

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 86/2

1304 SCRA SB 690 - SB 716 309

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

III. ANALYSIS  
HB 690

Assumptions:

Claims - 1982 = 141,400; 1983 = 145,600; 1984 = 150,000. 3% growth.

Adjusted Claims (Address changes, amended, etc.)

1982 = 25,000; 1983 = 26,000; 1984 = 27,000

Forms - Mailout, response to request, forms racks = 225,000 in 1982. Design would require name, address, property description, proof of tax paid, a basis for separating excluded payments from rent and property tax payments, statement of eligibility, signature line and date, and other required data.

Application and payment processing period - all year. supervision will be provided by existing staff.

Program Summary:

Forms must be designed and distributed. Completed forms will be received in the mail. The mailed forms will be opened and all forms received will be given a control number, checked for completeness, batched and data captured. Computer programs will be written, compiled and tested to enable the data capture, edit of document content, identification of forms which should receive corrective action or compliance checks, correction of data, warrant release edit, garnishment processing, warrant printing and reports such as warrant registers and reference to individual claim information. The data captured claims will be processed through the computer system with action required on correction errors, handling garnishment hits, checking and release of warrants.

1. Positions --

FY82

1 PFT Systems Analyst R18 @ \$2,838. mo. plus .32% costs  
for 4 mos. = 15.0  
Begin design of computerized processing system.

Total = 15.0

FY83

1 PPT Personnel Assistant R 12 @ \$1,889. mo. plus .32% costs  
for 3 mos. = 7.5

Recruitment, hiring, EEO and Contract Administrator, miscellaneous  
personnel duties.

1 PFT Systems Analyst R18 @ \$2,838. mo.  
plus .32% costs = 45.0

Complete computerized system design. Performs maintenance and post  
implementation changes. Develop coding specifications.

1 PPT EDP Programmer II @ \$2,295. mo.  
plus .32% costs = 20.7

3 PFT Tax Scanners R8 @ \$1,487. mo.  
plus .32 % costs = 70.0

Open mail, document control numbering, batching, batch control, data  
capture, batch correction and warrant release.

4 PPT Tax Scanners R8 @ \$1,487 mo.  
plus .32 % costs for 4 mos. = 31.4

Open mail, document control numbering, batching, batch control, data  
capture, batch correction and warrant release.

2 PPT Clerk Typists R7 @ \$1,487. mo.  
plus .32 % costs. 1 for 2 mos, 1 for 5 mos. = 13.7

Initial forms distribution, forms and supply services, accounts  
payable including voucher preparation.

Total = 189.0

189.0

2. Other expenditures --

FY83

Forms and instructions: 225,000 @ \$50.	= 11.3
Postage: Forms Distribution - 150,000 @ .20	= 30.0
Payments - 141,400 plus 14,000 re-mailed warrants @ .20	= 31.
Data Processing (includes development, data capture and production):	
Computer Resource Units: 80,000 @ 1.25 per unit	= 100.0
Common output units: 295 @ \$31. (reports, warrants, COM )	= 9.1
Storage Units: Distribution file 5,000 @ .90 - disk	= 4.5
Misc. including garnishments 400 @ .90-disk	= .4
Backup file - tape	= .1
Warrant stock: 141,000 @ \$35.M	= 4.9
Warrant Envelopes: 141,400 @ \$12.43 M	= 1.6
Miscellaneous contractual (insurance, machine rental)	= 5.0
Commodities	= 198.0
Total	

Commodities	= .5
Total	= <u>.5</u>

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 690

Title Providing Tax Credits for Property Taxes or Tax Equivalency on Rent Paid

Requested by Senate Community and Regional Affairs Date 3/2/82

II. FISCAL DETAIL

Agency Affected Revenue

Program Category Affected General Government

BRU, Program, Or Subprogram(s) Affected Public Service

(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		118.8	127.1	136.0		
200 TRAVEL						
300 CONTRACTUAL		3.5	3.8	4.0		
400 COMMODITIES		.5	.5	.6		
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	-0-	122.8	131.4	140.6	-0-	-0-

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		122.8	131.4	140.6	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		3/36mm	3/36mm	3/36mm	-0-	-0-
PART TIME		4/20mm	4/20mm	4/20mm	-0-	-0-
TEMPORARY						

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

Program Summary: Distribute forms at counters and as requested by phone and letter. Answer written, phoned and in-person inquiries. Provide assistance in filling out forms. Receive and put in process completed forms. Proper handling of returned undeliverable warrants and re-mailing of warrants when new address is received.

1. Positions --  
FY83

3 PFT Tax Examiners R10 @ \$1673. mo. plus .32 % costs	79.5
4 PFT Clerk Typists R7 @ \$1487. mo. plus .32 % costs	
for 5 mos.	39.3
<b>Total</b>	<b>118.8</b>

2. Other expenditures --

Contractual: Phones, postage, misc. 3.5

IV. DATE 3/1/82 PREPARED BY [Signature]  
AGENCY RE. TIME  
PHONE 465-2213

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)  
33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

III. ANALYSIS

HB 690

PAGE 2

Commodities

.5

Provide counter service, answer letters and phones, assist public in filling out forms, process returned warrants at Juneau, Anchorage and Fairbanks.

## ANALYSIS OF SB 690

The following is a section by section analysis of SB 690 entitled "An Act providing tax credits for property taxes or tax equivalency on rent paid; and providing for an effective date.":

The first section of the bill would add a new section to AS 43.20 to provide for a refundable tax credit for a portion of local property taxes paid on a dwelling occupied by the person claiming the credit as a principal place of abode. AS 43.20.014(a) (1)(2) (Page 1, line 11) would deal with individuals who have paid all of the taxes or rent on the dwelling occupied as a principal place of abode, i.e. persons who did not share rent or mortgage/tax payments or who did not rent out part of their abode. These individuals would qualify for a credit equal to fifty per cent (50%) of property taxes paid up to a maximum of \$300. For renters, this section applies a "tax equivalency" formula of one per cent of rent for each mill of property tax levied on the rental unit. Renters are entitled to fifty per cent of this tax equivalency amount. In other words:

For Owners:

$50\% \times \text{property tax paid} = \text{tax credit}$   
(subject to the \$300. limit)

For Renters:

$50\% \times (1\% \text{ per mill}) \times \text{rent paid} = \text{tax credit}$   
(subject to the \$300. limit)

Persons who paid all taxes or rent on their dwellings and who may have both rented or owned dwellings during a year would qualify for a part year owners credit and a part year renters credit:

provided that the total received could not exceed \$300. per year.

For example, assume a single man or woman who owned a \$100,000.

condominium taxed at 8 mills for six months and rented an apartment

in the same tax-rate area at \$500. per month for the remaining six

months. This person would be eligible for the following:

As an Owner:

$$50\% \times (\$100,000 \times .008) \times 1/2 \text{ (for six months)}$$

$$\text{OR}$$
$$50\% \times \$800. = \$400 \times 1/2 = \$200.$$

PLUS

As a Renter:

$$50\% \times 8\% \times \$3,000. = \underline{120.}$$

Total Credit \$320. (subject to \$300. maximum)

Total allowable credit \$300.

Subsection (b) of this section (page 1, line 25) deals with persons who may have paid only part of the taxes or rent on the dwelling they occupied. Examples might be a homeowner who shares his or her home with a roommate in return for rent, or two or more persons sharing rent on a single apartment. Note that this situation is different from the situation in which a person owns a duplex and rents out a totally separate dwelling to another. In such a case the owner would be eligible to claim a full owner's credit on the portion of the structure used as his or her dwelling and the tenant in the other unit could claim a full renter's credit based on annual rent paid. Under subsection (b) each person sharing taxes or rent payments on a single dwelling could claim a credit up to a \$150. maximum.

The reason for the lower maximum is to prevent, for example, two persons sharing rent on a \$900./month dwelling from each receiving the \$300. maximum credit while a single tenant paying the entire rent would have been limited to a total of \$300. In other words, Subsection (b) attempts to ensure that persons will receive a more or less equal proportion of rent paid as a credit regardless of whether they share rent or tax payments with another.

For example, assume two single persons sharing rent on a \$900./month dwelling. Each tenant would be eligible for the following:

(Assume the mill rate in the area is 8 mills)

$$50\% \times (8\% \times \$450/\text{month} \times 12) = \$216.$$

However, Subsection (b) limits each tenant to \$150. maximum. The total credit received by both tenants will therefore be \$300. or the same as a single person would receive if he or she had paid all of the rent on the dwelling.

Subsection (c) (page 2, line 2) applies the same formula described in Subsection (a) to married couples. A married couple is allowed to file jointly for the credit and receive up to the \$300. maximum based on taxes or rent that one or the other has paid. Subsection (d) (page 2, line 12) provides that only one dwelling may be claimed at any one time to be a principal place of abode. This subsection also provides that if a person lived in more than one place during the year, he or she must calculate their credit for each portion of the year based on taxes or rent paid for each dwelling. The \$300. or \$150. maximums would, of course, continued to be applied.

Subsection (b) (page 2, line 24) states that the credits would be paid directly to taxpayers by filing a return with the Department of Revenue in essentially the same manner as presently utilized for reimbursement of political contributions or child care expenses under AS 43.20.012. Persons claiming a credit would file a form according, presumably, to regulations that would be established by the Department of Revenue. The return would include an affidavit swearing that amounts claimed were based on actual taxes or rent paid or that the taxpayer is otherwise eligible. Note that it is not anticipated that extensive documentation would be filed with the return. Rather, taxpayers would be subject to audit and criminal or civil penalties for false filings. This method is intended to keep costs of administration to a minimum while avoiding, to the extent possible, fraudulent claims.

Subsection (g) (page 3, line 9) provides a number of definitions and is largely self-explanatory. "Abode" is defined to include only the portion of a structure used as a dwelling. For example, if an owner resides in one unit of a duplex and his or her unit constitutes sixty per cent (60%) of the entire structure, he or she could claim a credit based on 60% of total taxes paid on the structure. The actual method of pro rating taxes or rents on buildings used for multiple purposes would be established by regulation. It would be preferable, in this regard, if such regulations could use a relatively simple formula such as the example outlined above. "Rent" to be counted toward the allowable

credit would exclude utility payments and would exclude rent paid through a public housing assistance program, i.e. not actually paid by the renter. It is also important to note that mobile home owners will be eligible to include both taxes paid on their home and <sup>9</sup>space rental payments in calculating their allowable credits. See page 3, line 23.

Finally, Subsection (h) (page 4, line 5) provides that credits for property taxes or rent would be paid in the manner previously utilized for payment of income tax refunds under the now repealed Alaska individual income tax statutes.

Section 2 of the bill makes a technical amendment to allow persons to file for their property tax/renter credits in the same manner as presently used for political contributions and child care credits. Section 3 would allow payments for taxes or rent paid after December 31, 1981. In other words, persons would file returns presumably in 1983 based on all of the taxes or rent paid during 1982. Section 4 provides for a "sunset" clause terminating the program after January 1, 1985, unless extended by subsequent legislation.

In conclusion, it should be noted that the property tax/renter credit program would require an appropriation to pay for returns filed in 1983. Although a precise fiscal note has not been prepared, it is possible to estimate the maximum fiscal impact by examining residential property tax revenues raised by Municipalities during 1981. Department of Community and Regional Affairs estimates for 1981 residential property tax revenues were approximately \$49 million statewide. If fifty per cent (50%) of all of these revenues were allowable as a credit, the

allowable maximum would be about \$24.5 million. However, in many, if not the majority of cases, the \$300. or \$150. limit on credits established under the bill should hold the estimated actual fiscal impact of the tax credit proposal to well below this figure.

Census data is available concerning the owner-occupied and rental housing units in various regions throughout Alaska. A more precise fiscal note utilizing these data and data on local tax and rental rates should be prepared in the near future.

PROPOSED AMENDMENTS TO SB 60

1. Page 3, Line 9 - Add to subsection (f) :

The department may adopt regulations necessary to ensure compliance with the provisions of this section including, but not limited to, such regulations as may be necessary to ensure that individuals receive only the credits authorized by this section.

2. Page 3, Line 23 - Add after the word "dwelling" :  
used as a principle place of abode

3. Add a section to the bill to read:

Section \_\_\_ AS 43.05.290 is amended by adding a subsection to read:

(j) The provisions of this section apply to returns, statements or other documents required or permitted to be filed under AS 43.20.012 - AS 43.20.014.

**POSITION PAPER**

**Requested by:** Senate Community & Regional Affairs Committee

**Subject:** Senate Bill 690

**Departmental Position:** Opposed

**Remarks:**

Currently there is a trend toward using State revenues to reduce local property taxes. Last year the passage of Senate Bill 125 alone caused a direct reduction in local revenues statewide amounting to approximately 35%. In addition, there are numerous bills currently before the Legislature which, if passed, would either directly or indirectly (state aid to education, for example) result in additional reductions in local property taxes.

If that trend continues, the Department is concerned that the amount of taxes rebated under the proposed language would not justify the cost of the administration of such a program.

On the other hand, if state collected revenues continue to decline, the Department questions the advisability of establishing a costly program which might be abandoned because of dwindling revenues.

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## ALASKA'S INVENTORY TAX

The inventory tax is the most unfair and inequitable business tax in Alaska today. This tax has been condemned repeatedly by the Federal Advisory Commission on Intergovernmental Relations and by innumerable state level legislative and administrative studies. Many of their conclusions are well known and we think it is unnecessary to dwell on them at length, but we do think they should be stated briefly for the record. The inventory tax is unfair in that it bears no relation to profit or loss, placing a heavy burden on one segment of the business community which is not shared, either by private citizens or by other segments of the business and professional community. The business or profession that does not hold merchandise for resale, but who may deal with services, professional or otherwise, pays no similar tax. In fact, the merchant who attempts to compete efficiently by stocking more sizes to serve the hard-to-fit, who has more inventory and less turnover, ends up paying more inventory tax -- even if there is no profit with which to pay it.

Taxes on the same amount of inventory vary widely because of different local tax rates and different methods used by taxpayers in determining "fair market value", with some taxpayers paying a tax on maximum value while others pay on a much lower amount. Inventory taxes are, by universal admission, almost impossible to administer fairly, even by the most conscientious tax assessor.

Inventory taxes discourage the warehousing of goods within the State and can cause serious disruptions in the flow of goods, higher prices (such as freight) and more inconvenience to the consumer. In Alaska, this is a matter of critical concern.

When seeking to attract new industry nontax states openly advertise that they have no inventory tax.

Attached is a list of the forty (40) states, plus the District of Columbia, that have acted to repeal or substantially reduce the inventory tax. Note that twenty-seven (27) states, plus the District, have completely repealed it or are in process of completely phasing it out. (Note also, in this connection, that on March 11, 1979 the Illinois Supreme Court declared the personal property tax abolished as of January 1, 1979 irrespective of whether or not the legislature acts to implement its prior constitutional mandate.)

Most of these actions have occurred during the past dozen years and there is every indication that the trend will continue. No state that has repealed its inventory tax has ever reimposed it. The evidence shows just the opposite. States that have abolished the tax are reporting increased business activity and more jobs created from improvement in the state's business climate. State and local tax revenues have increased due to improved sales tax and income tax collections. Increases in the number of jobs lowers welfare and unemployment insurance costs. The repealed inventory

tax increases the efficiency of city and town administration by permitting greater attention to appraisal of real property and other items of personal property that remain subject to tax. And, most importantly, a repealed inventory tax removes the pyramiding of inventory tax costs through the various trade levels which are reflected in the price of consumer goods.

In summary, the inventory tax is unfair, unwieldy and unworkable, and has been recognized as such by most states which seek to attract and retain a wide variety of business and industry. If a tax falls unfairly upon a limited few, and if its enforcement is irregular and compliance strained, then the tax should be abolished and a better system substituted in its place. The tax on inventories should be repealed.

## TAXATION OF BUSINESS INVENTORIES

Alabama	Inventory tax repealed by constitutional amendment effective 10/1/78.
Arizona	State constitution exempts all inventories effective 1964.
California	Inventories taxed at .5% of value effective 7/1/78.
Colorado	95% exemption on inventories effective 1973.
Connecticut	Inventory tax phases out by 1982.
Delaware	Exempts all personal property, including inventories, effective 1953.
District of Columbia	Inventories exempt effective 1974.
Florida	90% exemption for inventories of finished goods, 99% exemption for goods in process and raw materials, effective 1978.
Hawaii	Exempts all personal property, including inventories, effective 1947.
Idaho	Inventories exempt effective 1971.
Illinois	An approved constitutional amendment to exempt all personal property, including inventories, effective 1/1/79, has yet to be implemented by the legislature.
Indiana	35% exemption on inventories plus 20% property tax credit.
Iowa	Annually increases personal property credits until total exemption is reached, probably in 1986.
Maine	Inventories exempt effective 1977.
Maryland	Local option phase-out of inventory tax is in progress, each county having different effective date.
Massachusetts	All personal property, including inventories, is exempt unless taxpayer is subject to the corporate excise tax.
Michigan	Inventories exempt effective 1976.
Minnesota	Inventories exempt effective 1967.
Mississippi	Exempts manufactured products in hands of manufacturer effective 1942.
Montana	93% exemption on inventories effective 1975.

Nebraska	Inventories exempt effective 1979.
Nevada	1978 constitutional amendment phases out the inventory tax over four years and authorizes the legislature to exempt all other personal property.
New Hampshire	Exempts all personal property, including inventories, effective 1970.
New Jersey	Inventories exempt effective 1966.
New Mexico	Inventories exempt effective 1974.
New York	Exempts all personal property, including inventories, effective 1917.
North Carolina	Partially exempts manufacturers' inventories effective 1/1/80.
North Dakota	Exempts all personal property, including inventories, effective 1970.
Ohio	Phasing in an inventory tax exemption of 65%.
Oregon	Inventories exempt effective 1980.
Pennsylvania	Exempts all personal property, including inventories, effective 1939.
Rhode Island	Exempts manufacturers' inventories effective 1966.
South Carolina	Exempts manufacturers' inventories effective 1962.
South Dakota,	Inventories exempt effective 1979.
Tennessee	Inventories exempt effective 1972.
Utah	Inventories exempt effective 1973.
Vermont	Inventories exempt on local option basis.
Virginia	Inventories exempt in all counties that impose license tax.
Washington	Inventory tax phase-out, with full exemption in 1983.
Wisconsin	Inventory tax phase-out, with full exemption in 1981.
Wyoming	Inventories exempt effective 1972.

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February 18, 1982

MEMORANDUM

**TO:** Senators Bennett and Dankworth  
Co-Chairmen, Senate Finance Committee

**FROM:** Senator Don Gilman  
Chairman, Senate Community and Regional  
Affairs Committee

**SUBJECT:** Senate Bill No. 709

The Senate Community and Regional Affairs Committee recently considered and passed on to your Committee Senate Bill 709, sponsored by Senators Ferguson and Sackett. This bill would create the Alaska Federal Budget Impact Fund.

The fund would be administered by the Governor to fund state and non-state agencies affected by Federal budget cuts. The fund is not to exceed \$30 million. Though the Committee passed the bill out, we are concerned about the need for an examination of Federal cuts before state money is committed to offsetting them.

It is our unsubstantiated feeling that some of these cuts leave gaps the state needs to promptly fill, others may cause less serious problems, and in some areas it may be unconstitutional for the state to provide the assistance the Federal government has traditionally provided.

The Community and Regional Affairs Committee would like to suggest that you consider attaching a fiscal note to SB 709 to provide for a comprehensive study of the effect of Federal budget cuts on Alaska. The Department of Community and Regional Affairs is the agency we would suggest to perform such a study. They are currently preparing a fiscal note on the cost of the study and will forward the fiscal note to Legislative Finance as soon as it is completed.

Thank you for your consideration.

JAY S. HAMMOND, GOVERNOR

**DEPT. OF COMMUNITY & REGIONAL AFFAIRS**

*DIVISION OF ADMINISTRATIVE SERVICES*

POUCH B  
JUNEAU, ALASKA 99111

February 18, 1982

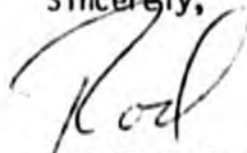
Elmer Lindstrom, Fiscal Analyst  
Division of Legislative Finance  
Legislative Affairs Agency

Dear Mr. <sup>Elmer</sup>Lindstrom:

As requested by the Legislative Finance Division, enclosed is a fiscal note for SB 709 "An Act creating the Alaska Federal Budget Impact Fund."

Should you have any questions concerning this note please contact me at 465-4709.

Sincerely,



Rod Mourant, Director  
Division of Administrative Services

cc: Senator John C. Sackett  
Alaska State Legislature

Senator Frank R. Ferguson  
Alaska State Legislature

Keith Specking, Legislative Assistant  
Office of the Governor

Ron Lehr, Director  
Division of Budget & Management  
Office of the Governor

Susan Greene  
Special Assistant to the Governor  
Office of the Governor

Mckie Campbell ✓  
c/o Senator Gilman

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 709  
Title An Act creating the Alaska Federal Budget Impact Fund  
Requested by Legislative Finance Date 2/16/82

II. FISCAL DETAIL

Agency Affected Department of Community & Regional Affairs  
Program Category Affected Community Development  
BRU, Program, Or Subprogram(s) Affected Administration, Office of Commissioner  
(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						
200 TRAVEL						
300 CONTRACTUAL	200.0					
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>200.0</b>					

FUNDING (Thousands of Dollars)

GENERAL FUND	200.0					
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The Department will utilize these funds to conduct a complete analysis of the impact of federal budget cuts on the quality of life in Alaska and provide recommendations for the expenditure of funds authorized by this legislation. These funds should be available for expenditure through FY83.

IV. DATE 2/16/82

PREPARED BY Richard Aks  
AGENCY Dept. of Community, Regional Affairs  
PHONE 465-4700

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)  
33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 709  
 Title An Act Relating to the Creation of the Alaska Budget Impact Fund and . . .  
 Requested by Legislative Finance Date 2/18/82

II. FISCAL DETAIL

Agency Affected Labor  
 Program Category Affected Social Services, Public Protection  
 BRU, Program, or Subprogram(s) Affected Emp. Security, Administrative Services,\*  
 (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)

\* Occupational Safety and Health

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		3,000.0				

FUNDING (Thousands of Dollars)

GENERAL FUND	0	3,000.0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME						
TEMPORARY						

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

The Employment Security programs (both Employment Service and Unemployment Insurance) experienced massive cutbacks in federal funds in January, 1982. Based upon U.S. Congressional action these are expected to be restored although cutbacks experienced in 1981 are not. Although further cutbacks are not expected in FFY 1983, this is unsure considering the deficit climate at the national level. Currently no further funding reductions are expected in the OSHA program.

IV. DATE 2/18/82 PREPARED BY Nicolaas M. Bus  
 AGENCY Labor  
 PHONE 465-2720  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

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English Bay VIA  
Homer, Alaska 99603

December 29, 1981

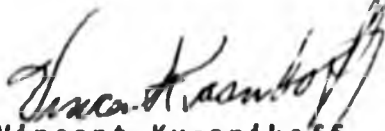
Senator Don Gilman  
Pouch V  
Juneau, Alaska 99811

Dear Senator Gilman,

The Village of English Bay (and Port Graham) has a problem. The Attorney General recently declared that we are ineligible to receive State Revenue Sharing Funds (we are also currently ineligible to receive a Municipal Aid Grant). This unfortunate decision leaves us with few alternatives. Last year State Revenue Sharing Funds allowed us to provide many needed services and functions which the Kenai Peninsula Borough does not provide. This year we will not be able to provide these services. This decision is unfair to all communities affected by this decision and we would like your help in working on changing or amending the legislation or reversing the Attorney General's opinion.

Please let me know how I can work with you in changing this piece of legislation. I sincerely hope we can work together on this issue and I look forward to hearing from you.

Sincerely,

  
Vincent Kvasnikoff, President  
English Bay Village Council

mkn  
cc: Representative Hugh Malone  
Representative Pat O'Connell

SB 716

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

225 CORDOVA, BUILDING B  
ANCHORAGE, ALASKA 99501

November 13, 1981

*rw 16*

The Honorable Donald E. Gilman, Chairman  
Senate Community & Regional Affairs Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

and  
The Honorable Patrick M. O'Connell, Chairman  
House Community & Regional Affairs Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Senator *Don* Gilman and Representative *Pat* O'Connell:

RE: STATE REVENUE SHARING CONSTRUCTION AID FOR HOSPITALS

AS 29.90.010 provides state aid for hospital construction as part of the State Revenue Sharing Program. This law makes it clear that the State is obligated to provide funding up to 25 percent of the total project cost of construction for a hospital. The law, however, is not as clear on the question of what occurs when a public non-profit hospital, which has been constructed with State assistance, is sold to a private for profit corporation or ceases to operate as a hospital. If this type of transfer does occur, the questions of public funds enriching a private corporation and the misuse of public funding come under consideration. In adopting regulations to implement the State Revenue Sharing Program, the Department has attempted to address at least the potential problem of what recourse the State has if a hospital ceases to function. 19 AAC 30.061(a)(4)(B) provides a formula by which a hospital that "ceases to be a hospital as defined in AS 29.90.030(2) within 20 years after the completion of construction" repays the State for its contribution toward the cost of construction. This section of the regulations is somewhat controversial and, based on advice from the Attorney General's Office, may be tenuous.


The statute covering hospital construction does not address what actions the State might exercise to recover state construction aid and, therefore, this section of regulations is a broad interpretation of the enabling legislation. I have discussed this potential problem with Tamara Cook, the legislative attorney working with your committees on the rewrite of Title 29. She agrees that it is a question that could be dealt with in the Title 29 review process to clarify the intent of the Legislature.

The Honorable Donald E. Gilman, Chairman  
and  
The Honorable Patrick M. O'Connell, Chairman  
November 13, 1981  
Page 2

I would appreciate it if the Community and Regional Affairs committees would give this matter their attention when further meetings are held on SB180/HB170.

Sincerely,

LEE McANERNEY  
COMMISSIONER

By:   
Palmer McCarter  
Director

cc: Helen Beirne, Commissioner  
Health and Social Services  
Tamara Cook, Legislative Affairs  
Keith Specking, Legislative Assistant  
Office of the Governor

PROPOSED AMENDMENT REQUIRING REIMBURSEMENT OF STATE AID FOR CONSTRUCTION  
IF A FACILITY CEASES TO BE OPERATED AS A NONPROFIT HEALTH FACILITY  
OR HOSPITAL. (Re: memo by Palmer McCarter dated 11/13/81)

Sec. 29.60.235. REIMBURSEMENT OF STATE AID. To qualify for state assistance under AS 29.60.230, the municipality or other sponsor shall agree, if the hospital or health facility ceases to operate as a nonprofit hospital or health facility within 20 years after construction of the project is completed, to pay the state an amount of money equal to

(1) the fair market value of the hospital or health facility at the time it ceases to operate as a nonprofit hospital or health facility;

(2) multiplied by the amount of state assistance received under AS 29.60.230; and

(3) divided by the total project cost.

Page 153, line 27:

After "hospital" insert "that is owned or operated or both by a municipality, nonprofit corporation, or other nonprofit sponsor"

TITLE 29 COMMITTEE MARK-UP

Comments from Steven H. Morrisett

Attorney for the Matanuska-Susitna Borough

The Matanuska-Susitna Borough was probably the only Alaskan municipality to both declare itself malapportioned and change its form of government (from 5 to 7 members) in 1981. AS 29.23.023 and .025, adopted in 1980 are conflicting and create confusion in attempting to follow the statutory process. The following revisions are proposed to correct the conflicts for HB 170:

29.20.070. Delete subsection (d). It conflicts with subsection (b) of AS 29.20.080, which requires an ordinance adopting a plan or plans before submitting it to the voters.

29.20.080. Subsections (b), (d) and (e) appear redundant in part. The following amendments are suggested:

Sec. 29.20.080. ASSEMBLY RECOMPOSITION AND REAPPORTIONMENT

(a) Not later than two months after the official report of a federal decennial census, the assembly shall determine and declare by resolution whether the existing apportionment of the assembly meets the standards of AS 29.20.060.

(b) At other times the assembly may review on its own initiative whether the existing reapportionment of the assembly meets the standards of AS 29.20.060.

(c) [leave as is]

(d) The assembly shall provide, by ordinance, for a change in the existing apportionment of the assembly whenever it determines that the apportionment does not meet the standards of AS 29.20.060. At the same time the assembly may, by ordinance, provide for a change of composition of the assembly. Any change must be submitted to the voters for approval. If the assembly submits to the voters a form of representation which includes election of assembly members under AS 29.20.070(b)(2) or (b)(3) the assembly shall submit with the proposition a proposed plan of apportionment which corresponds to the form of representation proposed. The assembly shall describe the plan of apportionment in the ballot proposition, and may present the plan in any manner which it believes accurately describes the apportionment which is proposed under the form of

representation. If the assembly determines that its existing apportionment meets the standards of AS 29.20.060, it may submit the existing apportionment as a proposed plan of apportionment of assembly seats which corresponds to a form of representation which is proposed. Any change must be approved by a majority of the voters voting on the question, except that if more than one alternative is presented, the alternative receiving the most votes over 40% of the total votes cast shall be adopted.

(e) The assembly shall adopt an ordinance and submit the proposition to the voters within six months from the date on which it determines that the apportionment does not meet the standards of AS 29.20.060. If, at the end of the six-month time period, an ordinance providing for reapportionment has not been approved by the voters, the commissioner shall provide for the reapportionment in accordance with the standards of AS 29.20.060 by preparing an order of reapportionment and delivering the order to the borough mayor.

Changes are suggested in Section 29.45.400, relating to the tax foreclosure redemption periods. The present language would never require tax payments to be brought current. Proposed:

**Sec. 29.45.400. REDEMPTION PERIOD.**

Properties transferred to the municipality are held by the municipality for at least one year. During the redemption period a party having an interest in the property may redeem it by paying the lien amount including all taxes due plus penalties, interest, and costs, including all costs incurred under AS 29.45.440(a). Property redeemed is subject to all taxes, assessments, liens, and claims as though it had continued in private ownership.

1 For an Act entitled: An Act relating to aid to unincorporated communities;  
2 and providing for an effective date.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 \* Section 1. Sec. 2(a), ch. 60, SIA 1981 is amended to read:

5 (a) During the period ending June 30, 1983 [FISCAL YEAR  
6 ENDING JUNE 30, 1982], the Department of Community and Regional  
7 Affairs shall compute and pay an entitlement to each unincorporated  
8 community in the unorganized borough. The entitlement for each  
9 community shall be computed in accordance with (b) of this  
10 section, and is payable by the Department of Community and  
11 Regional Affairs in accordance with (c) of this section.

12 \* Sec. 2(c), ch. 60, SIA 1981 is amended to read:

13 (c) After notification [BY AUGUST 15, 1981, THE DEPARTMENT  
14 OF COMMUNITY AND REGIONAL AFFAIRS SHALL NOTIFY] each unincorporated  
15 community that its entitlement is available, the department [.   
16 THE DEPARTMENT] of Community and Regional Affairs [WITH ADVICE  
17 FROM THE DEPARTMENT OF LAW] shall determine whether there is,   
18 in the unincorporated community, an incorporated entity or  
19 an Aleut Native village council that [A FEDERALLY CHARTERED  
20 ENTITY THAT DOES NOT POSSESS SOVEREIGN IMMUNITY AND] will agree  
21 to receive and spend the entitlement money [RECEIVED UNDER THE  
22 ENTITLEMENT]. If there is, in the unincorporated community,  
23 more than one qualified [INCORPORATED OR FEDERALLY CHARTERED]  
24 entity[,] receiving the entitlement money, the department [DEPARTMENT  
25 OF COMMUNITY AND REGIONAL AFFAIRS] shall pay the entitlement  
26 money [UNDER THE ENTITLEMENT] to the entity that the department  
27 finds most qualified to receive and spend the money consistent  
28 with (d) and (e) of this section. [IN SELECTING THE RECIPIENT  
29 ENTITY, THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS SHALL

*entitlement?*

# Alaska MUNICIPAL League

TELEPHONES  
907) 586-1325  
586-6526

204 N. FRANKLIN ST.  
JUNEAU, ALASKA 99801

March 3, 1982

The Honorable Don Gilman  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Senator Gilman:

The Alaska Municipal League urges you to ask the House Finance Committee to reconsider their actions in slashing \$13 million from the FY 82 level of the municipal assistance fund, one of the line items in the shared taxes section of the Department of Revenue FY 83 budget.

Several years ago, the Legislature repealed the gross business license tax, 60% of which was automatically rebated to the municipality in which it was collected. The purpose was to make business taxes more equitable, not penalize local government. For that reason, the Legislature established a municipal assistance fund, containing an amount "equal to or greater" than 10% of the corporate income tax received, but subject to legislative appropriation.

The Legislature intended that the municipalities use, for local tax relief, any funds over and above that which would have been generated by the gross business license tax rebate. As is indicated by the enclosed questionnaire results, that is exactly what happened in most of the major municipalities throughout the state as a result of the increased level of funding appropriated last year by the Legislature. If FY 82 levels are not maintained or increased to recognize the 9% inflation and the 4.7% population increases, then municipalities will have only two choices - cut back on services or raise the local taxes back up again.

The reason the 10% corporate income taxes is lower this year than last is because at the end of the 1981 session, the Legislature shifted oil and gas taxation from corporate income to severance (SB 524). As was the case with the gross business license repeal, it is my understanding that the intent was to make oil and gas taxation more equitable, not penalize municipalities. Unfortunately, if the Legislature sticks to the "10%" instead of the "more greater" the results will be that municipalities and the local tax payers will be adversely impacted. Had there been no change in the corporate income tax law, 10% of the receipts would be \$108 million, instead of the \$74 million currently in the House Finance version of the FY 83 budget.

AML urges you to at least maintain the current level of funding and preferably increase to \$99 million, an upward adjustment recognizing inflation and population increases. The latter amount is still \$9 million less than what would have been shared without SB 524.

Thank you for your consideration of this request. If you have any questions please do not hesitate to contact me.

Sincerely,

  
Ginny Chitwood  
Executive Director

enc:

cc: The Honorable Jay S. Hammond, Governor  
The Honorable Terry Miller, Lieutenant Governor  
Commissioner Lee McAnerney, Community & Regional Affairs  
Jerry Reinwand, Executive Assistant, Office of the Governor  
Sue Greene, Special Assistant, Office of the Governor  
Jessie Dodson, Special Assistant, Office of the Governor  
AML Board of Directors  
AML Legislative Committee

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SB 125 (C.I. 6 SLA 1981)  
CRA/AML QUESTIONNAIRE RESPONSES

MUNICIPALITY	WERE TAXES REDUCED?	1980 LEVEL	1981 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
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	Yes	6.2 mills 2%	5.5 mills 0%	N/R	No	No	No	No	Yes*
Galena 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	2.5 mills Areawide	1.0 mills	NR	Yes Utility Rates	NR	NR	NR	NR
Kodiak Island Borough	Yes	7 mills	5.5 mills		No	No	No	Yes	Yes
Mat-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

SB 125 (Ch. 5 SLA 1981)  
CRA/AML QUESTIONNAIRE RESPONSES

MUNICIPALITY	WERE TAXES REDUCED?	1980 LEVEL	1981 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
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	Yes	6.2 mills 2%	5.5 mills 0%	N/R	No	No	No	No	Yes*	
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
Katikikan Gateway Borough	NR	2.5 mills Areawide	1.0 mills	NR	Yes Utility Rates	NR	NR	NR	NR	
Kodiak Island Borough	Yes	7 mills	5.5 mills		No	No	No	Yes	Yes	
Mat-Su Borough	Yes	8.4 mills	6.7 mills	9.9 mills	No	No	Yes	No		Yes
North Slope Borough	NR									
City/Borough of Seward	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 1992 LEVEL		REDUCTION OF FEES & CHARGES	WAS RATE OR FEE INCREASED?	NEW SERVICES PROVIDED?	IS FUNDING ALLOCATED?	LISTED IN BUDGET FOR	
		1981 LEVEL	1982 LEVEL					FY 82	FY 83
Barab	NR								
Barab (1st)	Yes	15 mills 3%	9 mills 3%	12.5 mill 3%	Exempted Sales Tax on heating and utilities	No	Yes	No	Yes
North Pole	Yes	5.8 mills	2.0 mills	NR	Fuel & Utilities	No	No	No	NR
Buller	Yes	5.0 mills	4.0 mills	NR	No	No	No	At Present	NR
Delton	Yes	5.5 mills 3%	5 mills 3%	7 mills 3%	No	No	No	Yes	Yes
Petersburg	Yes	12 mills	3 mills	NR	No	No	Yes	No	Yes
Sand Point	Yes	3%	2%	3%	No	No	No	Depends on financing success	Yes
Selkova	Yes	15.0 mills	12.0 mills	NR	No	No	No	No	Yes
Severson	Yes	14.0 mills	7.5 mills	NR	No	No	No	Yes	
Shelby (1st)	Yes	7 mills 4%	4 mills 3%	5 mills 3%	No	Yes	No	No	Some
Shelby	Yes	9.55 mills	6.55 mills	NR	No	In Process	Yes	At Present	Yes
Shelby (1st)	Yes	13 mills 1%	13 mills 1%	Rates to Max.	No	No	In the process	Some	Yes
Shelby	NR								
Shelby (last rate)	Yes	12.9 mills	7.2 mills	12.9 mills	No	No	No	No	Yes
Shelby (1st)	No	13.7 mills 2%	13.7 mills 2%	Unknown	No	No	No	No	Yes

NR - Not Reported

NA - Not Applicable

\* - Response unclear, information estimated

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ORIGINAL.

**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:

- 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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## 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)		
			<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		*13,131.1
Basic State Aid to Education	(O)	(Education)	238,308.1	275,300.7	345,337.8
Supplemental Equalization	(O)	(Education)	New Program	**	
State Aid for Retirement of School Debt	(O)	(Education)	24,081.0	38,380.2	38,262.2

\*\$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.)

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 = 1.00000000000000

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>BOROUGHES</b>							
0010	ANCHORAGE A.W.	180,740	6.25	\$60,962,818	\$0	\$3,658,630	\$64,621,448
0210	BRISTOL BAY BOROUGH	1,182	26.97	\$495,408	\$0	\$103,155	\$598,563
0230	FAIRBANKS BOROUGH	51,659	8.21	\$8,391,880	\$0	\$1,372,997	\$9,764,877
0270	HAINES BOROUGH	1,712	5.85	\$208,188	\$0	\$32,420	\$240,608
0290	JUNEAU BOROUGH A.W.	21,080	14.81	\$7,573,906	\$0	\$1,010,473	\$8,584,379
0380	KENAI PENINSULA BOROUGH	26,520	4.01	\$4,597,144	\$0	\$344,226	\$4,941,370
0420	KETCHIKAN BOROUGH	11,373	9.12	\$1,420,524	\$0	\$335,852	\$1,756,376
0440	KODIAK ISLAND BOROUGH	8,358	6.84	\$1,336,003	\$0	\$185,013	\$1,521,016
0470	MAT-SU BOROUGH	19,123	7.42	\$5,319,130	\$0	\$459,548	\$5,778,678
0560	NORTH SLOPE BOROUGH	4,504	9.71	\$1,838,830	\$0	\$141,620	\$1,980,450
0570	SITKA BOROUGH	7,927	13.58	\$2,645,291	\$0	\$348,478	\$2,993,769
<b>FIRST CLASS CITIES</b>							
1000	BARROW	2,353	5.98	\$571,222	\$0	\$45,559	\$616,781
1010	CORDOVA	2,223	33.80	\$1,191,991	\$0	\$243,126	\$1,435,117
1020	CRAIG	560	27.60	\$252,694	\$0	\$50,008	\$302,702
1030	DILLINGHAM	1,566	24.03	\$603,242	\$0	\$121,767	\$725,009
1040	FAIRBANKS	25,568	17.13	\$10,317,907	\$0	\$1,417,047	\$11,734,954
1050	GALENA	805	23.62	\$296,893	\$0	\$61,535	\$358,428
1060	HAINES	1,017	23.97	\$391,410	\$0	\$78,876	\$470,286
1070	HOMER	2,588	20.00	\$821,251	\$0	\$167,538	\$988,789
1080	HOONAH	799	5.76	\$229,449	\$0	\$14,892	\$244,341
1090	HYDABURG	356	4.79	\$96,423	\$3,577	\$5,528	\$105,528
1100	KAKE	583	17.95	\$187,911	\$0	\$33,874	\$221,785
1110	KENAI	4,558	23.72	\$1,801,326	\$0	\$349,890	\$2,151,216
1120	KETCHIKAN	7,200	32.09	\$3,186,758	\$0	\$747,534	\$3,934,292
1140	KING COVE	513	22.87	\$186,248	\$0	\$37,971	\$224,219
1150	KLAWOCK	389	3.11	\$102,688	\$0	\$3,918	\$106,606
1160	KODIAK	4,678	19.51	\$1,916,642	\$0	\$295,401	\$2,212,043
1170	NENANA	454	21.76	\$201,983	\$0	\$31,968	\$233,951
1180	NOME	3,039	29.01	\$1,376,908	\$0	\$285,265	\$1,662,173

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 EQV	BASIC ENTITLEMENT <i>F983</i>	MINIMUM ENTITLEMENT	CHAPTER 88 ENTITLEMENT	TOTAL ENTITLEMENT <i>F984</i>
<b>FIRST CLASS CITIES</b>							
1190	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	\$1,333,848	\$0	\$271,733	\$1,605,581
1230	SAND POINT	697	26.61	\$267,868	\$0	\$60,007	\$327,875
1240	SAINT MARY'S	432	38.43	\$212,268	\$0	\$53,722	\$265,990
1250	SELDOVIA	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	SKAGWAY	819	14.18	\$274,515	\$0	\$37,579	\$312,094
1280	SOLDOTNA	2,445	20.15	\$570,833	\$0	\$159,446	\$730,279
1290	UNALASKA	1,944	61.84	\$936,046	\$0	\$388,945	\$1,324,991
1300	VALDEZ	3,279	6.75	\$3,133,376	\$0	\$71,618	\$3,204,994
1330	WRANGELL	2,345	25.75	\$1,095,115	\$0	\$195,365	\$1,290,480
1360	YAKUTAT	430	19.72	\$156,900	\$0	\$27,440	\$184,340
<b>SECOND CLASS CITIES</b>							
5000	AKHIOK	103	0.00	\$47,058	\$52,942	\$0	\$100,000
5010	AKIACHAK	435	3.78	\$125,276	\$0	\$5,329	\$130,605
5020	AKIAK	197	0.00	\$71,702	\$28,298	\$0	\$100,000
5030	AKOLMIUT	636	5.03	\$256,950	\$0	\$10,360	\$267,310
5040	AKUTAN	189	##.##	\$182,193	\$0	\$92,083	\$274,276
5050	ALAKANUK	534	16.68	\$193,092	\$0	\$28,821	\$221,913
5060	ALEKNAGIK	152	0.00	\$61,976	\$38,024	\$0	\$100,000
5070	ALLAKAKET	158	0.00	\$65,196	\$34,804	\$0	\$100,000
5080	AMBLER	198	19.70	\$76,305	\$23,695	\$12,621	\$112,621
5090	ANAKTULIK PASS	235	0.00	\$80,078	\$19,922	\$0	\$100,000
5100	ANDERSON	500	4.38	\$134,014	\$0	\$7,097	\$141,111
5110	ANGOON	445	0.00	\$129,373	\$0	\$0	\$129,373
5120	ANIAK	338	6.17	\$173,740	\$0	\$6,757	\$180,497
5130	ANVIK	110	0.00	\$55,761	\$44,239	\$0	\$100,000
5140	ATMAUTLIAK	226	1.32	\$80,991	\$19,009	\$972	\$100,972

MODEL - MUNICIPAL REVENUE SHARING ENTITLEMENTS

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KEY	NAME	POPULATION	MILL RATE EQV	BASIC ENTITLEMENT FY83	MINIMUM ENTITLEMENT	CHAPTER 88 ENTITLEMENT	TOTAL ENTITLEMENT FY84
SECOND CLASS CITIES							
5150	BETHEL	3,549	12.05	\$1,514,923	\$0	\$138,416	\$1,653,339
5160	BREVIC MISSION	149	7.18	\$63,512	\$36,488	\$3,462	\$103,462
5170	BUCKLAND	211	7.06	\$75,618	\$24,382	\$4,819	\$104,819
5180	CHEFORNAK	230	8.90	\$78,621	\$21,379	\$6,627	\$106,627
5190	CHEVAK	491	2.99	\$129,761	\$0	\$4,754	\$134,515
5200	CHUATHDALUK	104	6.69	\$59,219	\$40,781	\$2,252	\$102,252
5210	CLARK'S POINT	78	14.90	\$46,971	\$53,029	\$3,760	\$103,760
5220	DEERING	155	21.99	\$64,987	\$35,013	\$11,028	\$111,028
5230	DELTA JUNCTION	915	0.00	\$258,272	\$0	\$0	\$258,272
5240	DIOMEDE	149	5.86	\$60,703	\$39,297	\$2,827	\$102,827
5250	EAGLE	186	2.47	\$65,675	\$34,325	\$1,491	\$101,491
5260	EEL	226	2.03	\$77,269	\$22,731	\$1,488	\$101,488
5270	EKWOK	77	2.28	\$46,345	\$53,655	\$569	\$100,569
5280	ELIM	228	4.72	\$79,430	\$20,570	\$3,483	\$103,483
5290	EMMONAK	568	7.39	\$170,887	\$0	\$13,585	\$184,472
5300	FORT YUKON	599	12.71	\$206,988	\$0	\$24,631	\$231,619
5310	FORTUNA LEDGE	243	9.01	\$81,653	\$18,347	\$7,089	\$107,089
532	GAMBELL	480	4.57	\$129,627	\$0	\$7,110	\$136,737
5330	GOLOVIN	94	8.10	\$53,150	\$46,850	\$2,465	\$102,465
5340	GOODNEWS BAY	167	0.00	\$65,429	\$34,571	\$0	\$100,000
5350	GRAYLING	209	0.00	\$73,879	\$26,121	\$0	\$100,000
5360	HOLY CROSS	241	1.78	\$31,186	\$18,814	\$1,395	\$101,395
5370	HOOVER BAY	624	2.86	\$157,803	\$0	\$5,790	\$163,593
5380	HOUSTON	583	0.11	\$190,825	\$0	\$216	\$191,041
5390	HUGHES	71	2.66	\$47,755	\$52,245	\$613	\$100,613
5400	HUSLTA	230	0.00	\$113,427	\$0	\$1	\$113,428
5410	KACHEMAK	425	2.41	\$110,208	\$0	\$3,324	\$113,532
5420	KAKTOVIK	201	0.30	\$74,330	\$25,670	\$197	\$100,197
5430	KALTAC	247	0.00	\$80,762	\$19,238	\$0	\$100,000
5440	KASAAN	64	0.12	\$37,041	\$62,959	\$26	\$100,026
5460	KIANA	356	3.09	\$105,694	\$0	\$3,564	\$109,258

MODEL - MUNICIPAL REVENUE SHARING ENTITLEMENTS

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FEB 1, 1982

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KEY	NAME	POPULATION	MILL RATE EQV	BASIC ENTITLEMENT <i>Fy83</i>	MINIMUM ENTITLEMENT	CHAPTER 88 ENTITLEMENT	TOTAL ENTITLEMENT <i>Fy84</i>
<b>SECOND CLASS CITIES</b>							
5470	KIVALINA	249	4.86	\$82,859	\$17,141	\$3,921	\$103,921
5480	KOBUK	64	3.48	\$46,323	\$53,677	\$721	\$100,721
5490	KOTLIK	339	4.07	\$100,628	\$0	\$4,467	\$105,095
5500	KOTZEBUE	2,250	17.15	\$730,161	\$0	\$124,861	\$855,022
5510	KOYUK	203	6.31	\$74,417	\$25,583	\$4,149	\$104,149
5520	KOYUKUK	95	10.23	\$53,253	\$46,747	\$3,145	\$103,145
5530	KUPREANOF	47	1.88	\$34,746	\$65,254	\$285	\$100,285
5540	KWETHLUK	454	3.86	\$122,715	\$0	\$5,676	\$128,391
5550	LARSEN BAY	167	0.00	\$58,902	\$41,098	\$0	\$100,000
5555	LOWER KALSKAG	244	3.29	\$152,627	\$0	\$2,599	\$155,226
5560	MANOKOTAK	290	1.51	\$89,056	\$10,944	\$1,424	\$101,424
5570	MCGRATH	343	2.01	\$120,096	\$0	\$2,232	\$122,328
5580	MEKORYUK	160	14.19	\$67,664	\$32,336	\$7,348	\$107,348
5590	MOUNTAIN VILLAGE	580	16.25	\$218,945	\$0	\$30,502	\$249,447
5600	NAPAKIAK	260	8.48	\$90,300	\$9,700	\$7,138	\$107,138
5610	NAPASKIAK	242	0.00	\$80,443	\$19,557	\$0	\$100,000
5620	NEWHALEN	135	1.40	\$58,379	\$41,621	\$612	\$100,612
5630	NEW STUYAHOK	327	0.00	\$96,362	\$3,638	\$0	\$100,000
5640	NEWTOK	175	0.95	\$67,329	\$32,671	\$542	\$100,542
5650	NIGHTMUTE	135	8.32	\$59,374	\$40,626	\$3,638	\$103,638
5660	NIKOLAI	91	0.00	\$51,037	\$48,963	\$0	\$100,000
5670	NONDALTON	173	0.18	\$65,831	\$34,169	\$104	\$100,104
5680	NOORVIK	508	3.38	\$135,703	\$0	\$5,571	\$141,274
5690	NULATO	338	2.42	\$101,820	\$0	\$2,655	\$104,475
5700	NUIGSUT	271	0.00	\$87,095	\$12,905	\$0	\$100,000
5710	OLD HARBOR	334	0.21	\$92,508	\$7,492	\$235	\$100,235
5720	OUZINKIE	170	1.63	\$60,075	\$39,925	\$896	\$100,896
5730	PILOT STATION	323	6.05	\$96,536	\$3,464	\$6,330	\$106,330
5740	PLATINUM	55	0.00	\$43,822	\$56,178	\$0	\$100,000
5750	POINT HOPE	531	1.20	\$141,696	\$0	\$2,077	\$143,773
5760	PORT ALEXANDER	90	3.02	\$43,090	\$56,910	\$880	\$100,880

MODEL - MUNICIPAL REVENUE SHARING ENTITLEMENTS

PAGE 5  
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KEY	NAME	POPULATION	MILL RATE EGV	BASIC ENTITLEMENT FY83	MINIMUM ENTITLEMENT	CHAPTER 88 ENTITLEMENT	TOTAL ENTITLEMENT FY84
SECOND CLASS CITIES							
5770	PORT HEIDEN	91	1.26	\$108,124	\$0	\$373	\$108,497
5780	PORT LIONS	211	10.52	\$68,176	\$31,824	\$7,181	\$107,181
5790	QUINHAGAK	409	3.52	\$114,138	\$0	\$4,662	\$118,800
5800	RUBY	190	0.70	\$71,845	\$28,155	\$435	\$100,435
5810	RUSSIAN MISSION	169	1.81	\$65,606	\$34,394	\$992	\$100,992
5820	SAINT MICHAEL	258	5.29	\$88,913	\$11,087	\$4,422	\$104,422
5830	SAINT PAUL	591	9.88	\$259,082	\$0	\$18,901	\$277,983
5840	SAVDONGA	530	7.71	\$140,719	\$0	\$13,229	\$153,948
5850	SAXMAN	275	0.00	\$79,462	\$20,538	\$0	\$100,000
5860	SCAMMON BAY	249	2.77	\$82,162	\$17,838	\$2,232	\$102,232
5870	SELWIK	361	0.00	\$108,009	\$0	\$0	\$108,009
5880	SHAGELUK	127	1.08	\$59,049	\$40,951	\$444	\$100,444
5890	SHAKTOOLIK	177	3.37	\$94,502	\$5,498	\$1,930	\$101,930
5900	SHELDON POINT	103	6.64	\$53,165	\$46,835	\$2,213	\$102,213
5910	SHISHMAREF	425	3.58	\$118,541	\$0	\$4,926	\$123,467
5920	SHUNGNAK	208	2.30	\$76,194	\$23,806	\$1,549	\$101,549
5930	STEBBINS	357	4.44	\$104,622	\$0	\$5	\$109,754
5940	TANANA	388	2.44	\$232,002	\$0	\$3	\$235,076
5950	TELLER	229	8.78	\$79,549	\$20,451	\$6	\$106,510
5980	TENAKEE SPRINGS	132	2.72	\$52,869	\$47,131	\$1,164	\$101,164
5990	TOGIAK	511	0.73	\$136,524	\$0	\$1,221	\$137,745
6000	TOKSOOK BAY	331	7.58	\$98,860	\$1,140	\$8,127	\$108,127
6010	TULUNSAK	234	3.42	\$170,124	\$0	\$2,596	\$172,720
6015	TUNUNAK	301	2.25	\$92,244	\$7,756	\$2,198	\$102,198
6020	UNALAKLEET	672	7.44	\$202,974	\$0	\$16,196	\$219,170
6030	UPPER KALSKAG	128	2.95	\$65,213	\$34,787	\$1,221	\$101,221
6040	WAINWRIGHT	410	0.00	\$114,838	\$0	\$0	\$114,838
6050	WALIS	143	9.53	\$59,432	\$40,568	\$4,409	\$104,409
6060	WASILLA	1,928	0.33	\$562,063	\$0	\$2,095	\$564,158
6070	WHITE MOUNTAIN	125	10.10	\$58,346	\$41,654	\$4,088	\$104,088
6080	WHITTIER	211	39.68	\$101,889	\$0	\$27,093	\$128,982
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TOTAL				\$142,292,273	\$2,135,658	\$14,388,068	\$158,816,000

# Appendix A

December 17, 1981

## SB 125 (CM. 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 F. 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
Kist-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?	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
Cordova (Home rule)	Yes	15 mills 4%	1 mills 4%	15 mills 4%	No	No	No	Yes	Yes	
Craig	NR									
Dillingham	NR									
Galena (1st)	No	3%	3%	3%	No	Yes	Questionable	No	Yes	
Hoonah	NR									
Keke (1st)	No	3%	3%	3%	No	Yes	Yes	No	No	Yes*
King Cove	NR									
Nenana	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	3%	2%	3%	No	No	No	Depends on fishing success	Yes	
Skagway (1st)	Yes	7 mills 4%	4 mills 3%	5 mills 3%	No	Yes	No	No	Some	Most
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

N/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
Akiachak(2nd)	NR									
Akiak(2nd)	NR									
Akolmut(2nd)	NR									
Akutan(2nd)	NR									
Alakanuk(2nd)	NR									
Allakaket	NR									
Ambler (2nd)	No						No			
Anderson	NR									
Angoon (2nd)	No						Yes			
Aniak	NR									
Anvik	NR									
Atmautluak (2nd)	No						Yes			
Bethel (2nd)	No						No			
Brevig Mission	NR									
Buckland	NR									
Chefornak (2nd)	No						No			
Chevak (2nd)	No						No			
Chuathbaluk	NR									
Clark's Point	NR									
Deering	NR									
Delta Junction	NR									
Dionade	NR									
Eagle	No						Yes			
Ek	NR									
Ekvok	NR									
Elim	NR									
Erimonak	NR									

NR - No Response  
N/A - Not Applicable

15

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									
Gambell	NR									
Golovin	NR									
Goodnews Bay	NR									
Grayling	NR									
Holy Cross	NR									
Moonah	NR									
Hooper Bay	NR									
Hughes	NR									
Huslia	NR									
Hydaburg	NR									
Kacnesak	NR									
Kake	NR									
Kaktag	NR									
Kasaan	NR									
Kiana	NR									
Kivalina (2nd)	No						No			
Klanock	NR									
Kotuk	NR									
Kotlik	NR									
Kotzebue	NR									
Koyuk	NR									
Koyukuk	NR									
Kupreanof	NR									
Kwethluk	NR									
Larsen Bay	NR									
Lower Kalskag	NR									
Manokotah	NR									
McGrath	NR									
Mekoryuk	NR									
Mountain Village	NR									
Napaktak (2nd)	No						No			
Napaskiak	NR									
New Stuyahok	NR									
Neshalen	NR									
Nemtok	NR									

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
Nighemute	NR									
Nikolai	NR									
Nondalton	NR									
Noorvik	NR									
Nuqsut	NR									
Nulato	NR									
Old Harbor	NR									
Ouzinkie	NR									
Pilot Station	NR									
Platinum	NR									
Point Hope	NR									
Port Alexander	NR									
Port Haiden	NR									
Port Lions	NR									
Quinnagak (2nd)	No						Yes			
Ruby	NR									
Russian Mission	NR									
Saint Michael	NR									
Saint Paul	NR									
Savoonga	NR									
Saxman	NR									
Seaman Bay	NR									
Selawik	NR									
Shagalu	NR									
Shaktolik	NR									
Sheldon Point	NR									
Shishmaref (2nd)	No						No			
Shungnak	NR									
Stebbins	NR									
Tanana (2nd)	No						Yes			
Teller	NR									
Tenakee 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
Togitek	NR									
Toksook Bay	NR									
Tuluksak	NR									
Tununak	NR									
<hr/>										
Unalakleet (2nd)	No						Yes			
<hr/>										
Upper Kalskag	NR									
Wainwright	NR									
Wales	NR									
Wasilla	NR									
White Mountain	NR									
Whittier	NR									

NR - No Response  
N/A - Not Applicable

## MEMORANDUM

## State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: All Commissioners

DATE: October 2, 1981

FILE NO:

TELEPHONE NO:

FROM: Lee McAnorney  
CommissionerSUBJECT: 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 returning to my office no later than October 16, 1981.

Thank you for your cooperation.

# MEMORANDUM

State of Alaska

RECEIVED

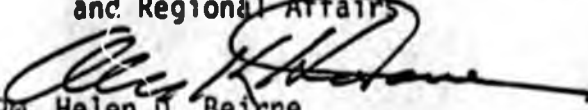
DEC 17 1981

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	196.3
Anch. Prog./Handicapped	Various	620.9
Holistic Health	17	275.3
Health Clinics	9	942.0
EMS Administration	4	148.3
EMS Grants - Req. 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 McAnerny  
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)

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 soley 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 catagory 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 indentified as follows:

<u>Program</u>	<u>\$ Millions</u>
1. Local Service Roads and Trails - Construction (Including local streets, sidewalks and trails) Statewide - Rural Areas	7.0
2. Local Roads and Street Maintenance (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 *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: *fw* 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.

CRH/cw#2511/wfs 5/1

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:

*Judy Knight for*

TELEPHONE NO: 465-2700

FROM: Edmund N. 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

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OCT 13 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 William 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 ongoing 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 .

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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. Necrason *lcc*  
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 20 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 *JKD*  
Commissioner *for*  
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