

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672

5599 HOUSE COMMUNITY & REGIONAL AFFAIRS

LOCAL EDUCATION COSTS UNDER ORGANIZED STATUS

DISCUSSION

The proposed boroughs fall into two groups with respect to local education costs under organized status: those which could probably organize without immediately instituting a property tax or levying any additional taxes and those which would be required to tax to meet their required local contribution.²¹ Table 3.9 lists the proposed boroughs falling in each category.

New Boroughs That May Not Need To Tax

Ten of the proposed boroughs could apparently organize as boroughs now and not be required to institute a property tax to meet their required local contribution. The proposed boroughs that fall within this category include six boroughs formed from REAAs only and four boroughs formed by combining city districts and REAAs.

The six boroughs formed from single REAAs or REAA combinations that could organize without a property tax are Lower Yukon, Lower Kuskokwim, Iditarod, Kuspuq, Lake and Peninsula, and Alaska Gateway. The feature of the Foundation law which allows ten percent of PL 81-874 funds, earnings on investments, State tuition payments and the value of in-kind services to be used to satisfy the required local contribution in combination with the relatively low property values in these regions produces the situation where current local contributions exceed required contributions. Thus, these REAAs, as boroughs, could likely meet their required local contribution without instituting a property tax. These boroughs would receive less Foundation aid, but the reductions are on the order of one to two percent. Because these proposed boroughs are formed from REAAs whose school construction costs have been paid in full by the State, these boroughs would begin operations without any bonded indebtedness.

²¹This discussion of the need to tax refers only to the need to tax to meet the required local contribution. The need for each borough to tax to maintain education funds at their current level is discussed in Chapter 5.

TABLE 3.9
 PROPOSED BOROUGHs CATEGORIZED BY THEIR NEED TO TAX TO MEET THEIR REQUIRED
 LOCAL CONTRIBUTION UNDER THE PUBLIC SCHOOL FOUNDATION PROGRAM

| ADDITIONAL TAXATION IS: | |
|-------------------------|------------------|
| NOT REQUIRED | REQUIRED |
| Alaska Gateway | Chatham |
| Aleutians West | Copper River |
| Bering Straits | Delta/Greely |
| Chugach | Railbelt |
| Iditarod | Southwest Region |
| Kuspuk | Yukon Flats |
| Lake and Peninsula | Yukon-Koyukuk |
| Lower Kuskokwim | |
| Lower Yukon | |
| Southeast Island | |

LOCAL EDUCATION COSTS UNDER ORGANIZED STATUS

Four boroughs formed through consolidation of REAAs and city districts make current contributions to education in excess of required contributions. These boroughs would benefit from reduced costs by consolidating, and all have outstanding bonded indebtedness for school construction. The Bering Strait, Aleutians West, Chugach and Southeast Island proposed boroughs are included in this group. These boroughs each include at least one major city district where property taxes are currently levied, and each includes REAAs with relatively low property values. Thus, for these boroughs the reductions in Foundation aid are relatively small--being equivalent to revenues from a four mill property tax in the REAA portion of the new borough. For the Aleutians West and Southeast Island boroughs, the savings from consolidation are greater than the reductions in Foundation aid.

New Boroughs Where Taxation Will Be Required

Seven of the proposed boroughs would have to initiate local taxes of some sort to meet the required local contribution for education. These boroughs include four pipeline boroughs, which have high property values, and three boroughs with low property values. None of the boroughs in this category have any school construction debt.

Four pipeline boroughs--Yukon-Koyuk'ik, Yukon Flats, Delta/Greely, and Copper River--would have to institute a property tax to meet their required local contribution. The required local contribution of these boroughs is high precisely because their property tax capacity is high. These boroughs may be likened to the North Slope Borough, where most of the wealth in the borough is oil and gas property.

The proposed Railbelt, Southwest Region and Chatham boroughs have required contributions less than current contributions, thus taxation would most likely be required. The difference between their current and required local contributions is relatively small however, and it is possible that they could raise the necessary revenue through sales taxation. For the Southwest Region and Chatham boroughs, which are formed through consolidation of a REAA and at least one city district, the potential savings from consolidation exceed the reductions in Foundation aid. The Railbelt borough, which would be formed from a single REAA, would not enjoy any savings from consolidation.

CHAPTER FOUR

EFFECTS OF BOROUGH FORMATION ON STATE REVENUES AND EXPENDITURES

The previous chapter examined House Bill 1 from the perspective of the proposed boroughs. Now we change perspectives and examine the effect that formation of 17 new boroughs would have on State revenues and expenditures. As a starting point, we know that the requirement that REAAs make a local effort for education will reduce the amount that the State must spend on Foundation aid. However, borough formation would affect other entitlement programs which transfer State funds to localities. In addition, borough formation would affect the amount of revenue the State retains from those revenue sources that the State shares with localities. Thus, one may not assume that HB 1 is a revenue positive measure for the State simply because HB 1 would reduce Foundation aid by increasing local contributions. A broader examination is required.

In this chapter, the effect of 17 new boroughs on State revenues and expenditures is analyzed. In summary, the effects of borough formation on oil and gas property tax and shared taxes receipts will largely offset the reduction in Foundation aid. An additional \$8 million will be required annually for the Municipal Assistance and Revenue Sharing programs, if the entitlements of existing municipalities are to stay the same, and an estimated \$12 million will be required for initial borough formation expenses. These changes in revenues and expenditures are described in detail below and are summarized in Table 4.5 which appears at the end of this chapter.

EFFECTS ON STATE REVENUES

Local governments are created by State governments. Because local governments require revenue, and because the provision of services by a local government relieves the State government of providing those services, States often share revenue with the local governments in which the revenue was generated. Alaska shares revenue with boroughs by allowing boroughs to tax oil and gas pipeline property within the boroughs' boundaries and through its shared taxes programs. By creating 17 new boroughs, HB 1 will decrease State revenues by increasing the amounts of pipeline taxes and shared taxes going to localities. The potential magnitude of these decreases through each shared revenue program is discussed below.

EFFECTS OF BOROUGH FORMATION ON STATE REVENUES AND EXPENDITURES

Oil and Gas Pipeline Property Taxes

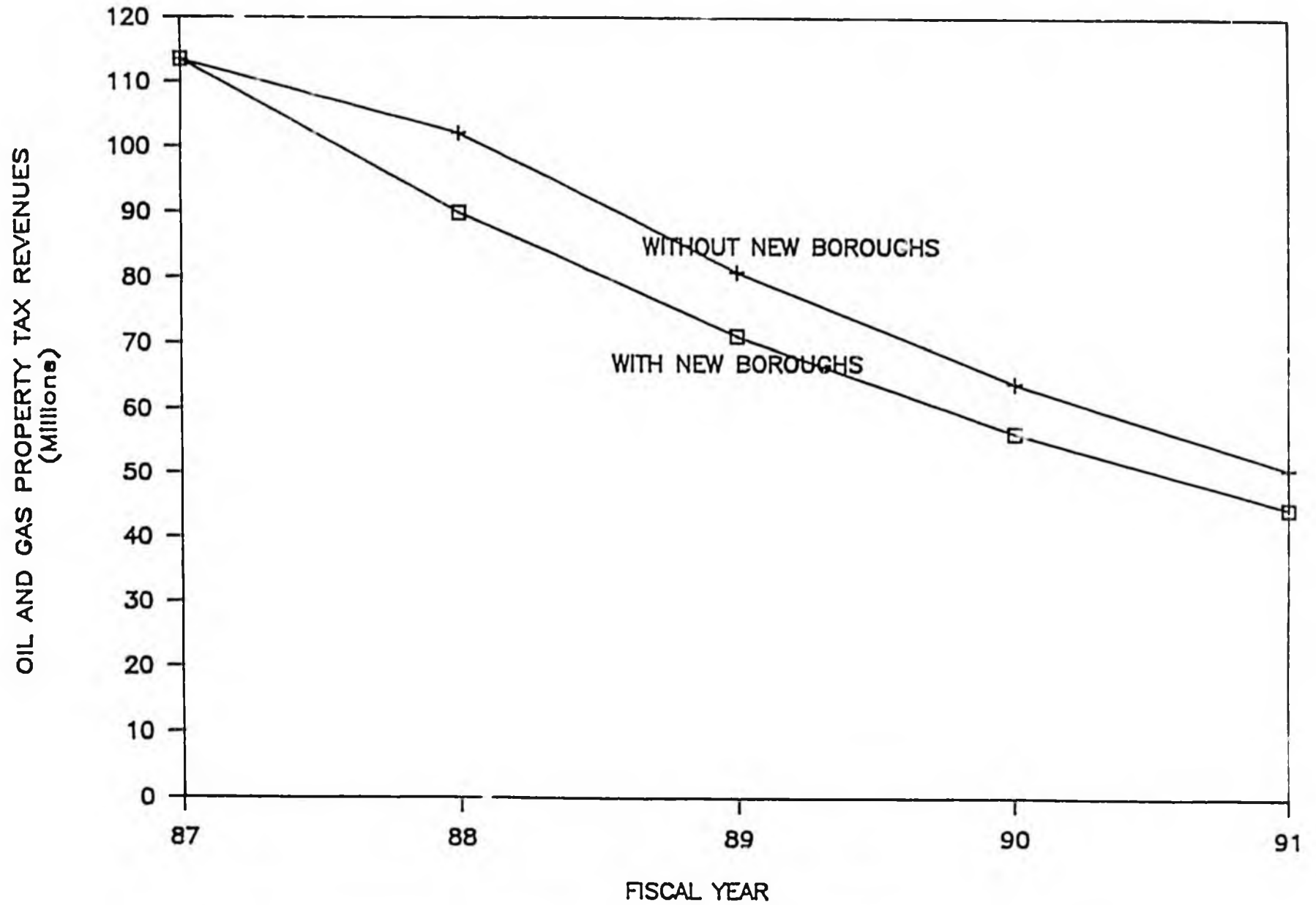
Under Alaska Statute 43.56, the State taxes oil and gas exploration, production and pipeline transportation property at the rate of 20 mills. Municipalities that contain petroleum property are required to levy and collect a tax on this property at the rate of taxation that applies to other property taxed within the municipality. Taxes on petroleum properties paid to a municipality are credited against the amount due to the State. Thus, for each dollar raised locally from the TransAlaska Pipeline, State General Fund revenues are reduced one dollar. The pipeline accounts for \$3.8 billion of the \$7.5 billion full taxable property value of the proposed boroughs. If the affected boroughs set their property tax rate at four mills for the support of education, revenues from taxation of the pipeline by the proposed boroughs will be about \$10 million, thus State General Fund revenues will be reduced about \$10 million. The boroughs could tax the pipeline at a higher rate which would further reduce General Fund revenues.²²

The oil and gas property tax is one of the more important sources of State unrestricted revenues. Revenues from this source in FY 87 were \$113.5 million. Taxation of the pipeline by the proposed boroughs (at four mills) would result in a 12 percent decrease in this source of revenue. The value of the pipeline is expected to decline about 10 percent per year during the next five years due to declining production and to settlement of a lawsuit over the method of valuing the pipeline for taxation purposes. In Figure 4.1, projected oil and gas property tax revenues for the next five years with and without borough formation are compared.

²²The temptation to tax property at a high rate due to the presence of the pipeline is tempered by the requirement that all property within the borough be taxed at the same rate.

FIGURE 4.1

Estimated State Revenues From the Oil and Gas Pipeline Property Tax
With and Without the Formation of the New Boroughs



EFFECTS OF BOROUGH FORMATION ON STATE REVENUES AND EXPENDITURES

Shared Taxes

Taxes or license fees from seven sources are refunded in total or in part to the local government in which the taxed activity occurs. These shared taxes are:

- coin-operated amusement and gaming devices tax;
- punchboard license tax;
- aviation fuel tax;
- telephone cooperative gross revenue tax;
- electric cooperative tax;
- liquor license fees; and the
- fisheries business tax.

In Table 4.1, each tax and its refund provision are described, and the amounts collected and refunded in FY 87 are presented. Table 4.1 also shows the additional amount that would be refunded due to the formation of the new boroughs.

In FY 87, nearly \$28 million was collected from these sources, of which \$10.3 million--37 percent--was refunded to local governments. The fisheries business tax, with revenues of \$16.5 million, and the aviation fuel tax, with revenues of \$8 million, represented the bulk of these tax revenues. Fisheries business tax refunds totalled \$8 million and thus represented the majority of total refunds. An insignificant portion of aviation fuel tax revenues are refunded to local governments.

Under House Bill 1, an additional \$3.2 million would be refunded. Refunds of fisheries business tax receipts, which would increase by \$2.9 million, account for the majority of the total increase.²³ Refunds of utility cooperatives taxes and liquor license fees would increase by about \$150,000 each.

²³While fisheries business tax revenues have generally increased over the last decade, these revenues are based on fish harvests which can vary from year to year. Thus, the actual amounts refunded to boroughs and the amount retained by the State could vary widely between years.

TABLE 4.1
TAXES OR LICENSE FEES SHARED WITH MUNICIPALITIES AND THE EFFECT OF BOROUGH
FORMATION ON DISTRIBUTION OF THESE TAX REVENUES

| TAX | DESCRIPTION OF TAX | REFUND PROVISION | FY 87 GROSS RECEIPTS |
|--|--|---|-------------------------|
| Coin-operated Amusement and Gaming Devices (AS 43.35.010-090) | Levies an annual tax on devices such as pinball machines and video games. Tax ranges from \$48 to \$240 per year depending upon the type of device. | 50 percent of the gross tax revenues are refunded to the borough or the city in the proportion that the revenue was earned in them. (AS 43.35.050) | \$102,157 |
| Punchboard License Tax (AS 43.35.100-150) | Distributors of punchboards must pay a license tax ranging from \$2 to \$4 per board depending on the number of holes per board. | Seventy-five percent of the tax revenues from sales in a borough or city are refunded to the local government. (AS 43.35.130) | (included above) |
| Aviation Fuel Tax (AS 43.40) | Aviation fuel is taxed at four cents per gallon, and jet fuel is taxed at two and half cents per gallon. | Sixty percent of the revenues collected at an airport owned and operated or leased and operated by a municipality are refunded to the municipality. (AS 43.40.010(e)) | 8,071,496 |
| Telephone Cooperative Gross Revenues Tax (AS 10.25.550) | Tax is one or two percent of gross revenues depending upon how long the cooperative has provided service. | Entire proceeds of both utilities cooperative taxes, less the State's collection costs, are refunded to the borough or city in proportion to the amount of revenue earned in the borough or city (AS 10.25.570). | 1,960,297 |
| Electric Cooperative Tax (AS 10.25.555) | Tax is one-fourth to one-half mill per kilowatt hour depending on how long the cooperative has provided service. | | (included above) |
| Liquor License Fees (AS 04.11) | Annual license fees range from \$50 to over \$10,000 depending upon several factors, including the type of license and amount of business transacted. Fees are refunded only if the municipality provides police protection. | Entire proceeds of the license fees are refunded to the municipality in which the fees are collected. (AS 04.11.610) | 1,367,788 |
| Fisheries Business Tax (AS 43.75) | Tax is levied on the ex-vessel value of fisheries resources processed or exported for processing. Tax rate varies from one to five percent depending on the type of resource and the method and location of processing. | Boroughs receive 50 percent of the tax revenue collected outside of cities within the borough; cities in a borough receive 25 percent of the revenue collected within their bounds; cities outside a borough and unified municipalities receive 50 percent. (AS 43.75.130) | 16,426,353 |
| TOTALS | | | \$27,928,091 |

NOTES:

1. FY 87 gross receipts and refunds and the additional amounts expected to be refunded are from the Department of Revenue.
2. FY 87 gross receipts include penalties and interest, and liquor license fees which are not refunded. The gross receipts also include pre-pay and late payments and are therefore derived from more than one fiscal year.
2. The additional amount of fisheries business tax refunded under House Bill 1 was calculated as follows: 50 percent of the amount retained by the State in FY 87 less fifty percent of the amount refunded to cities in the unorganized borough.

| FY 87 REFUNDS TO LOCAL GOVERNMENTS | | | ADDITIONAL AMOUNT REFUNDED UNDER HOUSE BILL 1 | EFFECT OF NEW BOROUGHS ON DISTRIBUTION OF TAX |
|------------------------------------|------------------|------------------|---|---|
| BOROUGHS | CITIES | TOTAL | | |
| \$30,112 | \$17,846 | \$47,958 | \$5,692 | Cities within the new boroughs would still receive their refunds. Depending upon the tax, the borough would receive 50 or 75 percent of the revenues collected within the borough but outside of cities. |
| (included above) | (included above) | (included above) | | |
| 51,589 | 12,842 | 64,430 | 0 | Formation of new boroughs will affect State revenues from the Aviation Fuel Tax only if the new boroughs operate airports. Because the boroughs will be third class boroughs, it is unlikely that any of the new boroughs would operate airports. |
| 1,082,895 | 308,024 | 1,390,920 | 150,000 estimated | Cities within the new boroughs would still receive their refunds. The new borough would receive revenues collected within the borough but outside any cities. Since the state would be entirely divided into boroughs, the State would retain only the costs of collection. |
| (included above) | (included above) | (included above) | | |
| 390,916 | 354,222 | 745,138 | 155,975 | Cities within the new boroughs would still receive their refunds. The new borough would receive revenues collected within the borough but outside any cities. Since the state would be entirely divided into boroughs, the State would not retain any of these revenues. |
| 3,602,809 | 4,434,435 | 8,037,244 | 2,909,756 | Cities within the new boroughs would only receive 25 percent of the revenue generated within their bounds, instead of the 50 percent received now. The new boroughs would receive 50 percent of the revenue generated outside of cities. |
| \$5,158,321 | \$5,127,369 | \$10,285,690 | \$3,221,423 | |

EFFECTS OF BOROUGH FORMATION ON STATE REVENUES AND EXPENDITURES

EFFECTS ON STATE EXPENDITURES

In addition to sharing its revenues with boroughs, the State transfers funds to boroughs through several entitlement programs. These programs include the Public School Foundation, Municipal Assistance and Revenue Sharing programs, which provide entitlements on an annual basis, and the Transitional Assistance and Municipal Land Grants programs, which are nonrecurring entitlements provided at the time of borough formation. The effect of HB 1 on the costs of the annual entitlement programs and the costs to provide the nonrecurring entitlements are examined below. In all cases, estimates are based on the assumption that the entitlements of existing boroughs will not be reduced by the formation of new boroughs.

Annual Entitlement Programs

Public School Foundation Program

Required local contributions of the new boroughs, will result in a \$13.4 million decrease in the amount the State would otherwise spend on Foundation aid under the status quo. The legislature could respond to this decrease in two ways: The amount appropriated to the Foundation Program could be reduced by \$13 million or the Program could be funded at the same level. The latter option would have the effect of increasing the value of an instructional unit. The \$13 million "savings" would then be distributed among all districts.

Revenue Sharing

The Revenue Sharing program established under AS 29.60 was created to provide for an equitable allocation of resources among municipalities and to assure that no municipality suffers impoverishment of necessary services because of the chance distribution of taxable wealth in the state.²⁴

Revenue sharing funds are distributed to municipalities from two accounts: the Tax Resources Equalization Account and the Miscellaneous Municipal Services Account. A municipality's entitlement from the equalization account is based upon how much tax effort it makes relative to the value of its property tax base and its population. Municipalities with a high tax effort are rewarded with a greater per capita entitlement. To receive funds from the miscellaneous account, a municipality must provide certain

²⁴See House Research Memorandum 87.073 for a history of the Revenue Sharing program.

EFFECTS OF BOROUGH FORMATION ON STATE REVENUES AND EXPENDITURES

services, and the municipality is awarded a set amount per "service" performed. Unincorporated communities with at least 25 permanent residents are also eligible to receive a lump sum of \$25,000 from the miscellaneous account.

The legislature is not obligated to fund the revenue sharing accounts at the level that provides each municipality with 100 percent of its entitlement. If the legislature does not fully fund the program, each municipality's entitlement is reduced pro rata. In recent years, the Revenue Sharing program has been funded at less than full entitlement.

Each new borough that levies taxes of some sort will be eligible for funds from the Tax Resource Equalization Account. We do not know how much tax effort each new borough will make, so we cannot make a precise estimate of their entitlements. We do know that formation of 17 new boroughs will increase the total entitlement granted by statute, and the legislature will need to appropriate an increased amount to the account to give each municipality its full entitlement. If the legislature continues to appropriate the same amount--about \$31 million--to the Equalization Account, the inclusion of 17 new boroughs will reduce the amount received by existing boroughs.

In Table 4.2, the Tax Resource Equalization entitlements of the proposed boroughs based on two different millage rate equivalents, are estimated using the FY 87 formula. If the new boroughs each had millage rate equivalents of 10.6--the weighted average millage rate equivalent of existing boroughs and unified municipalities--a total of \$4.1 million would have been required to fund their entitlements in FY 87. If the new boroughs each had millage rate equivalents of 3.5, typical of smaller boroughs, an additional \$1.4 million would have been required for the Tax Resource Equalization Account.

In addition to Tax Resource Equalization funds, a borough's revenue sharing entitlement includes funds from the Miscellaneous Municipal Services Account. The Miscellaneous Account provides funds for road maintenance, hospitals, health facilities and fire protection when a borough provides those services. The amount of funding a borough receives is dependent upon the level of service provided, e.g., the number of miles of road maintained. Because HB 1 mandates the formation of third class boroughs, the new boroughs will probably not make any immediate demands on the Miscellaneous funds Account. Third class boroughs cannot provide the services that are funded by the Miscellaneous Account on an areawide basis--these services could only be provided within a service area. As service areas are formed within the new boroughs, the boroughs will become eligible for funds from the Miscellaneous Account. We cannot predict whether or how long it may take for such service areas to form or the ultimate demand that the new boroughs will place on the Miscellaneous Account. We can only note that as service districts are formed within the new boroughs, additional funds will be required to fully fund the Miscellaneous Municipal Services Account.

TABLE 4.2
ESTIMATED TAX RESOURCE EQUALIZATION ENTITLEMENTS OF THE PROPOSED BOROUGHES

| PROPOSED BOROUGH | POPULATION | ESTIMATED FY 87 TAX RESOURCE EQUALIZATION ENTITLEMENT IF: | |
|--|---------------|---|---------------------------------------|
| | | MILL RATE EQUIVALENT EQUALS 10.6 | MILL RATE EQUIVALENT EQUALS 3.5 |
| WESTERN | | | |
| Bering Strait | 7,776 | \$402,422 | \$132,877 |
| Lower Yukon | 5,035 | 260,570 | 86,039 |
| Lower Kuskowkim | 11,340 | 586,865 | 193,779 |
| Iditarod | 1,563 | 80,888 | 26,709 |
| Kuspuk | 1,494 | 77,317 | 25,530 |
| SOUTHWESTERN | | | |
| Southwest Region | 4,703 | 243,388 | 80,366 |
| Lake and Peninsula | 1,560 | 80,733 | 26,657 |
| Aleutians West | 6,897 | 356,932 | 117,857 |
| INTERIOR PIPELINE | | | |
| Yukon-Koyukuk | 4,719 | 244,216 | 80,639 |
| Yukon Flats | 1,596 | 82,596 | 27,273 |
| Delta/Greely | 4,749 | 245,769 | 81,152 |
| Copper River | 2,914 | 150,805 | 49,795 |
| Chugach | 6,081 | 314,702 | 103,913 |
| INTERIOR HIGHWAYS (NO PIPELINE) | | | |
| Railbelt | 1,345 | 69,606 | 22,984 |
| Alaska Gateway | 2,032 | 105,160 | 34,723 |
| SOUTHEAST | | | |
| Chatham | 3,528 | 182,580 | 60,287 |
| Southeast Island | 11,870 | 614,293 | 202,836 |
| TOTAL | 79,202 | \$4,098,842 | \$1,353,415 |

NOTES:

1. The formula for Tax Resource Equalization entitlements is provided in AS 29.60.010-080. In FY 87, entitlements were equal to: population X millage rate equivalent X 5.1392 X 0.95.
2. Because the tax effort of each proposed borough could not be predicted, estimation of each borough's entitlement was based on the average millage rate equivalent of existing boroughs in 1986, 10.6 (see Note 3), and on a relatively low millage rate equivalent value (3.5) typical of some of the smaller boroughs.
3. Millage rate equivalents of existing boroughs in FY 87 were: Anchorage, 4.82; Bristol Bay, 11.79; Fairbanks, 5.27; Haines, 3.65; Juneau, 20.8; Kenai, 3.53; Ketchikan, 6.26; Kodiak, 3.82; Mat-Su, 4.84; North Slope, 10.78; Northwest Arctic, 0.0; Sitka, 11.53. The weighted average millage rate equivalent for existing boroughs (10.6) was calculated by dividing the total 1986 tax collections of existing boroughs by the total full value of existing boroughs as reported in Alaska Taxable.

Municipal Assistance

Under the Municipal Assistance program, the State distributes funds to municipalities based on corporate income tax revenues generated within the municipality. The current program was established in 1980 to replace the Gross Business Receipts Tax program under which municipalities were refunded 20 percent of gross business receipts tax revenues collected within their bounds.²⁵ Each municipality's entitlement is equal to a base amount plus a prorated share of any additional amount appropriated to the Municipal Assistance program. For municipalities formed prior to 1977, the base amount is the amount received under the Gross Business Receipts Tax program in FY 78. For boroughs formed after 1977, the base amount is equal to the base amount received by the existing borough whose population outside of cities most closely approximates the population outside of cities of the new borough.

Under current statute, the legislature may appropriate an amount equal to or greater than 30 percent of corporate income tax revenues from the prior fiscal year to the Municipal Assistance program. With the recent declines in oil revenues, the amounts appropriated to the Municipal Assistance fund have declined from their peak in FY 82 of \$87.9 million to \$65.8 million in FY 87. In FY 87, \$10.6 million went to fund the base entitlements, and \$55.2 million went to fund the excess entitlements.

Table 4.3 presents estimated Municipal Assistance entitlements for the proposed boroughs. I have assumed that the new boroughs are formed simultaneously, and the base entitlement of each new borough was determined by comparison with the base entitlements of the existing boroughs. If the new boroughs are formed at different times, the base entitlements could be different because for the boroughs incorporating later, the new boroughs which had incorporated earlier would be "existing boroughs."

The formation of the 17 new boroughs will add \$3.8 million to the total base entitlement, raising it from \$10.6 to \$14.4 million. The base entitlements of most of the boroughs are relatively small amounts, i.e., less than \$35,000. Three of the boroughs, however, have populations that most closely correspond to the population of the North Slope Borough, which had FY 78 business tax refunds totalling \$1.2 million, and for these boroughs, the base entitlement is \$1.2 million. Thus, of the \$3.8 million base entitlement of the proposed boroughs, 95 percent is derived from these three boroughs.

²⁵See House Research Memorandum 87.073 for a history of the Municipal Assistance program.

TABLE 4.3
ESTIMATED MUNICIPAL ASSISTANCE ENTITLEMENTS OF THE PROPOSED BOROUGHS

| PROPOSED BOROUGH | TOTAL POPULATION | POPULATION OUTSIDE CITIES | EXISTING BOROUGH WITH SIMILAR POPN OUTSIDE CITIES | EXCESS ENTITLEMENT IF APPROPRIATION: | | | TOTAL ENTITLEMENT IF APPROPRIATION: | | |
|--|---------------------|---------------------------------|--|--------------------------------------|---------------------------|---|-------------------------------------|---|--|
| | | | | BASE AMOUNT | REMAINS AT FY 87 LEVEL | INCREASES TO MAINTAIN STATUS QUO FOR EXISTING BOROUGHES | REMAINS AT FY 87 LEVEL | INCREASES TO MAINTAIN STATUS QUO FOR EXISTING BOROUGHES | |
| WESTERN | | | | | | | | | |
| Bering Strait | 7,776 | 167 | Northwest Arctic | \$7,275 | \$14,696 | \$16,533 | \$21,971 | \$23,808 | |
| Lower Yukon | 5,035 | 290 | Northwest Arctic | 7,275 | 25,520 | 28,710 | 32,795 | 35,985 | |
| Lower Kuskowkim | 11,340 | 1,637 | Bristol Bay | 13,986 | 144,056 | 162,063 | 158,042 | 176,049 | |
| Iditarod | 1,563 | 242 | Northwest Arctic | 7,275 | 21,296 | 23,958 | 28,571 | 31,233 | |
| Kuspuk | 1,494 | 454 | Northwest Arctic | 7,275 | 39,952 | 44,946 | 47,227 | 52,221 | |
| SOUTHWESTERN | | | | | | | | | |
| Southwest Region | 4,703 | 436 | Northwest Arctic | 7,275 | 38,368 | 43,164 | 45,543 | 50,439 | |
| Lake and Peninsula | 1,560 | 924 | Haines | 7,275 | 81,312 | 91,476 | 88,567 | 98,751 | |
| Aleutians West | 6,897 | 4,829 | Ketchikan | 32,610 | 424,952 | 478,071 | 457,562 | 510,681 | |
| INTERIOR PIPELINE | | | | | | | | | |
| Yukon-Koyukuk | 4,719 | 1,135 | Bristol Bay | 13,986 | 99,880 | 112,365 | 113,866 | 126,351 | |
| Yukon Flats | 1,596 | 918 | Haines | 7,275 | 80,784 | 90,882 | 88,059 | 98,157 | |
| Delta/Greely | 4,749 | 3,450 | North Slope | 1,203,621 | 303,600 | 341,550 | 1,507,221 | 1,545,171 | |
| Copper River | 2,914 | 2,914 | North Slope | 1,203,621 | 256,432 | 288,486 | 1,460,053 | 1,492,107 | |
| Chugach | 6,081 | 565 | Haines | 7,275 | 49,720 | 55,935 | 56,995 | 63,210 | |
| INTERIOR HIGHWAYS (NO PIPELINE) | | | | | | | | | |
| Railbelt | 1,345 | 779 | Haines | 7,275 | 68,552 | 77,121 | 75,827 | 84,396 | |
| Alaska Gateway | 2,032 | 1,847 | Bristol Bay | 13,986 | 162,536 | 182,853 | 176,522 | 196,839 | |
| SOUTHEAST | | | | | | | | | |
| Chatham | 3,528 | 581 | Haines | 7,275 | 51,128 | 57,519 | 58,403 | 64,794 | |
| Southeast Island | 11,870 | 3,037 | North Slope | 1,203,621 | 267,256 | 300,663 | 1,470,877 | 1,504,284 | |
| TOTAL | 79,202 | 24,205 | | \$3,758,181 | \$2,130,040 | \$2,396,295 | \$5,888,221 | \$6,154,476 | |

NOTES:

1. The formula for calculating a new borough's Municipal Assistance entitlement is provided in AS 29.60.
2. Population data for the proposed boroughs are for 1986 from the Department of Labor.
3. Determination of the existing borough with similar population residing outside cities was based on the FY 87 Final Report on State Revenue Sharing and Municipal Assistance, Department of Community and Regional Affairs.
4. Excess entitlement in FY 87 was \$99 per resident living outside a city.
5. Excess entitlement would have been reduced to \$88 per resident living outside cities if the 17 proposed boroughs had been included in FY 87.

EFFECTS OF BOROUGH FORMATION ON STATE REVENUES AND EXPENDITURES

The formation of 17 new boroughs will increase the portion of the Municipal Assistance fund devoted to "base" entitlements and thereby decrease the portion that is "excess" and divided on a per capita basis. If the total appropriation to Municipal Assistance were to remain the same--\$65 million--and the 17 new boroughs were formed, the excess entitlement would drop from \$99 per capita to \$88 per capita. If the legislature decided to increase the appropriation to Municipal Assistance to ensure that existing cities and boroughs maintained their current entitlement of base plus \$99 per capita, an additional \$6.1 million would be required.

Nonrecurring Entitlement Programs

Transitional Assistance

Under AS 29.05.190, the State provides grants to new boroughs to help defray the costs of transition to borough government and to provide for interim governmental operations. These grants are \$300,000 for the first full or partial fiscal year, \$200,000 for the second fiscal year, and \$100,000 for the third fiscal year. Thus, during a period of three years, each new borough would receive \$600,000 in Transitional grants. Under House Bill 1, at least 17 new boroughs would be formed by June 30, 1989. The total amount that would be needed for organization grants for these new boroughs would be \$10.2 million. Assuming that all the new boroughs formed during FY 89, these grant funds would be disbursed as follows: \$5.1 million in FY 89, \$3.4 million in FY 90, and \$1.7 million in FY 91.

Alaska Statute 29.05.210 directs the Department of Community and Regional Affairs to provide assistance to each new borough in:

- establishing the initial sales and use tax assessment and collection department, if the borough adopts a sales or use tax; and
- determining the initial property tax assessment roll if the borough has adopted a property tax, including contracting for appraisals of property needed to complete the initial assessment.

We do not know how much would be required for DCRA to fulfill each of these obligations, but a considerable sum could be required, particularly if the new boroughs choose to institute a property tax. The fiscal note attached to the bill implementing HB 1 will have to include an accounting of the amounts needed by DC&RA to fulfill these obligations.

EFFECTS OF BOROUGH FORMATION ON STATE REVENUES AND EXPENDITURES

Municipal Land Grants

Under AS 29.65.030, new boroughs are entitled to a general land grant equal to ten percent of the maximum total acreage of vacant, unappropriated, unreserved (VUU) State land within their bounds. However, a new borough may not receive more than 20 acres per person. In Table 4.4, maximum entitlements, based on population, are compared to ten percent of the number of acres that the Department of Natural Resources estimates is vacant, unappropriated and unreserved within each proposed borough.

The actual entitlement that a borough receives will be limited either by the population of the borough or by the amount of VUU land available for selection. One proposed borough, Lower Yukon, has no VUU land and would receive no land entitlement. Eleven of the proposed boroughs have maximum entitlements based on population that are less than the estimated amount of VUU land available for selection; for these boroughs, their entitlement will be limited by their population. Because the amount of land available for selection exceeds their entitlement, these boroughs will have some choice in the lands they receive. Five of the proposed boroughs have less VUU land than they would be entitled to on the basis of population, and these boroughs will have no choice in the selection process.

The estimated total entitlement for the proposed boroughs is 787,231 acres. We have not attempted to precisely estimate how much it would cost the State to transfer these lands. However, the total entitlement of existing boroughs and unified municipalities is similar, 861,421 acres, and the State has spent roughly \$150,000 per year during the last six years--a total of \$900,000--on transfer of these lands. Frank Mielke, Special Projects Coordinator with the Division of Land and Water Management, Department of Natural Resources, estimates that land transfer costs are a minimum of \$1 per acre. Thus, the State could expect to spend on the order of \$1 million over several years to transfer lands to the new boroughs.

DISCUSSION

The costs to the State of HB 1, summarized in Table 4.5, can be broken into two categories: 1) the nonrecurring costs associated with borough formation; and 2) the annual costs associated with foregone revenues and increased expenditures for entitlement programs. The nonrecurring costs to implement the bill are estimated to be on the order of \$12 million spread over a three to five-year period. The net annual cost of HB 1 is estimated to be on the order of \$6 million.

TABLE 4.4
ESTIMATED LAND ENTITLEMENTS OF THE PROPOSED BOROUGHs

| PROPOSED BOROUGH | POPULATION | MAXIMUM LAND ENTITLEMENT (ACRES) | MAXIMUM AMOUNT OF VACANT, UNAPPROPRIATED AND UNRESERVED STATE LAND (ACRES) | ESTIMATED ENTITLEMENT (ACRES) |
|--|---------------|----------------------------------|--|-------------------------------|
| WESTERN | | | | |
| Bering Strait | 7,776 | 155,520 | 247,408 | 155,520 |
| Lower Yukon | 5,035 | 100,700 | 0 | 0 |
| Lower Kuskowkim | 11,340 | 226,800 | 56,660 | 56,660 |
| Iditarod | 1,563 | 31,260 | 1,121,923 | 31,260 |
| Kuspuk | 1,494 | 29,880 | 317,968 | 29,880 |
| SOUTHWESTERN | | | | |
| Southwest Region | 4,703 | 94,060 | 691,299 | 94,060 |
| Lake and Peninsula | 1,560 | 31,200 | 432,970 | 31,200 |
| Aleutians West | 6,897 | 137,940 | 92,816 | 92,816 |
| INTERIOR PIPELINE | | | | |
| Yukon-Koyukuk | 4,719 | 94,380 | 859,777 | 74,380 |
| Yukon Flats | 1,596 | 31,920 | 182,355 | 31,920 |
| Delta/Greely | 4,749 | 94,980 | 255,983 | 94,980 |
| Copper River | 2,914 | 58,280 | 262,044 | 58,280 |
| Chugach | 6,081 | 121,620 | 95,758 | 95,758 |
| INTERIOR HIGHWAYS (NO PIPELINE) | | | | |
| Railbelt | 1,345 | 26,900 | 255,515 | 26,900 |
| Alaska Gateway | 2,032 | 40,640 | 467,016 | 40,640 |
| SOUTHEAST | | | | |
| Chatham | 3,528 | 70,560 | 2,155 | 2,155 |
| Southeast Island | 11,870 | 237,400 | 6,343 | 6,343 |
| TOTAL | 79,202 | 1,428,520 | 5,100,564 | 787,231 |

NOTES:

1. Boroughs are entitled to 10 percent of the vacant, unappropriated and unreserved State land within their bounds, except that no borough may receive more than 20 acres per capita.
2. The maximum amount of vacant, unappropriated and unreserved (VUU) land within each proposed borough is ten percent of the total amount of VUU land within each borough. Estimates of total VUU land in each proposed borough were prepared by the Department of Natural Resources. The values presented do not account for land that may have been recently classified subject to a land use plan; these lands would not be available for selection by a borough. Thus, the values presented represent the maximum number of acres from which a new borough could select its entitlement.

TABLE 4.5
 SUMMARY OF EFFECTS OF NEW BOROUGHS ON STATE REVENUES
 AND EXPENDITURES

| PROGRAM | ESTIMATED CHANGE IN CURRENT REVENUES OR EXPENDITURES DUE TO NEW BOROUGHS |
|--|---|
| SUMMARY | |
| Net Annual Revenues | -\$8 million |
| Nonrecurring Expenditures | \$12 million |
| REVENUES | |
| Oil and Gas Pipeline Property Taxes | -\$10 million |
| Shared Taxes | -\$3 million |
| Subtotal----- | -\$13 million |
| EXPENDITURES | |
| Annual Entitlement Programs | |
| Public School Foundation | -\$13 million |
| Municipal Assistance | +\$6 million |
| Revenue Sharing | +\$2 million |
| Subtotal----- | -\$5 million |
| Nonrecurring Entitlement Programs | |
| Transitional Assistance | |
| Grants | +\$10 million |
| DCRA Assistance | +\$1 million ? |
| Municipal Land Grants | +\$1 million |
| Subtotal----- | +\$12 million |

EFFECTS OF BOROUGH FORMATION ON STATE REVENUES AND EXPENDITURES

In the long term, the State will have decreased revenues. It is difficult to predict precisely how much State revenues will decrease over the long term, but if the new boroughs along the pipeline levy a four mill property tax and fish harvests remain about the same, revenues will be initially reduced \$13 million. If the pipeline boroughs levy taxes at a higher rate, revenues will be further reduced. The value of the pipeline is expected to decline during the next several years, and the formation of new boroughs along the pipeline will further reduce State revenues from this source, particularly if these boroughs raise tax rates to stabilize revenues.

Other than the costs of implementation, HB 1 does not require either increased or reduced expenditures for any of the programs by which the State assists local governments. Rather, HB 1 would create a new set of political conditions under which the legislature must make decisions about allocation of funds to local governments. The requirement that the new boroughs make a local contribution to education would "free up" about \$13 million of the \$430 million currently appropriated to Foundation aid. If the Foundation aid appropriation remains at \$430 million, existing boroughs will receive more Foundation aid. If the Foundation Aid appropriation is reduced by \$13 million, the existing boroughs simply receive the same amount; only the new boroughs receive less funds. In either case, existing boroughs receive a greater portion of the Foundation appropriation than under the status quo.

To provide the new boroughs with their entitlements while each existing municipality receives its current (FY 87) amount under the Municipal Assistance and Revenue Sharing programs will require the appropriation of an additional \$7 to \$9 million. If the appropriations are not increased, the entitlements of all municipalities will be reduced. The FY 87 appropriations were already 20 percent less than in FY 86, and many communities have had to reduce basic services as a result of the decrease in revenue. All municipalities have felt the effects of the current economic downturn, and there is considerable pressure on the legislature to increase the amount of revenue transferred to local governments. The addition of 17 new boroughs will undoubtedly increase pressure on the legislature to appropriate more money for these local government assistance programs.

CHAPTER FIVE

POTENTIAL REVENUES OF THE PROPOSED BOROUGHS AND THE NECESSITY OF LOCAL TAXES FOR EDUCATION

In this chapter, we return to the perspective of the proposed boroughs and assess the necessity of each borough to levy taxes to maintain the current level of funding for education. It is an often expressed concern that some areas within the unorganized borough do not have the fiscal capacity to support education and other borough duties. To evaluate whether the new boroughs have sufficient fiscal capacity, one must first have an idea of how much money needs to be generated locally, and that is what we attempt to do here.

Under House Bill 1, the Foundation aid entitlement of each proposed borough will be reduced by an amount equivalent to the required local contribution. However, each borough will be eligible for funds from other entitlement programs, specifically the shared taxes, Revenue Sharing, and Municipal Assistance programs. To a third class borough, whose only areawide powers are education and taxation, these additional entitlements are, in fact, education funds. To varying degrees, these revenues will offset the reductions in Foundation aid. In addition, savings from the consolidation of districts may partially offset reductions in Foundation aid.

In order to determine whether local taxes must be imposed to maintain the current level of funding for education, the net change in revenue from all entitlement programs must be estimated. If the reduction in Foundation aid is not offset by consolidation savings and entitlements, a borough must levy local taxes to maintain education funding at the current level. If the reduction is offset, a borough could conceivably organize, at least initially, without having to levy local taxes.

Here, the need for local taxes for education is assessed by:

- estimating the potential revenues from entitlements other than education (Tables 4.2, 4.3, and 5.1); and
- estimating the net change in education revenues (Table 5.2).

POTENTIAL REVENUES OF THE PROPOSED BOROUGHES

In summary, of the 17 boroughs:

- Six boroughs must tax to meet their required local contribution, but do not need to raise additional funds.
- Three boroughs need not tax to meet their required local contribution, but they would have to tax to cover the portion of the reduction in Foundation aid not offset by additional entitlements and consolidation savings to maintain education expenditures at the current level.
- One borough must tax to meet the required local contribution and would also have to tax to cover the reduction in Foundation aid not offset by other revenue to maintain education expenditures at the current level.
- Seven boroughs need not tax--either to meet their required local contribution or to maintain education expenditures at the current level.

Unexpectedly, 13 of the 17 proposed boroughs would enjoy increased revenues for education, after consideration of any tax revenues needed to meet the required local contribution, other entitlements and any consolidation savings. Table 5.3, located at the end of the chapter, categorizes the proposed boroughs by their need to tax for education and shows which boroughs will have increased revenues.

POTENTIAL REVENUES FROM ENTITLEMENT PROGRAMS OTHER THAN EDUCATION

Revenues of the proposed boroughs from entitlement programs other than education will come from three sources: shared taxes, Revenue Sharing and Municipal Assistance. The estimated entitlements of each borough from Revenue Sharing and Municipal Assistance were presented previously in Chapter 4 (See Tables 4.2 and 4.3). Also in Chapter 4, shared taxes were described (See Table 4.1). Here, these shared tax revenues are allocated among the proposed boroughs to the extent possible.

Table 5.1 presents the FY 87 shared tax revenues of cities within each borough and the estimated revenues of each borough. No attempt was made to allocate gaming taxes because the currently undistributed receipts of this tax are only \$5,000. Similarly, allocation of the utility cooperative taxes and liquor license fees refunds was not attempted because the additional refunds from these sources would probably total less than \$300,000. In Table 5.1, the boroughs likely to receive revenues from these two sources are identified.

TABLE 5.1

FY 87 SHARED TAX REVENUES OF CITIES WITHIN THE PROPOSED BOROUGHS AND ESTIMATED SHARED TAX REVENUES OF THE PROPOSED BOROUGHS

| PROPOSED BOROUGH | FISHERIES BUSINESS TAX | | UTILITY COOPERATIVE TAXES | | LIQUOR LICENSE FEES | |
|--|---|---|---|---|---|---|
| | FY 87 REVENUES OF CITIES WITHIN THE BOROUGH | ESTIMATED REVENUES OF THE BOROUGH | FY 87 REVENUES OF CITIES WITHIN THE BOROUGH | ESTIMATED REVENUES OF THE BOROUGH | FY 87 REVENUES OF CITIES WITHIN THE BOROUGH | ESTIMATED REVENUES OF THE BOROUGH |
| WESTERN | | | | | | |
| Bering Strait | \$0 | \$0 | \$3,093 | \$0 | \$13,586 | \$0 |
| Lower Yukon | 40,832 | 42,481 | 3,199 | + | 0 | 0 |
| Lower Kuskowkim | 59,554 | 61,959 | 1,499 | + | 0 | 0 |
| Iditarod | 1,557 | 1,620 | 472 | + | 3,900 | 0 |
| Kuspuk | 189 | 197 | 189 | + | 0 | 0 |
| SOUTHWESTERN | | | | | | |
| Southwest Region | 52,046 | 54,148 | 29,276 | + | 5,314 | 0 |
| Lake and Peninsula | 179,267 | 186,508 | 0 | 0 | 0 | 0 |
| Aleutians West | 1,062,335 | 1,105,243 | 0 | 0 | 9,598 | 0 |
| INTERIOR PIPELINE | | | | | | |
| Yukon-Koyukuk | 12,296 | 12,793 | 1,725 | + | 6,554 | 0 |
| Yukon Flats | 0 | 0 | 0 | 0 | 0 | 0 |
| Delta/Greely | 0 | 0 | 2,503 | + | 0 | + |
| Copper River | 0 | 0 | 0 | 0 | 0 | + |
| Chugach | 465,270 | 484,062 | 67,176 | + | 29,072 | 0 |
| INTERIOR HIGHWAYS (NO PIPELINE) | | | | | | |
| Railbelt | 0 | 0 | 3,251 | + | 0 | + |
| Alaska Gateway | 0 | 0 | 0 | 0 | 0 | + |
| SOUTHEAST | | | | | | |
| Chatham | 178,530 | 185,741 | 0 | 0 | 17,202 | + |
| Southeast Island | 744,918 | 775,005 | 0 | 0 | 26,902 | + |
| TOTAL - PROPOSED BOROUGHS | \$2,796,794 | \$2,909,756 | \$112,383 | \$150,000 | \$112,928 | \$155,975 |

NOTES:

1. Only those boroughs with cities that currently receive fisheries business tax revenues were allocated fisheries business tax revenues. Borough allocations were based on the percentage of the total amount refunded received by cities in each borough.
2. Only those boroughs with cities that currently receive utility cooperative tax refunds were estimated to receive these revenues. Borough allocations were not made because the revenues attributed to unincorporated communities were not precisely known.
3. Only those boroughs with unincorporated communities likely to allow the sale of liquor were estimated to receive these revenues. Although the receipts from unincorporated communities and incorporated communities without police protection were known, borough allocations were not attempted.

POTENTIAL REVENUES OF THE PROPOSED BOROUGHES

Of the shared taxes, the fisheries business tax is the only tax that will provide a significant source of revenue to any of the proposed boroughs. I assumed that only those boroughs containing cities that received fisheries business tax refunds would receive these revenues, and the additional \$2.9 million that would be refunded to the new boroughs was allocated in proportion to the FY 87 receipts of the cities within each borough. Of the 17 proposed boroughs, 11 are expected to receive fisheries business tax refunds. For most of the coastal boroughs, the potential refunds are sizable, ranging from \$185,000 to over \$1 million. For the coastal boroughs in the western region and for interior region boroughs, the potential refunds are under \$100,000.

THE NECESSITY OF LOCAL TAXES FOR EDUCATION IN THE NEW BOROUGHES

Local taxes will be required in the new boroughs if current local contributions are less than required local contributions. In addition, boroughs must tax to maintain education expenditures if the combination of any tax revenues necessary to fulfill the required local contribution, additional entitlements and consolidation savings do not offset the reductions in Foundation aid.

The boroughs in which current local contributions are less than the required local contribution were identified in the analysis of local education costs in Chapter 3 (see page 46). Four pipeline boroughs and three other boroughs were in this situation. At minimum, these boroughs must raise the difference between their current contributions and the required contribution, or they will lose their Foundation aid. If these boroughs raise only the difference, they will have less money for education--by the amount of the their current contributions--unless the additional entitlements and consolidation savings are equal to or greater than their current contributions.

To determine which boroughs will need to tax to maintain education funding, net education revenues must first be determined. The net change in education revenues was estimated by taking into consideration the following:

- the reduction in Foundation aid;
- any required local contributions in excess of current local contribution;

POTENTIAL REVENUES OF THE PROPOSED BOROUGHES

- potential revenues from shared taxes, Revenue Sharing and Municipal Assistance entitlements; and
- any consolidation savings.

In Table 5.2, the net change in funds available for education in each proposed borough is presented. Overall, the additional entitlements offset nearly \$10 million of the \$13.4 million shortfall in Foundation aid to the proposed boroughs, and the savings from consolidation offset another \$4.6 million. The distribution of the additional entitlement dollars and of consolidation savings among the proposed boroughs is uneven, however, and some boroughs have a net increase in revenues while other boroughs have a net decrease. For those boroughs with a net decrease, local taxes must be levied--in addition to any taxes already levied by cities for education and to any taxes needed to fulfill the local contribution requirement--to maintain education funding at the current level.

Table 5.3 categorizes the proposed boroughs by their need to tax for education. Six of the proposed boroughs include cities that currently levy property taxes for education, and these tax revenues were included in the assessment of current local contributions. The following assessment of the new boroughs' need to tax for education refers to the need to raise taxes in addition to any currently raised by the cities within the boroughs.

Ten boroughs must tax; seven borough do not need to tax. In the following discussion, the circumstances that affect whether each borough needs to tax are highlighted.

Boroughs Where Additional Taxation is Required

Of the ten boroughs that need to levy additional taxes for education:

- Six boroughs must tax to meet their required local contribution, but do not need to raise additional funds.
- Three boroughs need not tax to meet their required local contribution, but they would have to tax to cover the portion of the reduction in Foundation aid not offset by additional entitlements and consolidation savings to maintain education expenditures at the current level.
- One borough must do both. Taxation is required to meet the local contribution, and these tax revenues are insufficient to cover the reduction in Foundation aid not offset by other revenue.

The boroughs that need to tax to meet the required local contribution include four pipeline boroughs, which have high property values, and three boroughs which have much lower property values. The pipeline boroughs each need to raise from \$1.5 to \$3 million to fulfill their local

CORRECTION

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

POTENTIAL REVENUES OF THE PROPOSED BOROUGHES

- potential revenues from shared taxes, Revenue Sharing and Municipal Assistance entitlements; and
- any consolidation savings.

In Table 5.2, the net change in funds available for education in each proposed borough is presented. Overall, the additional entitlements offset nearly \$10 million of the \$13.4 million shortfall in Foundation aid to the proposed boroughs, and the savings from consolidation offset another \$4.6 million. The distribution of the additional entitlement dollars and of consolidation savings among the proposed boroughs is uneven, however, and some boroughs have a net increase in revenues while other boroughs have a net decrease. For those boroughs with a net decrease, local taxes must be levied--in addition to any taxes already levied by cities for education and to any taxes needed to fulfill the local contribution requirement--to maintain education funding at the current level.

Table 5.3 categorizes the proposed boroughs by their need to tax for education. Six of the proposed boroughs include cities that currently levy property taxes for education, and these tax revenues were included in the assessment of current local contributions. The following assessment of the new boroughs' need to tax for education refers to the need to raise taxes in addition to any currently raised by the cities within the boroughs.

Ten boroughs must tax; seven borough do not need to tax. In the following discussion, the circumstances that affect whether each borough needs to tax are highlighted.

Boroughs Where Additional Taxation is Required

Of the ten boroughs that need to levy additional taxes for education:

- Six boroughs must tax to meet their required local contribution, but do not need to raise additional funds.
- Three boroughs need not tax to meet their required local contribution, but they would have to tax to cover the portion of the reduction in Foundation aid not offset by additional entitlements and consolidation savings to maintain education expenditures at the current level.
- One borough must do both. Taxation is required to meet the local contribution, and these tax revenues are insufficient to cover the reduction in Foundation aid not offset by other revenue.

The boroughs that need to tax to meet the required local contribution include four pipeline boroughs, which have high property values, and three boroughs which have much lower property values. The pipeline boroughs each need to raise from \$1.5 to \$3 million to fulfill their local

TABLE 5.2
ESTIMATED NET CHANGE IN EDUCATION REVENUES OF THE PROPOSED BOROUGHES

| PROPOSED BOROUGH | CHANGE IN FOUNDATION AID | REQUIRED CONTRIBUTIONS IN EXCESS OF CURRENT CONTRIBUTIONS | ESTIMATED ENTITLEMENTS FROM: | | | | POTENTIAL SAVINGS FROM CONSOLIDATION | NET CHANGE IN EDUCATION REVENUES |
|--|--------------------------------|---|--------------------------------|--------------------------|--------------------|-------------------------|--|---|
| | | | FISHERIES BUSINESS TAXES | OTHER SHARED TAXES | REVENUE SHARING | MUNICIPAL ASSISTANCE | | |
| WESTERN | | | | | | | | |
| Bering Strait | (\$355,369) | \$0 | \$0 | \$0 | \$132,877 | \$23,808 | \$200,000 | \$1,316 |
| Lower Yukon | (339,707) | 0 | 42,461 | + | 86,039 | 35,985 | 400,000 | 274,798 |
| Lower Kuskowkim | (1,284,070) | 0 | 61,959 | + | 193,779 | 176,049 | 200,000 | (652,283) |
| Iditarod | (93,925) | 0 | 1,620 | + | 26,709 | 31,233 | N/A | (34,364) |
| Kuspuk | (79,360) | 0 | 197 | + | 25,530 | 52,221 | N/A | (1,412) |
| SOUTHWESTERN | | | | | | | | |
| Southwest Region | (200,222) | 187,877 | 54,148 | + | 80,366 | 50,439 | 200,000 | 372,608 |
| Lake and Peninsula | (122,186) | 0 | 186,508 | 0 | 26,657 | 98,751 | N/A | 189,729 |
| Aleutians West | (88,734) | 0 | 1,105,243 | 0 | 117,857 | 510,681 | 400,000 | 2,045,047 |
| ERIOR PIPELINE | | | | | | | | |
| Yukon-Koyukuk | (3,538,147) | 3,170,899 | 12,793 | + | 80,639 | 126,351 | 600,000 | 452,535 |
| Yukon Flats | (2,041,200) | 1,904,320 | 0 | 0 | 27,273 | 98,157 | N/A | (11,450) |
| Delta/Greely | (2,059,470) | 1,834,516 | 0 | + | 81,152 | 1,545,171 | N/A | 1,401,369 |
| Copper River | (1,735,230) | 1,642,863 | 0 | + | 49,795 | 1,492,107 | N/A | 1,449,535 |
| Chugach | (1,002,631) | 0 | 484,062 | + | 103,913 | 63,210 | 400,000 | 48,554 |
| INTERIOR HIGHWAYS (NO PIPELINE) | | | | | | | | |
| Railbelt | (120,705) | 50,343 | 0 | + | 22,984 | 84,396 | N/A | 37,018 |
| Alaska Gateway | (182,111) | 0 | 0 | + | 34,723 | 196,839 | N/A | 49,451 |
| SOUTHEAST | | | | | | | | |
| Chatham | (39,742) | 147,579 | 185,741 | + | 60,287 | 64,794 | 800,000 | 1,218,459 |
| Southeast Island | (183,943) | 0 | 775,005 | + | 202,836 | 1,504,284 | 1,400,000 | 3,698,182 |
| TOTAL PROPOSED BOROUGHES | (\$13,466,752) | \$8,938,397 | \$2,909,756 | \$311,667 | \$1,353,416 | \$6,154,476 | \$4,600,000 | |

NOTES:

1. Other shared taxes include gaming and amusement taxes, utility cooperative taxes and liquor license fees.
2. The Revenue Sharing entitlements of each borough are based on a millage rate equivalent of 3.5. See Table 4.2 for further information.
3. The Municipal Assistance entitlements of each borough are based on the FY 87 formula and a total appropriation sufficient to maintain the entitlements of all existing boroughs at their current level. See Table 4.3 for further information.
4. Estimated savings from consolidation of school districts were estimated to be \$200,000 for each district subsumed. See Table 3.8 for further information.

TABLE 5.3
PROPOSED BOROUGHs CATEGORIZED BY THEIR NEED TO LEVY ADDITIONAL TAXES FOR EDUCATION

| ADDITIONAL TAXATION REQUIRED | | | ADDITIONAL TAXATION NOT REQUIRED | | |
|--|---|--|--|---|--|
| BOROUGH | AMOUNT NEEDED TO MEET REQUIRED LOCAL CONTRIBUTION | NET CHANGE IN FUNDS FOR EDUCATION | BOROUGH | AMOUNT NEEDED TO MEET REQUIRED LOCAL CONTRIBUTION | NET CHANGE IN FUNDS FOR EDUCATION |
| WESTERN | | | | | |
| Lower Kuskokwim | \$0 | (\$652,283) | Bering Strait | \$0 | \$1,316 |
| Iditarod | 0 | (34,364) | Lower Yukon | 0 | 224,798 |
| Kuspuk | 0 | (1,412) | | | |
| SOUTHWESTERN | | | | | |
| Southwest Region | 187,877 | 372,608 | Lake and Peninsula Aleutians West | 0 | 189,729 2,045,047 |
| INTERIOR PIPELINE | | | | | |
| Yukon-Koyukuk | 3,170,899 | 452,535 | Chugach | 0 | 48,554 |
| Yukon Flats | 1,904,320 | (11,450) | | | |
| Delta/Greely | 1,834,516 | 1,401,369 | | | |
| Copper River | 1,642,863 | 1,449,535 | | | |
| INTERIOR HIGHWAYS (NO PIPELINE) | | | | | |
| Railbelt | 50,343 | 37,018 | Alaska Gateway | 0 | 49,451 |
| SOUTHEAST | | | | | |
| Chatham | 147,579 | 1,218,659 | Southeast Island | 0 | 3,698,182 |

NOTES:

1. Amount required to meet the required local contribution is the difference between current local local contributions and the required local contribution. See Table 3.4.
2. Net change in education funds is the additional amount of revenue available for expenditure on education once the reduction in foundation aid, required local taxes, additional entitlements, and consolidation savings are taken into account. Negative values indicate that taxation would be required to maintain education expenditures at the current level. See Table 5.2.

POTENTIAL REVENUES OF THE PROPOSED BOROUGHS

obligation, and these boroughs would need to institute a property tax. The other three boroughs, Southwest Region, Railbelt and Chatham, each need to raise less than \$200,000; conceivably, they could raise this money through sales taxation.

The three boroughs that do not need to tax to meet the required local contribution but do need to tax to offset the reductions in Foundation aid are the Lower Kuskokwim, Iditarod and Kuspuk boroughs. For the Iditarod and Kuspuk boroughs, the net decreases in education funds are estimated to be under \$35,000. The FY 87 expenditures of the districts forming these boroughs were several million dollars each, thus these reductions in education funding are insignificant. For the Lower Kuskokwim borough, the additional entitlements and consolidation savings offset only a portion of the reduction in foundation aid, and net education revenues decrease \$650,000 unless taxes are levied.

The Yukon Flats borough, a pipeline borough, needs to tax to meet its local contribution requirement, but must tax at a rate slightly higher than needed to meet the requirement in order to maintain education funding. After the taxes required to fulfill the local contribution and the additional entitlements are considered, this borough is only \$11,000 short of its current level of funding. This amount is insignificant relative to the current level of education expenditures in this proposed borough.

Boroughs Where Additional Taxation is Not Required

Seven boroughs will not need to tax because their current local contributions exceed their required local contributions and because additional entitlements and consolidation savings offset the reductions in Foundation aid. These boroughs are: Bering Strait, Lower Yukon, Lake and Peninsula, Aleutians West, Chugach, Alaska Gateway, and Southeast Island.

Strictly speaking, the boroughs with city districts that currently levy property taxes for education--the Bering Strait, Aleutians West, Chugach, and Southeast Island boroughs--will have to tax, because these tax revenues comprise part of the current local contribution. However, no additional tax revenue would be needed, and to the extent that the additional entitlements and consolidation savings exceed the reduction in Foundation aid to the borough, these boroughs could reduce their tax appropriations for education. For the Aleutians West and Southeast Island boroughs, the net change in education revenues exceeds the current local tax contributions of the cities with city districts boroughs. These boroughs could reduce or even eliminate tax appropriations for school operations and still have more revenues for education than under the status quo.

The Lower Yukon, Lake and Peninsula, and Alaska Gateway boroughs are formed from REAAs, and their current local contributions therefore do not include any tax appropriations. These REAAs could organize as boroughs without levying local taxes and still maintain, and in fact, increase, revenues available for schools.

POTENTIAL REVENUES OF THE PROPOSED BOROUGHES

An Unexpected Result: Boroughs with More Education Revenue Than Under the Status Quo

The purpose of examining the net education revenues of the proposed boroughs was to determine how much revenue the boroughs would have to raise through local taxes; we anticipated that all boroughs would have to raise substantial sums simply to maintain education funding at current levels. That 13 of the 17 proposed boroughs would have more education revenue than under the status quo was an unexpected result.

When the additional entitlements, tax revenues required to fulfill the local contribution, and consolidation savings are considered, 13 of the proposed boroughs have more revenue for education than under the status quo (See Table 3.3). These boroughs are the Bering Strait, Lower Yukon, Southwest Region, Lake and Peninsula, Aleutians West, Yukon-Koyukuk, Delta/Greely, Copper River, Chugach, Railbelt, Alaska Gateway, Chatham and Southeast Island boroughs.¹ As discussed above, some of these boroughs need to tax to meet their required local contribution, but the additional entitlements and consolidation savings exceed the reductions in Foundation aid, thus they have a net increase in education revenue.

For the Bering Strait, Chugach, Alaska Gateway, and Railbelt boroughs, the increases are less than \$50,000 and are therefore insignificant. For the Southwest Region, Yukon-Koyukuk, Lower Yukon, and Lake and Peninsula boroughs, the increases in education revenue are moderate, ranging from \$200,000 to \$500,000. For the five remaining boroughs--Aleutians West, Southeast Island, Delta/Greely, Copper River, and Chatham--the increases are \$1 million or more and are therefore significant. The circumstances creating the large increases for each of these boroughs are explained below:

For the Aleutians West borough, the increase is due primarily to the estimated \$1 million in fisheries business tax revenues. However, this borough would also receive \$0.5 million in Municipal Assistance, which alone would offset the \$88,734 reduction in Foundation aid.

¹The four boroughs that would not have increased education revenues are the Lower Kuskokwim, Iditarod, Kuspuk, and Yukon Flats boroughs. Without local taxes, these boroughs would have decreased revenues.

POTENTIAL REVENUES OF THE PROPOSED BOROUGHS

- The Southeast Island borough comes out \$3.7 million ahead due to fisheries business tax receipts of \$0.75 million and a Municipal Assistance entitlement of \$1.5 million. This sizable Municipal Assistance entitlement is due to the fortuitous parallel between the number of people residing outside of cities within the borough and the number residing outside cities in the North Slope Borough. Under the current formula for determining the base Municipal Assistance entitlement of newly created boroughs, a new borough receives the base entitlement of the existing borough that has a similar population residing outside cities. The base entitlement of the North Slope Borough is \$1.2 million, thus the base entitlement of the new Southeast Island borough is \$1.2 million.
- The Delta/Greely and Copper River boroughs would also receive sizable Municipal Assistance entitlements because the number of people residing outside of cities coincides with number residing outside of cities in the North Slope Borough. While these boroughs must raise significant sums through taxation to meet the local contribution requirement, they will also have an increase in education revenues due to receipt of large Municipal Assistance entitlements.
- For the Chatham borough, its \$1 million increase is due in part to fisheries business tax refunds and to consolidation savings that could total \$0.8 million.

Conclusions

This chapter has focused on the necessity of local taxes for the operational support of schools. Upon organization, the boroughs must also take responsibility for school construction costs, which will increase the amount that each borough must raise locally for schools. In the long run, all of the proposed boroughs will surely have to levy local taxes to support education and other borough duties, and careful study of fiscal capacity should therefore be a prerequisite of borough formation.

Nonetheless, this analysis of the finances of the proposed boroughs dispels the commonly held notion that borough formation requires substantial sums to be raised locally and that there is a financial disincentive to borough formation. In fact, the converse is true: Under the current laws governing the transfer of State funds to local governments, most areas of the unorganized borough would benefit financially from organization. That some of these areas have not yet organized--despite the financial incentive to do so--suggests either that people are not aware of the financial benefits of organization or that people do not want to organize. Based on this analysis, the generally slow development of boroughs from the unorganized borough should probably be attributed more to sociological than to financial factors.

POTENTIAL REVENUES OF THE PROPOSED BOROUGHES

This analysis also suggests that the legislature should re-evaluate the methods by which State funds are distributed among local governments. The method for determining the base Municipal Assistance entitlement of new boroughs produces inequitable results: Based solely on the number of people residing outside cities, some boroughs would receive a base entitlement of \$7,275; others would receive a base entitlement of \$1.2 million. Such large differences in entitlements help create the situation where some new boroughs could organize without levying additional taxes and other new boroughs could not.

APPENDIX A
SPONSOR SUBSTITUTE FOR HOUSE BILL 1

1 IN THE HOUSE

BY LARSON AND MENARD

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 1
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION
5 A BILL

6 For an Act entitled: "An Act converting regional educational attendance
7 areas into third class boroughs; and providing for an
8 effective date."

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

10 * Section 1. THIRD CLASS BOROUGHS CREATED. (a) The areas within the
11 boundaries of the regional educational attendance areas formed under
12 AS 14.08.031 as of July 1, 1982, become third class boroughs effective
13 July 1, 1989. A city school district located within the boundary of a
14 borough formed under this section is part of that borough's school dis-
15 trict.

16 (b) Two or more regional educational attendance areas may combine to
17 form a third class borough under this section. The school boards of
18 regional educational attendance areas that decide to combine to form a
19 single borough under this subsection shall notify the lieutenant governor
20 of that decision as soon as possible.

21 (c) The lieutenant governor shall hold elections for initial assembly
22 members of boroughs formed under this section no later than June 1, 1989.
23 The initial assembly of a borough formed under this section shall consist
24 of seven members elected at large from the borough. The initial assembly
25 shall provide for the form of representation, composition, and apportion-
26 ment of the assembly under AS 29.20.060 - 29.20.110.

27 (d) This section does not apply to a regional educational attendance
28 area that organizes as a borough before the effective date of this Act.

29 * Sec. 2. TRANSITION. (a) The Department of Education shall oversee

1 and assist the transition from a regional educational attendance area to a
2 borough under this Act. On July 1, 1989,

3 (1) all property of the regional educational attendance area
4 becomes the property of the borough;

5 (2) the borough becomes the successor to all contracts and other
6 obligations, litigation, hearings, and other proceedings involving the
7 regional educational attendance area that are pending or in effect;

8 (3) faculty, staff, officers, and employees of the regional
9 educational attendance area are transferred to the borough.

10 (b) The term of office of a school board member from a regional
11 educational attendance area or a city school district described in sec. 1
12 of this Act ends on the date the election of the assembly members of the
13 third class borough formed from the regional educational attendance area is
14 certified.

15 * Sec. 3. The division of legal services of the Alaska Legislative
16 Affairs Agency shall prepare a bill conforming the Alaska Statutes to the
17 changes made by secs. 1 and 2 of this Act. The title of the bill shall be
18 "An Act relating to the unorganized borough, school districts, and third
19 class boroughs." The bill shall be presented to the House and Senate Rules
20 Committees for introduction on the first day of the Second Session of the
21 Fifteenth Alaska State Legislature.

22 * Sec. 4. Sections 1 and 2 of this Act take effect on the effective
23 date of a version of an Act passed by the legislature during the Second
24 Session of the Fifteenth Alaska State Legislature entitled "An Act relating
25 to the unorganized borough, school districts, and third class boroughs."

26 * Sec. 5. Section 3 of this Act takes effect immediately under AS 01.-
27 10.070(c).

APPENDIX B

SECOND SPONSOR SUBSTITUTE
FOR HOUSE BILL 1

1 IN THE HOUSE

BY LARSON, MENARD
AND DONLEY

2 2d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 1

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the incorporation or annexation
7 of all areas in the unorganized borough; and provid-
8 ing for an effective date.

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

10 * Section 1. BOUNDARY PROPOSAL. (a) The local boundary commission
11 shall study the unorganized borough to determine how the entire area should
12 be organized into new home rule boroughs or annexed to existing boroughs
13 and unified municipalities. Based upon the standards set out in
14 AS 29.05.031, by December 31, 1989, the commission shall deliver to the
15 governor and the legislature a preliminary boundary proposal for the unor-
16 ganized borough. The proposal must include

17 (1) a designation of areas proposed for annexation to existing
18 boroughs or unified municipalities; and

19 (2) proposed boundaries for new boroughs to be formed in the
20 unorganized borough.

21 (b) In preparing the preliminary boundary proposal the commission
22 shall consult with existing municipalities within or bordering the unor-
23 ganized borough, regional educational attendance areas, and coastal re-
24 source service areas. The commission shall conduct at least one public
25 hearing in the area of each proposed new borough.

26 (c) The commission may submit any proposed annexation compatible with
27 the preliminary boundary proposal to the legislature under
28 AS 44.47.567 - 44.47.583.

29 (d) The commission shall, by March 31, 1990, submit to the governor

1 and the legislature its final boundary proposal. The proposal must provide
2 for the entire area of the unorganized borough, excluding areas annexed
3 under (c) of this section, to be included within new home rule boroughs.

4 * Sec. 2. PROVISIONAL HOME RULE CHARTERS. (a) By March 31, 1990, the
5 Department of Community and Regional Affairs shall deliver to the governor
6 and the legislature a provisional home rule charter for the new boroughs
7 designated in the final boundary proposal. In preparing the charter the
8 department shall conduct at least one public hearing in the area of each
9 new borough. The charter shall provide that each new borough exercise
10 only those powers a home rule borough must exercise by law.

11 (b) The voters of an area designated as a new borough in the final
12 boundary proposal may petition the department for an amendment to the
13 provisional charter for that new borough. If the department determines
14 that at least 15 percent of the number of voters who voted in the last
15 general election in the area have signed the petition, the department shall
16 submit the proposed amendment to the director of elections.

17 * Sec. 3. ELECTIONS. The director of elections shall schedule an
18 election of initial borough officials to be held under AS 29.05.120 in each
19 new borough designated in the final boundary proposal during or before the
20 general election held in 1990. Any proposed amendments to the provisional
21 charter of a new borough received by the director under sec. 2(b) of this
22 Act shall be submitted to the voters at the election of initial borough
23 officials.

24 * Sec. 4. INCORPORATION OF NEW BOROUGHES. (a) A new borough designated
25 in the final boundary proposal is incorporated as a home rule borough on
26 the first Monday following certification of the election held under sec. 3
27 of this Act. The provisional home rule charter prepared by the Department
28 of Community and Regional Affairs under sec. 2 of this Act, together with
29 any charter amendments approved by the voters, operates as the charter for

1 the new borough.

2 (b) AS 29.05.140 and 29.05.190 - 29.05.210 apply to boroughs incor-
3 porated under this section.

4 * Sec. 5. The division of legal services of the Legislative Affairs
5 Agency shall prepare a bill conforming the Alaska Statutes to the changes
6 made by this Act. The bill shall be presented to the House and Senate
7 Rules Committees for introduction on the first day of Second Session of the
8 Sixteenth Legislature.

9 * Sec. 6. This Act takes effect immediately under AS 01.10.070(c).

APPENDIX C
EDUCATION COSTS OF BOROUGHES FORMED
THROUGH CONSOLIDATION

TABLE C.1
 FULL TAXABLE PROPERTY VALUES AND STUDENT POPULATION OF PROPOSED BOROUGHS FORMED BY COMBINING CITY DISTRICTS WITH THEIR SURROUNDING RURAL EDUCATIONAL ATTENDANCE AREA (REAA) OR BY COMBINING REAAS

| PROPOSED BOROUGH | FULL TAXABLE VALUE | STUDENT POPULATION | FULL TAXABLE VALUE PER STUDENT | PERCENT OF TOTAL BOROUGH | |
|------------------------|------------------------|--------------------|--------------------------------|--------------------------|----------|
| | | | | VALUE | STUDENTS |
| Aleutians West | | | | | |
| Adak REAA | \$0 | 602 | \$0 | 0 | 63 |
| Pribilof REAA | 14,153,160 | 155 | 91,311 | 12 | 16 |
| Unalaska | 95,564,500 | 159 | 601,035 | 81 | 17 |
| Area outside cities | 8,030,377 | 35 | 229,439 | 7 | 4 |
| Total | \$117,748,037 | 951 | \$123,815 | | |
| Bering Strait | | | | | |
| Nome | 151,635,000 | 782 | 193,907 | 63 | 39 |
| Area outside cities | 88,842,297 | 1,224 | 72,584 | 37 | 61 |
| Total | \$240,477,297 | 2,006 | \$119,879 | | |
| Chatham | | | | | |
| Yakutat | 18,136,700 | 157 | 115,520 | 14 | 17 |
| Pelican | 14,987,400 | 54 | 277,544 | 11 | 6 |
| Hoonah | 29,237,500 | 234 | 124,947 | 22 | 25 |
| Skagway | 59,036,600 | 137 | 430,924 | 45 | 15 |
| Area Outside Cities | 9,935,518 | 352 | 28,226 | 8 | 38 |
| Total | \$131,333,718 | 934 | \$140,614 | | |
| Chugach | | | | | |
| Valdez | 1,693,326,700 | 695 | 2,436,441 | 92 | 55 |
| Cordova | 123,982,300 | 432 | 286,996 | 7 | 34 |
| Area Outside Cities | 25,981,222 | 130 | 199,856 | 1 | 10 |
| Total | \$1,843,290,222 | 1,257 | \$1,466,420 | | |
| Lower Kuskokwim | | | | | |
| Yupiit REAA | 18,357,736 | 294 | 62,441 | 6 | 10 |
| Lower Kuskokwim REAA | 302,659,726 | 2564 | 118,042 | 94 | 90 |
| Total | 321,017,462 | 2,858 | 112,322 | | |
| Lower Yukon | | | | | |
| St. Mary's | 4,451,200 | 101 | 44,071 | 5 | 6 |
| Kashunamiut REAA | 9,445,343 | 172 | 54,915 | 11 | 11 |
| Area Outside Cities | 75,481,520 | 1,314 | 57,444 | 84 | 83 |
| Total | \$89,378,063 | 1,587 | \$56,319 | | |

TABLE C.1 (Continued)
 FULL TAXABLE PROPERTY VALUES AND STUDENT POPULATION OF PROPOSED BOROUGHS FORMED BY COMBINING CITY DISTRICTS WITH THEIR SURROUNDING RURAL EDUCATIONAL ATTENDANCE AREA (REAA) OR BY COMBINING REAAS

| PROPOSED BOROUGH | FULL TAXABLE VALUE | STUDENT POPULATION | FULL TAXABLE VALUE PER STUDENT | PERCENT OF TOTAL BOROUGH | |
|---|------------------------|--------------------|--------------------------------|--------------------------|-----------|
| | | | | VALUE | STUDENTS |
| Southeast Island | | | | | |
| Kake | \$12,108,400 | 196 | \$61,778 | 3 | 7 |
| Petersburg | 135,355,400 | 601 | 225,217 | 38 | 23 |
| Wrangell | 108,670,500 | 494 | 219,981 | 30 | 19 |
| Klawock | 5,841,100 | 162 | 36,056 | 2 | 6 |
| Craig | 37,304,700 | 231 | 161,492 | 10 | 9 |
| Hydaburg | 13,417,700 | 107 | 125,399 | 4 | 4 |
| Annette Island REAA | 0 | 421 | 0 | 0 | 16 |
| Area Outside Cities | 45,985,615 | 421 | 109,229 | 13 | 16 |
| Total | \$358,683,415 | 2,633 | \$136,226 | | |
| Southwest Region | | | | | |
| Dillingham | 107,515,700 | 461 | 233,223 | 68 | 49 |
| Area Outside Cities | 50,055,560 | 472 | 106,050 | 32 | 51 |
| Total | \$157,571,260 | 933 | \$168,887 | | |
| Yukon-Koyukuk | | | | | |
| Tanana | 11,755,200 | 81 | 145,126 | 1 | 8 |
| Galena | 20,106,900 | 167 | 120,401 | 2 | 17 |
| Nenana | 18,099,500 | 123 | 147,150 | 2 | 13 |
| Area Outside Cities | 884,536,600 | 613 | 1,442,963 | 95 | 62 |
| Total | \$934,498,200 | 984 | \$949,693 | | |
| TOTAL--CITY DISTRICTS | \$2,660,533,000 | 5,374 | \$495,075 | 63 | 38 |
| TOTAL--AREA OUTSIDE CITIES (REAAs) | 1,533,464,674 | 8,769 | \$174,873 | 37 | 62 |
| TOTAL--CITY/REAA BOROUGHS | \$4,193,997,674 | 14,143 | \$296,542 | | |

NOTES:

1. Full taxable property value determinations for Rural Educational Attendance Areas were prepared by the State Assessor with the Department of Community and Regional Affairs, April 1987. Values of cities are from Alaska Taxable 1986.
2. Student populations are from the Department of Education and are the number of students reported to be in attendance during the first count in FY 87 (Average Daily Membership).

TABLE C.2
ESTIMATED REQUIRED LOCAL CONTRIBUTIONS AND FOUNDATION AID TO PROPOSED BOROUGHs FORMED BY COMBINING CITY DISTRICTS
WITH THE SURROUNDING RURAL EDUCATIONAL ATTENDANCE AREA (REAS) OR BY COMBINING REAS

| PROPOSED BOROUGH | REQUIRED LOCAL CONTRIBUTIONS | | | FOUNDATION AID | | | CHANGE IN FOUNDATION AID | | |
|-----------------------|------------------------------|--------------------------|------------------------|---------------------|-------------------------|----------------------------------|------------------------------------|----------------------|---|
| | FOUR MILLS | 35 PERCENT OF BASIC NEED | REQUIRED CONTRIBUTIONS | BASIC NEED IN FY 88 | 90 PERCENT OF PL 81-874 | AMOUNT RECEIVED UNDER STATUS QUO | AMOUNT RECEIVED UNDER HOUSE BILL 1 | IN DOLLARS | AS A PERCENTAGE OF AMOUNT RECEIVED BY THE REGION UNDER STATUS QUO |
| ALEUTIANS WEST | | | | | | | | | |
| Adak REAA | \$0 | \$1,395,870 | \$0 | \$3,988,200 | \$1,792,632 | \$2,195,568 | | | |
| Pribilof REAA | 56,613 | 668,640 | 56,613 | 1,910,400 | 602,751 | 1,307,649 | | | |
| Unalaska | 382,258 | 544,740 | 382,258 | 1,556,400 | 154,473 | 1,019,669 | | | |
| Area outside cities | 32,122 | 68,792 | 32,122 | 196,548 | 32,412 | 164,136 | | | |
| Total | 470,992 | 2,678,042 | 470,992 | 7,651,548 | 2,582,268 | 4,687,022 | \$4,598,288 | (\$88,734) | -1.9 |
| BERING STRAIT | | | | | | | | | |
| Nome | 606,540 | 1,808,520 | 606,540 | 5,167,200 | 82,724 | 4,477,936 | | | |
| Area outside cities | 355,369 | 5,354,160 | 355,369 | 15,297,600 | 4,199,309 | 11,098,291 | | | |
| Total | \$961,909 | \$7,162,680 | \$961,909 | \$20,464,800 | \$4,282,033 | \$15,576,227 | \$15,220,858 | (\$355,369) | -2.3 |
| CHATHAM | | | | | | | | | |
| Hoonah | 116,950 | 577,290 | 116,950 | 1,649,400 | 190,808 | 1,341,642 | | | |
| Pelican | 59,950 | 232,470 | 59,950 | 664,200 | 0 | 604,250 | | | |
| Skagway | 236,146 | 376,320 | 236,146 | 1,075,200 | 0 | 839,054 | | | |
| Yakutat | 72,547 | 420,000 | 72,547 | 1,200,000 | 56,386 | 1,071,067 | | | |
| Area Outside Cities | 39,742 | 1,011,360 | 39,742 | 2,889,600 | 782,972 | 2,106,628 | | | |
| Total | \$525,335 | \$2,617,440 | \$525,335 | \$7,478,400 | \$1,030,166 | \$5,962,641 | \$5,922,899 | (\$39,742) | -0.7 |
| CHUGACH | | | | | | | | | |
| Cordova | 495,929 | 922,950 | 495,929 | 2,637,000 | 15,603 | 2,125,468 | | | |
| Valdez | 6,773,307 | 1,375,290 | 1,375,290 | 3,929,400 | 9,495 | 2,544,615 | | | |
| Area Outside Cities | 103,925 | 575,610 | 103,925 | 1,644,600 | 183,932 | 1,460,668 | | | |
| Total | \$7,373,161 | \$2,873,850 | \$2,873,850 | \$8,211,000 | \$209,030 | \$6,130,751 | \$5,128,120 | (\$1,002,631) | -16.4 |

C-4

TABLE C.2 (Continued)

ESTIMATED REQUIRED LOCAL CONTRIBUTIONS AND FOUNDATION AID TO PROPOSED BOROUGHS FORMED BY COMBINING CITY DISTRICTS WITH THE SURROUNDING RURAL EDUCATIONAL ATTENDANCE AREA (REAAS) OR BY COMBINING REAAS

| PROPOSED BOROUGH | REQUIRED LOCAL CONTRIBUTIONS | | | FOUNDATION AID | | | CHANGE IN FOUNDATION AID | | |
|----------------------|------------------------------|--------------------------|------------------------|---------------------|-------------------------|----------------------------------|------------------------------------|---------------|---|
| | FOUR MILLS | 35 PERCENT OF BASIC NEED | REQUIRED CONTRIBUTIONS | BASIC NEED IN FY 88 | 90 PERCENT OF PL 81-874 | AMOUNT RECEIVED UNDER STATUS QUO | AMOUNT RECEIVED UNDER HOUSE BILL 1 | IN DOLLARS | AS A PERCENTAGE OF AMOUNT RECEIVED BY THE REGION UNDER STATUS QUO |
| LOWER KUSKOKWIM | | | | | | | | | |
| Lower Kuskokwim REAA | 1,210,639 | 11,187,960 | 1,210,639 | 31,965,600 | 5,933,153 | 26,032,447 | | | |
| Yupit REAA | 73,431 | 1,347,360 | 73,431 | 3,849,600 | 1,043,126 | 2,806,474 | | | |
| Total | \$1,284,070 | \$12,535,320 | \$1,284,070 | \$35,815,200 | \$6,976,279 | \$28,838,921 | \$27,554,851 | (\$1,284,070) | -4.5 |
| LOWER YUKON | | | | | | | | | |
| Kashunamiut REAA | \$37,781 | \$681,450 | \$37,781 | \$1,947,000 | \$498,907 | \$1,448,093 | | | |
| St. Mary's | 17,805 | 476,280 | 17,805 | 1,360,800 | 62,613 | 1,280,382 | | | |
| Area Outside Cities | 301,926 | 4,990,860 | 301,926 | 14,259,600 | 4,633,701 | 9,625,899 | | | |
| Total | \$357,512 | \$6,148,590 | \$357,512 | \$17,567,400 | \$5,195,221 | \$12,354,374 | \$12,014,667 | (\$339,707) | -2.7 |
| SOUTHEAST ISLAND | | | | | | | | | |
| Annette Island REAA | 0 | 903,210 | 0 | 2,580,600 | 1,406,836 | 1,173,764 | | | |
| Craig | 149,219 | 506,940 | 149,219 | 1,448,400 | 32,973 | 1,266,208 | | | |
| Hydaburg | 53,671 | 360,150 | 53,671 | 1,029,000 | 0 | 975,329 | | | |
| Kake | 48,434 | 480,900 | 48,434 | 1,374,000 | 209,395 | 1,116,171 | | | |
| Klawock | 23,364 | 460,110 | 23,364 | 1,314,600 | 210,198 | 1,081,038 | | | |
| Petersburg | 541,422 | 1,133,370 | 541,422 | 3,238,200 | 8,155 | 2,688,623 | | | |
| Wrangell | 434,682 | 974,610 | 434,682 | 2,784,600 | 2,037 | 2,347,881 | | | |
| Area Outside Cities | 183,942 | 1,764,210 | 183,942 | 5,040,600 | 764,757 | 4,275,843 | | | |
| Total | \$1,434,734 | \$6,583,500 | \$1,434,734 | \$18,810,000 | \$2,634,351 | \$14,924,858 | \$14,740,915 | (\$183,942) | -1.2 |

TABLE C.2 (Continued)

ESTIMATED REQUIRED LOCAL CONTRIBUTIONS AND FOUNDATION AID TO PROPOSED BOROUGHS FORMED BY COMBINING CITY DISTRICTS WITH THE SURROUNDING RURAL EDUCATIONAL ATTENDANCE AREA (REAAS) OR BY COMBINING REAAS

| PROPOSED BOROUGHS | REQUIRED LOCAL CONTRIBUTIONS | | | FOUNDATION AID | | | CHANGE IN FOUNDATION AID | | |
|----------------------------------|------------------------------|--------------------------|------------------------|----------------------|-------------------------|----------------------------------|------------------------------------|----------------------|---|
| | FOUR MILLS | 35 PERCENT OF BASIC NEED | REQUIRED CONTRIBUTIONS | BASIC NEED IN FY 88 | 90 PERCENT OF PL 81-874 | AMOUNT RECEIVED UNDER STATUS QUO | AMOUNT RECEIVED UNDER HOUSE BILL 1 | IN DOLLARS | AS A PERCENTAGE OF AMOUNT RECEIVED BY THE REGION UNDER STATUS QUO |
| SOUTHWEST REGION | | | | | | | | | |
| Dillingham | 430,063 | 1,143,240 | 430,063 | 3,266,400 | 354,651 | 2,481,686 | | | |
| Area Outside Cities | 200,222 | 2,272,620 | 200,222 | 6,493,200 | 1,742,370 | 4,750,830 | | | |
| Total | \$630,285 | \$3,415,860 | \$630,285 | \$9,759,600 | \$2,097,021 | \$7,232,516 | \$7,032,294 | (\$200,222) | -2.8 |
| YUKON-KOYUKUK | | | | | | | | | |
| Galena | 80,428 | 535,290 | 80,428 | 1,529,400 | 443,016 | 1,005,956 | | | |
| Nenana | 72,398 | 606,270 | 72,398 | 1,732,200 | 6,566 | 1,653,236 | | | |
| Tanana | 47,021 | 386,820 | 47,021 | 1,105,200 | 186,793 | 871,386 | | | |
| Area Outside Cities | 3,538,146 | 2,410,800 | 2,410,800 | 6,888,000 | 1,484,468 | 5,403,532 | | | |
| Total | \$3,737,993 | \$3,939,180 | \$3,737,993 | \$11,254,800 | \$2,120,843 | \$8,934,111 | \$5,395,964 | (\$3,538,146) | -39.6 |
| TOTAL--CITY DISTRICTS | \$10,642,132 | \$13,321,560 | \$5,244,117 | \$38,061,600 | \$2,025,886 | \$30,791,599 | | | |
| TOTAL--REAAS | \$6,133,859 | \$34,632,902 | \$5,236,353 | \$98,951,148 | \$25,101,326 | \$73,849,822 | | | |
| TOTAL--CITY/REAA BOROUGHS | \$16,775,991 | \$47,954,462 | \$12,276,680 | \$137,012,748 | \$27,127,212 | \$104,641,421 | \$97,608,857 | (\$7,032,565) | -6.7 |

NOTES:

1. Calculation of revenue possible under a four mill property tax based on full taxable value determinations by the Department of Community and Regional Affairs, April 1987.
2. Basic need and Public Law 81-874 values are from the Department of Education for FY 88.

TABLE C.3

COMPARISON OF REQUIRED LOCAL CONTRIBUTIONS UNDER THE PUBLIC SCHOOL FOUNDATION PROGRAM TO CURRENT LOCAL CONTRIBUTIONS OF THE PROPOSED BOROUGHS FORMED THROUGH CONSOLIDATION

| PROPOSED BOROUGH | CURRENT LOCAL CONTRIBUTIONS | | | | | | | REQUIRED CONTRIBUTIONS IN EXCESS OF CURRENT CONTRIBUTIONS |
|-----------------------|-----------------------------|--------------------|-------------------------|------------------|------------------------|----------------------|-------------|---|
| | REQUIRED LOCAL CONTRIBUTION | TAX APPROPRIATIONS | EARNINGS ON INVESTMENTS | IN-KIND SERVICES | STATE TUITION PAYMENTS | 10 PERCENT PL 81-874 | TOTAL | |
| ALEUTIANS WEST | | | | | | | | |
| Adak REAA | \$0 | \$0 | \$248,133 | \$0 | \$0 | \$206,072 | \$454,205 | |
| Pribilof REAA | 56,613 | 0 | 45,798 | 0 | 0 | 73,710 | 119,508 | |
| Unalaska | 382,258 | 122,000 | 6,464 | 0 | 0 | 14,838 | 143,302 | |
| Area outside cities | 32,122 | 0 | 28,987 | 0 | 0 | 34,689 | 63,676 | |
| Total | \$470,992 | \$122,000 | \$329,382 | \$0 | \$0 | \$329,309 | \$780,691 | 0 |
| BERING STRAIT | | | | | | | | |
| Nome | 606,540 | 206,000 | 92,403 | 0 | 11,468 | 1,867 | 311,738 | |
| Area outside cities | 355,369 | 0 | 325,302 | 0 | 0 | 501,696 | 826,998 | |
| Total | \$961,909 | \$206,000 | \$417,705 | \$0 | \$11,468 | \$503,563 | \$1,138,736 | 0 |
| CHATHAM | | | | | | | | |
| Hoonah | 116,950 | 0 | 11,549 | 11,339 | 59,775 | 16,859 | 99,522 | |
| Pelican | 59,950 | 14,000 | 5,862 | 0 | 5,126 | 0 | 24,988 | |
| Skagway | 236,146 | 58,500 | 7,879 | 0 | 0 | 0 | 66,379 | |
| Yakutat | 72,547 | 28,614 | 3,706 | 0 | 18,663 | 6,420 | 57,403 | |
| Area Outside Cities | 39,742 | 0 | 110,128 | 0 | 0 | 19,336 | 129,464 | |
| Total | \$525,335 | \$101,114 | \$139,124 | \$11,339 | \$83,564 | \$42,615 | \$377,756 | 0 |
| CHUGACH | | | | | | | | |
| Cordova | 495,929 | 618,005 | 30,853 | 8,052 | 176,638 | 3,065 | 836,613 | |
| Valdez | 1,375,290 | 4,088,389 | 127,794 | 0 | 309,647 | 2,301 | 4,528,131 | |
| Area Outside Cities | 103,925 | 0 | 14,035 | 0 | 0 | 22,026 | 36,061 | |
| Total | \$2,873,850 | \$4,706,394 | \$172,682 | \$8,052 | \$486,285 | \$27,391 | \$5,400,804 | 0 |

TABLE C.3 (Continued)

COMPARISON OF REQUIRED LOCAL CONTRIBUTIONS UNDER THE PUBLIC SCHOOL FOUNDATION PROGRAM TO CURRENT LOCAL CONTRIBUTIONS OF THE PROPOSED BOROUGHES FORMED THROUGH CONSOLIDATION

| PROPOSED BOROUGH | REQUIRED LOCAL CONTRIBUTION | CURRENT LOCAL CONTRIBUTIONS | | | | | TOTAL | REQUIRED CONTRIBUTIONS IN EXCESS OF CURRENT CONTRIBUTIONS |
|-------------------------|-----------------------------|-----------------------------|-------------------------|------------------|------------------------|----------------------|--------------------|---|
| | | TAX APPROPRIATIONS | EARNINGS ON INVESTMENTS | IN-KIND SERVICES | STATE TUITION PAYMENTS | 10 PERCENT PL 81-874 | | |
| LOWER KUSKOKWIM | | | | | | | | |
| Lower Kuskokwim REAA | 1,210,639 | 0 | 660,769 | 0 | 0 | 715,691 | 1,376,460 | |
| Yupit REAA | 73,431 | 0 | 87,032 | 0 | 0 | 125,249 | 212,281 | |
| Total | \$1,284,070 | \$0 | \$747,801 | \$0 | \$0 | \$840,939 | \$1,588,740 | 0 |
| LOWER YUKON | | | | | | | | |
| Kashunamiut REAA | \$37,781 | \$0 | \$24,029 | \$0 | \$0 | \$59,498 | \$83,527 | |
| St. Mary's | 17,805 | 0 | 128,137 | 0 | 0 | 43,948 | 172,085 | |
| Area Outside Cities | 301,926 | 0 | 554,865 | 0 | 0 | 541,132 | 1,095,997 | |
| Total | \$357,512 | \$0 | \$707,031 | \$0 | \$0 | \$644,578 | \$1,351,609 | 0 |
| SOUTHEAST ISLAND | | | | | | | | |
| Annette Island REAA | 0 | 0 | 113,233 | 0 | 0 | 163,911 | 277,144 | |
| Craig | 149,219 | 0 | 22,577 | 15,074 | 0 | 4,603 | 42,254 | |
| Hydaburg | 53,671 | 0 | 5,250 | 0 | 0 | 0 | 5,250 | |
| Kake | 48,434 | 0 | 0 | 0 | 65,703 | 43,538 | 107,241 | |
| Klawock | 23,364 | 0 | 15,505 | 2,700 | 7,214 | 0 | 25,419 | |
| Petersburg | 541,422 | 606,460 | 36,238 | 0 | 0 | 1,431 | 644,129 | |
| Wrangell | 434,682 | 538,053 | 41,136 | 0 | 0 | 804 | 579,993 | |
| Area Outside Cities | 183,942 | 0 | 131,160 | 0 | 0 | 102,082 | 233,242 | |
| Total | \$1,434,734 | \$1,144,513 | \$365,099 | \$17,774 | \$70,917 | \$316,367 | \$1,914,670 | 0 |

TABLE C.3 (Continued)
 COMPARISON OF REQUIRED LOCAL CONTRIBUTIONS UNDER THE PUBLIC SCHOOL FOUNDATION PROGRAM TO CURRENT LOCAL CONTRIBUTIONS OF THE
 PROPOSED BOROUGHES FORMED THROUGH CONSOLIDATION

| PROPOSED BOROUGH | CURRENT LOCAL CONTRIBUTIONS | | | | | | TOTAL | REQUIRED CONTRIBUTIONS IN EXCESS OF CURRENT CONTRIBUTIONS |
|-------------------------|-----------------------------|--------------------|-------------------------|------------------|------------------------|----------------------|------------------|---|
| | REQUIRED LOCAL CONTRIBUTION | TAX APPROPRIATIONS | EARNINGS ON INVESTMENTS | IN-KIND SERVICES | STATE TUITION PAYMENTS | 10 PERCENT PL 81-874 | | |
| SOUTHWEST REGION | | | | | | | | |
| Dillingham | 430,063 | 100,000 | 88,667 | 0 | 0 | 40,090 | 228,757 | |
| Area Outside Cities | 200,222 | 0 | 225,952 | 0 | 0 | 216,457 | 442,409 | |
| Total | \$630,285 | \$100,000 | \$314,619 | \$0 | \$0 | \$256,546 | \$671,165 | 0 |
| YUKON-KOYUKUK | | | | | | | | |
| Galena | 80,428 | 15,739 | 31,876 | 0 | 3,586 | 70,622 | 121,823 | |
| Nenana | 72,398 | 30,000 | 31,938 | 0 | 24,003 | 320 | 86,261 | |
| Tanana | 47,021 | 0 | 45,055 | 0 | 12,200 | 23,446 | 80,701 | |
| Area Outside Cities | 2,410,800 | 0 | 102,811 | 0 | 0 | 175,497 | 278,308 | |
| Total | \$3,737,993 | \$45,739 | \$211,680 | \$0 | \$39,789 | \$269,886 | \$567,094 | 3,170,899 |

NOTES:

1. Required local contributions are based on comparison of revenues from a 4 mill property tax to 35 percent of basic need (see Table 3.3).
2. Current local contributions are from audited expenditures of each school district for FY 87 as reported by the Department of Education.

TABLE C.4
 POTENTIAL SAVINGS FROM REDUCED ADMINISTRATIVE COSTS FROM CONSOLIDATION OF SCHOOL DISTRICTS

| PROPOSED BOROUGH | STUDENT POPULATION | ADMINISTRATIVE COSTS | | | FY 87 EXPENDITURES | SAVINGS AS A PERCENTAGE OF EXPENDITURES |
|-----------------------|-----------------------|----------------------|-----------------------|-------------------------------|-----------------------|--|
| | | FY 87 | WITH CONSOLIDATION | SAVINGS FROM CONSOLIDATION | | |
| ALEUTIANS WEST | | | | | | |
| Adak REAA | 602 | \$666,228 | | | \$4,670,815 | |
| Pribilof REAA | 155 | 237,778 | | | 2,021,980 | |
| Unalaska | 159 | 201,021 | | | 1,466,044 | |
| Area outside cities | 35 | 64,995 | | | 1,675,139 | |
| Total | 951 | \$1,170,022 | \$770,022 | \$400,000 | \$9,833,978 | 4 |
| BERING STRAIT | | | | | | |
| Nome | 782 | 644,964 | | | 655,560 | |
| Area outside cities | 1,224 | 1,414,119 | | | 15,568,951 | |
| Total | 2,006 | \$2,059,083 | \$1,859,083 | \$200,000 | \$16,224,511 | 1 |
| CHATHAM | | | | | | |
| Hoonah | 234 | 232,250 | | | 1,857,897 | |
| Pelican | 54 | 145,931 | | | 614,184 | |
| Skagway | 137 | 204,608 | | | 988,996 | |
| Yakutat | 157 | 179,973 | | | 1,395,841 | |
| Area Outside Cities | 352 | 449,958 | | | 3,822,906 | |
| Total | 934 | \$1,212,720 | \$412,720 | \$800,000 | \$8,679,824 | 9 |
| CHUGACH | | | | | | |
| Cordova | 432 | 419,261 | | | 2,831,863 | |
| Valdez | 695 | 558,817 | | | 7,131,665 | |
| Area Outside Cities | 130 | 262,081 | | | 1,416,317 | |
| Total | 1,257 | \$1,240,159 | \$840,159 | \$400,000 | \$11,379,845 | 4 |

TABLE C.4 (Continued)
 POTENTIAL SAVINGS FROM REDUCED ADMINISTRATIVE COSTS FROM CONSOLIDATION OF SCHOOL DISTRICTS

| PROPOSED BOROUGH | STUDENT POPULATION | ADMINISTRATIVE COSTS | | | SAVINGS FROM CONSOLIDATION | FY 87 EXPENDITURES | SAVINGS AS A PERCENTAGE OF EXPENDITURES |
|-------------------------|-----------------------|----------------------|-----------------------|--------------------|-------------------------------|-----------------------|--|
| | | FY 87 | WITH CONSOLIDATION | | | | |
| LOWER KUSKOKWIM | | | | | | | |
| Lower Kuskokwim REAA | 2,564 | 3,129,911 | | | | 30,134,277 | |
| Yupit REAA | 294 | 676,834 | | | | 4,226,065 | |
| Total | 2,858 | \$3,806,745 | \$3,606,745 | \$200,000 | | \$34,360,342 | 1 |
| LOWER YUKON | | | | | | | |
| Kashunamiut REAA | 172 | \$432,331 | | | | \$1,796,965 | |
| St. Mary's | 101 | 395,190 | | | | 2,493,819 | |
| Area Outside Cities | 1,314 | 1,737,055 | | | | 15,442,898 | |
| Total | 1,587 | \$2,564,576 | \$2,164,576 | \$400,000 | | \$19,733,682 | 2 |
| SOUTHEAST ISLAND | | | | | | | |
| Annette Island REAA | 421 | 602,461 | | | | 2,821,443 | |
| Craig | 231 | 253,793 | | | | 1,472,954 | |
| Hydaburg | 107 | 167,389 | | | | 838,402 | |
| Kake | 196 | 504,593 | | | | 1,995,284 | |
| Klawock | 162 | 219,045 | | | | 1,478,815 | |
| Petersburg | 601 | 418,134 | | | | 3,302,404 | |
| Wrangell | 494 | 211,612 | | | | 2,968,790 | |
| Area Outside Cities | 421 | 463,420 | | | | 4,796,114 | |
| Total | 2,633 | \$2,840,447 | \$1,440,447 | \$1,400,000 | | \$19,674,206 | 7 |
| SOUTHWEST REGION | | | | | | | |
| Dillingham | 461 | 425,046 | | | | 4,503,868 | |
| Area Outside Cities | 472 | 681,284 | | | | 6,608,486 | |
| Total | 933 | \$1,106,330 | \$906,330 | \$200,000 | | \$11,112,354 | 2 |

TABLE C.4 (Continued)
 POTENTIAL SAVINGS FROM REDUCED ADMINISTRATIVE COSTS FROM CONSOLIDATION OF SCHOOL DISTRICTS

| PROPOSED BOROUGH | STUDENT POPULATION | ADMINISTRATIVE COSTS | | | FY 87 EXPENDITURES | SAVINGS AS A PERCENTAGE OF EXPENDITURES |
|---------------------|-----------------------|----------------------|-----------------------|-------------------------------|-----------------------|--|
| | | FY 87 | WITH CONSOLIDATION | SAVINGS FROM CONSOLIDATION | | |
| YUKON-KOYUKUK | | | | | | |
| Galena | 167 | 385,217 | | | 2,166,330 | |
| Nenana | 123 | 236,640 | | | 1,923,734 | |
| Tanana | 81 | 241,045 | | | 2,183,827 | |
| Area Outside Cities | 613 | 682,101 | | | 7,671,235 | |
| Total | 984 | \$1,545,003 | \$ 45,003 | \$600,000 | \$13,945,126 | 4 |
| TOTAL | 14,143 | \$17,545,085 | \$12,945,085 | \$4,600,000 | \$144,943,968 | 3 |

NOTES:

1. Student populations are from the Department of Education and are the number of students reported to be in attendance during the first count in FY 87 (Average Daily Membership).
2. FY 87 administrative costs are those reported as "General Support Expenditures" by the Alaska Department of Education. These expenditures include: school boards; superintendent's and principals' offices; planning and research; fiscal services; central purchasing; statistical and data processing services; other general support activities.
3. Savings from consolidation were estimated to be \$200,000 for each district subsumed into the surrounding REAA.

HB

30

A M E N D M E N T

OFFERED IN THE HOUSE

BY MACLEAN

TO: HB 30

Page 1, line 29, after "Borough":

Insert "may nominate to the governor and the governor"

Page 2, lines 4 - 5:

Delete "The mayor may serve ex officio as one of the members appointed under this subsection."

Insert "The governor may reject a nominee and request an additional nomination."



Alaska State Legislature

HOUSE OF REPRESENTATIVES

Official Business

HOUSE BILL 30

P.O. Box V
State Capitol
Juneau, Alaska 99811

TABLE OF CONTENTS

- ITEM 1: 0 Fiscal Note - Department of Natural Resources
- ITEM 2: Memo: Representative Ron Larson
- ITEM 3: Position Paper - Department of Natural Resources
- ITEM 4: Board Members
- ITEM 5: Newspaper Articles
- ITEM 6: Resolution - Mat-Su Borough Assembly
- ITEM 7: HB 30

STATE OF ALASKA
1989 LEGISLATIVE SESSION

#1

BILL VERSION: HB 30
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: 30-Jan-89
Title: An Act relating to membership on
the Recreation River Advisory Board
Sponsor: Larson
Requestor: Community & Regional Affairs

Agency Affected: Natural Resources
BRU: Land & water Management
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 | FY 94 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND&STRUCTURES | | | | | | |
| GRANTS,CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|-----|--|--|--|--|--|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | 0.0 | | | | | |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Larry Ostrovsky Phone: 465-2400
Division: Commissioners Office Date: 30-Jan-89

Approved by Commissioner: Lennie Gorsuch Date: 30-Jan-89
Agency: Department of Natural Resources

Distribution (by preparer) :
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Alaska State Legislature

2

Session Address
STATE CAPITOL BUILDING
BOX V
JUNEAU ALASKA 99811
(907) 465-3727

Interim Address
BOX 53
PALMER, ALASKA 99645
(907) 745-1828 - Palmer
(907) 376-6828 - Wasilla

Representative Ronald L. Larson
District 16B

TO: House Community & Regional Affairs members
FROM: Ronald L. Larson *R.L.*
DATE: February 2, 1989
RE: HB 30

Currently before you for consideration is House Bill 30, an Act relating to membership on the Recreation Rivers Advisory Board. I appreciate this opportunity to share with you some of my thoughts on this legislation.

The Recreation Rivers system was created during the Fifteenth Legislature. In short, six management units within the Matanuska-Susitna Borough were given a new classification of recreational rivers. An eleven member advisory board was established to gather public input, and to draft a management plan for the Department of Natural Resources.

Of the eleven people initially appointed, only three members were residents of the Mat-Su Borough, none of which represented local government concerns, or the Mat-Su Borough's overall planning process. Judging from the many comments received during the interim, Mat-Su residents have concerns with their degree of representation on the board, along with the coordination between the advisory board and local governments.

In conclusion, House Bill 30 is merely an effort to provide local representation and coordination to the Recreation Rivers Advisory Board.

Thank you for your time and consideration.

STEVE COWPER, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400

January 31, 1989

The Honorable Eileen MacLean
Chair, House Community and Regional
Affairs Committee
P.O. Box V
Juneau, AK 99811

Dear Representative MacLean:

Subject: HB 30, An Act relating to membership on the Recreation Rivers Advisory Board.

Background: The Governor appointed the original eleven member board. Six of these representatives are from Anchorage, three from the borough, and one from Glennallen. One representative from Kenai recently resigned because of time constraints. The Governor's Office is in the process of appointing a new representative who may be a borough resident. The Mat-Su Borough mayor, assemblymen, and some borough residents are concerned that there is inadequate borough representation on the advisory board.

Position: The Department of Natural Resources supports public participation in our planning process, and this bill would allow more people to participate in the process. A broad spectrum of interests are currently represented on this board. All parties should be involved as early as possible. Public comments from the first round of public meetings will be reviewed over the next few weeks. Issues will be identified during early February, and working groups will begin work on the resource assessment beginning in late February. All advisory board members should be involved in this part of the process. As required by law, the plan must be completed for review by the Legislature by December 1990.

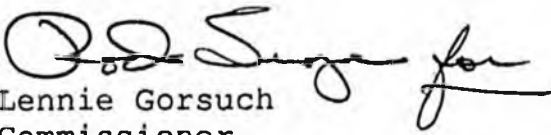
Currently, government agencies are represented on the planning team, and interest groups on the advisory board. The planning team is the decision-making body, and the borough has a seat on this team. Some of the meetings will be held jointly with the planning team and the advisory board. If assembly members are added to the planning team, they will be the sole organization represented on both bodies. The Department of Natural Resources

January 31, 1989

will work closely with the advisory board whatever the final configuration may be and will cooperate with the borough to coordinate state and borough policies for the river corridors.

We look forward to working with you and the members of the committee on this legislation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lennie Gorsuch for".

Lennie Gorsuch
Commissioner

cc: Committee Members
Bill Sponsors
Bob Evans
Denby Lloyd
Gary Gustafson

RECREATIONAL RIVERS ADVISORY

| MEMBER | APPT | REAPT | REAPPT | TERM |
|--|----------|---------|---------|----------|
| Allen Bingham 301 West Northern Lights, #601 Anchorage 99503 Mining | 88/11/07 | 0/00/00 | 0/00/00 | 89/06/09 |
| Ray Craig Box 154 Glennallen 99588 Subsistence | 88/11/07 | 0/00/00 | 0/00/00 | 90/06/09 |
| Carl L. Dixon Riversong Lodge Skwentna 99667 Private Property Owner | 88/11/07 | 0/00/00 | 0/00/00 | 91/06/09 |
| H. Clifton Eames 705 "H" Street, No. 4 Anchorage 99501 Conservation | 88/11/07 | 0/00/00 | 0/00/00 | 91/06/09 |
| Charles Heath 425 Klouda Wasilla 99687 Rec-oriented/comm.users | 88/11/07 | 0/00/00 | 0/00/00 | 93/06/09 |
| Noel H Kopperud 351 West Swanson Ave., Suite 3 Wasilla 99687 Other Recreational | 88/11/07 | 0/00/00 | 0/00/00 | 93/06/09 |
| David W Law 300 East Fireweed Lane Anchorage 99503 Sportfishing | 88/11/07 | 0/00/00 | 0/00/00 | 92/06/09 |
| Ron McAlpin 8341 East 11th Court Anchorage 99504 Sporthunting | 88/11/07 | 0/00/00 | 0/00/00 | 90/06/09 |
| Donald E Sherwood 1640 Brink Avenue Anchorage 99504 Powerboat Users | 88/11/07 | 0/00/00 | 0/00/00 | 89/06/09 |

RECREATIONAL RIVERS ADVISORY

| MEMBER | APPT | REAPPT | REAPPT | TERM |
|---|----------|---------|---------|----------|
| Drew Sparlin 37010 Cannery Road Kenai 99611 Commercial Fishing | 88/11/07 | 0/00/00 | 0/00/00 | 92/06/09 |
| Richard W Tindall 6821 Sherwood Avenue Anchorage 99504 Forest Products | 88/11/07 | 0/00/00 | 0/00/00 | 89/06/09 |

... have not been
... Many res-
... fallbelt hunt
... and rabbits for
... said that the be-
... the food chain,
... water, she says.
... al, which is an
... here in the area,
... the herbicides
... other environ-
... (side page 6)

560,000 acres will be offered for drilling.
The areas in lease sale 67-A were selected based upon nominations by oil companies of sites they think have potential. However, the names of the companies and their technical data are confidential.
Land within the Mat-Su borough could bring in local revenue through real estate and personal
(See Oil page 6)



Red indicates lease area.

#5
2-14
FtSMN

m questioning suspect

... twin.
... that you want, lit-
... in replied.
... videotape shows
... Baldwin out of his
... by the face and
... ping him on the
... 20 minutes or so,
... question the finally
... handcuffed sus-
... hing wrong with

you?" Baldwin repeatedly asked the officer. "Pardon me, sir, are you under the influence of drugs and alcohol?" he parroted to Crim.
After being read his rights, Baldwin insisted he didn't understand them and asked Crim to read them again. The second time he said he still didn't understand them.
"How much did you drink?" Crim asked Baldwin.

"You mean water?" the suspect replied. "Specify yourself."
Then the large man's demeanor seemed to change. He leaned toward Crim and told him he had a cute face. He said he'd like to give him a "big, wet kiss."
Saying "I love you," several times, he aimed loud kisses at the officer. Pushing Baldwin away, Crim grabbed him by his shirt, and shoved the man into a file
(See Videotape page 12)



FRONTIERSMAN/ERIC TROYER

Borough Mayor Dorothy Jones listen to Gov. Steve ... ed about the upcoming state budget, education and ... attended by the Borough Assembly and a number of

Officials want more seats on boards

By ERIC TROYER

Frontierman staff
Valley officials have asked Gov. Steve Cowper to consider putting more Valley residents on state advisory boards.
"We call Palmer Alaska's best kept secret, but sometimes I think the whole borough is considered that," said Palmer Mayor George Carte.
The Cowper administration was criticized recently for having only three Valley residents on the advisory board for the state recreational rivers plan, which will affect many of the Susitna Valley rivers.
Boards dealing with forestry management and tourism, important aspects of the Valley economy, also lack Valley representa-
(See Boards page 6)

Herbicides

(Continued from Page 1) mental issues," Sheldon says. They took the railroad to court and successfully stopped the railroad from using the herbicides before, she said.

Burgoyne said the herbicides "are labeled for use in the entire United States, including Alaska. He. azinone is essentially a grass killer and triclopyr is a brush killer."

Sheldon said that governmental approval does not necessarily mean that a pesticide is safe. "The govern-

ment has been known in the past to approve things that turned out later to be toxic or harmful to humans and wildlife. And there is a lack of trust now in this kind of approval."

She believes local residents would prefer the railroad control vegetation through cutting.

However, she is willing to look at the results of this new test with an open mind. "I certainly wouldn't have a problem with anything where they are trying to reach the truth."

Oil

(Continued from property taxes. A 100,000 acres are Health Lands, an of hundred acre University land.

Also proposed are tracts on the of Anchorage, a the northwestern Kenai Peninsula large section of off-shore acreage Trading Bay and Bay on the west Cook Inlet.

The tracts are over a wide area. eas extend to H the northern edge clude the upper L

Boards

(Continued from Page 1) tion, Borough Mayor Dorothy Jones and others have complained.

After meeting with officials in Palmer on Saturday, Cowper said there are sometimes fluctuations in regions being represented on advisory boards and that his administration runs totals from time to time to

check out representation.

"I think in time that it will even itself out," he said, adding that he worked with the Valley's legislative delegation in choosing the rec rivers advisory board. He said he had thought there were five Valley residents on the board.

"I think it's a valid point," he said.

Cowp

(Continued from separate from, but along with, the Fund. Earnings fr ucation fund wi into that fund.

The education l not be tapped and then only the



Lordy, Lordy
Betty-Betty is
40
Happy
Birthday
yesterday
Luv ya,
C.A.B.



Celebrate with

Experience the colors. Colors this new year

Gorilla Firewh half way between

★ NOW OPEN thru

Gorilla Firewh



WINTER

Valley officials criticize makeup of river board

By CHARLES P. WOHLFORTH
Daily News reporter

PALMER — A board appointed by the governor to decide how the Sustina Valley's recreational rivers will be used is under fire from Mat-Su officials for not representing the Valley.

Only three of eleven members of the board have Valley addresses.

The Mat-Su Borough Assembly passed a resolution Tuesday calling for the board to be restructured so that the majority of members are Valley residents.

Wednesday, Rep. Ron Larson, D-Palmer, released a bill he will file to add two members to the board who would be appointed by the borough mayor.

Gov. Steve Cowper could not be reached for comment Wednesday. Terence O'Malley, a spokesman, said Cowper would take the matter under advisement.

The assembly's resolution passed unanimously.

Larson's bill would add two members to the board to represent the borough government, from the assembly or the planning commission. The mayor would choose them, and could be a member.

"My intent is not to infringe of the governor's power to appoint, but to provide more representation from the borough on this important committee," Larson said.

The board already has begun holding hearings on a management plan for the Sustina River.

Man pleads no contest to killing brother

The Associated Press

JUNEAU — A Juneau man pleaded no contest to second-degree murder Monday for the fatal shooting of his older brother following a drinking party at the home they shared Dec. 10.

Brent A. Brockway, 20, agreed to enter the plea to the reduced charge, but there was no agreement concerning a sentence, said Margot Knuth, an assistant district attorney. No sentencing date was set.

Brockway originally was charged with first-degree murder shortly after the slaying of Kevin Brockway, 24. Knuth said the shooting resulted in part from Kevin's attacks on Brent.

Kevin struck Brent in the face at least twice during the party and Brent went into his bedroom. After the party was over and Kevin went to bed,



BIG BAND

New Year's Eve
EXTRAVAGANZA

Dance to the sounds of the 16 piece band. "YOUNG AT HEART" in the Denali Ballroom.

- Cocktails
- Hors d'oeuvres
- Dinner Buffet
- Dessert Buffet Extravaganza
- Dancing
- Midnight Toast
- Favors & Frivolity
- \$75.00 Per Person

Or, as a Package, with a hotel room for two (including late check-out on the 1st, use of the Health club & free parking). \$89.00 per person, based on double occupancy.

Call 243-2300 extension 5008 for reservations*

*We sold out quickly last year so make your plans soon!

Clarion Hotel
Anchorage

4800 Spruce Road • Anchorage, Alaska 99517 • (907) 261-2300



From our staff to all our Loyal Families- Thank you for your patronage

Little Red Schoolhouse
CHILD CARE CENTER
Locations serving:

| | |
|--|--|
| Eagle River Farm Rd. & Lake St. 694-4910 | Anchorage 4300 Lake Dr. Hwy 349-8511 |
| | 3720 Raspberry Rd. 243-3121 |



Country Classics

Christmas SALE

20% OFF

Through Saturday, 12/24

- Seasonal Gift Items
- Christmas Fabric & Trim
- Christmas Patterns & Stencils

Country



PFAFF

COMPUTER TRADE IN

Last Chance To Save \$660⁰⁰!

ON PFAFF'S COMPUTER CREATIVE 1471 AND THE HOBBY LOCK 603 SERGER

Reg. Price \$2659⁹⁹
For Both

SALE \$1999

SAVE BIG ON "GOOD-AS-NEW" SEWING MACHINES WE'VE TRADE-INS!

SAVE 40% to 60% ON THESE TRADE-INS!

| | | |
|--------------------------|----------------------|-----------------------------|
| COMPUTER MACHINES | SALE | NON-COMPUTER MACHINES |
| 3-PFAFF 1471 Computer | from \$1299 | 2-VIKING 180's |
| 2-PFAFF 1229 Electronics | from \$1199 | 1-VIKING 940 |
| 2-NEW HOME Memory 7's | Reg \$1299 \$799 ea. | 2-BERNINA Swing Box Nova 9C |
| 1-VIKING 999 Computer | | 1-BERNINA - Matic 810 |
| | | BERNINA - Zoo-Zag 800 |
| | | NEW HOME Combi |
| | | SERGERS |
| | | 1-SINGER 3-4 thread & more |

6

BOROUGH ASSEMBLY DOCUMENT -
CONTROL & AM/IM FORM

Matanuska-Susitna Borough
Post Office Box 1608
Palmer, Alaska 99645-1608

SUBJECT: Susitna Basin For Agenda of: 12/20/88 No. AM88-590
Recreation Rivers Management Plan Advisory Board

ATTACHMENTS:

| Route to | Dept/Committee/Individual: | Initials: | Remarks |
|----------|---|-----------|------------|
| | (Please Review & return when routing complete to: originator) | | |
| 1 | Planning Division | PLS | Originator |
| 2 | Planning Director | JF | |
| | Assessor | | |
| | Public Works Director | | |
| 3 | Finance Director | JF | |
| 4 | Attorney | | |
| 5 | Manager | | |
| | Mayor | | |

SUMMARY STATEMENT:

An advisory committee has been appointed by the Governor to assist in the development of the six recreation rivers management plan; a copy of the membership list is enclosed. Most of the members reside outside the Borough.

Since all of the study rivers lie wholly within this Borough, it would seem logical that most of the membership of an advisory committee should be residents of the Borough. In a letter to the Director of Boards and Commissions (copy enclosed), Mayor Jones has expressed concern over the small number of board members with Matanuska-Susitna Borough addresses. She has further suggested that some representation on the committee should be afforded the area drained by the upper Susitna River system.

FISCAL ACTION (TO BE COMPLETED BY FINANCE) FISCAL IMPACT? YES OR (NO)

| | | | |
|---------------------|----------------|----------------|------------|
| AMOUNT REQUESTED \$ | <u>STND</u> | FUNDING SOURCE | <u>N/A</u> |
| FROM ACCOUNT # | <u>1000000</u> | PROJECT # | <u>N/A</u> |
| TO ACCOUNT # | <u>1000000</u> | PROJECT # | <u>N/A</u> |

VERIFIED BY: Almquist 12/19/88 CERTIFIED BY: Almquist 12-9-88

RECOMMENDED ACTION: It is recommended that by passage of Assembly Resolution 88-249, the Assembly request that a majority of the members of the advisory board be Borough residents, and that one or more of them reside in the upper Susitna River drainage.

Approved by: 
John Hale, Borough Manager

The Planning Commission has passed the enclosed resolution recommending changes in the structure of the Rec Rivers Advisory Board to give a majority of representation to residents of the Borough; including residents of the upper Susitna drainage.

RS/pmg1039

MATANUSKA-SUSITNA BOROUGH
RESOLUTION SERIAL NO. 88-249

A RESOLUTION OF THE ASSEMBLY OF THE MATANUSKA-SUSITNA BOROUGH REQUESTING ALTERATIONS IN THE MEMBERSHIP OF THE SUSITNA BASIN RECREATION RIVERS MANAGEMENT PLAN ADVISORY BOARD

WHEREAS, the State of Alaska is developing a management plan for certain rivers designated recreational rivers in the Susitna Area Plan; and

WHEREAS, the Governor has appointed an advisory board to assist in the development of the management plan; and

WHEREAS, a majority of the membership of that advisory board are not residents of the Matanuska-Susitna Borough; and

WHEREAS, each of the subject rivers lies wholly within the boundaries of the Matanuska-Susitna Borough; and

WHEREAS, the effects of management recommendations resulting from the plan will be most directly felt by residents and land owners within the Borough; and

WHEREAS, the economy and environment of the Matanuska-Susitna Borough will bear the brunt of impacts of the plan; and

WHEREAS, residents of the area would be most knowledgeable of the area and most acquainted with issues related to planning in the area;

NOW THEREFORE BE IT RESOLVED that the Assembly of the Matanuska-Susitna Borough requests that the Governor of the State of Alaska restructure the membership of the Susitna

Basin Recreation Rivers Management Plan Advisory Board so that a majority of the members are residents of the Matanuska-Susitna Borough.

BE IT FURTHER RESOLVED that the Assembly requests that some representation on the committee be given to residents of the upper Susitna River drainage area.

PASSED AND APPROVED by the Assembly of the Matanuska-Susitna Borough this 20 day of December, 1988.

Dorothy A. Jones
Dorothy A. Jones, Mayor

ATTEST:

Linda Dahl
Linda Dahl, Borough Clerk

(SEAL)

RS/pwy1040

Reso: 88-249
Am: 88-590

Reso: 88-249
Am: 88-590

STATE OF ALASKA THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 1800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 18, 1989

SUBJECT: CSHB 58 (C&RA)

TO: Representative Eileen MacLean, Chair
Community and Regional Affairs Committee

FROM: Theresa Bannister *tb*
Legislative Counsel

This memo accompanies the committee substitute that you requested for HB 58. The draft contains the title change made in the prior draft as well as two other changes.

1. TITLE CHANGE. The title is different from HB 58. The main purpose of the title change is to give notice that the bill covers fireworks and hazardous substances that are not ignitable.
2. SUBSTITUTION FOR "THIS CHAPTER". "This chapter" in secs. 1 and 2 of HB 58 has been replaced by citations for AS 18.70.010 - 18.70.100 and 18.70.300 - 18.70.310 (articles 1 and 3 of the chapter). A reference to "this chapter" pulls in article 2, relating to mutual fire aid agreements. Since the purpose of using the chapter reference was to include hazardous substances under AS 18.70.310, there is no need to reference article 2. Limiting the reference to articles 1 and 3 also avoids any possible confusion that the enforcement and penalty provisions apply in some way to mutual fire aid agreements. The new reference does include AS 18.70.300 since that section contains a definition that is used in the first article of the chapter.
3. DELETION OF FORMER SEC. 3. The present draft does not include sec. 3 of HB 58. Section 3 adds a subsection to AS 18.70.310 that indicates that a violation of the section or a regulation adopted under the section is punishable under AS 18.70.100. Since AS 18.70.100 already accomplishes what sec. 3 states, the cross-reference is unnecessary, and there is a slight possibility that the proposed subsection could be interpreted to limit the application of

Representative Eileen MacLean
Page 2
January 18, 1989

AS 18.70.100.

If I may be of further assistance, please advise.

TB:kb
wkk1/049

Attachment

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 9, 1989

The Honorable Sam Cotten
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Cotten:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to fire protection laws.

The bill does four things: (1) it assists the division of fire prevention by allowing fire code enforcement to be handled by fire departments "recognized" by the Department of Public Safety, rather than just "city" fire departments; (2) it corrects an oversight that has left violations of hazardous materials laws unenforceable; (3) it requires compliance with a department order unless a motion for a stay has been filed with the court (current law permits noncompliance simply by filing a notice of appeal); and (4) makes enforcement of fireworks regulations more feasible.

Section 1 of the bill amends AS 18.70.090 to allow fire departments that are not city fire departments to be "recognized" under regulations adopted by the Department of Public Safety which provide standards and qualifications for that recognition. Non-city fire departments would then be able to enforce state fire safety regulations. Given the limited resources of the division of fire prevention, this change is needed to provide meaningful enforcement in many areas of the state. City fire departments would, of course, be "recognized" under those regulations and would continue to enforce state fire safety regulations.

Section 1's amendments to AS 18.70.090 also change two section-specific citations to include instead all of AS 18.70. This change will make certain provisions in AS 18.70.090 applicable to AS 18.70.310, regarding hazardous materials and wastes placards.

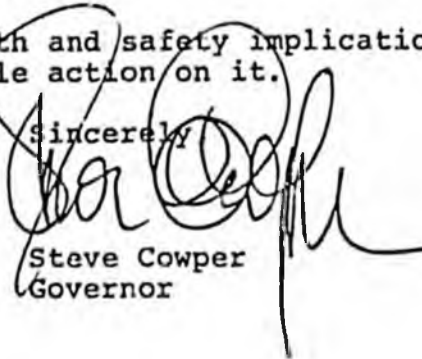
Sections 2 and 3 amend AS 18.70.100(a) and AS 18.70.310, respectively, to apply penalty provisions to violations of AS 18.70.310, regarding hazardous materials and wastes placards. Current law provides no penalty, leaving AS 18.70.310 essentially unenforceable.

Section 2 also amends AS 18.70.100(a) to make it a misdemeanor to be in noncompliance with a department order relating to fire protection, unless a motion for stay has been filed with the court. The existing language of AS 18.70.100(a) permits noncompliance with an order by merely filing a notice of appeal, thus unnecessarily delaying correction of life-threatening situations.

Finally, sec. 4 amends AS 18.72.040 to make prosecution of fireworks violations more feasible by allowing a conviction if the person "recklessly" fails to comply with fireworks laws. This change is consistent with other provisions of law which prohibit reckless creation of risks of injury and which provide that ignorance of the law is no excuse. See AS 11.41.250 (reckless endangerment) and AS 11.81.620(a). The current language of AS 18.72.040 requires proof that the person knew what the law was, and "willfully" violated it, which is often impossible to prove.

This bill has important health and safety implications and I urge your prompt and favorable action on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the word "Sincerely,".

Steve Cowper
Governor

6-0346E
Bradley
2/7/89

Rep. Larson

Original sponsor: Larson

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 30 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to membership on the Recreation
7 Rivers Advisory Board; and providing for an effective
8 date."

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

10 * Section 1. AS 41.23.430(a) is amended to read:

11 (a) A 13-member [AN ELEVEN-MEMBER] Recreation Rivers Advisory
12 Board is established [AND SHALL BE APPOINTED BY THE GOVERNOR]. Board
13 members serve without compensation and are not entitled to per diem
14 and travel expenses authorized by law for boards and commissions under
15 AS 39.20.180. The governor shall appoint members representing [THE
16 FOLLOWING USER GROUPS:]

- 17 (1) commercial fishing;
- 18 (2) sport fishing;
- 19 (3) sport hunting;
- 20 (4) conservation;
- 21 (5) subsistence;
- 22 (6) forest products;
- 23 (7) mining;
- 24 (8) powerboat users;
- 25 (9) recreationally-oriented commercial users;
- 26 (10) other recreational users; [AND]
- 27 (11) private property owners within the recreation river

28 corridor;

- 29 (12) the Matanuska-Susitna Borough Planning Commission from

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

the membership of the planning commission; and

(13) the mayor of the Matanuska-Susitna Borough or the
designee of the mayor.

* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

HPB

39

North Slope Borough School District



February 14, 1989

Representative Eileen MacLean
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

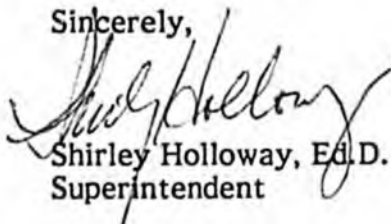
Dear Eileen:

Thank you for soliciting our input on House Bill 139 related to payments for purchases by school districts.

The NSB School District believes in good business practices and wish to go on record at this time that we support the passage of HB 139. The Bill, as written, would not affect our operations as most of our payments do not exceed 30 days.

If you have any questions, please feel free to contact us.

Sincerely,



Shirley Holloway, Ed.D.
Superintendent

BI/ma

cc: Senator Al Adams
Dennis Roper, Coordinator, Government Affairs
Ashley Reed, Lobbyist, NSBSD