	38.6	42.1	45.0	
400 COMMODITIES		3.7	1.3	1.4	1.6	
500 EQUIPMENT		2.4	-0-	-0-	-0-	
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		210.2	221.0	237.9	255.3	

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		210.2	221.0	237.9	255.3	
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

\*No new positions are reflected as the Department proposes to merely fund existing vacant positions.

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		0*	0	0	0	
PART TIME		0*	0	0	0	
TEMPORARY						

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

Breakdown of costs between the Training & Development & Revenue Sharing Administration components contained in the Local Government Assistance BRU and the Administration BRU:

	LGA BRU		ADMIN BRU	TOTAL
	T&D	RSA		
100 Personal Services	78.9	29.5	30.9	139.3
200 Travel	23.4	6.0	-0-	29.4
300 Contractual	15.1	16.2	4.1	35.4
400 Commodities	2.0	1.5	.2	3.7
500 Equipment	1.0	-0-	1.4	2.4
TOTAL	120.4	53.2	36.6	210.2

The breakdown above reflects FY 83 funding with proportionate increases over subsequent years to account for inflation at the following rates:

7% increase per year for personal services and 9% increases for all other categories. One time items in commodities and equipment are subtracted after the first year.

IV. DATE 1/14/82

PREPARED BY Doug Griffin  
 AGENCY C&RA Local Government Assistance  
 PHONE 465-4736

Original: Legislative Finance  
 -- Budget and Management

FISCAL NOTE DETAIL

100 PERSONAL SERVICES

\$139,281

Local Gov't Specialist IV -	Rg. 19
Salary 3,623 X 12 =	\$ 43,476
Benefits	10,961
TOTAL	<u>54,437</u>
1/2 Clerk Typist III -	Rg. 8
Salary 1,726 X 6.4 =	\$ 11,047
Benefits	4,591
TOTAL	<u>15,638</u>
Local Gov't Specialist II existing position in Anchorage to be transferred - difference in Salary due to cost-of-living adjustment.	
Salary	\$ 7,212
Benefits	1,563
TOTAL	<u>8,775</u>
Local Gov't Specialist I -	Rg 13
Salary 1,370 X 12 =	\$ 22,440
Benefits	7,060
TOTAL	<u>29,500</u>
Accounting Techn. II	Rg 14
Salary 1,995 X 12	\$ 23,942
Benefits	6,991
TOTAL	<u>30,933</u>

200 TRAVEL

\$ 29,400

8 trips to Anchorage (including per diem)	
@ 550 per =	\$ 4,400
30 trips in area (including per diem)	
@ 400 per =	\$ 12,000
Moving expenses for new hires and/o' transfers =	\$7,000
Additional travel for State Revenue Sharing technical assistance and administration, 10 trips	
@ 600 per =	\$ 6,000

300 CONTRACTRAL SERVICES

\$ 35,430

Communications (Phone, LD, Postage)	\$ 2,750
Printing and Advertising	1,250
Office space rental	13,200
Copier costs	1,050
Word processing lease/purchase	1,680
Professional services(computer programing)	15,000
Other contractual costs	500

400 COMMODITIES

\$ 3,700

Statutes, office supplies & small equipment items  
(equipment totaling \$2,500 is a one-time item)

500 EQUIPMENT

\$ 2,400

Office equipment and shipping

NARRATIVE

The attached bill provides for consolidation of the State Revenue Sharing program and the Municipal Assistance program. It also revises the State Revenue Sharing program to exclude unincorporated communities and amends the statute governing the Rural Development Assistance (RDA) program to make only unincorporated communities eligible for RDA funding on a competitive application basis.

The new positions and support funding for these positions are designed to meet two major impacts of this legislation. First, the "new" RDA program will require greater capability to provide technical assistance and training to unincorporated communities wishing to participate in the program. These communities will have to regularly submit an RDA application to provide continued community service programs which may have been initiated using SB 163 funds and may require extensive aid in managing RDA grants for capital improvement and/or community service programs. Traditionally the RDA program has been used as a tool to provide planning, grant writing, and grant administration skills and it is envisioned that to the greatest extent possible it should continue in this mode.

The second major aspect of this bill is the consolidation of the State Revenue Sharing (SRS) and Municipal Assistance programs and the increase in the minimum entitlement for municipalities from \$25,000 plus COLA to \$100,000. These two programs, though often confused, do provide a municipality with two opportunities to receive State funding to support the operation of the city. These funds are vital to most small cities as they have few local resources to provide locally desired services. With the consolidation of programs, a city

has one less opportunity to receive general funding for municipal services so it will become increasingly important to improve the degree of technical assistance and outreach provided to small cities. Twenty seven cities (18%) failed to qualify for SRS during FY 82 and it is hoped that this number could be greatly reduced with improved outreach and field capabilities. The positions in this fiscal note demonstrate the Department's commitment to improved technical assistance, training and outreach with local governments regarding the State Revenue Sharing program. The outreach and provision of publicity and information regarding SRS has long been neglected due to staff and budget limitations. A lack of adequate travel funding for Revenue Sharing administration has also hampered its effectiveness. The Department believes that additional efforts to include every eligible participant in the SRS program is important as it insures a more equitable distribution of the states wealth to Alaskans.

Finally, the transfer of the existing Accounting Technician II from the Department of Revenue to this Department will provide improved administration of the SRS program and allow quicker payment processing and distribution.

THE PRECEDING PAGES WERE TREATED AS  
A UNIT IN THE ORIGINAL FILE.

JAY S. HAMMOND  
GOVERNOR



JB 746

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 10, 1982

The Honorable Joe L. Hayes  
Speaker of the House  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which revises the revenue sharing and municipal assistance programs for municipalities and unincorporated communities in the state.

During fiscal year 1982, over \$140 million will be distributed to local governments under the revenue sharing and municipal assistance programs. The Department of Community and Regional Affairs has examined these programs and found that the following problems exist with both programs:

1. revenue sharing emphasizes tax effort and ability to raise taxes while municipal assistance emphasizes population and tax relief;

2. municipal assistance distributes money according to outdated indicators of business activity and is linked to the declining corporate income tax collections;

3. revenue sharing, which was revised in 1980, contains a provision that reduces the impact of the distribution formula by requiring that the amount of assistance be determined by the historical amount of appropriations;

4. localities are growing increasingly dependent on the state for the financing of property tax relief and increased local services at a time when state revenues continue to fall and a constitutional spending limit is being considered by the voters of the state;

5. municipal assistance encourages municipal incorporation while revenue sharing does not; and

6. the revenue sharing and municipal assistance programs are administered by two principal departments which have different reporting and accountability requirements.

To correct these problems, I am proposing legislation to consolidate revenue sharing and municipal assistance to provide one program of assistance to local governments. The consolidated program will have a level of funding that is at least equal to the proposed fiscal year 1983 level and will increase in future years at a reasonable rate that can be accommodated by the state budget.

Specifically, this bill repeals AS 43.20.016 which provides for the municipal assistance fund in the Department of Revenue and requires all assistance to be distributed under the revenue sharing program of the Department of Community and Regional Affairs. The bill provides that each recipient under the new program will receive at least the entitlement provided in fiscal year 1983. Any amounts appropriated to the program in excess of that required to meet this requirement must be distributed under the revenue sharing formula.

To promote local responsibility and accountability for service delivery, the bill requires that at least 50 percent of the assistance received by a municipality be dedicated to the provision of basic services. The remaining 50 percent could be used for any other lawful purpose determined by the municipality.

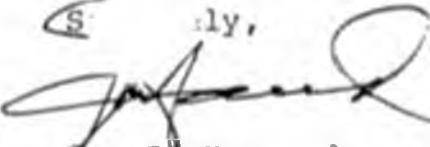
To facilitate local service delivery, I propose that the legislature adopt a statement of intent which clearly provides that future appropriations for assistance to local governments will increase at the same rate of increase established for the proposed constitutional spending limit amendment. As a corollary to this pledge, I believe that it is also appropriate for the legislature to pledge to "draw the line" on the amount of assistance provided through other appropriations to state agencies for basic municipal services. These appropriations should be annually reduced in the same manner as the assistance programs are increased.

The bill increases the minimum entitlement for each municipality to at least \$100,000. The current minimum entitlement is \$25,000 adjusted by an area cost-of-living differential. The higher amount is needed to promote capacity for self-government in small communities.

By this bill, I propose to create a separate program of financial assistance for unincorporated communities. The current revenue sharing program provides for a payment of \$25,000 to Alaska Native village governments. The Department of Law has concluded that this assistance must be

shared with all unincorporated communities and that all recipients must contract for specific service delivery rather than using state money for general administrative purposes. This bill deletes the current provision and amends the existing rural development assistance grant program (AS 44.47) to allow all unincorporated communities to apply for grants up to \$100,000 for capital projects, operation and maintenance expenses, or community services. The bill also allows the department to contract directly with Native village governments in unincorporated communities where that entity is the most appropriate service provider. However, these entities must remain accountable for their agreements to provide these services. Under this bill, a Native village government must waive its immunity from suit before it contracts with the state to provide services under a rural development assistance grant.

I believe that this legislation provides a simpler system of assistance to local governments and will result in a more equitable sharing of the state's financial resources.

(S) ly,  
  
Jay S. Hammond  
Governor

JAY S. HAMMOND  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 23, 1982

The Honorable Patrick O'Connell  
Chairman  
House Community & Regional  
Affairs Committee  
Pouch V  
Juneau, AK 99811

Dear Representative O'Connell:

I understand the House Community & Regional Affairs Committee will be considering HB 746, a bill to consolidate and reform the Revenue Sharing and Municipal Assistance programs, during a hearing on February 24.

This legislation is the product of extensive research by the Department of Community and Regional Affairs and is a high priority of my Administration. Enactment of this bill will go a long way toward streamlining administration of local financial assistance programs and toward insuring that municipalities receive an equitable share of the current State wealth.

I appreciate your willingness to examine this legislation and urge you to consider favorable action in the coming weeks.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jay S. Hammond".

Jay S. Hammond  
Governor

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST HB 746 . Page 1 of 4  
 Bill/Resolution No. \_\_\_\_\_  
 Title "An Act relating to the consolidation of State Revenue Sharing & Municipal  
Requested by Rules Committee by request of the Governor Date 1-14-82 Assistance

II. FISCAL DETAIL  
 Agency Affected Department of Community and Regional Affairs  
 Program Category Affected Development  
 BRU, Program, Or Subprogram(s) Affected Local Govt. Assist.--Train. & Dev. & Rev.  
 (Note: If more than one budget component is affected, separate line-item Shar. Adm  
 amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		139.3	149.1	159.5	170.6	
200 TRAVEL		29.4	32.0	34.9	38.1	
300 CONTRACTUAL		35.4	38.6	42.1	45.0	
400 COMMODITIES		3.7	1.3	1.4	1.6	
500 EQUIPMENT		2.4	-0-	-0-	-0-	
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>210.2</b>	<b>221.0</b>	<b>237.9</b>	<b>255.3</b>	

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		210.2	221.0	237.9	255.3	
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

\*No new positions are reflected as the Department proposes to merely fund existing vacant positions.

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		0*	0	0	0	
PART TIME		0*	0	0	0	
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)  
 Breakdown of costs between the Training & Development & Revenue Sharing Administration components contained in the Local Government Assistance BRU and the Administration BRU:

	LGA BRU		ADMIN BRU	TOTAL
	T&D	RSA		
100 Personal Services	78.9	29.5	30.9	139.3
200 Travel	23.4	6.0	-0-	29.4
300 Contractual	15.1	16.2	4.1	35.4
400 Commodities	2.0	1.5	.2	3.7
500 Equipment	1.0	-0-	1.4	2.4
<b>TOTAL</b>	<b>120.4</b>	<b>53.2</b>	<b>36.6</b>	<b>210.2</b>

The breakdown above reflects FY 83 funding with proportionate increases over subsequent years to account for inflation at the following rates:

7% increase per year for personal services and 9% increases for all other categories. One time items in commodities and equipment are subtracted after the first year.

IV. DATE 1/14/82 PREPARED BY Doug Griffin  
 AGENCY C&RA Local Government Assistance  
 Original: Legislative Finance PHONE 465-4736  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 33-001 (Rev. 12/81)

FISCAL NOTE DETAIL

HB 746

Page 2 of 4

100 PERSONAL SERVICES

\$139,281

Local Gov't Specialist IV -	Rg. 19
Salary 3,623 X 12 =	\$ 43,476
Benefits	10,961
TOTAL	<u>54,437</u>

1/2 Clerk Typist III -	Rg. 8
Salary 1,726 X 6.4 =	\$ 11,047
Benefits	4,591
TOTAL	<u>15,638</u>

Local Gov't Specialist II existing position in Anchorage to be transferred - difference in Salary due to cost-of-living adjustment.	
Salary	\$ 7,212
Benefits	1,563
TOTAL	<u>8,775</u>

Local Gov't Specialist I -	Rg 13
Salary 1,870 X 12 =	\$ 22,440
Benefits	7,060
TOTAL	<u>29,500</u>

Accounting Tech. II	Rg 14
Salary 1,995 X 12	\$ 23,942
Benefits	6,991
TOTAL	<u>30,933</u>

200 TRAVEL

\$ 29,400

8 trips to Anchorage (including per diem)	
@ 550 per =	\$ 4,400

30 trips in area (including per diem)	
@ 400 per =	\$ 12,000

Moving expenses for new hires and/or transfers =	\$7,000
Additional travel for State Revenue Sharing technical assistance and administration, 10 trips	
@ 600 per =	\$ 6,000

300 CONTRACTRAL SERVICES \$ 35,430

Communications (Phone, LD, Postage)	\$ 2,750
Printing and Advertising	1,250
Office space rental	13,200
Copier costs	1,050
Word processing lease/purchase	1,680
Professional services(computer programing)	15,000
Other contractual costs	500

400 COMMODITIES \$ 3,700

Statutes, office supplies & small equipment items  
(equipment totaling \$2,500 is a one-time item)

500 EQUIPMENT \$ 2,400

Office equipment and shipping

NARRATIVE

The attached bill provides for consolidation of the State Revenue Sharing program and the Municipal Assistance program. It also revises the State Revenue Sharing program to exclude unincorporated communities and amends the statute governing the Rural Development Assistance (RDA) program to make only unincorporated communities eligible for RDA funding on a competitive application basis.

The new positions and support funding for these positions are designed to meet two major impacts of this legislation. First, the "new" RDA program will require greater capability to provide technical assistance and training to unincorporated communities wishing to participate in the program. These communities will have to regularly submit an RDA application to provide continued community service programs which may have been initiated using SB 168 funds and may require extensive aid in managing RDA grants for capital improvement and/or community service programs. Traditionally the RDA program has been used as a tool to provide planning, grant writing, and grant administration skills and it is envisioned that to the greatest extent possible it should continue in this mode.

The second major aspect of this bill is the consolidation of the State Revenue Sharing (SRS) and Municipal Assistance programs and the increase in the minimum entitlement for municipalities from \$25,000 plus COLA to \$100,000. These two programs, though often confused, do provide a municipality with two opportunities to receive State funding to support the operation of the city. These funds are vital to most small cities as they have few local resources to provide locally desired services. With the consolidation of programs, a city

has one less opportunity to receive general funding for municipal services so it will become increasingly important to improve the degree of technical assistance and outreach provided to small cities. Twenty seven cities (18%) failed to qualify for SRS during FY 82 and it is hoped that this number could be greatly reduced with improved outreach and field capabilities. The positions in this fiscal note demonstrate the Department's commitment to improved technical assistance, training and outreach with local governments regarding the State Revenue Sharing program. The outreach and provision of publicity and information regarding SRS has long been neglected due to staff and budget limitations. A lack of adequate travel funding for Revenue Sharing administration has also hampered its effectiveness. The Department believes that additional efforts to include every eligible participant in the SRS program is important as it insures a more equitable distribution of the states wealth to Alaskans.

Finally, the transfer of the existing Accounting Technician II from the Department of Revenue to this Department will provide improved administration of the SRS program and allow quicker payment processing and distribution.

H B  
8 40

# COMMITTEE REPORT

## HOUSE

(5)

FURTHER: FINANCE

2/16/82

Date: \_\_\_\_\_

Mr. Speaker:

The Committee on COMMUNITY & REGIONAL AFFAIRS has had HB 840

"An Act making special appropriations for water and sewer systems, waste disposal facilities, and related facilities, projects and project maintenance; and providing for an effective date."

under consideration and ~~(a majority of the committee)~~ ~~(the committee)~~ reports it back with the following recommendations:

- [ ] do pass [ ] do not pass
- [ ] do pass with attached amendments(s)
- [✓] replace with CS for HB 840 [✓] same title  
[ ] new title
- and recommends do pass
- [ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note
- [ ] reports it back without recommendation
- [ ] referred to the \_\_\_\_\_ Committee

### MEMBERS SIGNING

#### DO PASS

[Signature]

[Signature]

[Signature]

[Signature]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

### MEMBERS HAVING

#### OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Signature]

CHAIRMAN



# Alaska State Legislature

REPRESENTATIVE  
ERIC SUTCLIFFE

REPRESENTING  
THE SOUTHERN ALASKA PENINSULA  
THE ALUTIAN CHAIN  
KODIAK ISLAND  
AND THE Pribilof Islands

HOME  
P.O. BOX 3  
UNALASKA, ALASKA 99585  
(907) 581-1488

WHILE IN JUNEAU  
POUCH V  
JUNEAU, ALASKA 99811  
(907) 488-4840

## MEMORANDUM

TO: Community and Regional Affairs Committee Members

FROM: Eric Sutcliffe<sup>es</sup>

SUBJECT: HB 840

DATE: March 3, 1982

The question was raised during the March 3 testimony on HB840 whether or not the Port Lions water and sewer extensions (pg. 3, item 12) were already funded by the Public Health Service. At the time, the PHS representative did not have the back-up material describing the projects proposed in HB 840 and could not say for sure whether or not there was a duplication of effort. Conversations with him and the city have clarified beyond a doubt that the project outlined in HB 840 and the work planned by PHS are different projects. PHS plans to construct water and sewer extensions into the new HUD subdivisions. The city is seeking funding for service into already developed areas of town. In fact, the city applied for PHS funds for the project listed in HB 840 but was told PHS could only construct lines into the new housing projects.

Please see the attached descriptions if you have any further questions.

CITY OF PORT LIONS  
CAPITAL PROJECTS NARRATIVE

1. PORT LIONS WATER & SEWER EXTENSIONS

A. Water Main - Kizhuyak Drive

2,700 feet of 6" water main to the City Dock and through the City's only industrial area. Repair or replace septic tank at City Dock. The City of Port Lions had an application into EDA to fund this project when Federal monies were cut. The U.S. Public Health Service has already done the industrial sizing of key water mains within the village. Also, three (3) industrial water filters were installed in our new water treatment building in the summer of 1981. Therefore, the 2,700 foot water extension and workable septic tank is all that is needed to put our industrial area and City Dock back in working order.

City Project #11 (FY '82) on the Municipal Aid financial report shows the City's intention to prepare Kizhuyak Drive water for the industrial extension.

B. Water Main & Sewer Main - Bayview Drive

1,200 feet of four (4) inch water main and 1,200 feet of four(4) inch sewer main along Bayview Drive where existing homes are located. Although all residential units in Port Lions are connected to the City's water and sewer systems, Bayview Drive extensions have never been funded. This represents a health hazard for our community.

City Project #10 on the Municipal Aid Financial Report represents \$6,000.00 for the engineering and design of a comprehensive water, sewer and road study for Bayview Drive. This study is expected to be completed the winter of 1982. The City is requesting construction funds only.

It should be noted that the City of Port Lions charges all users a service fee each month for water and for sewer. The existing system operates all year around and has a full time operator. The City of Port Lions is wholly responsible for operation and maintenance.

# STATE OF ALASKA

**DEPT. OF COMMUNITY & REGIONAL AFFAIRS**

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, Governor

POUCH B  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-4700

February 22, 1982

The Honorable Patrick O'Connell  
Chairman, House Community & Regional  
Affairs Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99801

Dear Representative O'Connell:

As requested during the hearing on HB 723 and HB 724 last Friday the Department is providing you with information on applicants for Chapter 60 funding who have actually received funds.

Please feel free to contact me if you have further questions.

Sincerely,



Richard Aks  
Deputy Commissioner

cc: Keith Specking  
Senator Frank Ferguson  
Senator John Sackett  
McKie Campbell, Senator Gillman's Office  
Ralph Bennett, Representative Montgomery's Office  
Wendy Rader, Representative Adams' Office

Unincorporated Community Aid Applicants

<u>Community</u>	<u>Status</u>	<u>Organization Type</u>	<u>Amount</u>	<u>Projects</u>
Arctic Village	Pending	IRA(16 & 17)	\$ 111,000	Fuel for generator
Birch Creek	Approved	Non-profit (formed for SB 168)*	\$ 32,000	Purchase generator, operating electric company
Cantwell	Pending	Non-profit (formed for SB 168)*	\$ 89,000	Building community hall, improve solid waste system, fire hall improvement
Cold Bay	Approved	Non-profit (existing)	\$ 228,000	Operating an emergency medical care clinic
Elfin Cove	Approved	Non-profit (formed for SB 168)	\$ 28,000	Maintaining community equipment & buildings, developing an alternate energy
Gustavus	Pending	Non-profit (existing)	\$ 98,000	Building a community center
Healy Lake	Approved	IRA (16 & 17)	\$ 33,000	Completing community hall and community freezer
Igiugig	Pending	Non-profit (formed for SB 168)*	\$ 33,000	Salary for recreation supervisor, purchasing a truck, salary for community building maintenance person
Klukwan	Pending	IRA (16 & 17)	\$ 135,000	Rewiring in community, buy fire equipment, repairing community hall, buy pump truck, Adult basic ed., emergency medical service, purchase a village
Kongiganak	Pending	Non-profit (formed for SB 168)*	\$ 239,000	Building: Multi-purpose, VFD, and equipment trash collection
Kwigillingok	Pending	IRA (16 & 17)	\$ 354,000	Renovate community building, install fence, purchase truck
Levelock	Approved	Non-profit (formed for SB 168)*	\$ 79,000	Salary for building maintenance person, buy satellite transmitter, community hall renovation, complete bulk fuel storage and dock
Metlakatla	Pending	IRA (16 & 17)	\$1,195,000	Build recreation building, Port improvements
McKley Park	Pending	Non-profit (existing)	\$ 32,000	Operating community center
Minto	Approved	IRA (16 & 17)	\$ 153,000	Utility improvements, operating lodge
Nikolski	Approved	IRA (16 & 17)	\$ 50,000	Windmills
Noatak	Pending	IRA (16 & 17)	\$ 273,000	Building a Post Office, buying various pieces of equipment, operating water sewer and community buildings, medical and old age care
Pedro Bay	Approved	Non-profit (formed for SB 168)*	\$ 33,000	Constructing a dock & trails and bridges
Rampart	Pending	Non-profit (formed for SB 168)*	\$ 50,000	Build generator building, operating expense custodian salary, buy recreation equipment
Stevens Village	Pending	IRA (16 & 17)	\$ 96,000	Salary for water treatment plant operator, buy truck, buy washers and dryer recreation director salary
Tatitlek	Approved	IRA (16 & 17)	\$ 68,000	Renovate community building and school, buy generator, install fuel lines
Venetie	Pending	IRA (16 & 17)	\$ 132,000	Buy generator, fuel for generator

\* has existing traditional Native government or IRA Council.

Unincorporated Community Aid Applicants

	<u>Status</u>	<u>Organization Type</u>	<u>Amount</u>	<u>Projects</u>
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	Approved	Non-profit (formed for SB 168)	\$ 28,000	Maintaining community equipment & buildings, developing an alternate energy source
	Pending	Non-profit (existing)	\$ 98,000	Building a community center
	Approved	IRA (16 & 17)	\$ 33,000	Completing community hall and community freezer
	Pending	Non-profit (formed for SB 168)*	\$ 33,000	Salary for recreation supervisor, purchasing a truck, salary for community building maintenance person
	Pending	IRA (16 & 17)	\$ 135,000	Rewiring in community, buy fire equipment, repairing community hall, buy sewer pump truck, Adult basic ed., emergency medical service, purchase a village bus
	Pending	Non-profit (formed for SB 168)*	\$ 239,000	Building: Multi-purpose, VFD, and equipment trash collection
ok	Pending	IRA (16 & 17)	\$ 354,000	Renovate community building, install fence, purchase truck
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	Approved	IRA (16 & 17)	\$ 50,000	Windmills
	Pending	IRA (16 & 17)	\$ 273,000	Building a Post Office, buying various pieces of equipment, operating water & sewer and community buildings, medical and old age care
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	Pending	IRA (16 & 17)	\$ 132,000	Buy generator, fuel for generator

\* has existing traditional Native government or IRA Council.

# Question of sovereignty

By STAN JONES  
Daily News reporter

Sovereignty — the idea that native American tribes are not just groups of people connected by the ties of family and race, but nations, with inherent governmental powers — is a principle that has underlain the dealings of American Indians and Alaska Natives with the U. S. government from the beginning — from the earliest treaties signed in New England to recent efforts by Natives in nearly 20 villages in Interior Alaska to obtain federal charters as tribal governments.

Perhaps no group of Natives in Alaska has tended the flame of sovereignty with greater devotion, or at greater cost, than the handful of residents of a 1.8 million acre tract of land which, until the Alaska Native

Claims Settlement Act passed in 1971, made up the Venetie Indian Reserve.

Their devotion to sovereignty has brought its rewards to the 350 or so Athabaskan Indians of the Venetie tribe. They own those 1.8 million acres, lock, stock and mineral rights. The land is far more than any other Native group of comparable size received under the settlement act.

The pursuit of sovereignty has also had its price for the Venetie tribe, however. Virtually none among Alaska's Natives, its members belong to no village or regional Native corporation, nor do they share in the profits many Native corporations are beginning to earn from their investments.

Most recently, the tribe's vision of sovereignty collided

head-on with laws requiring the state to have a clear right to the use of school sites before building schools. As a result, the state Department of Transportation and Public Facilities withheld \$267,000 voted by the Alaska legislature for improvements to schools in Venetie and Arctic Village, both located within the boundaries of the former reservation. And the resurrection of an old claim to an additional 3.4 million acres of land, located mostly in the Arctic National Wildlife Refuge, has pitted the tribe against the Interior Department and the settlement act.

The seeds of the dispute over the school improvements were sown in 1978, when, according to assistant state attorney general Bill Cummings, the Venetie village corporation formed

under the settlement act gave the state permission to use small parcels of land in Venetie and Arctic Village for school sites. The schools in the village are operated by the Yukon Flats School District, a Rural Education Attendance Area (REAA) set up by the state in the wake of the Molly Hootch consent decree requiring the construction of village high schools.

Since the land had not yet been conveyed to the village corporation, it did not give the state a deed, but said it would do so when it received patent to the land from the federal government.

In September 1979, however, the two village corporations operating within the boundaries of the former reservation relinquished any interest in land

they might receive in the future to the Native Village of Venetie Tribal Government. In October of the same year, the two corporations voted to dissolve themselves and ceased to exist.

When the federal government finally delivered the patent to the 1.8 million acres that had made up the reservation, the land as a result went to the tribal government.

The land shuffle had left the state without satisfactory title to the school lands.

The department of law decided that before making them, the state needed, if not outright ownership of the school lands, at least enough control over them to protect its interest for the expected life of the improvements.

Negotiations began on the land issue, with the tribal gov-

ernment offering in April, 1981, what it called a 'license', allowing the state to use, but not own, the school lands.

The problem with the license, according to Cummings, was that it did not give the state sufficient interest in the school sites to satisfy the law.

Cummings said the state objected to at least four elements of the license the tribe had offered.

First was a phrase describing the tribe as a "sovereign entity".

"The state can't do business with sovereigns," Cummings said. The assistant attorney general indicated the state was worried it might not be able to enforce contract provisions

against the tribe if it were acknowledged as a sovereign entity.

Another provision the state objected to. Cummings said, was a requirement that school employees abide by the tribe's constitution and regulations as a condition of continued use of the school site. Tribal regulations forbid the use of alcohol or marijuana while on tribal lands or waters, and require non-members of the tribe to have a use permit and be accompanied by a member if they leave the school premises, Cummings said.

According to Cummings, that would have subjected the state's use of the school sites to the behavior of third parties over whom it had no control.

"If a guy makes home brew in his apartment," the assistant attorney general said, "the state's right to use the premises for school purposes could evaporate."

"Local communities of course have the right to declare themselves dry," Cummings continued. "The problem was tying the state's use of the facilities to the conduct of third parties (i.e., school employees). The state was supposed to monitor their conduct at all times, even in the privacy of their own homes."

The state also objected, the assistant attorney general said, to a provision requiring the licensee to abide by any rules and regulations that might be adopted by the tribe later.

"That's tied to their claim of being a sovereign entity," Cummings said. "The state could go in and sink a bunch of money in improvements, and then they could change the rules on us. It didn't allow the state to protect its investment."

Another provision that caused the state to balk, according to Cummings, made continued use of the schools by the state contingent upon their

being funded at a level the local Indian school board considered adequate.

"We don't do business with Indian school boards," Cummings said. "We do business with REAAs. The funding is based on the state's foundation formula."

"They could set any level of funding they wanted to, and we would have no way to fund it. We have no authority to do business that way."

Don Wright, the former Alaska Federation of Natives president and perennial unsuccessful political candidate who served as the tribe's consultant during the school battle, maintains however that the local Indian school board qualifies as a school district under state law, and, as owners of the land through the tribal government, would have the sufficient interest required by law.

"The attorney generals do not have the right to interpret the mandate of the state constitution to provide education for children in the state of Alaska," Wright said. "If the Venetie tribal government has sufficient interest, that's sufficient."

The state responded in May 1981, Cummings said, with a rewritten license from which the objectionable provisions had been deleted.

The state's version, however, was unacceptable to the tribal government. A meeting was held in September 1981, at the tribe's offices in Fairbanks, with representatives of the state Departments of Law, Transportation and Public Facilities and Education present, as well as Wright and members of the tribal government. The meeting reached an impasse, according to both sides, with Venetie standing on its original license. The result was that the improvements to the schools were never made, and are still in limbo today.

According to Wright, the tribe is not concerned by the

prospect of the loss of state funds. "We'll do without the state education money," he insisted. "I'm sure the tribe isn't going to have its children grow up illiterate."

For him, the issue of sovereignty is supreme. "The state's got no standing with us," he said. "The reservation is not part of the state of Alaska. Venetie has always been a governmental entity. We're above and beyond the state."

Nonetheless, there are signs the tribe wants to come to terms with the state on the school sites. The tribe has chosen new leadership since last fall, and meetings are scheduled next week between Beatriz Apodaca, the superintendent of the Yukon Flats School District, and Lawrence Roberts, the tribe's new first chief. Apodaca said this week she was hopeful the meetings would lead to a compromise that will permit the school improvements to be made. Officials in Juneau say they are leaving the matter in Apodaca's hands.

The path that led the Venetie Indians from the creation of the reservation in 1944 to the loss of school improvements in 1981 is a tortuous one.

The reserve came into existence March 11, 1944, created by the Secretary of the Interior in response to a petition from the residents of the area. Beginning at the confluence of the Chandalar and Yukon Rivers and extending north approximately 100 miles, it took in 1.8 million acres and the settlements of Venetie Arctic Village, KaChick, Roberts Fish Camp, Venetie Landing, and Christian.

When the settlement act passed in 1971, the reserve was wiped out, and the residents who had lived on it were faced with two choices. One was to enroll in Doyon Regional Corporation, form their own village corporations and select land under the standard settlement act formula. By doing so

they would gain the surface rights on about 184,000 acres of village corporation land (with subsurface rights going to Doyon), the right to individual and corporate cash distributions, and a share of any profits that their village corporations and Doyon might earn.

The other choice was for the village corporations to take over the reservation land, while forfeiting their Doyon membership and their entitlement to individual and corporate cash distributions under the settlement act. This way they would not only acquire 1.8 million acres instead of the far smaller acreage yielded by the standard settlement act formula, but they would acquire both surface and subsurface rights, including the ownership of any oil or other minerals which might lie beneath the land.

The shareholders opted for the second course, acquiring the reservation lands in total, but relinquishing any claim to the other benefits of the settlement act. Things were again as they had been — almost.

The difference was that the reservation no longer existed. The lands were still intact, true, but the special trust relationship with the federal government was gone. The management of the lands now rested in the hands of the two village corporations, the unfamiliar children of the settlement act.

The trust relationship had meant that the government in Washington would guard the tribal lands from the outside world. The tribe had enjoyed that security, and in 1978 they tried to get it back.

They asked the Secretary of the Interior to bring the tribal lands full circle by restoring them to the trust status they had enjoyed before the settlement act passed.

Not possible, the Department of the Interior concluded. In a legal opinion dated Sept. 15, 1978, a department attorney

stated, "Congress (in the Settlement Act) intended permanently to remove from trust status all Native land in Alaska except allotments and the Annette Island Reserve."

But the efforts to keep things as they had been continued. In September 1979, the shareholders of the two village corporations transferred their entitlement to the former reservation land to the Native Village of Venetie Tribal Government, which had been formed in 1940, and, according to its constitution, held the powers to deal with the federal and territorial governments, control the use of the reservation, and to guard and foster Native life, arts, possessions and customs.

That done, the shareholders decided they had no further use for their village corporations, and dissolved them in October 1979. Now the village corporations, like the reservation, were gone. What was left was 1.8 million acres of land, in the hands the tribal government.

In February and April 1981, even as the fight over the school improvements with the state was brewing, the Venetie tribe opened a campaign on a new front. They laid claim to an additional 3.4 million acres of land located mostly in what had by then become the Arctic National Wildlife Refuge, based on old petitions originally submitted to the Interior Department in 1950 and 1957. The land was claimed chiefly for the benefit of the residents of Arctic Village, who asserted in the 1957 petition that they had not been aware of the boundaries when the reservation was established in 1944. Those boundaries, they said, had included their village lands, but excluded the lands they used for hunting and fishing.

The Interior Department took as dim a view of the claim for 3.4 million additional acres as it had of the 1978 request to turn the tribal lands back into a reservation. "ANCSA," the De-

partment responded, "provided for the extinguishment of all aboriginal claims in Alaska, and ... for the revocation of all former reserves in the state."

Interior's position is hotly contested by Wright, who insists the Venetie tribe never really participated in the settlement act, and is therefore exempt from the clause purporting to extinguish all aboriginal claims.

"Some ignorant individuals employed by the United States don't know enough of the land to know anything," the tribal consultant said. "The fact is the tribe owns the land, period. We always have. The tribe received nothing from the (federal) government, the state or Doyon."

Having been rebuffed by the Interior Department, the tribe took matters into its own hands. It simply declared itself, in legal notices in three July 1981 issues of the Fairbanks-based All-Alaska Weekly, the owner of the land.

"Know ye," warned the notice, "that there is, therefore, granted by the NEETS'AI GWICH'IN ATHAPASKAN TRIBE, the surface and subsurface estate in the lands and waters above-described unto the NATIVE VILLAGE OF VENETIE TRIBAL GOVERNMENT."

Lest anyone doubt their seriousness, the tribe has declared its intention of keeping outsiders off the claimed wildlife refuge lands, as well as the former reservation lands conveyed to it under the settlement act.

"Non-tribal persons who violate Tribal or Federal law," the Venetie government wrote to Gov. Jay Hammond in April 1981, "will be turned over to the Federal Marshall to be removed from the ancestral lands and waters of the Tribe."

"Anybody who sets foot on that land," Wright echoes, "is trespassing in violation of tribal law."

STATE OF ALASKA  
THE LEGISLATURE  
LEGISLATIVE AFFAIRS AGENCY

POUCH V STATE CAPITOL  
JUNEAU ALASKA 99811  
907-465-3822

MEMORANDUM

March 1, 1982

SUBJECT: Waivers of tribal sovereign immunity under  
HB 746 (Work Order No. 12-2642)

TO: Representative Patrick M. O'Connell  
Chairman, House Community and  
Regional Affairs Committee

FROM: *LHA* Linn H. Asper  
Legislative Counsel

You have asked if the section of HB 746 requiring waiver of immunity from suit by an Alaska Native village council would avoid sovereign immunity issues relating to Indian tribes and would allow the Department of Community and Regional Affairs to distribute grant money under that bill to an unincorporated village. In answering this question I am assuming that Alaska Native village councils are possessed of immunity from suit under a tribal sovereign immunity theory and that they are entities that can receive state money as if they were municipalities. There are conflicting opinions about both of these propositions, particularly the latter (Attorney General opinion of September 2, 1981 [J-66-829-81]), but if the village councils are immune from suit and the state can constitutionally distribute grant money to them, the question is whether they are able to waive immunity from suit with regard to the grants. The state obviously wants the councils to do this so that it can maintain some control over the expenditure of the money. If Alaska Native village councils have immunity from suit the current state of the law is that they can make a knowing waiver of that immunity, although a final decision has yet to be rendered on this question. The doctrine of tribal sovereign immunity dates back to the earliest days of the United States. It has been established that Indian tribes are possessed of immunity from suit U.S. v. U.S. Fidelity & Guaranty Co., 309 U.S. 506 (1940). It is clear that sovereign immunity exists only at the sufferance of

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Congress and can be waived by an Act of Congress. Santa Clara Pueblo v. Martinez, 436 U.S. 49 (1978). The key question in considering HB 746 is whether only Congress can waive the immunity or whether the tribe itself can make the waiver. The early decisions such as U.S. v. U.S. Fidelity & Guaranty Co., supra, seemed to indicate that a tribe could not waive its own immunity. In the U.S. Fidelity case the tribe was immune from a counterclaim in a suit that was brought in the name of the tribe. Other decisions that have expressed doubt about the ability of Indian tribes to waive immunity are Namekagon Dev. Co. v. Bois Forte Reservation Housing Authority, 395 F. Supp. 23 (D.C. Minn. 1974) and North Sea Prod. Ltd. v. Clipper Seafoods Co., 595 P.2d 938 (Washington 1979).

The recent case of United States v. State of Oregon, 657 F.2d 1009 (9th Circuit 1981), stated clearly that Indian tribes can waive their immunity from suit, and held that the Yakima tribe waived its immunity in a matter involving apportionment of salmon stocks when it entered into an agreement with the state and federal government covering the apportionment. While there is no doubt that U.S. v. Oregon supports the kind of waiver process envisioned by HB 746, the opinion is not strongly reasoned and may not survive consideration of the issue in the U.S. Supreme Court. The U.S. v. Oregon court more or less ignored U.S. v. U.S. Fidelity & Guaranty Co. and relied on dicta from several Supreme Court cases to reach its conclusion. The U.S. v. Oregon court felt that the doing of equity required the Yakima tribe to be bound by the agreement that it had freely entered into, but in doing equity the court had to get around the very real possibility that tribal sovereign immunity can only be waived by congressional act.

A parallel situation to U.S. v. Oregon prevailed in the appeals court cases before Santa Clara Pueblo v. Martinez, supra. In the cases that led to Martinez, it was uniformly held by appeals courts that the Indian Civil Rights Act acted as a waiver of tribal sovereign immunity for cases within the jurisdiction of that Act. Then the U.S. Supreme Court held that tribal sovereign immunity had continuing vitality as a doctrine of law and that a congressional waiver of that immunity could not be implied from an Act of Congress where there was no express waiver. Although

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U.S. v. Oregon presented a different issue, the general anti-waiver policy of the U.S. Supreme Court with regard to sovereign immunity has to be taken into consideration when the committee considers waivers made by the village councils. Obviously there are some situations where a tribe will want to be able to waive its own immunity in order to enter into a particular business arrangement or receive state money, as in HB 746, but since the immunity concept is rooted in protection of the tribes, the Supreme Court may decide not to recognize waivers made by the tribes for fear they will be taken advantage of in their dealings with private parties and governments.

Were it not for the resurgence of the sovereign immunity concept in Martinez, supra, I would have little trouble agreeing with the court in U.S. v. Oregon that a tribe can waive its own immunity, but given that decision and the fact that the U.S. Supreme Court has not ruled on the issue now before the committee, the waiver concept presented in HB 746 is questionable.

If grants are to be made to Native village councils under HB 746, it will do no harm to require a waiver of sovereign immunity, as long as it is understood that such waivers may prove to be ineffective. Any waiver used should be carefully limited in scope so that the Indian group executing the waiver is waiving its immunity from suit only with regard to matters directly related to the grant. A limited waiver is less likely to be challenged, and if challenged, more likely to be upheld, than a general waiver of immunity. The waiver concept of HB 746 is properly limited as long as the form that is to be prepared by the Department of Law turns out to be a carefully drawn and strictly limited waiver. Any appearance that the state government is seeking to have the councils waive their immunity in areas other than those that are directly related to the grants will almost certainly render the waiver scheme invalid.

LHA:ljb

Amend Section 4 by adding:

(43) Pelican - seawater pumping facility	250,000
and dry fireline for fire protection	

The City of Pelican has a fire protection system that is outmoded and unable to handle present emergencies. Immediate fire fighting improvements need to be made. A study of the specific needs and costs has been done by a consulting firm. Over half of the City of Pelican is built over water. Under prevailing circumstances the recommendation is for two submersible pumps, a diesel generator set and a dry fireline with standpipes. This would help provide the necessary emergency capacity.

THE FOLLOWING PAGES WERE TREATED AS  
A UNIT IN THE ORIGINAL FILE.