

**ALASKA LEGISLATURE COMMITTEE FILES 1991-1992**  
**7356 SENATE COMMUNITY & REGIONAL AFFAIRS 8672**

Position Title Research Analyst II		No. of Positions 1	Range / Step 16 A	Barg. Unit GG
Time Status Seasonal	Staff Months 6	Location Juneau		Election District
<b>TYPE OF EXPENDITURE</b>		<b>Amount</b>	<b>Justification</b>  The duties of this position would include: analyzing bills for their potential fiscal impact on municipalities; determining the extent of any fiscal impact; consulting with specific municipalities which would be affected by a measure; and preparation of the necessary fiscal note stating whether or not there would be a fiscal impact.	
Salary	18.2			
Benefits	7.2			
Premium Pay				
Other				
Total Personal Services	25.4	25.4		
Travel		0.0		
Contractual		1.5		
Commodities		0.6		
Equipment		5.5		
Other				
Total Cost		33.0		
<b>FUNDING SOURCE FOR TOTAL COST</b>				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004	33.0		
I-A Receipts	1007			
CIP Receipts	1061			
Other				

**REQUEST FOR  
NEW POSITION**

AGENCY Community and Regional Affairs  
BRU Local Government Assistance  
COMPONENT Statewide Assistance

**FY 93**

Page 4 of 5  
Revised Date:

Position Title Research Analyst II		No. of Positions 1	Range / Step 16 A	Parg. Unit GG			
Time Status Seasonal	Staff Months 6	Location Juneau		Election District			
<b>TYPE OF EXPENDITURE</b>		<b>Amount</b>					
Salary	18.2	Justification  The duties of this position would include: analyzing bills for their potential fiscal impact on municipalities; determining the extent of any fiscal impact; consulting with specific municipalities which would be affected by a measure; and preparation of the necessary fiscal note stating whether or not there would be a fiscal impact.					
Benefits	7.2						
Premium Pay							
Other							
Total Personal Services	25.4				25.4		
Travel					0.0		
Contractual					1.5		
Commodities					0.6		
Equipment					5.5		
Other							
Total Cost					33.0		
<b>FUNDING SOURCE FOR TOTAL COST</b>							
Federal Receipts	1002						
G.F. Match	1003						
General Fund	1004	33.0					
I-A Receipts	1007						
CIP Receipts	1061						
Other							

**REQUEST FOR  
NEW POSITION**

AGENCY Community and Regional Affairs  
 BRU Local Government Assistance  
 COMPONENT Statewide Assistance

**FY 93**

Page 5 of 5  
 Revised Date:



Official Business

# Alaska State Legislature

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

## M E M O R A N D U M

**To:** Senate Community and Regional Affairs Committee  
Members

**From:** Senator Steve Frank

**Re:** Proposed CS SS SB 301 (CRA)

**Date:** March 17, 1992

The following are the changes from the Sponsor Substitute for SB 301 to the work draft CS SS SB 301 (CRA):

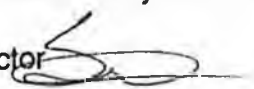
1. Requires a municipal fiscal note only if a bill or resolution, except an appropriation bill, significantly increases costs to a municipality.
2. Removes requirement for fiscal note to show "savings" to a municipality.
3. The last committee of referral shall request the municipal fiscal note. In most instances this will be the Finance committee.
4. Requires municipal fiscal note to contain information listed in AS 24.08.035(c)(1), (2), (6)-(9). (A copy of AS 24.08.035 is included in committee folder, under "backup information".)
5. Section 2, sunsets the provisions July 1, 1997.



217 Second Street, Suite 200 • Juneau, Alaska 99801 • Tel (907) 586-1325, Fax (907) 433-5480

March 17, 1992

TO: Senator Steve Frank, Chair  
and  
Members, Senate Committee on Community and Regional Affairs

FROM: Scott A. Burgess, Executive Director 

RE: SB 301 - An Act Requiring Municipal Fiscal Notes for Bills and Resolutions

The Alaska Municipal League supports SB 301, which would require that each bill or resolution that may have a fiscal impact on municipalities be accompanied by a municipal fiscal note estimating the cost or savings to municipalities (for a six-year period) that would result from enactment of the measure.

The *1992 Alaska Municipal League Policy Statement* includes the following statement: "The League supports enactment of legislation requiring affected state agencies to prepare, in consultation with the affected local governments, notes assessing the fiscal impact on local government of any proposed bill or regulation, including pass-through grants" (I.F.1).

Each session, members of the Alaska Legislature introduce nearly 250 (not duplicated) bills that affect municipalities in some way. It is estimated that one-third of these place some sort of mandate on local governments, mandates that in most instances impose a cost on the municipality, either by requiring a municipality to do something or forbidding it from doing something else. Many of the remaining two-thirds also have fiscal impacts on municipalities.

Examples of legislation with fiscal impacts on municipalities include not only the obvious senior citizens property tax exemption program or the mandatory jails or prosecution bills, but also less-noticed bills such as those extending retirement benefits, requiring school districts to add certain subject matter to their curriculum, or limiting the moorage fees municipalities can charge.

Good public policy making requires access to as complete information as possible about potential impacts of legislation and regulation. In evaluating bills and resolutions that affect municipalities, legislators need to take into account the fiscal impact they may have on local governments. SB 301, by requiring the preparation of municipal fiscal notes, gives legislators, the administration, and the affected municipalities and their tax payers better access to this type of information.

The importance and impact of mandates, from both the state and federal governments, and the accompanying issue of fiscal notes are becoming more and more understood around

the country. The National Council of State Legislatures has endorsed fiscal note legislation and the National League of Cities (NLC) is currently working on a "states mandates" analysis which includes information on fiscal note requirements. The data NLC has gathered indicate that 28 states now have fiscal note requirements. Fourteen of those states also have reimbursement requirements that rely on those fiscal notes.

The League would suggest the following amendments to strengthen SB 301:

1. Add language to the effect that "no legislation or agency rule constituting a cost (mandate) on local government shall be binding on local governments if no fiscal note was prepared to inform the legislature of the cost on local government prior to its enactment."
2. Following from the above, define "measures affecting municipalities" as "any state-initiated rule, law, budget provision, or executive order that requires a local government to expand, restrict, or modify its activities in any way that bears upon its ability to raise revenues, make expenditures, or conduct the administrative business of local government. State-initiated requirements exclude any that originate at the federal level. Federal regulatory policy affecting local governments does not require a fiscal note so long as the state does not augment the federal standards by imposing higher standards of its own. Enabling legislation or conditions of aid are not considered to have a cost and do not require a fiscal note. The test for whether an affect or cost exists should be whether the municipality may elect not to comply without penalty."
3. Add a provision to require "the appropriate state agencies" to cooperate with the Department of Community and Regional Affairs in preparing the fiscal notes. Although Community and Regional Affairs has a better overall understanding of municipalities than other state departments and better access to them for the purposes of gathering information, many of the bills that will require fiscal notes have specific technical details that will require other state agencies to provide information, explain impacts, and coordinate with DCRA.

State mandates on local governments and the issue of fiscal notes have been key concerns of the Alaska Municipal League and its members for many years. It is encouraging to see that this concern is shared by legislators. We strongly support SB 301, with the amendments proposed above.



217 Second Street, Suite 200 • Juneau, Alaska 99801 • Tel (907) 586-1325, Fax (907) 463-5480

January 24, 1992

**MEMORANDUM**

TO: Joshua Fink, Legislative Aid, Representative Choquette  
Camden Toohey, Legislative Aid, Senator Uehling

FROM: Scott A. Burgess, Executive Director

SUBJECT: Fiscal Notes (SB 301)

The Alaska Municipal League supports legislation that would require the preparation of municipal fiscal notes (see excerpt from 1992 Policy Statement enclosed). I look forward to working with you and Senator Uehling and Representative Choquette on this legislation.

With this memo I am also providing some history of past legislative efforts to draw your attention to the main differences between SB 301 and SS SB 301 - who should prepare the fiscal notes - the Department of Community Affairs or the affected department in consultation with DCRA and OMB. Specifically, in 1986, the legislation SB 369 required DCRA to prepare the fiscal notes and they came in with a \$500,000 fiscal note of their own. In response a CS was adopted which said the "affected department." DCRA then lowered their fiscal note to \$74,000. These are the differences between SB 301 and SS SB 301. I realize that the state administration and the world have changed since 1986.

Another point is that, while DCRA may be the state department most familiar with municipalities (which is important to getting good information) and may be able to "staff up" to provide staff to prepare such fiscal notes (rather than having this familiarity in each department), DCRA will not have the benefit necessarily of the expertise within the affected department. In either case, the language that "the municipalities will be consulted" is important, even if the information or response cannot be relied on in all cases.

In any event, the preparation of fiscal notes on the potential fiscal impact of proposed legislation and regulations 1) is necessary for good public policy making, 2) will cost money, and 3) the impacts will vary among municipalities as significantly as the municipalities themselves vary in terms of population, location, budgets, services, and ability to pay.

The National Conference of State Legislatures has endorsed fiscal note legislation and the National League of Cities (NLC) is currently working on a "state mandates" analysis which addresses fiscal notes. From the data NLC has gathered (manuscript not complete), twenty-eight states have fiscal note requirements. Fourteen of these states also have reimbursement requirements which rely on those fiscal notes (SJR 32). Of the states with

Fiscal Note Memo  
January 24, 1992  
Page 2

fiscal notes, twenty have the provisions contained in statutes, as opposed to in a "rule." Most commonly, the preparer of fiscal notes are units of legislative agencies (legislative research) or state agencies (those dealing with budgeting and fiscal analysis). In either case, it has been important to require that the preparer analyze and seek input from municipalities.

Finally, the success of fiscal notes varies and ultimately depends on the importance the legislature and the administration places on them.

Here are some thoughts about additional language to strengthen SB 301 or any fiscal note legislation:

1. General - Add language to the effect that says, "no legislation or agency rule constituting a mandate on local government shall be binding on local governments if no fiscal note was prepared to inform the legislature of the impact of a mandate prior to its enactment."

2. Mandate - Following from the above, "affects" in SB 301 should be defined as mandates, i.e. "any state initiated rule, law, budget provision, or executive order that requires a local government to expand, restrict, or modify its activities in any way that bears upon its ability to raise revenues, make expenditures, or conduct the administrative business of local government. State initiated requirements are intended to exclude any that originate at the federal level. Federal regulatory policy affecting local governments does not require a fiscal note so long as the state does not augment the federal standards by imposing higher standards of its own. Enabling legislation or conditions of aid are not considered mandates and do not require a fiscal note. The test for whether a mandate exists should be whether the municipality may elect not to comply without penalty."

3. Timing - Bills can be amended and SB 301 only speaks to the first committee of referral. Language in the last paragraph of AS 24.08.035(a) should be included, e.g., "An amendment or substitute bill proposed by a committee of referral that changes the fiscal impact of a bill shall be explained in a revised fiscal note or statement attached to the bill."

Finally, in the "for what it's worth" category, I draw your attention to Article II, Section 19 of the Alaska Constitution which states in part, "Local acts necessitating appropriations by a political subdivision may not become effective unless approved by a majority of the qualified voters voting thereon in the subdivision affected." While I assume this applies only to "special," i.e. defined as individual municipalities, rather than "general" legislation, the intent and idea fits.

I hope this information is useful, and, again, I look forward to working with you on this legislation.

Enclosures

sab6:fiscalno.124

# Municipality of Anchorage



P.O. BOX 196650  
ANCHORAGE, ALASKA 99519-6650  
(907) 343-4431  
FAX 258-5210

TOM FINK  
MAYOR

OFFICE OF THE MAYOR

January 30, 1992

Senator Rick Uehling  
P.O. Box V  
Juneau, Alaska 99811

Re: Bill of Mandates

Dear Senator Uehling:

The Municipality of Anchorage requests your support for passage of the Bill of Mandates, which includes SJR 32, "Proposing an amendment to the constitution of the State of Alaska relating to mandated municipal services. This legislation, sponsored by Senator Uehling, would in our view, go a long way in addressing the rising tensions between local governments and the State over statutory demands that local governments perform new functions.

An example of a state mandated program with serious financial consequences to the Municipality of Anchorage is the Senior Citizens/Disabled Veterans property tax exemption. In 1991 we exempted approximately \$5 million in taxes under this program, and was only reimburse \$1.2 million. This shortfunding will have to be made up from either an increase in taxes for the remaining taxpayers or the loss of more government services.

In addition to state imposed mandates, Anchorage provides many services not provided by most other Alaskan communities. The Municipality of Anchorage charges misdemeanor suspects under the Municipal Code, thus sparing the State of Alaska the expense of prosecuting misdemeanors. The Municipal misdemeanor code is analogous to the State misdemeanor code. Also of note, Anchorage is the only community to charge DWI suspects under a municipal code. In 1990, the Municipality processed 1,215 DWI cases at an estimated cost of \$800,000. The Anchorage taxpayers bear the burden of these expenditures.

The "mandates" problem is national in scope. Seven states, including California and Hawaii, have gone so far as to amend their constitutions to address this problem. A 1990 initiative drive in Florida prompted legislators to pass compromise legislation -- no mandates without money unless two-thirds of both houses vote otherwise. Some states constitutions stipulate that special acts necessitating appropriations by a local government do not become

Bill of Mandates

Page 2

effective unless approved by a voter referendum. Still another approach is to require that the increased costs resulting from laws of general application be shared between the state and local governments. To date, approximately 17 states have statutory or constitutional requirements that payments be made on some level for mandates.


While we believe that addressing the mandate issue directly is the desired approach to this problem, the Municipality believes that a significant step can be taken in the interim to focus legislative attention on the responsibilities of local governments for providing new services. That approach is contained in SSSB 301, "An Act requiring municipal fiscal notes for bills and resolutions," also sponsored by Senator Uehling.

SSSB 301 would require that when a bill or resolution affects local governments, that a formal effort be made to estimate the costs of the legislation through preparation of a fiscal note. This process has been used for many years when it comes to effects on the executive departments of state government. SSSB 301 would ultimately cause some agencies of state government to more carefully consider the impacts of proposed legislation on local governments, but we believe this is only fair. After all, ignoring the problems of local government will rarely result in better service to the public. Currently, at least 42 states require fiscal notes disclosing the costs to local entities.

Passage of SJR 32, and SSSB 301 will help restore a balance to the legislative process that has been missing in recent years and enhance the relationship between the State and its local governments.

Your support for the Bill of Mandates is strongly urged.

Very truly yours,



Tom Fink  
Mayor



# Fairbanks North Star Borough

809 Pioneer Road

P.O. Box 71267

Fairbanks, Alaska 99707-1267

907/459-1000

March 6, 1992

Honorable Steve Frank, Chair  
Community and Regional Affairs Committee  
Alaska State Legislature  
P. O. Box V  
Juneau, AK 99811

Dear Senator Frank,

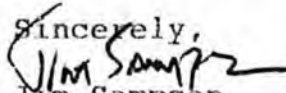
I would appreciate your support of SB 301 and SJR 32 introduced by Senator Rick Uehling.

Senate Bill 301 would ensure that an appropriate fiscal note would be attached to any legislation affecting municipalities for the current year as well as five succeeding fiscal years. Local governments have a right to know the cost or savings to them as a result of legislation introduced by the Governor or the Alaska Legislature.

Too often those costs are passed on to local governments without the municipalities being aware of the costs to the public. This legislation should help in defining those costs.

SJR 32 would propose an amendment to the constitution requiring the State of Alaska to require an appropriation to be made whenever a law is enacted which would require the borough to perform a new service or increase the level of any activity they currently perform. I would appreciate your support of a hearing for SJR 32.

Thank you for your work on behalf of the residents of Fairbanks.

Sincerely,  
  
Jim Sampson  
Mayor

JS:rlf

# STATE OF ALASKA

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

### OFFICE OF THE COMMISSIONER

March 5, 1992

#### POSITION PAPER

RE: SS SB 301

SPONSOR: Senator Uehling

#### Program Effects of Bill:

This bill would require the Department of Community and Regional Affairs to prepare a fiscal note on all proposed legislation that has a fiscal impact on municipalities. The fiscal note must estimate the fiscal impact for the current fiscal year and for five succeeding fiscal years. The fiscal note must be prepared within five days of the legislative request, or within two days if the request is made after the 90th day of the regular session or during a special session, and requires consultation with affected municipalities.

#### Comments:

The Department estimates five new positions, one permanent and four seasonal, would be necessary to perform the duties required by this legislation. The proposed amendments would make it easier and cheaper to comply with the bill's requirements. If the following amendments are adopted, the Department believes the number of positions required would be three instead of five.

Amendment #1: After the word "municipality" on page 1, line 4, insert "to the extent funding for personnel is made available." The effect of this amendment is to make it clear that if the Legislature does not fund the required positions, the mandate to the Department is not effective.

Amendment #2: After the word "cost" on page 1, line 6, delete "or savings." The effect of this amendment is to reduce the burden on the Department and yet comply with the concern of municipalities that the Legislature be made aware of new fiscal burdens being placed on them.

WALTER J. HICKEL, GOVERNOR

150 THIRD STREET  
J. INEAU, ALASKA 99801-1291  
PHONE: (907) 465-4700

949 E. 36TH AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508-4302  
PHONE: (907) 563-1073

Position Paper on SS SB 301  
March 5, 1992  
Page Two

Amendment #3: After the words "The committee of" on page 1, line 8, delete "first" and insert "second". The effect of this amendment is to reduce the burden on the Department because many bills never leave their first committee of referral. It also allows the necessary lead time for staff to research the bill and poll a variety of municipalities on the anticipated impacts.

Amendment #4: After the words "substantially complies with (c)" on page 1, line 14, insert "(1), (2), (6), (7), (8), (9) and (d)". The effect of this amendment is to eliminate meaningless or unnecessary requirements for the contents of municipal impact fiscal notes since the omitted sections focus on state funding issues.

Amendment #5: Insert a sunset provision of three years so that the Legislature is required to revisit this mandate to the Department after a period of experimentation with the requirements of the bill. A sunset provision will also force the Legislature to reevaluate whether the fiscal resources are available to render this service.

We support the concept of this bill, but can only support the bill if the Department of Community and Regional Affairs is given the additional resources to satisfy the bill's requirements.

*Ed. Blatchford*

Edgar Blatchford, Commissioner

# FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. SS SB 301

Revision Date: \_\_\_\_\_  
 Title: "An act requiring municipal fiscal notes for bills and resolutions."  
 Sponsor: Senator Uehling  
 Requestor: Senate C&RA Committee

Department Affected: Community and Regional Affairs  
 BRU: Local Government Assistance  
 Component: Statewide Assistance

COMPONENT SERIAL NO. 

0	6	7	6
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**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	156.8	158.7	162.8	164.8	169.9	172.2
TRAVEL	3.4	3.4	3.4	3.4	3.4	3.4
CONTRACTUAL	9.0	9.0	9.0	9.0	9.0	9.0
SUPPLIES	3.3	1.5	1.5	1.5	1.5	1.5
EQUIPMENT	25.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>197.5</b>	<b>172.6</b>	<b>176.7</b>	<b>178.7</b>	<b>183.8</b>	<b>186.1</b>

CAPITAL						
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REVENUE FUND SOURCE:						
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	197.5	172.6	176.7	178.7	183.8	186.1
FEDERAL FUNDS						
OTHER FUND SOURCE:						
<b>TOTAL</b>	<b>197.5</b>	<b>172.6</b>	<b>176.7</b>	<b>178.7</b>	<b>183.8</b>	<b>186.1</b>

**POSITIONS:**

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME	4.0	4.0	4.0	4.0	4.0	4.0
TEMPORARY						

Estimate of current year impact: \_\_\_\_\_

**ANALYSIS: (Attach a separate page if necessary.)**

The Department estimates five new positions, one permanent and four seasonal, would be necessary to perform the duties required by this legislation. A separate page is attached which shows how the above figures were calculated. Also attached are the necessary Request For New Position forms.

Prepared By: *Richard Henderson*  
 Division: Administrative Services Division

Phone: 465-4708  
 Date: 2/20/92

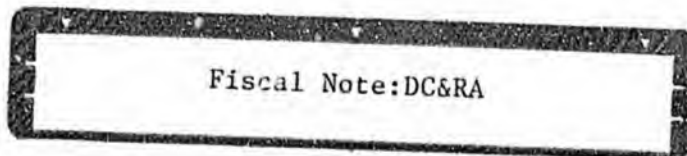
Approved by Commissioner: *E. Beth*  
 Agency: Department of Community and Regional Affairs

Date: 2-20-92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

Rev 10/7/91

Page 1 of 7



**CONTINUATION of FISCAL NOTE ANALYSIS**

For Bill/Resolution No. SS SB 301

**CALCULATION OF COSTS TO THE STATE: Includes one permanent full-time Research Analyst III and four seasonal full-time Research Analysts II, plus operating monies.**

Position	Range/Step	Barg Unit	Location	Time Status	Fiscal Year	Sal + Bens
Research Analyst III	18 A	GGU	Juneau	Permanent Full-time	FY 93	\$42,550
						<u>\$58,572</u>
	(account for annual merit increases)	18 B	"	"	FY 94	\$60,518
		18 C	"	"	FY 95	\$62,416
		18 D	"	"	FY 96	\$64,409
	18 E	"	"	FY 97	\$66,371	
	18 F	"	"	FY 98	\$68,683	
Research Analyst II	16 A	GGU	Juneau	Seasonal 6 mos.	FY 93	\$18,465
						<u>\$24,550</u>
	(account for merit increases every other year)	16 A	"	"	FY 94	\$24,550
		16 B	"	"	FY 95	\$25,105
		16 B	"	"	FY 96	\$25,105
	16 C	"	"	FY 97	\$25,884	
	16 C	"	"	FY 98	\$25,884	
Personal Services	1 permanent full-time staff @ R 18 =			\$58,572		
	4 seasonal full-time staff @ R 16 =			<u>\$98,200</u>		
			Total	<u>\$156,772</u>	FY 93	
Travel	2 3-day trips to Anchorage @ \$800 each =			\$1,600		
	2 3-day trips to Fairbanks @ \$900 each =			<u>\$1,800</u>		
			Total	<u>\$3,400</u>	per year	
Contractual Services	Estimate \$3,000 per staff @ full-time =			\$3,000		
	Estimate \$1,500 per staff @ part-time =			<u>\$6,000</u>		
			Total	<u>\$9,000</u>	per year	
Commodities	Estimate \$500 per staff @ full-time =			\$500		
	Estimate \$250 per staff @ part-time =			\$1,000		
	Plus \$1,800 start-up costs =			<u>\$1,800</u>	FY 93 only	
			Total	<u>\$3,300</u>		subsequently \$1,500 / year
Equipment	3 personal computers @ \$3,500 each =			\$17,500		
	software			\$4,500		
	1 laser printer			<u>\$3,000</u>		
			Total	<u>\$25,000</u>	FY 93	one-time only

Position Title Research Analyst III		No. of Positions 1	Range / Step 18A	Barg. Unit GG
Time Status Full-Time	Staff Months 12	Location Juneau		Election District
<b>TYPE OF EXPENDITURE</b>		<b>Amount</b>	<b>Justification</b>  The duties of this position would include: analyzing bills for their potential fiscal impact on municipalities; determining the extent of any fiscal impact; consulting with specific municipalities which would be affected by a measure; preparation of the necessary fiscal note stating whether or not there would be a fiscal impact; supervising and directing the work of four Research Analysts II during the legislative session; offering testimony at legislative committee hearings regarding any findings of municipal fiscal impact; performing work on interim activities; and assisting in regular department activities that were rescheduled from the legislative session to the interim.  This position would also be responsible for managing and supporting a comprehensive municipal database that would further enhance the department's ability to respond to the Legislature's need for information about municipalities.	
Salary	42.6			
Benefits	16.0			
Premium Pay				
Other				
Total Personal Services	58.6	58.6		
Travel		3.4		
Contractual		3.0		
Commodities		0.9		
Equipment		5.0		
Other				
Total Cost		70.9		
<b>FUNDING SOURCE FOR TOTAL COST</b>				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004	70.9		
I-A Receipts	1007			
CIP Receipts	1061			
Other				

**REQUEST FOR  
NEW POSITION**

AGENCY Community and Regional Affairs  
BRU Local Government Assistance  
COMPONENT Statewide Assistance

**FY 93**

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Revised Date:

Position Title Research Analyst II		No. of Positions 1	Range / Step 16 A	Barg. Unit GG
Time Status Part-Time	Staff Months 6	Location Juneau		Election District
TYPE OF EXPENDITURE		Amount		
Salary	18.5			
Benefits	6.1			
Premium Pay				
Other				
Total Personal Services	24.6	24.6		
Travel		0.0		
Contractual		1.5		
Commodities		0.6		
Equipment		5.0		
Other				
Total Cost		31.7		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004	31.7		
I-A Receipts	1007			
CIP Receipts	1061			
Other				
Justification				
The duties of this position would include: analyzing bills for their potential fiscal impact on municipalities; determining the extent of any fiscal impact; consulting with specific municipalities which would be affected by a measure; and preparation of the necessary fiscal note stating whether or not there would be a fiscal impact.				

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Page 4 of 7  
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Position Title Research Analyst II		No. of Positions 1	Range / Step 16 A	Barg. Unit GG	
Time Status Part-Time	Staff Months 6	Location Juneau		Election District	
TYPE OF EXPENDITURE		Amount			
Salary	18.5	Justification  The duties of this position would include: analyzing bills for their potential fiscal impact on municipalities; determining the extent of any fiscal impact; consulting with specific municipalities which would be affected by a measure; and preparation of the necessary fiscal note stating whether or not there would be a fiscal impact.			
Benefits	6.1				
Premium Pay					
Other					
Total Personal Services	24.6				24.6
Travel					0.0
Contractual					1.5
Commodities					0.6
Equipment					5.0
Other					
Total Cost		31.7			
FUNDING SOURCE FOR TOTAL COST					
Federal Receipts	1002				
G.F. Match	1003				
General Fund	1004	31.7			
I-A Receipts	1007				
CIP Receipts	1061				
Other					

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Position Title Research Analyst II		No. of Positions 1	Range / Step 16 A	Barg. Unit GG			
Time Status Part-Time	Staff Months 6	Location Juneau		Election District			
TYPE OF EXPENDITURE		Amount					
Salary	18.5	Justification  The duties of this position would include: analyzing bills for their potential fiscal impact on municipalities; determining the extent of any fiscal impact; consulting with specific municipalities which would be affected by a measure; and preparation of the necessary fiscal note stating whether or not there would be a fiscal impact.					
Benefits	6.1						
Premium Pay							
Other							
Total Personal Services	24.6				24.6		
Travel					0.0		
Contractual					1.5		
Commodities					0.6		
Equipment					5.0		
Other							
Total Cost					31.7		
FUNDING SOURCE FOR TOTAL COST							
Federal Receipts	1002						
G.F. Match	1003						
General Fund	1004	31.7					
I-A Receipts	1007						
CIP Receipts	1061						
Other							

**REQUEST FOR  
NEW POSITION**

AGENCY Community and Regional Affairs  
 BRU Local Government Assistance  
 COMPONENT Statewide Assistance

**FY 93**

Page 6 of 7  
 Revised Date: \_\_\_\_\_

Position Title Research Analyst II		No. of Positions 1	Range / Step 16 A	Barg. Unit GG
Time Status Part-Time	Staff Months 6	Location Juneau		Election District
<b>TYPE OF EXPENDITURE</b>		<b>Amount</b>	<b>Justification</b>  The duties of this position would include: analyzing bills for their potential fiscal impact on municipalities; determining the extent of any fiscal impact; consulting with specific municipalities which would be affected by a measure; and preparation of the necessary fiscal note stating whether or not there would be a fiscal impact.	
Salary	18.5			
Benefits	6.1			
Premium Pay				
Other				
Total Personal Services	24.6	24.6		
Travel		0.0		
Contractual		1.5		
Commodities		0.6		
Equipment		5.0		
Other				
Total Cost		31.7		
<b>FUNDING SOURCE FOR TOTAL COST</b>				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004	31.7		
I-A Receipts	1007			
CIP Receipts	1061			
Other				

**REQUEST FOR  
NEW POSITION**

AGENCY Community and Regional Affairs  
BRU Local Government Assistance  
COMPONENT Statewide Assistance

**FY 93**

Page 7 of 7  
Revised Date:

# Senator Rick Uehling

Downtown, Elmendorf, Northeast Anchorage



Senate Finance Committee  
International Trade & Tourism Committee  
State Affairs Committee

## BILL SUMMARY


### SB 301

#### "AN ACT REQUIRING MUNICIPAL FISCAL NOTES FOR BILLS AND RESOLUTIONS"

The main change achieved by SB 301 is to provide that before a bill or resolution is reported from the committee of first referral it is accompanied by a municipal fiscal note containing an estimate for the current fiscal year and the five succeeding fiscal years the cost or savings to municipalities that would result from enactment of the measure. SB 301 would exempt appropriation bills from this requirement. The fiscal note shall be prepared by the Department of Community and Regional Affairs and delivered to the committee within five days of the request.



March 1, 1992

TO: Senator Rick Uehling  
FROM: Scott A. Burgess, Executive Director   
RE: Legislation placing mandates on municipalities

As requested, based on a quick review of legislation introduced during the 16th Alaska Legislature (1989-90) and to date during the 17th Legislature, I can offer the following:

### Sixteenth Legislature

1,159 bills introduced total

approx. 262 affected municipalities in some way

of these,

- 32 were duplicates, leaving approx. 230
- approx. 70 (unduplicated) pieces of legislation were identified as placing some sort of mandate on local governments
- of these, 5 were related to federal mandates
- 59 of the 230 passed, including 18 that were identified as placing a mandate on local governments

### Seventeenth Legislature

1,003 bills introduced to date

approx. 270 affect municipalities in some way

of these,

- 37 are duplicates, leaving approximately 233
- approximately 74 (unduplicated) pieces of legislation are identified as placing some sort of mandate on local governments
- of these, 6 are related to federal mandates
- so far, 27 of the 233 have passed, including 5 that were identified as placing a mandate on local governments

Whether this two-year history can be projected to other sessions is hard to say, but this should give you some idea of the magnitude of the problem.

**HISTORICAL SUMMARY (Continued)**  
1959 - 1991

LEGISLATURE/SESSION & NUMBER OF DAYS	BILLS INTRODUCED			BILLS VETOED	BILLS BECAME LAW
	HOUSE	SENATE	TOTAL		
10TH LEGISLATURE: 1977 - 1978 1st Session - 141 days 2nd Session - 161 days Total	552 <u>434</u> 986	370 <u>272</u> 642	922 <u>706</u> 1,628	4 <u>5</u> 9	155 <u>182</u> 337
11TH LEGISLATURE: 1979 - 1980 1st Session - 112 days 1st Special Session - 3 days 2nd Session - 145 days 2nd Special Session - 3 days Total	503 3 533 <u>0</u> 1,039	289 2 299 <u>0</u> 590	792 5 832 <u>0</u> 1,629	2 0 18 <u>0</u> 20	87 0 176 <u>0</u> 263
12TH LEGISLATURE: 1981 - 1982 1st Session - 165 days 1st Special Session - 3 days 2nd Session - 144 days Total	620 0 <u>274</u> 894	606 1 <u>292</u> 899	1,226 1 <u>566</u> 1,793	5 0 <u>14</u> 19	120 0 <u>144</u> 264
13TH LEGISLATURE: 1983 - 1984 1st Session - 162 days 2nd Session - 152 days Total	449 <u>273</u> 722	318 <u>236</u> 554	767 <u>509</u> 1,276	9 <u>10</u> 19	109 <u>171</u> 280
14TH LEGISLATURE: 1985 - 1986 1st Session - 119 days 1st Special Session - 30 days 2nd Session - 120 days Total	448 0 <u>262</u> 710	322 0 <u>167</u> 489	770 0 <u>429</u> 1,199	1 0 <u>5</u> 6	105 0 <u>146</u> 251
15TH LEGISLATURE: 1987 - 1988 1st Session - 122 days 1st Special Session - 3 days 2nd Session - 121 days Total	327 2 <u>238</u> 567	310 2 <u>208</u> 520	637 4 <u>446</u> 1,087	3  <u>3</u> 6	96 5 <u>173</u> 274
16TH LEGISLATURE: 1989 - 1990 1st Session - 121 days 2nd Session - 121 days 1st Special Session - 14 days Total	360 230 <u>5</u> 603	331 221 <u>4</u> 556	691 459 <u>9</u> 1,159	2 4  6	117 211 <u>1</u> 329
17TH LEGISLATURE: 1991 - 1992 1st Session - days	356	313	669	10	96

**Sec. 24.08.030. Appropriation bills.** Bills for appropriation shall be confined to appropriations and shall include the amount involved and the purpose, method, manner and other related conditions of payment. (§ 31 ch 157 SLA 1959)

Revisor's notes. — Formerly AS 24.30.030. Renumbered in 1985.

**Sec. 24.08.035. Fiscal notes on bills.** (a) Before a bill or resolution, except an appropriation bill, is reported from the committee of first referral, there shall be attached to the bill a fiscal note containing an estimate of the amount of the appropriation increase or decrease which would result from enactment of the bill for the current fiscal year and five succeeding fiscal years or, if the bill has no fiscal impact, a statement to that effect shall be attached. The fiscal note or statement shall be prepared in conformity with the requirements of this section by the department or departments affected and may be reviewed by the office of management and budget. The fiscal note or statement shall be delivered to the committee requesting it within five days of the request or within two days if the request is made after the 90th day of a regular session, or during a special session of the legislature. If the bill is presented by the governor for introduction in accordance with AS 24.08.060(b) and the uniform rules of the legislature, the fiscal note or statement shall be attached to the bill before the bill is introduced. An amendment or a substitute bill proposed by a committee of referral that changes the fiscal impact of a bill shall be explained in a revised fiscal note or statement attached to the bill.

(b) In addition to the fiscal note required by this section, the sponsor of a bill or resolution may prepare a fiscal note in conformity with the requirements of this section and submit it to the committee of first referral or the finance committee. A committee may prepare an additional fiscal note in conformity with the requirements of this section.

(c) A fiscal note for a bill or resolution must contain the following information:

- (1) the fiscal impact on existing programs;
- (2) the fiscal impact of new programs or activities;
- (3) a line item detail of the fiscal impact;
- (4) the source of funds expected to be utilized by general fund source, federal fund source, or other identified source;
- (5) the number of new positions which may be required, identified as full-time, part-time, or temporary;
- (6) an analysis of how the figures in the fiscal note were derived;
- (7) additional information necessary to explain the fiscal note;

(8) a fiscal impact projection for the current fiscal year and for the succeeding five fiscal years; and

(9) formal information consisting of

(A) the bill or resolution number,

(B) the name of the prime sponsors,

(C) the date the fiscal note was prepared,

(D) the name of the committee requesting the fiscal note,

(E) the name and phone number of the person who prepared the fiscal note, and

(F) the budget request unit, program, or subprogram affected.

(d) The original of a fiscal note shall be submitted to the Division of Legislative Finance and copies shall be sent to the prime sponsor, the committee requesting the fiscal note, and the office of management and budget. (§ 1 ch 153 SLA 1968; am § 1 ch 20 SLA 1972; am § 1 ch 42 SLA 1976; am § 2 ch 60 SLA 1979; am §§ 3, 4 ch 63 SLA 1983)

Revisor's notes. — Formerly AS 24.30.035. Renumbered in 1985.

Effect of amendments. — The 1983 amendment designated the existing language as subsection (a) and added subsections (b), (c), and (d); and in present subsection (a), in the first sentence inserted "or resolution, except an appropriation bill," following "Before a bill" and

substituted "current fiscal year and five succeeding fiscal years" for "ensuing fiscal year and at least two succeeding fiscal years", in the second sentence inserted "in conformity with the requirements of this section" and added the language beginning "and may be reviewed", and inserted the present third sentence.

**Sec. 24.08.036. Fiscal notes on bills affecting state retirement systems.** Before a bill which would have an effect on the retirement systems of the state is reported to the rules committee, there shall be attached to the bill an analysis of the long-term and short-term costs to the state if the bill is adopted, as well as the impact of the bill on the actuarial soundness of the fund. The analysis is in addition to the fiscal note requirements of AS 24.08.035. (§ 2 ch 130 SLA 1977; am § 3 ch 60 SLA 1979; am § 81 ch 6 SLA 1984)

Revisor's notes. — Enacted as AS 24.30.037. Renumbered as AS 24.30.036 in 1977. Renumbered again in 1985.

Effect of amendments. — The 1984

amendment deleted "shall be prepared by the Legislative Board of Retirement Benefits and" following "analysis" in the second sentence.

**Sec. 24.08.037. General obligation bond bills.** A bill authorizing the issuance of general obligation bonds creating a state debt for capital improvements shall contain a statement of the scope of each project included in the proposed bond issue. The statement shall include a brief description of each capital improvement project, its location, and, in dollars, that portion of the total bond issue to be allocated to the project. (§ 2 ch 70 SLA 1973; am § 30 ch 197 SLA 1975)

# Municipality of Anchorage



P.O. BOX 196650  
ANCHORAGE, ALASKA 99519-6650  
(907) 343-4431  
FAX 258-5210

TOM FINK  
MAYOR

OFFICE OF THE MAYOR

March 29, 1991

Senator Rick Uehling  
P.O. Box V  
Juneau, Alaska 99811

Dear Senator Uehling:

The Municipality of Anchorage supports legislation or a constitutional amendment requiring cost reimbursement for state mandated new or expanded programs which must be provided by local governments. An example of a state mandated program with serious financial consequences to the Municipality of Anchorage is the Senior Citizens/Disabled Veterans property tax exemption. For many years, the State reimbursed the municipalities for the revenues lost due to the implementation of this exemption. In 1990, we exempted approximately \$5 million in taxes under this program and yet was only reimbursed \$1.5 million. Due to the increase in the number of applications for the exemption, the Municipality has seen its revenue loss for this program increase almost 25% over last year. This shortfunding will have to be made up from either an increase in taxes for the remaining taxpayers or the loss of more government services. For 1991, we anticipate exempting another \$5 million in taxes. Anchorage residents should not be asked to bear the burden of this state mandated program.

In addition to state imposed mandates, Anchorage provides many services not provided by most other Alaskan communities. The Municipality of Anchorage charges misdemeanor suspects under the Municipal Code, thus sparing the State of Alaska the expense of prosecuting misdemeanors. The Municipal misdemeanor code is analogous to the State misdemeanor code. Also of note, Anchorage is the only community to charge DWI suspects under a municipal code. In 1990, the Municipality processed 1,215 DWI cases at an estimated cost of \$800,000. The Anchorage taxpayers bear the burden of these expenditures.


The propensity of state government to impose mandated programs on local government is by no means limited to the State of Alaska. The tax revolt in California in 1978 and 1979 was fueled, in part, by the state's transfer of certain responsibilities to the county level, placing an onerous tax burden on property owners. California now has an active reimbursement program. Massachusetts

State Mandates  
Page two

appropriates money with the mandating law as it is passed. In all, fifteen states have statutory or constitutional requirements that payments be made on some level for the financial effects of state statutes, and twenty-five states require fiscal notes disclosing the costs to local entities resulting from passage of the proposed law. Some state constitutions stipulate that special acts necessitating appropriations by a local government do not become effective unless approved by a voter referendum. Still another approach is to require that the increased costs resulting from laws of general application be shared between the state and local governments.

Attached are numerous examples of mandated services and specific services the Municipality provides that are normally provided by the state in other areas of Alaska. We ask for your acknowledgement of this problem, and urge your support for an equitable solution.

Sincerely,

  
Larry D. Crawford  
Municipal Manager

Attachments

# Anchorage Police Department Memorandum

**Date:** March 20, 1991

**To:** Anne Williams, Executive Assistant  
Municipal Manager's Office

**From:** Deputy Chief Duane Udland *DU*

**Subject:** Mandates imposed on Anchorage Police Department

The following is a list of services provide by the Anchorage Police Department which are mandated by the State of Alaska:

<u>Service</u>	<u>Cost</u>	<u>Comments</u>
Jail Contract	\$1,500,000	Contract with State Corrections for the care of municipal misdemeanor detainees in jail or in contracted quasi institutional detention facilities.
Hazardous Materials Training	88,240	Mandated training for all response police personnel, including officers and staff that may become involved with hazardous materials and the uncontrolled release of dangerous substances.
Domestic Violence Writs	149,139	Mandated by State law to serve all domestic violence restraining orders within the confines of Anchorage (Approximately 1000 annually)

## ATTACHMENT B

Department Fire

<u>Service</u>	<u>Approximate MOA Cost 1990/Fund Source</u>	<u>Community Fund Source</u>	<u>Comments</u>
Fire Response outside the service area	\$ 30,000/User fee and Tax		
Paramedic Transports	\$1,700,000/User fee and Tax		
Dispatch (Radio Fire Alarms)	\$ 47,000//User fee and Tax		
Dispatch (Private Ambulance)	\$206,000/User fee and Tax		Unique to Anchorage
Hazardous Materials fee (Right-to- Know)	\$155,000/User fee and Tax		
Plan Review (Fire)	\$197,000/User fee and Tax		

# **CORRECTION**

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

# Anchorage Police Department Memorandum

**Date:** March 20, 1991

**To:** Anne Williams, Executive Assistant  
Municipal Manager's Office

**From:** Deputy Chief Duane Udland *D. Udland*

**Subject:** Mandates imposed on Anchorage Police Department

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## ATTACHMENT A

Department Fire

<u>Service</u>	<u>Approximate MOA Cost 1990/Fund Source</u>	<u>Community Fund Source</u>	<u>Comments</u>
Code Enforcement	\$520,000/Tax	Unknown	State of AK has responsibility in most communities and bush.
Public Information Education and Relations (Fire & EMS)	\$107,000/Tax	Unknown	"
Fire Training	\$400,000/Tax	Unknown	"
EMS Training	\$280,000/Tax	Unknown	"
Fire Prevention	\$193,000/Tax	Unknown	

## ATTACHMENT B

Department Fire

<u>Service</u>	<u>Approximate MOA Cost 1990/Fund Source</u>	<u>Community Fund Source</u>	<u>Comments</u>
Fire Response outside the service area	\$ 30,000/User fee and Tax		
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Plan Review (Fire)	\$197,000/User fee and Tax		

## ATTACHMENT A

1. Services provided by this department which are not commonly provided by other local governments.

(A) Services: Misdemeanor prosecutions, indigent defense, and Pretrial Diversion Program.

### I

#### Misdemeanor Prosecution

The Anchorage Municipal Department of Law provides for the judicial prosecution of all misdemeanor offenses recognized in the Anchorage Municipal Code, principally under Title 8 (Criminal Code) and Title 9 (Traffic Code), in direct support of enforcement activities of the Anchorage Police Department and the Alaska State Troopers. Anchorage is one of four Alaska communities to provide this service. Fairbanks, Juneau, and Ketchikan also provide all or part of these services. In all other communities throughout Alaska, including but not limited to, Kenai, Kodiak, Cordova, Valdez, Palmer, Bethel, Dillingham, Nome, Pt. Barrow, North State Borough, Mat-Su Borough, these services are performed solely by the State.

Fairbanks has a municipal prosecutor, but he does not prosecute DWI's. Those prosecutions are left to the State. In all other communities throughout Alaska, except those noted above, the State provides for the prosecution of all misdemeanors, i.e., DWI, DWLS, assaults, domestic violence, child abuse, trespass, petty larceny, etc. If the Anchorage Municipal Department of Law did not prosecute misdemeanor cases, it would fall on the State Prosecutor's Office to handle them. Since, with few exceptions, all municipal misdemeanors are likewise state misdemeanors, in the absence of the Municipal Prosecutor processing these cases, they would either be prosecuted by the State or go unpunished. The State District Attorney's office could not handle the prosecution of these offenses without the addition of approximately 16 full time personnel and supporting space and equipment. In CY 1990, the Anchorage Municipal Prosecutor reviewed 6,852 cases (excl. "Petitions to Revoke") and filed 5,737 cases for further cases prosecution.

### II

#### Indigent Defense

Since the Municipal Prosecution prosecutes all misdemeanors, including those that result in "time to serve", it is necessary to provide indigent defendants legal counsel at each and every stage of the proceedings. The service is provided by the

1

Municipality through private counsel under contract to the Municipality. If this service were not provided by the Municipality of Anchorage, it would have to be provided by the State Public Defender Agency or the Alaska State Court System, as indigent defense is a constitutional requirement. The State Public Defender's office would have to be substantially enlarged to handle the resulting increase in volume if the current municipally funded service was eliminated. The cost of the municipal indigent defense program in 1990 was \$707,349.

### III

#### Pretrial Diversion Program

This is a municipal program that allows the disposition of selected misdemeanor cases without trial, thus saving the expense of prosecution without jeopardizing a viable, cost efficient prosecutorial program. Selected cases are disposed of without trial providing the defendants comply with certain conditions, make appropriate restitution for their violations, and pay an appropriate fee for processing the case through the pretrial diversion program.

#### (B) Approximate cost to the Municipality of Anchorage in CY 1990:

i. Prosecutor's Office: 16 full time positions at a total cost to the MOA in CY 1990 of \$986,010 (includes indirect allocation).

ii. Indigent Defense: administered through private law firms under contract to the Municipality of Anchorage, the calendar year 1990 direct cost was \$707,350.

iii. Pretrial Diversion: administered by the Municipal Prosecutor's Office, CY 1990 direct staff support costs of approximately \$52,640 were offset by participating offender program fees of \$17,450.

ATTACHMENT A

Department Law

<u>Service</u>	<u>Approximate MOA CY 1990 Cost/Fund Source</u>	<u>Fund Source</u>	<u>Other Local Jurisdictions</u>
Misdemeanor Prosecution (incl. indirect cost allocation)	\$986,010/IGC to APD	N/A	See Attached
Indigent Defense	\$707,350/Areawide Tax Support (OMB)	N/A	See Attached
Pretrial Diversion Program (direct staff cost, 1 FTE)	\$52,640/Fee Revenues & IGC to APD	N/A	See Attached

MCRAWFORD2

ATTACHMENT B

Department Law

<u>Service</u>	<u>Approximate MOA Cost 1988/Fund Source</u>	<u>Community/ Fund Source</u>	<u>Comments</u>
----------------	--	-----------------------------------	-----------------

There are no special assessments, rates or user fees directly attributable to the Municipal Department of Law for the prosecution of misdemeanor offenses, save Pretrial Diversion Program participant fees. In criminal cases, the court and its personnel assess fines and collect and remit funds to the Anchorage Police Department. In 1990, APD received \$1,396,270 in fines and forfeitures (see account 9211) which the Municipal Department of Law assisted in collecting. That money reduced APD's required tax support on a dollar for dollar basis. Additional detail on the makeup of these collections may be obtained directly from APD.

ATTACHMENT C

Department Law

Describe related services provided by other local jurisdictions but not by for?? Anchorage.

<u>Community</u>	<u>Service</u>	<u>Fund Source/Comments*</u>
------------------	----------------	------------------------------

		There are no civil/criminal legal services provided by another local jurisdiction that Anchorage does no also provide.
--	--	--

\*Please indicate if State financial support is received by the community specifically for this service.

N/A

ATTACHMENT A

Department Public Works

Service	Approximate MOA Cost 1990/Fund Source	Community/ Fund Source	Comments
---------	--	---------------------------	----------

Operation and Maintenance of:  
Traffic Signal, Street Lights, and Intersection Signs & Markings

O & M		Anchorage	State and City owned signals operated and maintained by Anchorage
-------	--	-----------	---

Cost to Anchorage: \$2,128,105  
Fund Source: \$1,126,000 from ADOT/PF  
\$1,002,105 from ARDSA

O & M		Kenai Kodiak Wasilla	All signals and street lights are owned and maintained by the State.
-------	--	----------------------------	--

O & M		Fairbanks	Most signals owned-operated by State. City owned traffic signal maintenance performed by State on T & M basis.
-------	--	-----------	--

O & M		Juneau	All traffic signals owned by State.
-------	--	--------	-------------------------------------

No other traffic signals in Alaska.

*YSR/RVS*  
3/27/91

# Municipality of Anchorage

## MEMORANDUM

**DATE:** March 27, 1991  
**TO:** Larry D. Crawford, Municipal Manager  
**THRU:** Ed McMillan, P.E., L.S., Director of Public Works  
**FROM:** Ross B. Dunfee, P.E., Municipal Engineer *RBD*  
**SUBJECT:** Mandates and Other Burdens Imposed on the Municipality of Anchorage by the State of Alaska

Drainage Planning	Comprehensive studies to develop areawide plan.
Water Quality Planning	Managing program to meet state and federal requirements.
Public Information	Responding to questions and requests for information from the public, outside agencies and organizations relative to Public Works functions (roads and drainage).
Transportation Planning	Manages traffic needs and meets state requirements.
Materials Inventory & Testing	In-house capability for soils and material testing.
Stream Monitoring	In-house testing for stream and water quality testing.
Monument Information Tracking System	Manage computer data base tracking horizontal and vertical control monumentation consisting of 1,400-plus monuments.
Survey Control Networks Maintenance	Develop and administer expansion of survey control to areas in the Municipality where none exists, and maintain the existing network through bonds, grants, and area-wide tax support.

Larry D. Crawford, Municipal Manager  
March 27, 1991  
Page 2

**Survey Plat Review**

Provide professional land survey technical review to plats submitted to the Municipal Platting Authority to ensure platting requirements are met prior to filing.

**Municipal Survey Standards**

Develop and administer survey standards for municipal land survey and construction survey projects, the standards which guide contractors in performing survey for the Municipality.

**Site Plan Review for Building Safety**

Provide to the Building Safety Division to insure that the development of properties with triplexes and above do not create drainage problems for adjoining properties. This could and has included state projects such as airport improvement.

**Flood Hazard Permits**

This function ensures that buildings and other work in a stream floodplain does not create a problem that would deny insurance. This is a federal requirement.

**Review and Revisions to Municipality of Anchorage Standard Specifications (MASS)**

These Standard Specifications are normally used by various other local governments throughout Alaska, and referenced in their construction contracts rather than developing their own standard specifications. These local governments do this as it is cheaper to reference our standard specifications rather than develop and update their own. Although the Municipality sells MASS to anyone at the purchase price of \$35.00 each, this cost does not provide for full compensation for the review and revision time and printing costs incurred in the Standard Specifications.

Larry D. Crawford, Municipal Manager  
March 27, 1991  
Page 3

**Subdivision Development  
Requirements**

These requirements provide a service to ensure that subdivisions created by developers are constructed to a standard that will provide for an acceptable life of the improvements and that they meet the criteria to satisfy health, safety, and public welfare.

**Development of Existing  
Areas through the Assessment  
Process**

This process provides process for subdivisions that have existing homes on substandard streets and possibly minimal public utilities, such as water and sewer, to acquire those improvements through the assessment district process, which only Municipalities can provide.

## Municipality of Anchorage

### MEMORANDUM

DATE: March 26, 1991

TO: Larry Crawford, Municipal Manager

THRU: Ed McMillan, P.E., L.S.  
Director of Public Works

FROM: *Ken Canfield 26*  
Ken Canfield, Building Official  
Building Safety Division, DPW

SUBJECT: MUNICIPAL SERVICES NOT COMMONLY PROVIDED BY OTHER LOCAL GOVERNMENTS

<u>ITEMS</u>	<u>COMMENTS/REMARKS</u>
* Building Board of Appeals	Hears appeals from administrative official decisions dealing with building codes and reviews new codes and makes recommendations to the Anchorage Assembly on modifications to meet Alaskan conditions.
* Plan Review	Provides complete technical plan reviews for structures covering soils, seismic, structural, electrical, mechanical, plumbing, elevator, energy conservation, and accessibility for the physically handicapped.
Life Safety Inspections	Inspect existing structures for imminent life or safety threats before license is issued by municipal or state agencies (such as post-secondary education commission).
* Code Compliance Inspections	Inspect existing structures for compliance with Uniform Building Codes under existing or proposed occupancies.

Larry Crawford  
March 26, 1991  
Page 2

- |                                      |   |
|--------------------------------------|---|
| Fire Damage Inspections              | Advise the Fire Department as to the structural stability of fire-damaged buildings for continued occupancy.  |
| Bed & Breakfast Facility Inspections | Certify compliance of bed and breakfast facilities with local land use regulations, local health codes, state on-site sewer and water requirements, and building and fire life-safety codes.  |
| Certification of Non-Conforming Uses | Written certifications of legal non-conforming status required by financial institutions before closing on loans.   |
| Zoning Compliance Certification      | Written certification that a proposed project would comply with local land use regulations required by banks before making large commercial loans.  |
| * New Building Inspections           | Provide full service technical field inspection services for structures covering soils, foundations, structural, electrical, mechanical, plumbing, insulation, handicapped accessibility, and issuance of certificates of completion and occupancy. |
| * Licensing of Technical Trades      | Provides complete testing and licensing for contractors and journeymen in the plumbing, mechanical, and gas piping trades and installations.  |
| * Elevator Inspections               | Provides annual recertification of installed elevators and in-process inspection, testing and certification of new elevators.   |

Larry Crawford  
March 26, 1991  
Page 3

**Cross-Connection and  
Back Flow Prevention  
Program**

Provides a comprehensive program of testing and certifications for installers of cross-connection devices to ensure safety of public drinking water supplies and a comprehensive program of record keeping of location and test dates of individual devices requiring testing and maintenance.

**Automated Mapping/  
Geographical Information  
System (GIS)**

The Public Works Building Division operates a nationally acclaimed GIS/Automated Mapping System. The system provides computer mapping and geographic analysis services to municipal agencies and the private sector. This includes joint projects with the Anchorage School District and cooperative programs with state and federal agencies. It also provides training opportunities for UAA intern students.

**Vehicle Maintenance  
Computer Services**

The Public Works Building Division operates a VAX computer-based vehicle maintenance package. The computer provides maintenance work orders, maintenance history, parts inventory, and accounting information for the municipal fleets.

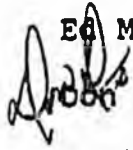
**Site Addressing**

The Municipality of Anchorage provides site addressing for all property locations within the Municipality of Anchorage. This is a service which is not provided by any other agency.

\* Services Paid for with  
User Fees

KC:dd  
mamow\manager

MUNICIPALITY OF ANCHORAGE  
Memorandum

DATE: March 26, 1991  
TO: Larry D. Crawford, Municipal Manager  
THRU: Ed McMillan, P.E., L.S., Director of Public Works  
FROM:  Bob Dietz, Manager, Street Maintenance Division  
SUBJECT: Municipal Services Not Commonly Provided By Other  
Local Governments

SERVICE/DESCRIPTION

COMMENTS/REMARKS

Road Maintenance and Drainage System

Snow removal, ice control, gravel road are apportioned to these grad-flood control, drainage maintenance, asphalt maintenance, lean-up of hazardous material in right-of-way, emergency response. Administratively assist LRSA/RSA Boards of Supervisors.

Revenues from the State are apportioned to these services from the following revenue accounts: ing, 9342, 9349, 9355, 9357, and 9362. Street Maintenance Division has 23 budget units to which these funds as allocated.

Code Enforcement

Right-of-way permit enforcement, junk car removal, illegal activity in right-of-way.

Street Light System

Operation and maintenance

Snow Disposal Sites

Operation and maintenance of sites used exclusively by MOA and jointly with the state.

Emergency Response

Handle flooding, blocked roads, and other emergencies in non-service areas of the MOA.

A:DS12/hh

ATTACHMENT B

Department: SOLID WASTE SERVICES

<u>Service</u>	<u>Approximate MOA Cost 1990 Fund Source</u>	<u>Community/ Fund Source</u>	<u>Comments</u>
Refuse Collections	MOA cost 1990 was \$5.2 million. In addition, three other private haulers provide collection services to municipal residents	User Fees	Most Alaskan communities fund refuse collection services with tax dollars. See attached 1989 survey.
Solid Waste Disposal	MOA 1990 cost was \$9,363 million.	User Fees	Like collections, most Alaskan communities fund disposal via tax dollars. See attached
Hazardous Waste	MOA 1990 cost was \$1,004,000	User Fees	No other like operation in Alaska
Waste Oil	1990 cost \$16,900	User Fees	No other like operation in Alaska
Recycling	0	0	MOA provides facility operated by private enterprise
MUSA	Refuse Collections 1990=\$65,487 Solid Waste Disposal 1990=\$404,042		Municipal operated utilities contribute user fee dollars to help fund general government operations
Utility Revenue* Distribution	Solid Waste Disposal 1990=\$85,000		See MUSA comment

## ALASKAN GARBAGE RATES

DATE PREPARED: 09/89

LOCATION	AUTHORITY	SERVICE	USER FEES	TAX SUPPORT	FULL COST	NOTES
FAIRBANKS N.S.B.	NONAREA WIDE-T AREA WIDE-DISP	TRANSFER BOXES & BALER & LANDFILL	\$00.00/TON \$40.00/TON	YES-0.485 m SUBSIDISED	NO NO	NO FEES CHARGED AT DROP BOXES- TX SUP PROGRAM FUNDED ONLY 1/2 FY (12/31/89)
FAIRBANKS (CITY)	COLLECTION	RESIDENTIAL ONLY COMMERCIAL-PRIVATE	\$7.50/MO.	SUBSIDISED	NO	NO COMMERCIAL COLLECTION SERVICE HAULS TO BOROUGH FACILITIES RATE SUPPORTS LABOR & EQUIP. O&M ONLY
NORTH POLE	COLLECTION	NONE	NONE	NONE	N.A.	RESIDENTS RECEIVE FREE SERVICE BY HAULING WASTE TO N.S.B. BOXES
KENAI PENNS BORO	NONAREA WIDE- DISPOSAL	TRANSFER BOXES HOMER BALER SOLDOTNA LANDFILL	\$00.00	YES-0.98 m	NO	TAXING IS EQUIVALENT RATE
KENAI/SOLDOTNA- AREA	PRIVATE	COLLECTION	R= \$10.13/mo C= \$40.08/mo (3.0yd cont)	NO	NO	NO DISPOSAL COST
HOMER AREA	PRIVATE	COLLECTION	R= \$10.28/mo C= \$42.26/mo (3.0yd cont)	NO	NO	NO DISPOSAL COST
KODIAK BOROUGH	DISPOSAL	BALER & LANDFILL	RESID.-FREE \$10.00/PU \$35.00/FLAT \$55.00/SEMI	SUBSIDISED	NO	TAXES FUND CAPITAL, LANDFILL COVER & MAJOR REPAIR COSTS
MAT SU BOROUGH	DISPOSAL	TRANSFER BOXES & LANDFILL	\$00.00	YES-	NO	TAXING IS EQUIVALENT RATE
PALMER	CITY-COLLECTION	COLLECTION	R= \$11.50/mo C= \$47.00/mo (3.0yd cont)	YES	NO	HAULS TO BOROUGH LANDFILL
WASILLA	PRIVATE	COLLECTION	R= \$20.00/mo C= \$65.00/mo (3.0yd cont)	NO	NO	PRIVATE HAULS TO BOROUGH LANDFILL NO DISPOSAL FEE
VALDEZ	CITY	CITY COLLECTION & DISPOSAL- LANDFILL	NO	YES- 0.31 m	NO	TAXING IS EQUIVALENT RATE
KETCHIKAN (CITY)	CITY	COLLECTION CONTRACT W/ 2 PRIVATE HAULER	R= \$12.05/mo C= \$24.92/wk (2.0yd cont)	?	?	
		LANDFILL	\$3.50/car \$5.70/PU min. \$8.60/yd.	?	?	LOOKING AT INCINERATOR
SITKA (CITY)		COLLECTION INCINERATOR	R= \$16.97/mo \$5.00/unit	SUBSIDISED	NO NO	1 unit equals one 35 gallon can
JUNEAU	PRIVATE	COLLECTION	R= \$21.85/mo C= \$99.86/mo (3.0yd cont)	N.A.		
	PRIVATE	INCINERATOR	\$100.00/TON	N.A.		
ANCHORAGE	MUNICIPAL	COLLECTION	R= \$14.30/mo C= \$45.50/mo (3.0yd cont)	NO	YES	
	PRIVATE	COLLECTION	R= \$14.04/mo C= \$66.68/mo (3.0yd cont)	NO	YES	
	MUNICIPAL	TRANSFER/LANDFILL	\$5.00 CAR \$5.00 PU \$45.00/TON	NO	YES	
EAGLE RIVER AREA	PRIVATE	COLLECTION	R= \$14.37/mo C= \$57.39/mo (3.0yd cont)	NO	YES	
GIRDWOOD	PRIVATE	COLLECTION	R= \$13.55/mo C= \$66.90/mo (3.0yd cont)	NO	YES	

ATTACHMENT A

Department Property & Facility Management

<u>Service</u>	<u>Approximate MOA Cost 1990/Fund Source</u>	<u>Community/ Fund Source</u>	<u>Comments</u>
Ice Rink Maintenance & Management	158,160	General Tax Revenue	Costs are Net of User Fees
Regional Library Services	820,000	General Tax Revenue	Utilities, Maint. & Repair Costs for Headq. Library Facility
Regional Museum Services	540,000	General Tax Revenue	Utilities, Maint. & Repair Costs for Anch. Museum
Homeless Facilities	76,860	General Tax Revenue	Utilities, Maint. & Repair Costs of Facilities leased at minimal rate to non-profits

ATTACHMENT A

Department Merrill Field Airport

<u>Service</u>	<u>Approximate MOA Cost 1991/Fund Source</u>	<u>Community/ Fund Source</u>	<u>Comments</u>
General Aviation Airport Services	\$1,870,100 All from user revenues		Almost all airports in Alaska are owned and operated by the State. We provide full aviation services to over 1,000 aircraft at Merrill Field Airport.

ATTACHMENT A

Department Manager/Office of Management and Budget

<u>Service</u>	<u>Approximate MOA Cost 1985/Fund Source</u> 91	<u>Community/ Fund Source</u>	<u>Comments</u>
Indigent Defense	\$855,050/Taxes		The majority of communities in the state do not furnish lawyers for indigents. They rely on the State's Public Defender Office.

J.K.  
Mangum Pass

## MUNICIPALITY OF ANCHORAGE

## M E M O R A N D U M

DATE: March 15, 1991

TO: Larry Crawford, City Manager

THROUGH: Will Gay, Executive Manager Enterprise Activities

FROM: Tom Stahr, General Manager, Municipal Light & Power

SUBJECT: Response to March 12 memorandum requesting information on mandates and burdens imposed by the State of Alaska.

ML&P Customer Service Department often acts as a resource center for Anchorage's economically disadvantaged customers in the utility's service area. By providing customers with assistance information, forms and suggestions as to which agency could best service the customer, they deflect a number of disadvantaged residents from the State office of Energy Assistance to other social service agencies. If ML&P ceased to provide this resource the State agency would have to provide this service. It is estimated that perhaps 35% of one service representatives time per year is dedicated to this service at a cost to the utility of approximately \$17,000 per year.

March 21, 1991

ANCHORAGE WATER & WASTEWATER UTILITY

REPLY TO MARCH 12, 1991 LETTER ON MUNICIPAL SERVICES PROVIDED BY THE STATE OF ALASKA IN OTHER LOCATIONS

PROVIDED SERVICES:

Plan Review Authority for all extensions from AMWU mains or service connections; including:

- A) Issuance of the ADEC "Certificate to Construct"
- B) Asbuilts
- C) Issuance of the ADEC "Certificate to Operate"

Water and Wastewater Plant Operator Certification Training:

Loan/Grants Program Administration:

COMMENTS:

On April 5, 1984, the Alaska Department of Environmental Conservation (ADEC) delegated their plan review authority to AMWU for all extensions from AMWU mains or service connections. The delegation was the result of AMWU's petition to ADEC as both departments were duplicating efforts.

Once the plans are approved, AMWU prepares the ADEC "Certificate to Construct" and forwards the certificate to ADEC for signature. The same procedure is followed for asbuilts and the signature for ADEC "Certificate to Operate".

By state regulations (18 AAC 74.910 through 18 AAC 74.906), operators in responsible charge of water/wastewater systems must obtain and maintain ADEC certificates.

The operators must sit for the state examinations that lead to certification.

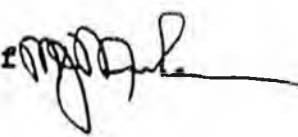
AMWU has encouraged and supported our operators to avail themselves of this training. Generally, however, it is in our own training, to better meet the needs of our more sophisticated and specialized work force, sometimes more cheaply than the State can do.

AMWU also provides ADEC free of charge a facility (the Training Room in the Ship Creek Water Treatment Plant) to hold its twice-yearly operator examination in Anchorage. About 40 people, many of whom are AMWU employees, take the examinations at each offering.

In smaller communities a grants staff does not exist, therefore ADEC completes a good percentage of the administration on U.S. EPA Federal and local State loans and grant awards. Due to the development of the grants section at AMWU, many tasks are completed by AMWU, not the State.

MUNICIPALITY OF ANCHORAGE  
MEMORANDUM

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DATE: March 18, 1991  
TO: Larry D. Crawford, Municipal Manager  
FROM: Michael J. Meehan, Director Department of Economic Development and Planning   
SUBJECT: Municipal Services

The following are services provided by this department that are often performed by State agencies such as Community and Regional Affairs and DOT/PF:

- \* Comprehensive land use planning
- \* Demography and other census information
- \* Zoning regulations
- \* Subdivision regulation
- \* Wetland general permit processing
- \* Transportation Planning
- \* Public facility site selection
- \* Geographic and environmental information
- \* Serve as primary resource agency for other Alaska communities in land use, environmental and regulatory information.

# Municipality of Anchorage



OFFICE OF THE MAYOR

P.O. BOX 196650  
ANCHORAGE, ALASKA 99519-6650  
(907) 343-4431  
FAX 258-5210

TOM FINK  
MAYOR

January 30, 1992

Senator Steve Frank  
P.O. Box V  
Juneau, Alaska 99811

Re: Bill of Mandates

Dear Senator Frank:

The Municipality of Anchorage requests your support for passage of the Bill of Mandates, which includes SJR 32, "Proposing an amendment to the constitution of the State of Alaska relating to mandated municipal services. This legislation, sponsored by Senator Uehling, would in our view, go a long way in addressing the rising tensions between local governments and the State over statutory demands that local governments perform new functions.

An example of a state mandated program with serious financial consequences to the Municipality of Anchorage is the Senior Citizens/Disabled Veterans property tax exemption. In 1991 we exempted approximately \$5 million in taxes under this program, and was only reimburse \$1.2 million. This shortfunding will have to be made up from either an increase in taxes for the remaining taxpayers or the loss of more government services.

In addition to state imposed mandates, Anchorage provides many services not provided by most other Alaskan communities. The Municipality of Anchorage charges misdemeanor suspects under the Municipal Code, thus sparing the State of Alaska the expense of prosecuting misdemeanors. The Municipal misdemeanor code is analogous to the State misdemeanor code. Also of note, Anchorage is the only community to charge DWI suspects under a municipal code. In 1990, the Municipality processed 1,215 DWI cases at an estimated cost of \$800,000. The Anchorage taxpayers bear the burden of these expenditures.

The "mandates" problem is national in scope. Seven states, including California and Hawaii, have gone so far as to amend their constitutions to address this problem. A 1990 initiative drive in Florida prompted legislators to pass compromise legislation -- no mandates without money unless two-thirds of both houses vote otherwise. Some states constitutions stipulate that special acts necessitating appropriations by a local government do not become

Bill of Mandates  
Page 2

effective unless approved by a voter referendum. Still another approach is to require that the increased costs resulting from laws of general application be shared between the state and local governments. To date, approximately 17 states have statutory or constitutional requirements that payments be made on some level for mandates.

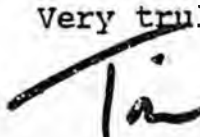
While we believe that addressing the mandate issue directly is the desired approach to this problem, the Municipality believes that a significant step can be taken in the interim to focus legislative attention on the responsibilities of local governments for providing new services. That approach is contained in SSSB 301, "An Act, requiring municipal fiscal notes for bills and resolutions," also sponsored by Senator Uehling.

SSSB 301 would require that when a bill or resolution affects local governments, that a formal effort be made to estimate the costs of the legislation through preparation of a fiscal note. This process has been used for many years when it comes to effects on the executive departments of state government. SSSB 301 would ultimately cause some agencies of state government to more carefully consider the impacts of proposed legislation on local governments, but we believe this is only fair. After all, ignoring the problems of local government will rarely result in better service to the public. Currently, at least 42 states require fiscal notes disclosing the costs to local entities.

Passage of SJR 32, and SSSB 301 will help restore a balance to the legislative process that has been missing in recent years and enhance the relationship between the State and its local governments.

Your support for the Bill of Mandates is strongly urged.

Very truly yours,



Tom Fink  
Mayor

**SENATE JOINT RESOLUTION NO. 32**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**SEVENTEENTH LEGISLATURE - FIRST SESSION**

**BY SENATOR UEHLING**

**Introduced: 5/17/91**  
**Referred: Judiciary, Finance**

**A RESOLUTION**

**1 Proposing an amendment to the Constitution of the State of Alaska relating to mandated**  
**2 municipal services.**

**3 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

**4 \* Section 1.** Article X, Constitution of the State of Alaska, is amended by adding a new section to  
**5 read:**

**6 SECTION 16. MANDATED MUNICIPAL SERVICES.** No law enacted after the  
**7 effective date of this section that requires a borough or city to perform a new activity or service**  
**8 or increase the level of any activity or service is effective unless an appropriation is made and**  
**9 money is disbursed to the borough or city to pay for costs of implementing the law.**

**10 \* Sec. 2.** The amendment proposed by this resolution shall be placed before the voters of the state  
**11 at the next general election in conformity with art. XIII, sec. 1, Constitution of the State of Alaska, and**  
**12 the election laws of the state.**

MUNICIPALITY OF ANCHORAGE

M E M O R A N D U M

Date: January 30, 1992

To: Alaska Legislature

From: Anne Williams, Executive Assistant  
Municipal Manager's Office

Subject: Bill of Mandates  
SJR 32 Mandated Municipal Services  
SSSB 301 Municipal Fiscal Notes for Bills

The following is a synopsis of information regarding mandates, the impact of mandate legislation on several states, and fiscal notes for mandated services. For a more comprehensive look at the mandate issue, please refer to Legislative Mandates - State Experiences Offer Insights for Federal Action (United States General Accounting Office, Report to the Honorable Dave Durenberger, U.S. Senate, September 1988) and Mandates: Cases in State-Local Relations (Advisory Commission on Intergovernmental Relations, September 1990).

Also, for additional information relating to the effect of the mandate issue on the Municipality of Anchorage, please refer to our letters dated 3/29/91 and 1/30/92.

**WHAT IS A MANDATE?**

In its broadest sense, a mandate pre-empts local decision making authority. The U.S. Advisory Commission on Intergovernmental Relations defines a mandate as any "state constitutional, statutory, or administrative action that either limits or placed additional expenditure requirements on local governments.

**SPECIFIC DEFINITIONS OF MANDATE REIMBURSEMENT REQUIREMENTS IN SEVEN STATES**

**CALIFORNIA**

- Article XIII B, section 6, California Constitution: "Whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the state shall provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates: (a) Legislative mandates

requested by the local agency affected; (b) Legislation defining a new crime or changing an existing definition of a crime; or (c) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975."

COLORADO

- Section 29-1-304, Session Laws of Colorado 1981: "(1) Every action by the general assembly which mandates a new program or the expansion of an existing program subsequent to July 1, 1981, upon a unit of local government shall either: (a) Provide sufficient state general fund appropriations to meet the cost thereof; (b) Provide for a local source of revenue to meet the cost thereof..."

FLORIDA

- Florida statute 11.076 of 1978: "(1) Any general law, enacted by the Legislature after July 1, 1978, which requires a municipality or county to perform an activity or to provide a service or facility,...which will require the expenditure of additional funds, ...must provide a means to finance such activity, service, or facility...(2) This act shall not apply to any general law under which the required expenditure of additional local funds is incidental to the main purpose of the law."

ILLINOIS

- Chapter 85, sections 2201-2210, Illinois Revised Statutes: "...any State-initiated statutory or executive action that requires a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues, excluding any order issued by a court other than any order enforcing such statutory or executive action. State mandates may be reimbursable or nonreimbursable as provided in this Act. However, where the General Assembly enacts legislation to comply with a federal mandate, the State shall be exempt from the requirement of reimbursing for the cost of the mandated program..."

MASSACHUSETTS

- Chapter 29, section 27C, Massachusetts General Laws: "...(a) Any law, rule or regulation taking effect on or after January first, nineteen hundred and eighty-one imposing any direct service or cost obligation upon any city or town shall be effective in any city or town only if such law is accepted by vote or by the appropriation of money for such purposes, ...unless the general court, at the same session in which such law is enacted, provides, by general law and

by appropriation, for the assumption by the commonwealth of such cost, exclusive of incidental local administration expenses, and unless the general court provides by appropriation in each successive year for such assumption..."

MICHIGAN

- Article IX, section 29, Michigan Constitution: "The state is hereby prohibited from reducing the state financed proportion of the necessary costs of any existing activity or service required of units of Local Government by state law. A new activity or service or an increasing the level of any activity or service beyond that required by existing law shall not be required by the legislature or any state agency of units of Local Government, unless a state appropriation is made and disbursed to pay the unit of Local Government for any necessary increased costs..."

TENNESSEE

- Article 2, section 24, Tennessee Constitution: "...No law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost..."

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Source: United States General Accounting Office  
Report to the Honorable Dave Durenberger, U.S. Senate  
Legislative Mandates State Experiences Offer Insights for  
Federal Action September 1988  
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A BRIEF LOOK AT MANDATES IN EIGHT STATES

ALABAMA

- Limits the ability of the legislature to pass laws which would cause counties to expend additional funds during a fiscal year

KENTUCKY

- Legislature passed resolution authorizing study by Legislative Research Commission on state imposed mandates and on improving fiscal note process.

MAINE

- Requires state to provide full funding for any mandate enacted by State Legislature after July 1, 1991.

MINNESOTA

- State will assume 100% cost of non-federal share of income maintenance programs, currently 50% county - 50% state, beginning January, 1991.

NEW JERSEY

- State will pick-up 90% of county share of AFDC benefits.
- State will pick-up entire county share of institutionalization costs of mentally ill and retarded and entire county share of foster care social services costs.

TENNESSEE

- Counties will no longer be required to house felons and if counties choose to do so they will be reimbursed.

UTAH

- Solid and hazardous waste planning requirement mandating counties to develop five and twenty-five years management plans paid for from non-county sources authorized in legislation.

WISCONSIN

- Transfers district attorney, deputies and assistant district attorneys from county to state employment.

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Source: National Association of Counties  
State-Local Report, Jan. 15, 1991  
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**COST ESTIMATES (FISCAL NOTES)**

The concept of preparing cost estimates (fiscal notes) originated with one state in the late 1950's and spread to others over the next two decades. Now, 42 states prepare such estimates for proposed state legislation affecting local governments.

Cost estimates have increased federal and state legislators' awareness of the costs that legislation containing mandates would impose on lower levels of government. But generally the estimates have not altered the course of legislation, except where

legislators were also strongly concerned about the costs that mandates can impose on subordinate levels of government.

Cost estimates provide important information to legislators, and the benefits of the process outweigh its costs, according to both federal and state officials. Nevertheless, the estimates had little effect in deterring, modifying, or funding mandates unless there was also strong legislative concern about the impact of imposing mandates on subordinate levels of government.

Interest in policy issues and in the potential benefits of proposed legislation was by far the most important consideration for state legislators, according to officials in several states. Notwithstanding, observations show that estimates of local costs helped reduce legislative mandates affecting local governments when coupled with strong legislative concern about local costs. State officials in Florida, Tennessee, California, and Connecticut cited instances where high local cost estimates, in concert with legislative concern for state mandates, defeated legislation containing mandates. For example, in Connecticut it was estimated that passage of the Gifted and Talented Students Bill requiring local and regional school districts to provide special programs would cost local governments \$40 million. This confirmed to the legislature the bill's high local cost impact and directly contributed to its defeat.

The timing of cost estimation in the legislative process can affect how legislators will use it. Cost estimates done early were used to a greater extent than when prepared later, a questionnaire analysis showed. Further, in four states where estimates were considered to be timely and influential, officials said they were reaching legislators before decision on bills were made.

In some states, a report is prepared to provide information on local mandates. Of states responding to the questionnaire, 13 reported that they aggregate local estimates in either an internal report or through a published annual report, e.g.:

- Illinois, Connecticut, and Tennessee. Estimating units maintain an internal report that aggregates their local cost estimates and is available for use by legislators or other interested parties.
- California. One of the state's two cost-estimating units publishes an annual report that lists enacted statutes with local cost implications.
- Florida. The state-level Advisory Commission on Intergovernmental Relations publishes an annual report that describes all bills passed having a local cost impact.

The annual report provides an overall picture of the aggregate cost impact of state legislation on local governments and is useful to legislators deliberating new state mandate proposals, officials from California and Florida said.

At the state level, the degree of involvement by local interest groups also affects the legislators' use of cost estimates. For states in which cost estimates were used and influenced the outcomes of legislation containing mandates, state officials noted that interest groups played a meaningful role. Additionally, the questionnaire results showed that cost estimates were used to a greater extent in states where local interest groups were reported by state officials to be more involved.

Cost estimation accomplishes the basic objective of giving legislators additional or confirming information about cost impacts. But it is difficult to assess the effect of cost estimates on eliminating or modifying the mandate burden of proposed legislation. While legislators may be better informed as a result of cost estimates, the knowledge of such costs seems to have influenced legislators to eliminate or modify mandates only when coupled with strong legislative concern about mandating costs on state and local governments.

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Source: United States General Accounting Office  
Report to the Honorable Dave Durenberger, U.S. Senate  
Legislative Mandates State Experiences Offer Insights for  
Federal Action September 1988

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**CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 301 (CRA)****IN THE LEGISLATURE OF THE STATE OF ALASKA****SEVENTEENTH LEGISLATURE - SECOND SESSION****BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE**

Offered:

Referred:

Sponsor(s): **SENATORS UEHLING, Sturgulewski****A BILL****FOR AN ACT ENTITLED****1 "An Act requiring municipal fiscal notes for bills and resolutions."****2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:****3 \* Section 1. AS 24.08.035 is amended by adding a new subsection to read:**

**4 (e) If a bill or resolution, except an appropriation bill, significantly increases costs to a**  
**5 municipality, there shall be attached to the measure a municipal fiscal note containing an estimate**  
**6 for the current fiscal year and five succeeding fiscal years of the cost to municipalities that would**  
**7 result from enactment of the measure. If the measure does not significantly increase costs to a**  
**8 municipality, a statement to that effect shall be attached. The last committee of referral shall**  
**9 request the municipal fiscal note. It shall be prepared by the Department of Community and**  
**10 Regional Affairs. It shall be delivered in accordance with (d) of this section within five days of**  
**11 the request, or within two days if the request is made after the 90th day of a regular session or**  
**12 during a special session. To the extent practicable, before delivering the fiscal note the**  
**13 department shall consult with municipalities that would be affected by the measure. The**  
**14 municipal fiscal note must contain information that substantially complies with (c)(1), (2), and**

- 1 (6) - (9) of this section.
- 2 \* Sec. 2. AS 24.08.035(e) is repealed July 1, 1997.

United States General Accounting Office

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**GAO**

Report to the Honorable  
Dave Durenberger, U.S. Senate

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September 1988

# LEGISLATIVE MANDATES

## State Experiences Offer Insights for Federal Action



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# Executive Summary

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## Purpose

Since the 1960s, many federal statutes have been enacted mandating state and local actions that impose additional costs on those levels of government. Similarly, many states have enacted mandates that impose costs on their local governments. Responding to concerns about these mandate burdens, federal and state governments have sought to increase legislators' awareness of such costs and, in some cases, to defray all or some of the costs.

At the request of Senator Dave Durenberger, formerly Chairman of the Subcommittee on Intergovernmental Relations, Senate Committee on Governmental Affairs, GAO analyzed some techniques used by federal and state governments to address mandate burdens. The objective was to determine what could be learned from state experiences that might be useful at the federal level.

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## Background

The primary federal and state response to concerns about mandate burden has been to require estimates of the cost impact of proposed legislation on subordinate levels of government. At the federal level, the State and Local Government Cost Estimate Act of 1981 requires the Congressional Budget Office (CBO) to estimate such costs for proposed federal legislation. The principal purpose of these estimates is to increase congressional awareness of the costs state and local governments would incur if proposed legislation were adopted. Similar processes exist in 42 states. (See p. 9.)

Another approach, used by 14 states to reduce the local burden of mandates, is to require reimbursement of local governments for additional costs imposed. At the federal level, Senator Durenberger and Congressman Doug Barnard, Jr., each have introduced legislation that would require federal payment for costs incurred by state and local governments in complying with new federal mandates. (See p. 10.)

GAO examined CBO's activity in estimating state and local costs linked to federal legislation. Also, GAO reviewed mandate-related cost-estimating and/or reimbursement processes of 8 states and queried all 50 states in this regard.

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## Results in Brief

Requirements that state and/or local costs be estimated or that local costs be reimbursed have had only a limited impact on the burden of mandates. When coupled with strong legislative concern about restraining costs to subordinate levels of government, these processes

appeared to have some success in deterring, modifying, or providing funding for mandates. But in the absence of strong legislative concern, they appeared to have little impact.

At the state level, cost estimation seems to have a greater impact when the estimates are prepared early in the legislative process or for important amendments to proposed legislation. Adopting these changes could enhance the impact of the federal process.

Two key factors that seemed to make mandate reimbursement work at the state level were public initiation of the requirement through a referendum or a constitutional amendment and the existence of a healthy fiscal climate. In the absence of one or both of these factors, the workability of a federal reimbursement policy at this time is questionable.

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## GAO's Analysis

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### Cost Estimating: Informative, but Impact Limited

Cost estimates have increased federal and state legislators' awareness of the burden that legislation containing mandates imposes on lower levels of government. However, they have not altered the course of such legislation except when there was also strong legislative concern about imposing costs through mandates.

At the federal level, CBO produces reliable estimates that enhance legislators' understanding of state and local costs, congressional committee staff said. Cost estimates had no apparent effect, however, on legislative deliberations on five of eight bills GAO reviewed. Committee staff identified certain factors that limit the impact of the CBO estimates. First, programmatic and policy issues are usually of greater concern to legislators than are state and local costs. Second, the CBO estimates are not prepared until after the full committee has made its key decisions and prepared its report. (See pp. 17-18.)

Certain techniques used by states could be employed at the federal level to focus greater attention on the impact of federal legislation on state and local costs. These would include preparing:

- estimates for key bills prior to the full committee report so there is greater opportunity for costs to be considered before key legislative decisions are made (see p. 20);
- estimates of the cost impact of major amendments to bills that mandate state and local actions, so that important changes to proposed legislation are not overlooked (see p. 21);
- estimates for legislation currently exempt from the process, such as tax and/or appropriations bills, which may contain mandates (see p. 21); and
- a biennial report of the total costs imposed by federal mandates to increase legislators' awareness of the total impact such mandates have on state and local governments (see pp. 22-23).

The impact of introducing these features into the federal process is uncertain. While they would increase legislators' awareness of mandate costs, they might have little impact on the total state and local mandate burden. Other forces, including policy and programmatic issues, play a major role in influencing legislation.

### Reimbursement by States Has Varied Effects

Fourteen states require state reimbursement of local governments for the cost of state mandates. In four of the seven states visited by GAO, mandate reimbursement requirements deterred legislators from passing some unfunded mandates or prompted them to modify mandates to reduce local costs. Only one of these states had appropriated significant funding to defray local costs. In three states, reimbursement requirements had little impact on deterring or modifying the mandates contained in proposed legislation or generating funding for state mandates. (See pp. 32-40.)

- A major lesson learned from these seven states is that, when a reimbursement process did result in deterring, modifying, or funding mandates, it was coupled with strong legislative concern about imposing costs on subordinate levels of government.

### Matters for Congressional Consideration

GAO encourages congressional committees to ask CBO to prepare state and local cost estimates for proposed legislation that has potentially significant effects on state and local costs and is scheduled for markup or has resulted from floor amendments. Consultation with state and local interest groups could help identify potentially significant mandate legislation. (See p. 25.)

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## Recommendation

GAO recommends that the Advisory Commission on Intergovernmental Relations prepare a biennial report of the total estimated costs of new mandates contained in legislation passed by the Congress during its 2-year term. (See p. 25.)

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## Agency Comments

CBO, the Advisory Commission on Intergovernmental Relations, and seven major state and local interest groups commented on a draft of this report. (See apps. XI-XIII.) Their comments substantially supported our conclusions and recommendation.

One principal area of concern among those commenting was the preparation of cost estimates for tax and appropriation bills. The Advisory Commission and the interest groups supported the preparation of cost estimates for such legislation. CBO, however, was less enthusiastic and commented that legislative mandates affecting state and local governments are rarely contained in appropriation bills. Further, CBO stated that it usually has little time to review appropriation bill language before bills are reported. With regard to tax bills, CBO stated that estimating the potential effects on state and local governments would be an enormous undertaking. Also, it commented that tax-writing committees mark up bills in concept only and specific legislative language is not drafted until bills are reported from committee.

After analyzing the comments, GAO agrees that requiring estimates for tax and appropriation bills on a routine basis may not be practical—particularly, if other approaches can serve to highlight the state and local cost impacts in this type of legislation. Therefore, GAO believes that, where tax and appropriation legislative provisions that may have potentially significant impacts on state and local governments are identified, cost estimates should be prepared on a request basis, similar to the suggestion GAO has made for other legislation.

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**Abbreviations**

A&F	Office of Administration and Finance
ACIR	Advisory Commission on Intergovernmental Relations
CBO	Congressional Budget Office
CSM	Commission on State Mandates
DLM	Division of Local Mandates
FY	fiscal year
GAO	General Accounting Office
NALFO	National Association of Legislative Fiscal Officers

# Introduction

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Over the past two decades, federal and state governments have enacted numerous laws and regulations imposing requirements and related costs on subordinate levels of government. Such provisions are referred to as mandates. The federal government uses mandates to help assure residents of every state a minimum level of benefits or protection in areas ranging from public assistance to occupational safety and health.

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## Mandates Are a Major Concern to State and Local Governments

During the 1960s and 1970s, federal regulation of state and local governments expanded dramatically and became increasingly burdensome and costly to them, according to the U.S. Advisory Commission on Intergovernmental Relations (ACIR).<sup>1</sup> Over that period, federal statutes calling for new state and local expenditures and other administrative actions were enacted. The mandates covered such fields as civil rights, environmental protection, education, water quality, and fair labor standards. Because many of these mandates lacked federal funding to facilitate state and local compliance, significant state and local outlays were required to implement them. That costs imposed on local governments by federal requirements can be substantial was affirmed by a 1980 Urban Institute study<sup>2</sup> of six major federal mandates. The report was cited by ACIR as one of the pioneering studies on this issue.

Federal mandates continue to be a matter of concern. In April 1985, ACIR highlighted continued mandating activity by the federal government in testimony before the Senate Subcommittee on Intergovernmental Relations. Examples cited included: a minimum drinking age, state administration of federal trucking standards, and expanded public welfare costs for states. Further concerns were prompted by the 1985 Supreme Court decision in Garcia v. San Antonio Transit Authority, which extended federal fair labor standards to state and local governments. This decision was viewed as a withdrawal by the Court from prior efforts to define the federal/state boundary of authority.<sup>3</sup> Finally, federal programs that help state and local governments finance mandated costs were reduced—most notably, general revenue sharing was eliminated in 1986.

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<sup>1</sup>Advisory Commission on Intergovernmental Relations, Regulatory Federalism: Policy, Process, Impact, and Reform (Washington, D.C.: Feb. 1984).

<sup>2</sup>Thomas Mueller and Michael Flix, "The Impact of Selected Federal Actions on Municipal Outlays," Special Study on Economic Change, Vol. 5: Government Regulation (Washington D.C.: U.S. Congress Joint Economic Committee, 1980).

<sup>3</sup>Advisory Commission on Intergovernmental Relations, Reflections on Garcia and Its Implications for Federalism (Washington, D. C.: Feb. 1986).

These developments led several national organizations representing state and local governments to identify federal mandates as a major concern. The National Association of Counties and the National League of Cities specifically established this area as one of their priority legislative initiatives for the 100th Congress.

Similarly, state-enacted mandate legislation has imposed costs on local governments. In recent years, state mandates costly to local governments have increased dramatically according to a 1985 ACIR study<sup>4</sup> that cited as examples solid waste disposal standards and special education. In response to a questionnaire we developed for this review, 62 percent of the interest groups representing local governments said the level of mandate activity in their states had increased in the past 5 years. Further, nearly half of the groups responding termed the level of state-imposed mandates significant.

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## Federal and State Actions Address Mandate Concerns

Both federal and state governments have sought to address the cost burdens created by mandates, principally by estimating the costs of proposed legislation to subordinate levels of government. A second major step taken by several states has been to require that local governments receive funding for such costs.

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## Cost Estimates

The concept of preparing cost estimates (also called fiscal notes) originated with one state in the late 1950s and spread to others over the next two decades. Now, 42 states (see app. I) prepare such estimates for proposed state legislation affecting local governments.

At the federal level, the Congressional Budget Office (CBO) is required by the State and Local Government Cost Estimate Act of 1981 (Public Law 97-108) to prepare estimates of costs that would be incurred by state and local governments in complying with proposed federal legislation. The Act amended a law that already required CBO to estimate the federal costs of proposed legislation. Too often, according to the Senate Committee on Governmental Affairs' report on this amendment, well-intentioned legislation designed to affect national policy passes on to state and local governments costs that never were contemplated.

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<sup>4</sup>Advisory Commission on Intergovernmental Relations, The Question of State Government Capability (Washington, D.C.: Jan. 1985).

The preparation of such cost estimates (required when bills are reported out of committee) was to serve as a caution light to the Congress before it enacted new and possibly costly legislation. Initially, the Act was authorized through September 30, 1987; in 1987, the Congress reauthorized it on a permanent basis. During the 2-year period of the 99th Congress, CBO reported that it had prepared state and local cost estimates on over 1,100 bills reported out of committee. Of these, it identified 31, or less than 10 percent, as having potential state and local costs.

## Mandate Reimbursement

Fourteen states have established mandate reimbursement requirements, beginning with California in 1973 (see table 3.1). Essentially, such requirements provide for payment of costs a government imposes on other levels of government through mandates.

On the federal level, legislation was introduced in 1987 in both the Senate (S. 585) and House (H.R. 1087) that would require the federal government to pay the costs to state and local governments of compliance with new federal mandates. In the absence of reimbursement, these bills provide that a mandate cannot be enforced without a two-thirds vote of the Congress.

## Objectives, Scope, and Methodology

On September 11, 1986, Senator Dave Durenberger, then Chairman of the Subcommittee on Intergovernmental Relations, Senate Committee on Governmental Affairs, asked us to analyze techniques used by federal and state governments to address mandates imposed on lower levels of government. Specifically, we were to assess (1) approaches used by CBO for developing cost estimates and (2) processes used by the states for both estimating and reimbursing costs of state mandates imposed on local governments.

As clarified in discussions with the Senator's office, the primary objectives of our review were:

- At the federal level, to determine the reasonableness of CBO's approach for preparing cost estimates, and
- At the state level, to determine what could be learned from state experiences that (1) could improve the usefulness of the federal cost estimation process and (2) might indicate how well a federal mandate reimbursement program would work.

We reviewed CBO's cost-estimating procedures for preparing state and local cost estimates. In addition, we examined eight of the bills with the most significant state and local costs for which CBO prepared estimates during the 99th Congress (see app. 11). We met with

- CBO analysts to discuss the approach and methodology used for preparing these estimates,
- congressional staff on committees having jurisdiction over the eight bills to gain their views on the usefulness of the estimates and their impact on legislation, and
- officials of several major public interest groups representing state and local governments to learn their views on the impact of CBO's activity.

In July 1987, we testified before the Senate Committee on Governmental Affairs<sup>5</sup> on reauthorizing the State and Local Government Cost Estimate Act, which was to have expired on September 30, 1987. Our testimony provided information concerning CBO's activities in preparing state and local cost estimates.

Also, we visited eight states (California, Colorado, Connecticut, Florida, Illinois, Massachusetts, Michigan, and Tennessee) to review their cost-estimating and reimbursement activities. We selected these states through a literature search of prior studies and a telephone survey of the 50 states. Seven of the states were chosen primarily to include those with differing types of mandate reimbursement processes. One state included had considered but did not adopt a reimbursement requirement. Seven states had a cost-estimating process as well.

In each state, we met with (1) executive and legislative branch officials responsible for or knowledgeable about the state's cost-estimating and reimbursement activities and (2) interest groups representing the counties, cities, and school districts. We obtained information on the background, scope, and processes for each state's activities. This was done primarily through discussions with various state officials and review of pertinent legislation, operating policies, and reports on program activities. Also, we gathered opinions on the impact of cost estimating and mandate reimbursement through discussions with state officials and public interest group representatives. Where possible, we talked with

<sup>5</sup>Reauthorization of the State and Local Cost Estimate Act, Statement of J. William Gadsby, Associate Director, Human Resources Division, before the Subcommittee on Government Efficiency, Federalism and the District of Columbia, Senate Committee on Governmental Affairs (GAO/T-HRD-87-20, July 30, 1987).

legislators and local government officials about their perceptions as to the impact of these activities.

We supplemented our audit work in the eight states with questionnaires to all 50 states. Little information existed on the current status of state activities in cost estimation and reimbursement. Through the questionnaires, we were able to profile nationwide the scope and impact of these processes. We developed three questionnaires that we sent to

- state officials responsible for or knowledgeable about their state's cost estimation and reimbursement activities (84 percent responded);
- the legislative leaders in each house of the state legislature (71 percent responded); and
- interest groups representing counties, cities, and school districts (91 percent responded).

A detailed description of our questionnaire methodology is included as appendix III.

We did our work between September 1986 and July 1987 in accordance with generally accepted government auditing standards.

# Federal and State Cost Estimation Processes

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To make legislators more aware of mandate costs, federal and state governments have established processes for estimating the cost impact of proposed legislation on lower levels of government. Certain constraints, such as legislative deadlines, limited availability of information, and competing priorities, affect the processes used by CBO and the states. Given these constraints, CBO's approach is reasonable.

Cost estimates have increased federal and state legislators' awareness of the costs that legislation containing mandates would impose on lower levels of government. But generally the estimates have not altered the course of legislation, except where legislators were also strongly concerned about the costs that mandates can impose on subordinate levels of government.

Certain features of state processes, if adopted at the federal level, could focus more attention on the impact of federal legislation on state and local costs. Preparing cost estimates (1) before bills are reported out of committee, (2) for significant amendments, and (3) for appropriation and tax bills could be useful. Also, a biennial report identifying the cost of all federal mandates enacted during each Congress would focus greater attention on the total mandate burden on state and local governments.

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## CBO and States Face Constraints in Cost Estimating

Since 1982, along with estimating the impact of proposed legislation on the federal budget, CBO has also prepared estimates on the state and local costs of bills reported out of full committee. As with the states, tight legislative deadlines, the wide range of legislative subjects, and data limitations cause CBO to use a flexible, bill-specific method of cost estimation. In view of the constraints, CBO's approach seems reasonable and probably cannot be significantly improved.

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## Time Limits, Range of Subjects Hamper Work

Limited time is the first constraint facing federal and state estimating units. Typically, CBO has 3-5 days to prepare an estimate when bills are reported out of committee for inclusion in committee reports used in floor consideration. The majority of state cost-estimating units faced similar time limits; over one-half typically have 5 days or less to prepare local cost estimates.

Also, the many program areas covered by proposed legislation preclude use of standardized cost estimation approaches. On the federal level,

bills subject to cost estimates cover such matters as education, the environment, and labor standards (see app. II). State cost estimation practices showed similar patterns. Accordingly, CBO and the states must tailor estimation strategies to each issue, using bill-specific data collection and assumptions.

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### Data Sources Inadequate

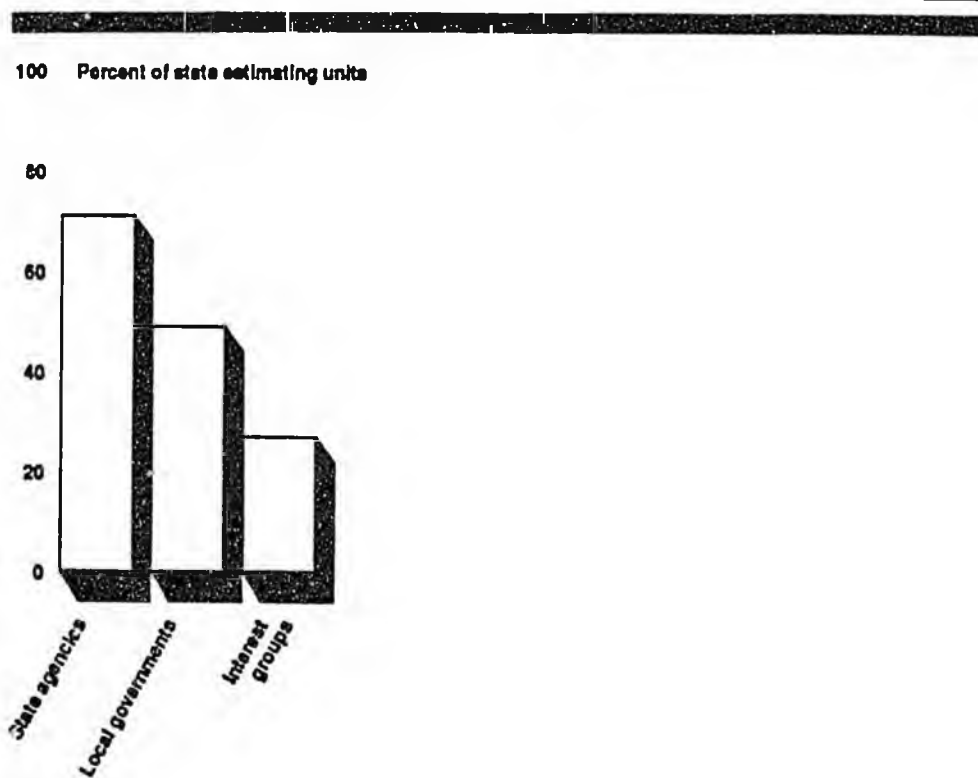
A third constraint is the lack of meaningful data sources on which to draw for state and local estimates. Cost estimation "... is clearly a difficult task especially when there is no historical information on which to base the cost estimates ...," the Illinois Cities and Villages Municipal Problems Commission pointed out in a study. Using a network of state and local personnel knowledgeable about mandate areas, the Commission said, was the most reasonable approach to determining the likely cost of mandates contained in legislation.

At the federal level, CBO does not maintain any single listing of state and local officials it routinely contacts. Rather, contacts will vary with the issue. Typically, CBO collects data through telephone contacts with several sources, including committee staff having jurisdiction over the bill, the responsible federal agency, and selected state and local governments and public interest groups. Federal agencies are good contacts, CBO analysts commented, because of their program databases and knowledge. CBO also values contacts with state and local governments, which can provide cost data as well as comments on CBO's views of the cost impacts.

For example, for the estimate on the Safe Drinking Water Act Amendments of 1985, CBO analysts told us they contacted: (1) staffs of 3 committees to obtain data sources; (2) Environmental Protection Agency and Office of Technology Assessment officials, because of their experience with safe drinking water standards; (3) 2 interest groups representing local water control agencies; and (4) 12 local public water treatment plants that would be affected, for cost data and overall comments on CBO's estimation approach.

The states face similar data constraints. Nearly half of the respondents to our questionnaire said that they did not maintain databases on local cost impacts and, like CBO, relied heavily on telephone data surveys. State agencies were the primary data sources used by state cost-estimating units, as figure 2.1 shows.

Figure 2.1: Sources of Cost Information Used Frequently by State Estimating Units



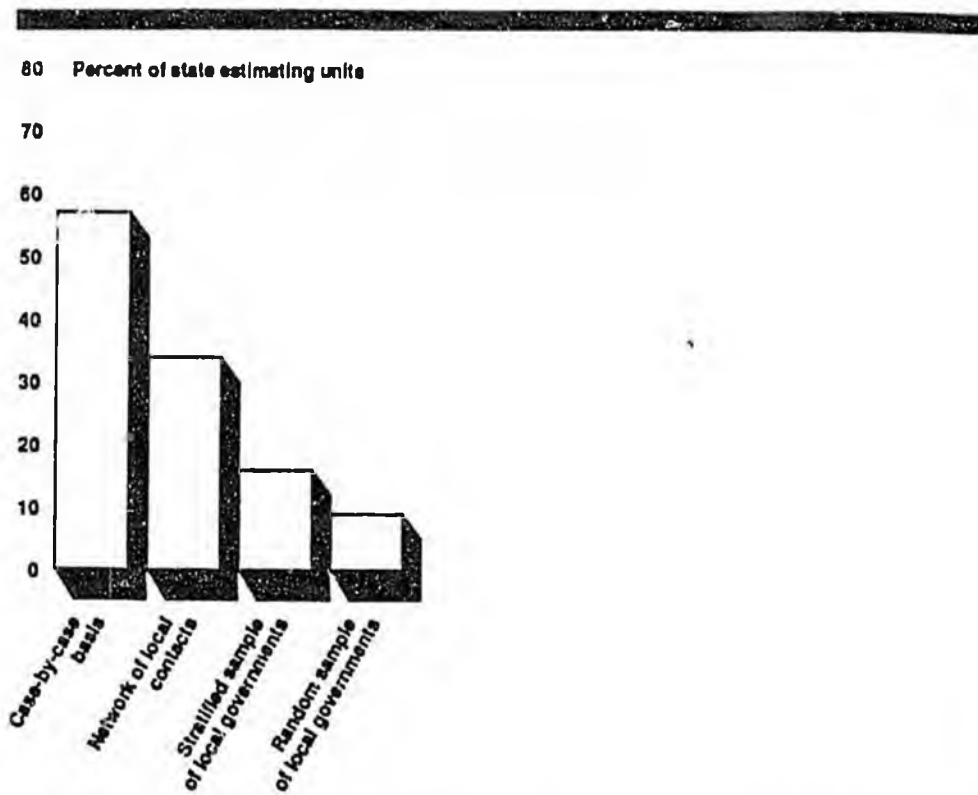
Note: "Frequently" was defined as sources of cost information that state estimating units use most or all of the time. See app. IV for complete data.

When estimating units contacted local governments, it was most frequently on a case-by-case basis, although about one-third of the units reported using a network of local contacts (see fig. 2.2). For example, one unit in California routinely contacted a geographically dispersed mix of counties, school districts, and cities.

### Competing Tasks Occupy Officials

Finally, competing priorities hamper both federal and state units in preparing estimates. At CBO, estimating the federal budgetary costs of proposed legislation receives higher priority than estimating state and local costs. Typically, bills will not be considered on the floor without a CBO estimate of the federal cost impact, but state and local estimates are not required. For example, during consideration of the Safe Drinking Water Act Amendment of 1985 the federal cost estimate was included in committee reports, but the state and local estimate was not available until after the bill passed. The CBO cost-estimating staff also have other

Figure 2.2: Frequently Used Methods for Obtaining Local Government Data



Note: "Frequently used methods" was defined to be methods that state estimating units use to contact local governments for data to a great or very great extent. See app. V for complete data.

duties, such as preparing outlay estimates of appropriations bills, assisting in the preparation of budget resolutions, and analyzing the administration's budget.

Similarly, state legislators use estimates of state costs more than the local estimates, state estimating officials told us. Other duties, such as preparing the state budget, also compete for the time of some state estimating staff. For example, a Florida official said that, besides preparing local cost estimates, analysts prepare state cost estimates, help with the state budget, and monitor agency compliance with the budget.

## Cost Estimates Are Useful but Do Not Reduce Mandates

Cost estimates provide important information to legislators, and the benefits of the process outweigh its costs, according to both federal and state officials. Nevertheless, the estimates had little effect in deterring, modifying, or funding mandates unless there was also strong legislative concern about the impact of imposing mandates on subordinate levels of government.

## Federal-Level Outcomes

CBO produces reliable and objective estimates that enhance or confirm legislative knowledge about the state and local cost impact of federal legislation, according to congressional committee staff we interviewed. Although they value these estimates, they recognize that state and local cost estimates usually do not influence changes in legislation to either reduce mandate burden or provide mandate funding.

More specifically, for five of the eight legislative proposals we reviewed, cost estimates had no effect on reducing the mandate burden. Committee staff cited three reasons for this:

1. Programmatic and policy issues usually are of greater concern to legislators than are state and local costs. For example, the primary reason the Safe Drinking Water Act Amendments (which imposed additional standards on local water systems) passed was the need for clean drinking water. This overshadowed state and local cost considerations, estimated by CBO to include capital costs of \$3.5 billion and another \$200-\$300 million annually.
2. Federal policy debates focus primarily on federal not state and local costs, often leading to mandates requiring state and local cost-sharing. For example, two legislative proposals, the Housing Act of 1985 and the Water Resources Act of 1985, called for federal, state, and local governments to share the costs of emergency shelters for the homeless and water projects, respectively. Cost-sharing recognized the state and local character of these problems and the limited federal funds.
3. Some CBO cost estimates are too late, as they are prepared after bills are reported from committees. For example, CBO's state and local cost estimate for the Ocean Dumping Amendments Act of 1985 was not available in time to be included in the committee report; thus it played no role in the consideration of the bill.

On the other hand, in three of the eight cases we reviewed, CBO's state and local estimates did influence the Congress to reduce or fund mandates. For example, there was strong congressional commitment to amend the Fair Labor Standards Act. The purpose was to lessen the state and local cost impact of the Supreme Court's Garcia decision, which applied federal overtime and minimum wage provisions to state and local governments. CBO was asked to do a special cost impact analysis, state and local interest groups and public employee unions having presented conflicting data as to the burden of the proposed amendment.

CBO's estimate of \$0.5-\$1.5 billion in costs to lower levels of government promoted support for the wage amendment, committee staff said, and validated interest group claims that the court's decision would have imposed a significant cost burden. The amendment would reduce the cost impact to state and local governments by authorizing them to use compensatory time off rather than paid overtime to reward employees working overtime. CBO's cost estimate was influential, according to committee staff, because of CBO's credible and bipartisan reputation and because the estimate was prepared before the committee approved and reported out the legislation. This was earlier than required under the cost estimate statute.

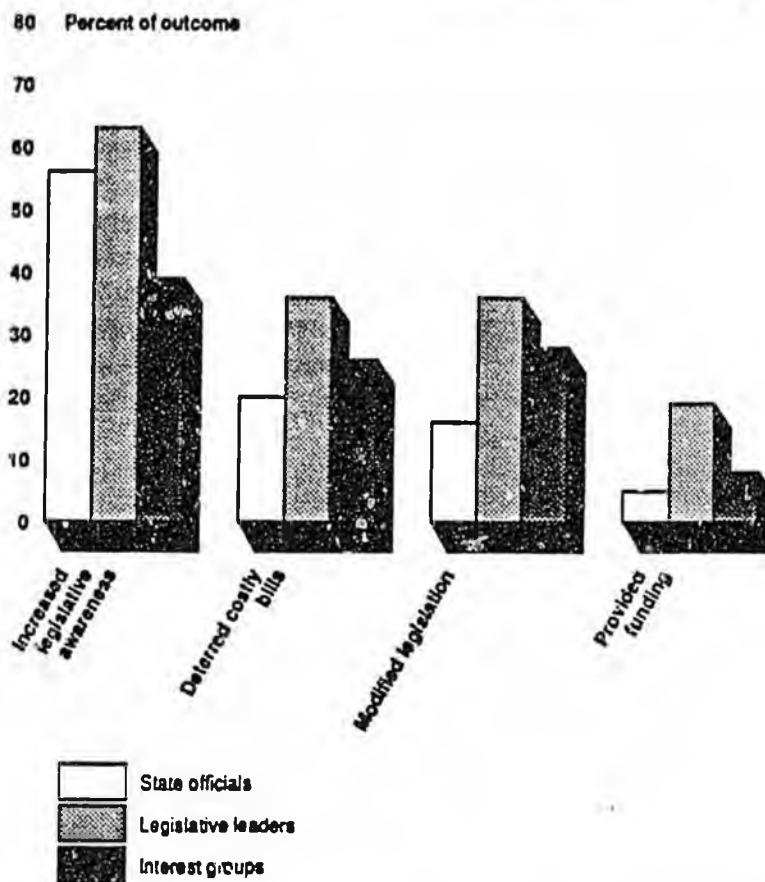
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### Outcomes at the State Level

At the state level, the impact of cost estimation processes is similar to that at the federal level, primarily increasing legislative awareness of local costs. Estimates had more effect in that respect than in deterring, modifying, or funding state mandates, all three groups responding to our questionnaire reported (see fig. 2.3).

Interest in policy issues and in the potential benefits of proposed legislation was by far the most important consideration for state legislators, officials in several states said. Notwithstanding, we observed that estimates of local costs helped reduce legislative mandates affecting local governments when coupled with strong legislative concern about local costs. State officials in Florida, Tennessee, California, and Connecticut cited instances where high local cost estimates, in concert with legislative concern for state mandates, defeated legislation containing mandates. For example, in Connecticut it was estimated that passage of the Gifted and Talented Students Bill requiring local and regional school districts to provide special programs would cost local governments \$40 million. This confirmed to the legislature the bill's high local cost impact and directly contributed to its defeat.

Figure 2.3: Highest Cited Outcomes of Cost Estimation



Note: "Highest cited outcomes" was defined as outcomes of local cost estimates occurring to a great or very great extent. See app. VI for complete data.

### Certain Features of State Cost Estimation Could Improve the Federal Process

Certain features of state cost estimation processes that seem to facilitate use of the estimates merit consideration at the federal level. Noteworthy are preparing estimates (1) earlier in the legislative process before bills clear cognizant committees, (2) for important amendments to proposed bills, and (3) for all types of bills, including proposed tax and appropriation legislation, for which estimates have not previously been prepared at the federal level. In addition, periodically estimating the total cost of mandates imposed by federal legislation on state and local governments could be useful.

## Preparing Estimates Earlier

The timing of cost estimation in the legislative process can affect how legislators will use it. At the state level, estimates may be prepared at any of various stages, usually when bills are introduced, after they clear either the subcommittee or full committee, or when they are considered by fiscal committees. Of the state cost-estimating units responding to our questionnaire, 73 percent said they prepared estimates before the full committee cleared bills; that is, at some point in time earlier than that which normally triggers CBO's preparation of estimates. Cost estimates done early were used to a greater extent than when prepared later, our questionnaire analysis showed. Further, in four states we visited where estimates were considered to be timely and influential, officials said they were reaching legislators before decisions on bills were made.

By the time CBO reviews bills—when they are reported out of full committee—most policy decisions on proposed legislation have been made. For example, one reason CBO's cost estimate did not affect the Rehabilitation Act Amendments of 1986, House committee staff said, was that key policy decisions were made before the full committee reported out the bill. In contrast, when CBO was asked to prepare cost estimates before committee deliberation on a bill, earlier CBO involvement coupled with the committee's interest promoted greater use of the estimates and influenced the final outcome of the legislation.

State and local government interest groups also said that CBO's state and local estimates were prepared too late in the process to be effective. Doing them earlier might increase their effectiveness, we were told.

But preparing cost estimates at an earlier stage, CBO officials said, would increase CBO's workload. There would be more bills, and those bills would more likely be amended, potentially requiring additional cost estimation work. We were unable, however, to determine how many additional bills would have to be reviewed.

Given workload implications, it might be appropriate to have CBO prepare early estimates on only proposed legislation that congressional committees or members, in consultation with state and local interest groups, identified as containing mandates imposing substantial additional costs on state and local governments.