

ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

8822 SENATE COMMUNITY & REGIONAL AFFAIRS



## City of Anaktuvuk Pass

P.O. Box 21030  
Anaktuvuk Pass, Alaska 99721-0030  
Phone 907-661-3612

3. that a minimum of 25 million per year be continued for matching federal funds for water and sewer projects in rural Alaska.

DULY PASSED BY A CONSTITUTED QUORUM OF THE CITY OF ANAKTUVUK  
PASS, THIS 13<sup>th</sup> DAY OF Dec., 1994

ATTEST: Alice Ahjook  
CITY CLERK

Paul Hugo  
MAYOR, ANAKTUVUK PASS

**LAKE AND PENINSULA BOROUGH**

**RESOLUTION #95-09**

RECEIVED  
FEB 21 1995  
ALASKA MUNICIPAL LEAGUE

**A RESOLUTION URGING THE GOVERNOR AND THE LEGISLATURE TO SUPPORT THE ALASKA MUNICIPAL BASIC SERVICES PROGRAM**

**WHEREAS**, many Alaskan municipalities are facing fiscal crises that may curtail basic municipal services to citizens and encourage the dissolution of many small municipalities; and,

**WHEREAS**, these negative impacts are due in large part to severe cutbacks in the current Municipal Assistance and the State Revenue Sharing Programs; and,

**WHEREAS**, the two current programs comprising state aid to municipalities are administratively complex for municipalities, have outdated formulas, do not ensure that municipal basic services are provided, and have some conflicting policy provisions. They are acceptable programs to allocate state revenues in the short term, but they do not reflect the policy decisions necessary for the future, and,

**WHEREAS**,

- Alaskans support accountability at all levels of government
- Alaskans want a "back to basics" approach to government
- Alaskans support low administrative costs and less complex programs
- Alaskans want the state's limited resources distributed most efficiently and fairly
- Alaskans are concerned about their capacity to maintain existing capital improvements
- Alaskans want stable municipal governments; and,

**WHEREAS**, State government has an obligation to share revenue from the resources that are commonly owned by all the people of Alaska to provide basic and essential state and municipal services; and,

**WHEREAS**, due to Alaska's dispersed population, relatively small local tax bases, and large resource revenues to the state, it is critical that sufficient state revenue from commonly held resources be distributed to local governments to ensure that minimum basic municipal services are provided; and

**WHEREAS**, revenue sharing increases local determination rather than fostering the need for additional direct state services to communities; and

**WHEREAS**, it is critical that the programs to share revenue from resources commonly held by all the people of Alaska be strengthened to ensure continuing maintenance of existing improvements and to provide a base for other basic and reasonable local operations and maintenance; and

**WHEREAS**, the proposed Alaska Municipal Basic Services Programs (AMBS) supports a "back to basics" approach to government, increases accountability, reduces administrative complexity, allocates revenues fairly, and provides an efficient long term vehicle to support stable and effective local government.

**NOW THEREFORE, BE IT RESOLVED** that the Lake and Peninsula Borough Assembly requests that the Governor and the Legislature support and work to adopt and implement the Alaska Municipal Basic Services Program with the following major provisions:

1. Funds are allocated to municipalities based on each communities actual expenditures for basic services, local assessed valuation, and population (with the exception of health facilities, roads and ice roads, volunteer fire departments outside of municipalities, and unincorporated communities in the unorganized borough, which will receive allocations similar to existing formulas).

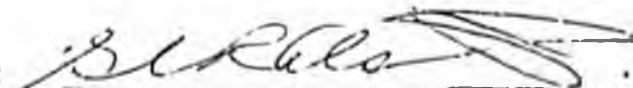
2. The existing minimum entitlement for all municipalities and communities will be increased from \$25,000.00 to \$75,000.

3. That all un-incorporated communities inside organized boroughs will be treated equally and as fairly as un-incorporated communities outside organized boroughs, including the minimum entitlement.

**NOW THEREFORE, BE IT FURTHER RESOLVED** that the Lake and Peninsula Borough Assembly requests that the Governor and Legislature support and work to adopt a restoration of funding for municipal aid at the FY 94 level to establish a realistic base to ensure stable municipalities. (This reflects an increase in funding from the FY 95 level of \$62,018,183 to the FY 94 level of \$72,030,376). A restoration of the FY 94 funding for municipal aid will allow for a phase-in of the new AMBS program, establish a fair funding level for municipal aid consistent with national averages, and provide a stabilization of support for minimum municipal basic services.

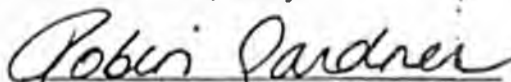
**PASSED AND APPROVED** by the Lake and Peninsula Borough Assembly this 14th. day of February, 1995.

SIGNED:



Glen Alsworth, Mayor

ATTEST:



Robin Gardner, City Clerk

H. Guinotte

CITY OF PALMER, ALASKA

RESOLUTION NO. 1040

A RESOLUTION OF THE CITY OF PALMER URGING THE GOVERNOR AND THE LEGISLATURE TO SUPPORT THE ALASKA MUNICIPAL BASIC SERVICES PROGRAM.

WHEREAS, many Alaskan municipalities are facing fiscal crises that may curtail some basic municipal services to citizens and encourage the dissolution of some small municipalities; and

WHEREAS, these negative impacts are due in large part to severe cutbacks in the current Municipal Assistance and the State Revenue Sharing Programs; and

WHEREAS, the two current programs comprising state aid to municipalities are administratively complex for municipalities, have outdated formulas, do not ensure that municipal basic services are provided, and have some conflicting policy provisions. They are acceptable programs to allocate state revenues in the short term, but they do not reflect the policy decisions necessary for the future; and

WHEREAS, the City of Palmer supports accountability at all levels of government, wants a "Back to Basics" approach to government, supports low administrative costs and less complex programs, wants the state's limited resources distributed most efficiently and fairly, is concerned about the capacity to maintain existing capital improvements, and wants stable municipal governments; and

WHEREAS, State government has an obligation to share revenue from the resources that are commonly owned by all the people of Alaska to provide basic and essential state and municipal services; and

WHEREAS, every state in the U.S.A. provides some form of revenue sharing to its municipalities; and

WHEREAS, due to Alaska's dispersed population, relatively small local tax bases, and large resource revenues to the state, it is critical that sufficient state revenue from commonly held resources be distributed to local governments to ensure that minimum basic municipal services are provided; and

WHEREAS, sharing of revenues from commonly held resources is especially important to small rural communities because

Resolution No. 1040 - Continued

many have virtually no tax base and state shared revenues are often their only stable revenue; and

WHEREAS, revenue sharing increases local determination rather than fostering the need for additional direct state services to communities; and

WHEREAS, every dollar cut from municipal revenue sharing or municipal assistance is a dollar of local tax increase or a cut to direct basic services to the City of Palmer; and

WHEREAS, Alaska's emphasis during the last decade has been on capital projects and often the cost of continuing operation and maintenance of projects was not planned adequately; and

WHEREAS, it is critical that the programs to share revenue from resources commonly held by all the people of Alaska be strengthened to ensure continuing maintenance of existing improvements and to provide a base for other basic and reasonable local operations and maintenance; and

WHEREAS, the proposed Alaska Municipal Basic Services Programs (AMBS) supports a "back to basics" approach to government, increases accountability, reduces administrative complexity, allocates revenues fairly, and provides an efficient long term vehicle to support stable and effective local government.

NOW, THEREFORE, BE IT RESOLVED that the City of Palmer requests that the Governor and the Legislature support and work to adopt and implement the Alaska Municipal Basic Services Program with the following major provisions:

1. Funds are allocated to municipalities based on each community's actual expenditures for municipal basic services, local assessed valuation, and population (with the exception of health facilities, volunteer fire departments outside of municipalities, and unincorporated communities in the unorganized borough, which will receive allocations similar to existing formulas).
2. The existing minimum entitlement for municipalities will be increased from \$25,000 to \$50,000.

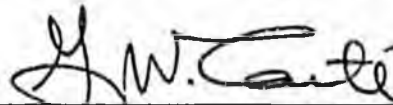
BE IT FURTHER RESOLVED that the Alaska Municipal League requests that the Governor and Legislature support and work to adopt a restoration of funding for municipal aid at the FY 94 level to establish a realistic base to ensure stable municipalities. (This reflects an increase in funding from the FY 95 level of \$62,018,183 to the FY 94 level of

Resolution No. 1040 - Continued

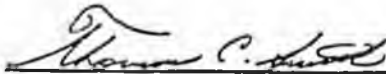
\$72,030,376). A restoration of the FY 94 funding for municipal aid will allow for a phase-in of the new AMBS program, establish a fair funding level for municipal aid consistent with national averages, and provide a stabilization of support for minimum municipal basic services.

BE IT FURTHER RESOLVED that the City of Palmer will work to support the development and implementation of a long-range fiscal plan for the State of Alaska that provides for the stabilization of both state and municipal basic services.

Passed and approved this 10<sup>th</sup> day of January,  
1995.



GEORGE W. CARTE', MAYOR



THOMAS C. SMITH, CITY CLERK

CITY OF OUZINKIE  
PO BOX 109  
OUZINKIE, ALASKA, 99644

JANUARY 20, 1995

Honorable Tony Knowles  
Governor of Alaska  
PO Box A  
Juneau, Ak. 99811

ALASKA MUNICIPAL LEAGUE  
JAN 28 1995  
RECEIVED

Dear Governor Knowles:

The City of Ouzinkie urges you to give your full support to passage of legislation which is being proposed and would change the Municipal Assistance and Revenue Sharing programs into a new Alaska Municipal Basic Services Program , as described in Senate Bill 20.

We have experienced cuts in our revenue sharing to the excess of 50% over the course of recent years. We have very little revenue that is available to the City of Ouzinkie. We do have a sales tax, (3%) on the only business in town, a small convenience store with low gross sales that only provides about a budgeted revenue to the City of \$10,000. We have no ability to tax the real estate property because about 99% of the housing is HUD housing and as such exempt from taxes.

We provide basic services such as water treatment, generation of electricity, fire protection, road and airport maintenance, and the structure of a city office with personnel and equipment to maintain the necessary administration of these services.

As you can see there is a certain basic cost to providing the above services regardless of a community's population. Alaska Municipal League has as a part of their platform supported a minimum \$50,000 be provided to communities of our size and population.

The basic strength and nature of Alaska we believe is based on the health, well being, and economic stability of the rural communities in this state. We encourage you to assist in stabilizing this resource by supporting and encouraging the legislature to pass this bill.

Sincerely,

A handwritten signature in cursive script that reads "Zack Chichenoff".

Zack Chichenoff  
Mayor of Ouzinkie

cc:

Jerome Selby, Kodiak Island Borough Mayor  
Alan Austerman, Representative  
Fred Zharoff, Senator  
Alaska Municipal League

# THE CITY OF WHITTIER

Gateway to Western Prince William Sound

TO: Alaska Conference of Mayors  
AML Board of Directors  
Municipal Aid Working Group

FROM: Chris Overbeck, Mayor  
City of Whittier

RE: Impact of cuts of Municipal Assistance/Revenue  
Sharing Revenue

DATE: January 18, 1995

The City of Whittier in the last five years has had an average reduction of our Municipal Assistance/revenue Sharing Revenue of \$12,724 or 22% each year (see Impact Worksheet I)

The effective change of the reduction of revenue from 1990 to 1994 was \$33,382 or 45% (See Impact Worksheet I).

The effect on the basic services (AMBS) for the City of Whittier was the following from 1990 to 1994:

1990 to 1994 <u>Department</u>	Total % Reduction from <u>Municipal Assistance/ Revenue Sharing Cuts</u>
POLICE	10%
LIBRARY	42%
PUBLIC WORKS ROAD MAINTENANCE	5%

The reduction of this revenue has had very damaging effect in the closing of our public library, reduction in road maintenance and police department (loss of one police officer out of four)

WORKSHEET: MUNICIPAL ASSISTANCE REVENUE SHARING

I. Municipal Assistance/Revenue Sharing

<u>YEAR</u>	<u>Municipal Assistance/ Revenue Sharing</u>	<u>Reduction From Previous Year Amount</u>	<u>%</u>
1994	\$ 40,657	( 8,391)	(17%)
1993	\$ 49,048	( 16,883)	(26%)
1992	\$ 65,931	( 2,992)	( 5%)
1991	\$ 62,939	( 11,100)	(15%)
1990	\$ 74,039	( 24,306)	(45%)
Average:	\$ 58,522	( 12,724)	(22%)
Reduction from 1990 To 1994: \$	-	( 33,382)	(45%)

II. Effect of Cuts - Basic Services:

<u>Dept.</u>	<u>1990 Actual</u>	<u>Municipal Assistance/ Revenue Sharing Reduction</u>	<u>Other Reduction</u>	<u>1994 Actual</u>	<u>Total % Reduction From Municipal Revenue Sharing</u>
Police	\$245,404	(\$20,693)	(\$103,530)	\$121,181	10%
Library	\$ 26,405	(\$11,008)	(\$ 15,103)	\$ 294	42%
Clinic	\$125,841	-	(\$ 9,463)	\$116,378	-
Public Works Road Maintenance	\$ 40,034	(\$ 1,681)	(\$ 2,648)	\$ 35,705	5%
<b>Total</b>	<b>\$437,684</b>	<b>(33,382)</b> =====	<b>(\$130,744)</b>	<b>\$273,558</b>	

# THE CITY OF WHITTIER

Gateway to Western Prince William Sound

## TABULATION OF MUNICIPAL ASSISTANCE/REVENUE SHARING 1988-1994

1994

Municipal Assistance	- \$16,163
Revenue Sharing	- <u>\$24,494</u>
	\$40,657

1993

Municipal Assistance	- \$17,926
Revenue Sharing	- <u>\$7,122</u>
	\$19,048

1992

Municipal Assistance	- \$21,636
Revenue Sharing	- <u>\$44,295</u>
	\$65,931

1991

Municipal Assistance	- \$23,363
Revenue Sharing	- <u>\$39,276</u>
	\$62,639

1990

Municipal Assistance	- \$25,415
Revenue Sharing	- <u>\$48,624</u>
	\$74,039

1989

Municipal Assistance	- \$28,445
Revenue Sharing	- <u>\$69,900</u>
	\$98,345

1988

Municipal Assistance	- \$31,455
Revenue Sharing	- <u>\$65,555</u>
	\$97,010

**CITY OF WHITTIER, ALASKA  
RESOLUTION 421-95  
URGING THE GOVERNOR AND THE LEGISLATURE TO SUPPORT THE  
ALASKA MUNICIPAL BASIC SERVICES PROGRAM**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WHITTIER, ALASKA URGING THE GOVERNOR AND THE LEGISLATURE TO SUPPORT THE ALASKA MUNICIPAL BASIC SERVICES PROGRAM.

WHEREAS, many Alaskan municipalities are facing fiscal crises that may curtail some basic municipal services to citizens and encourage the dissolution of some small municipalities; and

WHEREAS, these negative impacts are due in large part to severe cutbacks in the current Municipal Assistance and the State Revenue Sharing Programs; and

WHEREAS, the two current programs comprising state aid to municipalities are administratively complex for municipalities, have outdated formulas, do not ensure that municipal basic services are provided, and have some conflicting policy provisions. They are acceptable programs to allocate state revenues in the short term, but they do not reflect the policy decisions necessary for the future; and

WHEREAS,

- Alaskans support accountability at all levels of government
- Alaskans want a "back to basics" approach to government
- Alaskans support low administrative costs and less complex programs
- Alaskans want the state's limited resources distributed most efficiently and fairly
- Alaskans are concerned about their capacity to maintain existing capital improvements
- Alaskans want stable municipal governments; and

WHEREAS, State government has an obligation to share revenue from the resources that are commonly owned by all the people of Alaska to provide basic and essential state and municipal services; and

WHEREAS, every state in the U.S.A. provides some form of revenue sharing to its municipalities; and

WHEREAS, due to Alaska's dispersed population, relatively small local tax bases, and large resource revenues to the state, it is critical that sufficient state revenue from commonly held resources be distributed to local governments to ensure that minimum basic municipal services are provided; and

WHEREAS, sharing of revenues from commonly held resources is especially important to small rural communities because many have virtually no tax base and state shared revenues are often their only stable revenue; and

WHEREAS, revenue sharing increases local determination rather than fostering the need for additional direct state services to communities; and

WHEREAS, every dollar cut from municipal revenue sharing or municipal assistance is a dollar of local tax increase or a cut to direct basic services to Alaskans; and

WHEREAS, Alaska's emphasis during the last decade has been on capital projects and often the cost of continuing operation and maintenance of projects was not planned adequately; and

WHEREAS, it is critical that the programs to share revenue from resources commonly held by all the people of Alaska be strengthened to ensure continuing maintenance of existing improvement and to provide a base for other basic and reasonable local operations and maintenance; and

WHEREAS, the proposed Alaska Municipal Basic Services Programs (AMBS) supports a "back to basics" approach to government, increases accountability, reduces administrative complexity, allocates revenues fairly, and provides an efficient long term vehicle to support stable and effective local government.

NOW, THEREFORE BE IT RESOLVED that the Alaska Municipal League requests that the Governor and the Legislature support and work to adopt and implement the Alaska Municipal Basic Services Program with the following major provisions:

1. Funds are allocated to municipalities based on each community's actual expenditures for municipal basic services, local assessed valuation, and population (with the exception of health facilities, volunteer fire departments outside of municipalities, and unincorporated communities in the unorganized borough, which will receive allocations similar to existing formulas).
2. The existing minimum entitlement for municipalities will be increased from \$25,000 to \$50,000.

BE IT FURTHER RESOLVED that the Alaska Municipal League requests that the Governor and Legislature support and work to adopt a restoration of funding for municipal aid at the FY 94 level to establish a realistic base to ensure stable municipalities. (This reflects an increase in funding from the FY 95 level of \$62,018,183 to the FY 94 level of \$72,030,376). A restoration of the FY 94 funding for municipal aid will allow for a phase-in of the new AMBS program, establish a fair funding level for municipal aid consistent with national averages, and provide a stabilization of support for minimum municipal basic services; and

BE IT FURTHER RESOLVED that the Alaska Municipal League and its member communities will work to support the development and implementation of a long-range fiscal plan for the State of Alaska that provides for the stabilization of both state and municipal basic services. If the need for additional revenues is indicated, the Alaska Municipal League and its member communities will support the implementation of an income tax with a prime stated purpose of supporting state and municipal services.

PASSED AND APPROVED by a duly constituted quorum of the Whittier City Council this \_\_\_\_ day of \_\_\_\_\_, 1995

\_\_\_\_\_  
Chris Overbeck, Mayor

ATTEST:

\_\_\_\_\_  
Debra Burnham, City Clerk

AYES: \_\_\_\_\_  
NOES: \_\_\_\_\_  
ABSENT: \_\_\_\_\_  
ABSTAIN: \_\_\_\_\_



# City and Borough of Sitka

100 LINCOLN STREET, SITKA, ALASKA 99835

RECEIVED

JAN 21 1995

ALASKA MUNICIPAL LEAGUE

January 25, 1995

The Honorable Senator Robin Taylor  
Alaska State Senate  
State Capitol Bldg., Room 30  
Juneau, AK 99801-1182

Dear Robin:

I want to reiterate Sitka's support for the Alaska Municipal Basic Services Program (AMBS) as outlined in the Critical Issues section of the FY'96 Sitka Legislative Priorities. The continuing erosion of state funding for Municipal Assistance and Revenue Sharing (almost 14 percent last year alone) is particularly harmful to Sitka with Sitka's other revenues declining dramatically. We strongly support Alaska Municipal League's goal to stabilize state revenue sharing for municipalities at an adequate level of funding.

We understand SB 20 has been introduced to establish the AMBS program. Your assistance in helping to secure adoption and funding for the AMBS in the Senate would be greatly appreciated.

Best regards.

Sincerely,

Gary L. Paxton  
Administrator

cc: Alaska Municipal League

*The funds have begun!*

*Alakanuk City Council*  
 P.O. BOX 167  
 ALAKANUK, ALASKA 99534  
 (907) 238-3313

February 6, 1995

Senator Al Adams  
 State Capitol, Senate  
 Capitol, Room 417  
 Juneau, Alaska 99801-1182

Dear Senator Adams,

The City Council of the City of Alakanuk wishes to express its support for Senate Bill 10, the Alaska Municipal Basic Services Program (AMBS).

Our city, at present, is operating upon a budget that makes it extremely difficult to provide services needed for the residents. Should funds be cut further the present services offered could be threatened. Further reduction in funding could be a catastrophic consequence for all of the small villages of Alaska. As the cash economy grows and traditional methods of sustaining life are being used less, these loss of revenues can give limited means of caring for daily services.

Please accept our support for Senate Bill 10 and we urge your help in easing the financial dilemma many villages are now experiencing.

Respectfully, City Council Members of the City of Alakanuk

*Peter G. Black*  
*John Phillip*  
*Fred Augustine*  
*Francis J. Damon*  
*Elyse Chitigak*

ATTN: Kevin Ritchie AMC/VIA  
 from: City of ALAKANUK

— We will also be sending letter to Rep Rick Warren Foster



**WALRUS CAPITAL OF THE WORLD  
SAVOONGA, ALASKA**



CITY OF SAVOONGA  
P.O. BOX #40  
SAVOONGA, ALASKA 99769  
PHONE 984-6614

January 27, 1995

To: Senator Al Adams and  
Representative Richard Foster

From: Jerry Wongittilin, Sr.  
Vice-Mayor

Subject: AMBS Program (SB 20)

RECEIVED  
FEB 02 1995  
ALASKA MUNICIPAL LEAGUE

Dear Senator Adams and Representative Foster:

The City Council Members of Savoonga and the City of Savoonga is in full support of SB 20, as introduced by Senator John Torgerson.

The municipalities within our communities are very much aware that in the past years, there has been cuts on our Revenue Sharing and Municipal Assistance. Every time these cuts are made, the municipalities have to make some cuts to make adjustments within our cities. The fuel cost has gone up as well and we may have to be forced to cut our hours in order to conserve our fuel cost. Thank you.

Sincerely,

Jerry Wongittilin, Sr.  
Vice-Mayor

cc: Donald Long, AML President

# City of Atka

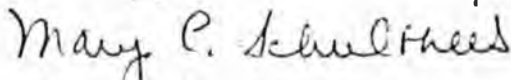
December 19, 1994

Alaska Municipal League  
217 Second Street #200  
Juneau, AK 99801

Dear Sirs:

Enclosed you will find a resolution from the Atka City Council endorsing the Alaska Municipal Basic Services Program to allocate shared State revenues. We very much support the concept of this program and will be glad to lend whatever additional support is within our capability to assure its passage.

Sincerely yours,

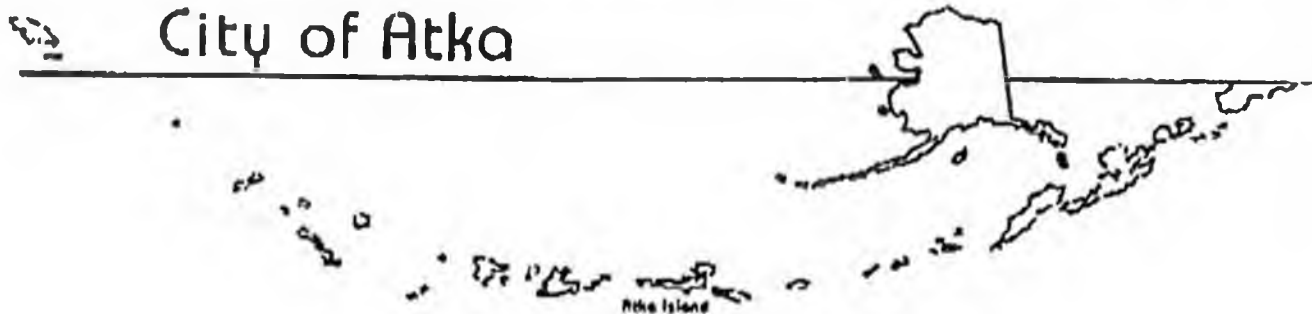


Mary C. Schultheis  
City Administrator

Attachement

RECEIVED  
DEC 22 1994  
ALASKA MUNICIPAL LEAGUE

# City of Atka



## RESOLUTION 95-205

### A RESOLUTION OF THE ATKA CITY COUNCIL ENDORSING THE ALASKA MUNICIPAL BASIC SERVICES PROGRAM TO ALLOCATE SHARED STATE REVENUES

WHEREAS, municipal government are being required to provide an increasingly board range of basic services,

WHEREAS, many of these services are mandated but unfunded,

WHEREAS, State revenue sharing municipal assistance, the primary existing State programs for distributing shared revenue, have been severly cut over the past years,

WHEREAS, current programs are based on outdated formulas.

NOW, THEREFORE, BE IT RESOLVED THAT: the Atka City Council supports the Alaska Municipal Basic Services program as a means of allocaing shared State revenues to replace the existing State revenue sharing and municipal asistance programs.

BE IT FURTHER RESOLVED THAT: the Council supports the proposed mininum entitlement of \$50,000 per municipality to help Alaska's smallest communities to remain financially viable and able to provide basic services

PASSED AND APPROVED BY A DULY CONSTITUTED QUORUM OF THE ATKA CITY COUNCIL THIS 16<sup>th</sup> DAY OF DECEMBER, 1994.

SIGNED: Michael Anigault  
Mayor

ATTEST: Katherine Woyzow  
city clerk



CITY OF EEK  
P.O. BOX 09  
EEK, ALASKA  
99578  
(907)536-5129

DATE January 11, 1995

TO: Alaska Municipal League  
Joint Insurance Association, Inc  
217 second street, Suite 200  
Juneau, Alaska 99801

FROM: Marie C. White  
Eek City Council Mayor  
P.O. Box 09  
Eek, Alaska 99578

SUBJECT: Requesting a copy of the minutes of January 24-26, 1995

Dear Sir,

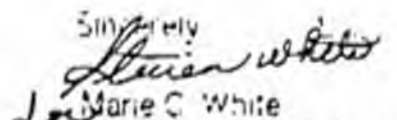
We are requesting a copy of your minutes for January 24-26, 1995, of the Alaska Conference of Mayors.

Currently, the Eek City Council cannot afford to send a representative to attend the Alaska Conference of Mayors for January 24-26, 1995, due to lack of funds.

Enclosed is a resolution 95-02 to support the passage of the new Alaska Municipal Basic Services Program to replace the State Revenue Sharing and Municipal assistance, which is very important to this community.

If you should have any questions, please do not hesitate to contact us at the above address.

Thank you for this letter.

Sincerely,  
  
Marie C. White  
Eek City Council Mayor

cc.  
office file

CITY OF EFK  
P.O. BOX 09  
EEK, ALASKA  
99578  
(907)536-5129

**RESOLUTION 95-03**

A RESOLUTION SUPPORTING THE PASSAGE OF THE NEW ALASKA MUNICIPAL SERVICES PROGRAM, REVISING THE STATE REVENUE SHARINGS AND MUNICIPAL ASSISTANCES FOR THE MEMBERS OF ALASKA MUNICIPAL LEAGUE

WHEREAS, The Eek City Council is a Local Government for the village of Eek, under the Alaska Status, Title 29, and

WHEREAS, The Eek City Council is a member of the Alaska Municipal League, by resolution 94-15, pays its annual Membership dues, and

WHEREAS, The Eek City Council receives funding from both the State Revenue Sharing and Municipal Assistances, from the Department of Community Regional Affairs, and

WHEREAS, The Eek City Council supports the passage of the new Alaska Municipal Basic Services Program to replace the State Revenue Sharing and the Municipal Assistances, and

WHEREFORE BE IT RESOLVED, that the Eek City Council cannot afford yearly reductions to both the State Revenue Sharing and the Municipal Assistances.

FURTHER RESOLVED, that the Eek City Council seeks ways to maintain the State Revenue Sharings and Municipal assistance without cuts in the future.

CITY OF EEK  
P.O. BOX 09  
EEK, ALASKA  
99578  
(907)536-5129

RESOLUTION 95-03

A RESOLUTION SUPPORTING THE PASSAGE OF THE NEW ALASKA MUNICIPAL SERVICES PROGRAM, REVISING THE STATE REVENUE SHARINGS AND MUNICIPAL ASSISTANCES FOR THE MEMBERS OF ALASKA MUNICIPAL LEAGUE

WHEREAS, The Eek City Council is a Local Government for the village of Eek, under the Alaska Statute Title 29, and

WHEREAS, The Eek City Council is a member of the Alaska Municipal League, by resolution 94-15, pays its annual Membership dues, and

WHEREAS, The Eek City Council receives funding from both the State Revenue Sharing and Municipal Assistances, from the Department of Community Regional Affairs, and

WHEREAS, The Eek City Council supports the passage of the new Alaska Municipal Basic Services Program to replace the State Revenue Sharing and the Municipal Assistances, and

NOW THEREFORE BE IT RESOLVED, that the Eek City Council cannot afford yearly expenditures to both the State Revenue Sharing and the Municipal Assistances

BE IT FURTHER RESOLVED, that the Eek City Council seeks ways to maintain the State Revenue Sharings and Municipal assistance without cuts in the future

PASS AND APPROVED ..... 10<sup>th</sup> ..... day of  
January ..... 1995

*Marie C White* .....  
for Marie C White - Mayor

ATTEST *Fritz E Petluska* .....  
Fritz E Petluska - City Clerk



# CITY OF NOME

Incorporated April 9, 1901

P.O. Box 281  
Nome, Alaska 99762  
Telephone (907) 443-5242  
Fax (907) 443-5349

January 20, 1995

Mr. Kevin Ritchie  
Executive Director  
Alaska Municipal League  
217 Second Street, Suite 200  
Juneau, Alaska 99801

Re: Alaska Municipal Basic Services (AMBS) Program

Dear Kevin: *Kevin* —

Attached is a copy of Resolution R-95-1-1, "A resolution in support of the Alaska Municipal Basic Services Program" which was unanimously adopted by the Nome City Council on January 11, 1995.

We will also forward a copy of this same Resolution to Ms. Wendy Mulder who will be representing the City of Nome during the 1995 legislative session, and instruct her to speak favorably on behalf of the AMBS program at every appropriate opportunity.

If we can offer further assistance, please let me know.

Sincerely,

*Paul*  
Paul R. Day  
City Manager

cc: Wendy Mulder

Presented By:  
City Manager  
Action Taken:  
Yes 6 No 0

CITY OF NOME, ALASKA

RESOLUTION NO. R-95-1-1

A RESOLUTION IN SUPPORT OF THE  
ALASKA MUNICIPAL BASIC SERVICES PROGRAM

WHEREAS, the City of Nome is an active member of the Alaska Municipal League (AML); and,

WHEREAS, the AML's special Municipal Aid Working Group authorized by the AML membership has been working on a solution to the ongoing problem of decreased state shared funding to municipalities (the state has reduced state shared revenues to municipalities far beyond reductions to other programs in the operating budget - over 55% in the last 10 years and 13.9% in FY95 alone); and,

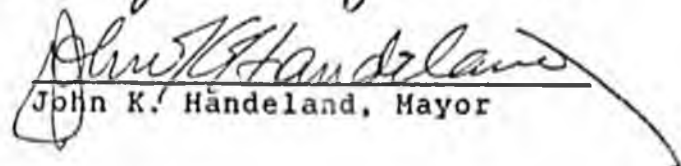
WHEREAS, a solution has been developed that allocates stated shared revenues fairly, encourages a "back to basics" approach to municipal services and very gradually adjusts municipal allocations; and,

WHEREAS, the Alaska Municipal Basic Services (AMBS) Program proposes that the Legislature appropriate funding based on nine municipal basic service categories in proportion to each municipality's local effort in each category, its overall ability to pay and population; and,

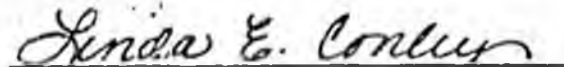
WHEREAS, municipal aid programs are critical to the provision of basic services to the residents of Nome,

NOW, THEREFORE, BE IT RESOLVED that the Nome Common Council of Nome, Alaska supports and endorses the AML's proposed Alaska Municipal Basic Services Program and urges the Legislature to consider funding the program as proposed.

APPROVED and SIGNED this 11th day of January, 1995.

  
John K. Handeland, Mayor

ATTEST:

  
Linda E., Conley, City Clerk



## City of Marshall

P.O. BOX 09 • MARSHALL, ALASKA 99585 • (907) 679-6215/6415

### IMPACT STATEMENT

#### MUNICIPAL ASSISTANCE/REVENUE SHARING CUTS

THE STATE REVENUE SHARING ENTITLEMENT FOR THE CITY OF MARSHALL FOR FY 93 WAS \$32,236.00, FOR FY 94 WAS \$31,966.00 AND AT THE PRESENT TIME FOR FY 95 IS \$30,954.00. ALTHOUGH THERE WAS A SLIGHT INCREASE IN THE MUNICIPAL ASSISTANCE PROGRAM FROM \$16,465.00 IN FY 93 TO \$17,082.00 IN FY 94 THIS DID NOT REFLECT ON OUR BUDGET AS A SIGNIFICANT INCREASE. FIGURES FOR FY 95 ARE UNKNOWN AT THIS TIME. AFTER ALLOCATING SO MUCH PERCENTAGE FOR OUR ROAD MAINTENANCE, HEALTH FACILITY, ETC. EVERY YEAR WE HAVE TO TIGHTEN OUR BELT A LITTLE TIGHTER. PERMANENT-PART TIME POSITIONS' HOURS ARE REDUCED, VILLAGE POLICE OFFICER'S MONTHLY WAGE IS PUT ON FREEZE (PRESENTLY NO ONE HOLDS THIS POSITION BECAUSE OF A LOW PAY SCALE), AND MAINTENANCE FOR CITY BUILDINGS ARE PERFORMED ONLY WHEN NECESSARILY NEEDED. ROAD MAINTENANCE THIS WINTER HAS BEEN HIGHER THAN PREVIOUS WINTERS BECAUSE OF THE EXCESSIVE SNOWFALL WHICH HAS REALLY AFFECTED OUR BUDGET. THE HIGH COST OF GOODS AND SERVICES DELIVERED TO MARSHALL HAS A TREMENDOUS IMPACT ON OUR BUDGET. WINTER TRAIL MARKING IS NOT INCLUDED IN OUR BUDGET AND THIS IS A VERY NECESSARY PART OF LIFE IN THE BUSH. DONATIONS FOR WINTER TRAIL MARKING IS VERY MINIMAL. ANY FUTURE REDUCTIONS IN FUNDING WILL DRASTICALLY AFFECT CITY OPERATIONS.

PREPARED BY:  
RAYMOND D. ALSTROM-MAYOR, CITY OF MARSHALL  
19 JANUARY 1995



## CITY OF HOONAH

P.O. Box 360 • Hoonah, Alaska 99829 • (907) 945-3663 • FAX (907) 945-3445

January 12, 1995

TO: Albert W. Dick, Mayor

FROM: Robert G. Pinard  
Ass't. Admn./Treasurer

SUBJECT: Shared Revenue and Municipal Ass't

As requested I have identified monies received by the City of Hoonah during the period FY 1992 - FY 1995 for Shared Revenue and Municipal Assistance.

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
Shared Revenue	\$58,780	\$123,420	\$110,259	\$96,894
Municipal Ass't.	66,811	53,430	48,300	43,470

Calculation of State Revenue Sharing has gone from (Hoonah) a population of 894, Full & True Property Value of \$21,953,900 and locally generated revenues of \$638,130 in 1992 to a population of 968, Full & True Property Value of \$23,127,700 and locally generated revenues of \$551,650 for FY 95. Municipal Ass't. which used to be based on Gross Business License tax of which communities 60% was repealed and is now paid by legislation appropriation which must be equal to or greater than 30% of General and petroleum corporate income tax. This amount is pro-rated state wide based on a community's population.

Effective with FY 1993 Shared Revenues we were approved for additional extra territorial roads increasing our road miles from 14 to 75 thus increasing our shared revenues by 110% yet decreasing total shared Revenue for the period FY 1992 - FY 1995 by 10 - 12%. Municipal Ass't. has declined by 35% for that same period. Our main source of revenue for General Operations other than Paw Fish Tax Receipts is 4% Sales Tax collected by the City of which 1% is dedicated to the operation of the Swimming Pool.

January 12, 1995

Page 2

We have been operating on a break even budget maintaining a staff of 14 employees, down from 19 prior to 1992, yet providing the same level of services. We have been trying to upgrade our public works equipment for several years, but have been only able to replace a few of them. The others we have repaired and maintained them enough so that they at least function. Public Safety vehicles have been purchased from other city surplus or been given to us by the Federal Government as a few of our Public Works vehicles. Fire Department and ambulance vehicles are old and need replacing especially the two ambulances. The Police Dept. would like to hire another officer and dispatcher so that we can at least provide minimum 24 hour daily coverage. As it is right now a majority of calls received are taken by the Police or VPSO officer while on duty or on call.

Frankly, if we had not been approved for extra territorial miles thus increasing Shared Revenue Distribution and freeing up other General Revenue Funds we would have to make additional employee cuts, reduce services and try to identify other revenue sources. Just about all Grant money sources require at least a 50% match of which they are now requiring a portion of it be Cash making it even more difficult to apply for these Grant monies as we do not have available funds for the match portion. Lastly, finding other revenue sources in predominantly native communities is never popular. As you know we have recently tried on two occasions to increase our sales tax to 4% on the first occasion and 5% on the second. Both measures were soundly defeated.



Dennis Egan, Mayor  
City & Borough of Juneau  
155 S. Second Street  
Juneau, Alaska 99801

---

SEMPER —

THANKS FOR ALL THE WORK  
YOU DID ON SB-20 — YOU  
DESERVE A 20-0 VOTE!!

Dennis



# **Kodiak Island Borough**

710 MILL BAY ROAD  
KODIAK, ALASKA 99615-6398

(907) 486-9300

April 10, 1996

Senator John Torgerson  
Alaska State Legislature  
State Capital Mailstop 3100  
Juneau, AK 99801-1182

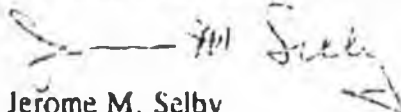
Dear Senator <sup>Torgerson</sup> Torgerson:

Congratulations on the successful passage of Senate Bill 20 by the Senate. All of your hard work obviously paid off with a unanimous vote of support for the work that you have done. Now it's on to the house and we hope it will cross the governor's desk before mid-year. If there is anything else that we can do to assist in this process, just let me know.

Additionally, I want to respond to your request for comments on HB 386 concerning the cruelty to animals changes. We have reviewed the changes and think that they would be good changes for you to proceed with. If I can give you any additional information, let me know.

Sincerely,

**KODIAK ISLAND BOROUGH**

  
Jerome M. Selby  
Borough Mayor

# Alaska State Legislature

ALASKA STATE CAPITOL  
JUNEAU, ALASKA 99801-1182  
(907) 465-4927  
(800) 821-4925  
(907) 465-3517 FAX

PO BOX 795  
CRAIG, ALASKA 99921  
(907) 826-1078 OFFICE  
(907) 826-2930 HOME

REPRESENTATIVE  
**JERRY MACKIE**



## House of Representatives

April 9, 1996

Keith Heller, Pelican City Administrator  
Box 737  
Pelican, Alaska 99832

*Re: SB 20 - "An Act relating to certain programs of state aid to municipalities and recipients in the unorganized borough; and providing for an effective date."*

Dear Keith:

I appreciate your contacting me regarding your support for the spirit and intent of SB 20. I serve on the House Community and Regional Affairs Committee and this legislation is scheduled for a hearing this Thursday, April 11th. It is important that I base my decisions on the opinions from the communities in my district and therefore, your letter was extremely important to me and timely as well. I share your opinions of the importance of basic services during budget reductions and the necessity for "safe community" legislation in Alaska at this time.

I have developed a strong respect for the spirit and dedication your community has displayed to the rest of the state during these critical times. Best wishes and I look forward to hearing from you again on this and other issues of importance to your community.

Sincerely,

Representative Jerry Mackie  
Democrat Leader of the House

cc: ✓ Senator John Torgerson, Chair, Senate Community and Regional Affairs Committee  
Representative Alan Austerman, Co-Chair, House Community and Regional Affairs Committee  
Representative Ivan Ivan, Co-Chair, House Community and Regional Affairs Committee

HOUSE DISTRICTS • ANCOON • CAPE ROBE • CAPE YAKATAGA • COFFMAN COVE • CRAIG • DOLOMI BAY • EDNA BAY • ELFIN COVE • EXCURSION INLET  
HUNTER BAY • GUSTAVUS • HAINES • HOBART BAY • KULLIS • Koonah • HIDABURG • KAKE • KASAAN • KILMOCK • KLUKWAN • LABOUCHERE BAY • LONG ISLAND  
METLAKATLA • NAUKATI • PELICAN • POINT BAKER • POLKINLET • PORT ALEXANDER • PORT ALICE • PORT PROTECTION • SKAGWAY  
TENAKEE STRINGS • THORNE BAY • VIEW COVE • WATERFALL • WHALE PASS • YAKUTAI



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

April 2, 1996

The Honorable John Torgerson  
Alaska State Senate  
Room 427 State Capitol  
Juneau, Alaska 998011182

Dear Senator Torgerson:

On behalf of the Mayor Rick Mystrom, President of the Alaska Conference of Mayors, and Joe Murdy, President of the Alaska Municipal League, I want to thank you for your yes vote on SB 20, Programs of State Aid to Municipalities. Your support of the municipalities and local taxpayers in Alaska is very much appreciated.

We believe the changes to the current Municipal Assistance and Revenue Sharing programs will benefit both large and small communities and will go a long way to stabilizing funding for these critical programs.

Again, thank you for your continued interest in the cities and boroughs of Alaska.

Sincerely,

A handwritten signature in cursive that reads "Kevin C. Ritchie".

Kevin C. Ritchie  
Executive Director

c:\jk\st20\thankyou.doc

# ALEUTIANS EAST BOROUGH

SERVING THE COMMUNITIES OF

■ KING COVE ■ SAND POINT ■ AKUTAN ■ COLD BAY ■ FALSE PASS ■ NELSON LAGOON

February 16, 1998

Sen. John Torgerson  
Room 427  
State Capitol  
Juneau, AK 99801-1182

RE: SB 20 - "Safe Communities" Bill

Dear Sen. Torgerson:

The Aleutians East Borough Assembly is pleased to offer our support of your endeavors on behalf of SB 20 and we thank you for your energetic support of this important legislation.

The term "Municipal Assistance" tends to be confused with a "giveaway program" rather than our communities' share of Alaska's resources, and the Aleutians East Borough agrees with changing the program title to "Safe Communities". This term implies support of important and needed services in our communities. We strongly support the direct public safety expenditures that this bill will provide under its new title.

Distribution of the funding under this bill should occur near the beginning of the State fiscal year (July 31) when it is appropriated, rather than the following February. We understand funding will not be significantly reduced for any community, and will in fact, make allocations more equitable among municipalities.

For the above reasons, we hereby offer our comments in support of SB 20, the "Safe Communities" Legislation. If we can be of further assistance, please let us know.

Sincerely,



Robert S. Juttner  
Borough Administrator

CLERK/PLANNER  
PO BOX 349  
SAND POINT, ALASKA 99081  
(907) 363-2899  
(907) 363-3495 FAX

BOROUGH ADMINISTRATOR  
1600 A STREET, SUITE 103  
ANCHORAGE, ALASKA 99501-3146  
(907) 274-7355  
(907) 276-7669 FAX

FINANCE DIRECTOR  
PO. BOX 49  
KING COVE, ALASKA 99612  
(907) 497-2588  
(907) 497-2386 FAX

*Pictured is the original  
Eagle City Hall,  
still currently in use.*



*Eagle is the oldest  
incorporated city in  
interior Alaska.  
(January 8, 1901)*



CITY OF EAGLE - BOX 1901 - EAGLE, ALASKA 99738



February 19, 1996

TO: Senator Torgerson

FAX 465-4779

FROM: Elva Scott, Mayor  
Eagle City

*Elva Scott*

FAX 547-2232

SUBJECT: SB 20

We have just received the information regarding SB 20, the revised "Safe Communities" bill. I understand you are interested in learning the reaction of the smaller incorporated communities to this bill.

We would support SB 20. We have a property tax, but with only 146 residents, it is a real struggle just to provide fire protection and a source of safe water plus meeting unfunded mandates and federal mandates. Any assistance would be welcomed.

We like the name change from "Municipal Assistance" to "Safe Communities".



**HAINES BOROUGH** Box 1209, Haines, Alaska 99827 (907) 766-2711 FAX 766-2716

February 20, 1996

Senator John Torgerson  
Alaska State Legislature  
State Capitol, Room  
Juneau, AK 99801-1182

Re: Letter of Support for SB 20 - "Safe Communities" Bill

Dear Senator Torgerson:

I am writing this letter in support of SB 20 - the revised "Safe Communities" Bill. It is my opinion that the passage of this bill will provide for the stabilizing and strengthening of our community along with many other communities in the state.

The Haines Borough does not want a reduction in funding for road maintenance, health care facilities, etc., so we strongly support Senate Bill 20, because it does not reduce this funding. We are pleased to know that this bill will not significantly reduce any community's funding, but make allocations more equitable among municipalities.

This bill directly ties state aid to public safety services which is one of the priorities of the citizens in our borough.

Thank you for your efforts on our behalf.

Sincerely,

Jerry L. Lapp, Mayor  
Haines Borough

JLL./jm

cc: Senator Zharoff  
Representative Mackie





# Kodiak Island Borough

710 MILL BAY ROAD  
KODIAK, ALASKA 99615-6398

(907)486-9300

February 20, 1996

Senator John Torgerson, Chair  
Community & Regional Affairs Committee  
Room 427 State Capital  
Juneau AK 99801-1182

VIA FAX: 465-4779

Dear Senator Torgerson:

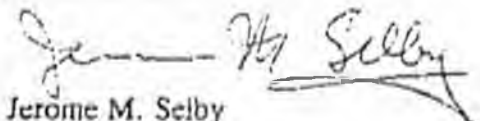
The Kodiak Island Borough heartily endorses the revised version of Senate Bill 20 for "Safe Communities" in Alaska. The changes made to SB 20 in the Revenue Sharing and Municipal Assistance Programs are critical to the continued viability of the municipalities throughout the state. In particular, the \$40,000 minimum funding will be a make-it or break-it level for the very small communities in rural Alaska, which have no other real funding source other than Municipal Assistance and Revenue Sharing. The concept of "Safe Communities" in maintaining viable rural communities is very important to Alaska. The fact that a number of these communities have dissolved in the past year, with several more dissolutions pending, and reports of 30 to 90 more considering dissolution, is a real warning bell for all of us.

Another strong feature of the bill is the accountability feature where the municipalities must inform the public what the money is used for, as well as requiring that the money be used for high priority public safety and safe community projects. Additionally, the feature allowing the distribution of the funding at the beginning of the fiscal year will enable communities to plan around the actual amount of funding, as opposed to guessing for part of the year, only to discover that the estimated figures fall short of planned expenditures which creates major obstacles to sound planning and budgeting for the municipalities.

I want to commend you for the outstanding work that you have done on SB 20 to bring us to this point and urge you and your colleagues to pass this bill into law this session so that we can bring some stability to the communities throughout the State of Alaska. Stable communities are critical to successfully plan for the fiscal changes that will be necessary to close the fiscal gap and bring Alaska into a strong healthy position going into the twenty-first century. If I can provide you with any additional information, please don't hesitate to give me a call.

Sincerely,

**KODIAK ISLAND BOROUGH**

  
Jerome M. Selby  
Borough Mayor



**CITY CLERK**

POST OFFICE BOX 1397, KODIAK, ALASKA 99615

TELEPHONE (907) 486-8636

FAX (907) 486-8600

February 20, 1996

Honorable John Torgerson  
Alaska State Senate  
State Capitol (MS 3100)  
Juneau, AK 99801-1182

Via FAX 907-465-4779

RE: CS for Sponsor Substitute for Senate Bill 20 (CRA)

Dear Senator Torgerson:

Mayor Floyd and the City Council support the referenced bill relating to certain programs of state aid to municipalities. Please convey Kodiak's position to the Senate Finance Committee.

Thank you.

Sincerely,

CITY OF KODIAK

A handwritten signature in cursive script, appearing to read "Marcella H. Dalke".

MARCELLA H. DALKE, CMC/AAE  
City Clerk

MHD/ms

cc: Senator Fred Zharoff  
Representative Alan Austerman



PO Box 46  
Kotzebue, Alaska 99752

City Hall  
442-3401

Police Dept  
442-3451

Fire Dept.  
112-3404

Public Works  
442-3401

February 20, 1996

Senator John Torgerson  
Room 427  
State Capitol  
Juneau, Alaska  
99801-1182

Dear Senator:

We are happy to support the revised version of SB20: The "Safe Communities" Bill. The City of Kotzebue will support this bill because of the following:

- The bill changes the program title from Municipal Assistance to "Safe Communities" to let the public know that important services are supported by the funds. "Municipal Assistance" is often confused with welfare or a giveaway. Revenue sharing is really your communities' share of Alaska's resources.
- "Safe Communities" does not reduce current funding for road maintenance, hospitals, etc., but requires that revenue sharing (that is not otherwise allocated in statute) be used for high priority local public safety services. The public strongly supports directs public safety expenditures and requires accountability.
- The bill provides a minimum funding level of \$40,000 without significantly impacting funding for larger cities. This provision has been agreed upon by all of Alaska's large communities to help turn around the incentives for small municipalities to dissolve.
- The bill requires distribution of all of the funds near the beginning of the states fiscal year instead of the following February. The state should not withhold money for municipalities, especially after the funding has been cut over 60% over the past ten years.
- Funding will not be significantly reduced for any community.
- The bill makes allocations more equitable among municipalities.

Thank you for your efforts in this matter.

Sincerely,

Michael J. Scott  
City Manager

Copy: Files

North and Northwest Mayor's

Sen. Al Adams

Rep. Don Long

HSB Mayor: George Ahnaogak

Lon Sorsalla

Enoch Oktollik

Herman Kignak

Michael Neakok, Sr.

Paul Hugo

NW Mayor's: Miles Cleveland, Sr

Willie Thomas

Gilbert S. Barr

Oscar Sage, Sr.

Frank Greene

Lee Ballot, Sr.

Ben Atoruk

Minnie Mayer

Tommy Ballot, Sr.

Leyl Cleveland

Bob Foot

IPA.

Frank Adams, Sr.

Joe Murdy, President, AML

Senator John Torgerson



## City of Point Hope

P.O. Box 169

Point Hope, Alaska 99766

358-2537

February 15, 1996

Honorable, Governor Tony Knowles

Governor: Tony Knowles  
P.O. Box 110001  
Juneau, AK 99811-0001

Dear Governor Knowles,

During your last live Alaskan talk show on ARCS, I asked you a question about the State's Revenue and Municipal Assistance program. I understand that you support an 8% cut on both state and municipal revenues for 96-97 and that there have been talk of even higher cuts to these programs in the legislature. I don't believe that cities can sustain even these cuts at this time.

As you know the City governments are having serious problems adapting to the state cuts in the past few years. We are also experiencing cuts on the federal level and locally through the boroughs. The result is substantially less revenues to operate city services.

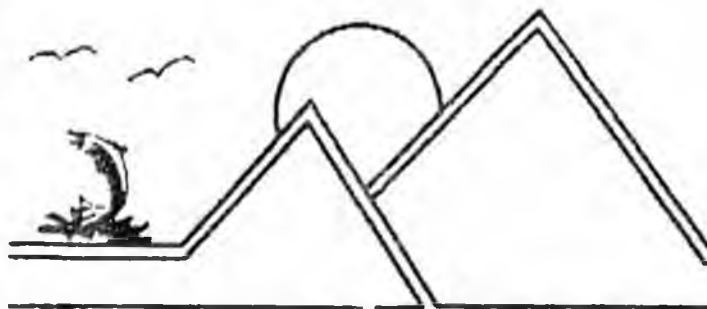
During the past year, five city governments have dissolved. I am really concerned that the continuing cuts are threatening the existence of city governments and city services in many villages throughout Alaska.

One of the most commonly used private sector economic terms of the past few years has been downsizing. Corporations have found ways to squeeze profits out of their services by cutting the number of employees. Termination and release has become a much more common experience in recent years for middle management and production employees. This is a dangerous trend but the levels are minimal compared to the levels of unemployment that villages have continuously experienced.

Therefore, I cannot support a planned 8% cut in the Municipal Assistance and Revenue Sharing plans. I must demand that the state attempt to hold the line without further cuts to the municipal governments at this time. To do otherwise means completely disproportionate impacts from the cuts in rural villages.

Sincerely,

Mr. Ray Koonuk, Sr. Mayor  
c.c. Alaskan mayors



# City of Port Lions

Administrative Offices

P.O. Box 110

Port Lions, AK 99550-0110

(907) 454-2332 (Fax) 454-2420

February 16, 1996

Mr. Joe Murdy, President  
Alaska Municipal League  
217 Second Street, Suite 200  
Juneau, Alaska 99801

RE: Letter of support for SB 20

Dear Mr. Murdy,

The City of Port Lions strongly supports Senator John Torgerson's efforts in passing SB 20.

Throughout the past few years our communities Municipal Assistance has been reduced drastically. By changing the name of Municipal Assistance to Safe Communities we feel the funding will not be confused with welfare or a type of "give away funding", but in fact make it more clear to those that do not understand that it is our communities share of Alaska's resources that ALL communities are entitled to receive.

With the funding being cut by 60% over the past ten years, the City of Port Lions supports the assured minimum funding level of \$40,000 that this bill provides. It cannot continue to be cut year after year by even another small percentage and be able, nor expected to continue providing safe programs that significantly impacts each and every one of our community members.

We also support the idea of receiving our municipalities funding near the beginning of the States fiscal year instead of the following February. This is not only the practical thing to do but is the most sensible as our fiscal year also begins in July.

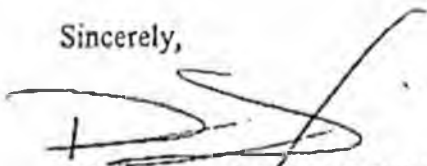
We cannot stress enough the importance in the passing of SB 20. The impact will tremendously help not only Port Lions, but all the small communities throughout the great State of Alaska.

We appreciate anything you can do to help pass this much needed Senate Bill.

If you need further information on why we would like to see the passage of this Bill, please feel free to give me a call at your convenience.

Thank you for your assistance on this important issue.

Sincerely,



**PORT LIONS CITY COUNCIL**

Robert Himes, Mayor

cc: Governor Knowles  
Senator Zharoff  
Rep. Austerman  
Kodiak Island Borough Mayor Selby

# City of Sand Point



February 16, 1996

Senator John Torgerson  
Chairman, Community and Regional Affairs  
State of Alaska  
State capitol  
Room 427  
Juneau, Alaska 99801-1182

RE: SB 20 Safe Communities

Dear Senator Torgerson,

As a past local elected official and past president of the Alaska Municipal League, you personally are very aware of the continuing problems local governments faced every fiscal year.

Over the past several years, Municipal Assistance and Revenue Sharing have been reduced by over 60% which has placed an enormous burden on local government to pick up the slack. Very few communities have been able to bear the full burden without reducing the level of services they provide irregardless of how basic.

The City of Sand Point, being a one industry town, fishing, is in the same plight as many other communities whereby the level of services has been greatly reduced. Further reduction in state shared revenues will necessitate the elimination of jobs and reduction of the level of service to minimal at the most.

CS for CSSB 20 is a bill which we support because of the early funding and the requirement that it be used for essential services such as public safety. Being a full service community as well as a community whose livelihood is predicated upon the fishing industry, we feel this bill will assist in our needs of a timely cash flow during our peak periods.

The City of Sand Point supports CS for CSSB 20 and particularly your efforts as well as the Community and Regional Affairs Committee to hear

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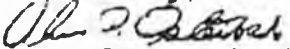
City Office:  
P.O. Box 249  
Sand Point, Alaska 99861  
(907) 383-2898  
(907) 383-2898 FAX

Administrator:  
1600 A Street, Suite 109  
Anchorage, Alaska 99501-5146  
(907) 274-7555 Phone  
(907) 276-7569 FAX

the voices from the wilderness on such an important matter to all the municipalities in the State.

Should you have any questions, please feel free to contact me.

Yours truly,

  
Alvin D. Osterback  
Mayor

02-16-1996 12:29PM  
POSTNET FAX NO 1612

No of Pages: 1  
Today's Date: \_\_\_\_\_  
Time: \_\_\_\_\_  
From: JERRY WONGITTILIN SR.  
Company: CITY OF SAVOONGA  
Location: \_\_\_\_\_  
Dist. Charge: \_\_\_\_\_  
Fax #: 907-984-6411  
Telephone #: 984-6614  
Original Document:  Correct  Return  Call to phone

To: JOE MURDY  
Comments: AML  
Location: \_\_\_\_\_  
Fax #: \_\_\_\_\_

Here is the Support  
Letter for Sen. Torgerson.  
Thank you



**WALRUS CAPITAL OF THE WORLD  
SAVOONGA, ALASKA**



CITY OF SAVOONGA  
P O BOX 87  
SAVOONGA ALASKA 99769  
PHONE 984-6614

FEB. 16, 1996

SENATOR JOHN TORGERSON  
STATE CAPITOL  
JUNEAU, AK. 99811

DEAR SENATOR TORGERSON,

ON BEHALF OF THE CITY OF SAVOONGA, I AM WRITING TO SUPPORT SB 20,  
THE NEW SAFE COMMUNITIES BILL. WE BELIEVE THIS LEGISLATION WILL GO  
A LONG WAY TO LET PEOPLE KNOW HOW IMPORTANT THIS MONEY IS TO  
SMALL CITIES.

WE ESPECIALLY SUPPORT THE PROVISION TO RAISE THE MINIMUM TO  
\$40,000.00. IT TAKES EVEN MORE THAN THAT TO KEEP OUR DOORS OPEN,  
BUT THIS WILL CERTAINLY HELP.

THANK YOU FOR SPONSORING THIS BILL AND FOR HELPING TO SAVE SMALL  
CITIES IN THE RURAL ALASKA.

SINCERELY,  
  
JERRY WONGITTILIN SR.  
MAYOR

TO: Senator John Torgerson  
Fax 907 465-4779  
RE: SB 20

FROM: Joe Lawton  
Fax 907 746-2699  
Phone 907 746-7152 DID

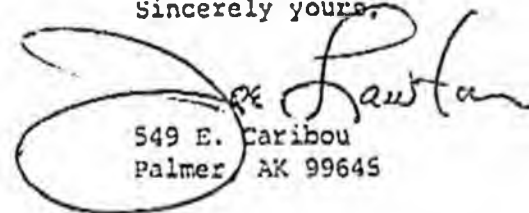
Dear Senator Torgerson:

Count me as one Alaskan who heavily supports the passage of SB20, the Safe Communities Bill.

Long have we struggled to find equity and value in the distribution of State revenues to local governments. At last you have forged a compromise which is supported by nearly every community in the State. The Legislature would be remiss not to pass this bill. Alaskans everywhere want to see fewer decisions made in Juneau and more made locally.

Thank you for your efforts to bring this bill to the floor. It is a landmark bill, and I desperately hope your colleagues see it as that. It and a long-range fiscal plan solution in this legislature would insure your place in history.

Sincerely yours,



549 E. Caribou  
Palmer AK 99645



## City of Old Harbor

P.O. Box 109  
Old Harbor, Alaska 99643

CITY OF THE THREE SAINTS

(907) 286-2203 OR 286-2204

FAX: 286-2278



FEBRUARY 21, 1996

SENATOR JOHN TORGERSON  
STATE CAPITOL  
JUNEAU, AK 99801-1182

RE: THE "SAFE COMMUNITY " BILL

DEAR SENATOR TORGERSON,

The City of Old Harbor is writing in support of SB 20, the "Safe Community" Bill. The City supports this bill for several important reasons:

- \* THE AMOUNT OF STATE SHARED REVENUES THE CITY RECIEVES HAS DECLINED DRASTICALLY / OVER THE PAST 10 YEARS. THIS BILL WILL RAISE THE AMOUNT RECIEVED BY OLD HARBOR AND SET A FUNDING LEVEL WE CAN COUNT ON FOR YEARS TO COME; and
- \* THIS BILL WILL GIVE THE CITY THE STATE SHARED REVENUES SOON AFTER THE FISCAL YEAR WHEN THE CITY OPERATIONS IS IN MOST NEED OF FUNDS.

The City urges you and your fellow Legislators to pass this Bill. Thank you for your efforts to help Rural municipalities.

SINCERELY,

A handwritten signature in cursive that reads 'James A. Nestic'.

JAMES NESTIC, Vice Mayor  
Old Harbor, Ak

# City of Lower Kalskag

Lower Kalskag, AK 99828  
(907) 471-2228

February 21, 1996

Dear Senator Torgerson;

We the City of Lower Kalskag are supporting SB20 the Safe Communities bill. Our community is a member of the Alaska Municipal League, and we are united on this issue. We believe this is a good bill, we therefore support "Safe communities" Legislation- SB20.

Yago Evans  
Mayor

City of Ouzinkie  
P.O. Box 109  
Ouzinkie, AK 99644  
Ph# (907) 680-2209  
Fax (907) 680-2223

February 21, 1996

Senator John Torgerson  
State Capitol  
Juneau, AK 99811

Dear Senator Torgerson:

The City of Ouzinkie supports SB20 the Safe Communities Bill. Like many Alaskan Villages, or small cities with populations less than 1,000.00 and no revenue base, this bill if passed could save us from dissolving.

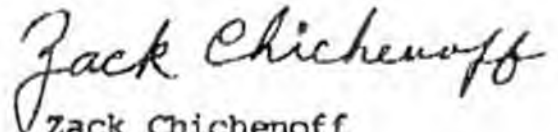
To many times Municipal Assistance is interpreted wrong or confused with welfare, which it is not, it is the communities share of Alaska's resources.

These monies are generally used for the Health and Safety of the people of the communities, without revenues from the State, the Public Safety Department does not have operating funds.

The amount of revenues allocated in SB20 will make a considerable difference for smaller communities to operate without impacting the larger cities.

As I said, before, we definitely support SB20 and ask the legislature to pass it, the bill makes allocation more equitable among municipalities.

Sincerely,



Zack Chichenoff  
Mayor



# CITY OF HOMER

**CITY HALL**

481 EAST PIONEER AVENUE

HOMER, AK 99603-7645

TELEPHONE (907) 806-0181  
TELECOPIER (907) 235-3140

21 February 1996

FAX 465-4779

Senator John Torgerson  
State Capital, Room 427  
Juneau, AK 99801-1182

RE: SB 20 - "SAFE COMMUNITIES"

Dear Senator Torgerson:

I support SB 20 - the "Safe Communities" bill. The concept of stable and predictable municipal revenue sharing is essential to long range community planning in Alaska.

Thank you for your support.

Sincerely,

CITY OF HOMER

Hugh R. Bevan  
Acting City Manager

HB/th

# Municipality of Anchorage



P.O. Box 196650  
Anchorage, Alaska 99519-6650  
Telephone: (907) 343-4431  
Fax: (907) 343-4499

*Rick Mystrom, Mayor*

February 14, 1996

OFFICE OF THE MAYOR

FAX: 465-2779

Senator John Torgerson  
State Capitol  
Room 427  
Juneau, AK 99801-1182

Dear Senator Torgerson:

I have reviewed, and strongly support, the latest work draft of Senate Bill 20. Your efforts have produced a bill which will benefit all Alaskan communities.

For too long, Alaska's municipalities have had to bear the brunt of state budget cuts. From 1986 to 1996, the Municipality of Anchorage has seen a 62% drop in state assistance. During this same ten-year period, the state operating budget has actually increased by about 4%. Other Alaska communities have faced similar reductions. As these state revenues decreased, the taxes paid by local residents have increased.

SB 20 emphasizes a Safe Communities approach, and will prioritize state revenues be spent on critical municipal Safe Communities services. It will redefine the state shared revenues formula so citizens will better understand its goals and the role state dollars play in creating and maintaining Safe Communities. I believe this approach will make these critical local basic services more visible.

Thank you for your continued assistance in initiating and supporting this important legislation. Your efforts help make our communities safer and better places in which to live, work, and raise our families.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Mystrom". The signature is fluid and cursive, written over a light-colored background.

Rick Mystrom  
Mayor

## ALASKA CONFERENCE OF MAYORS

217 Second Street, Suite 200  
Juneau, Alaska 99801  
907-586-1325  
FAX 463-5480

January 25, 1996

Senator John Torgerson  
Alaska State Senate  
Capitol Building  
Juneau, AK 99811

Dear Senator Torgerson:

We, the undersigned, on behalf of the Alaska Conference of Mayors and the Alaska Municipal League Board of Directors, want to express our sincere appreciation for your years of hard work in service to local governments in the State of Alaska. We want to especially thank you for your recent efforts on SB 20, to combine the State Revenue Sharing and Municipal Assistance programs into one program and identifies the basic services that are provided by municipalities.

After careful consideration and discussion of the difficulties that arose last year in completely revising the two formulas, we would like to respectfully request that you consider making some amendments to SB 20 that will simplify the way the funds are distributed while still tying them to the important services.

You have received a copy of the draft "Safe Communities Revenue Sharing" proposal as endorsed by ACoM and AML. The draft includes what we consider important points: state shared revenue must go to basic services, including public safety, fire and emergency services, water and sewer, health, etc., and a \$40,000 minimum to the smaller communities. The draft does not create winners and losers, which is the divisive issue in SB 20. We think these proposed changes will increase the chances of getting the legislation passed this year.

While we understand this proposal will not fix everything, we believe it is a good start on providing stability to municipalities and will help protect state funding in the future by identifying for the legislature and the public where this money goes and how important it is to the taxpayers.

Again, thank you for your continued support. We want to continue to work with you to arrive at a workable solution to a problem that has been going on for the last ten years. We believe, that with your help and by working together, we can stop the continued cuts to cities and boroughs in Alaska.

Sincerely,

  
SUPPORT

Jack Chickhoff  
Name

Waukegan  
Municipality

Jim R. Smith  
Name

CUZINKIE  
Municipality

Steve ...  
Name

WEST ...  
Municipality

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Jim Burton  
Name

Northwestern Gateway Branch  
Municipality

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Name

North West ...  
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CITY OF ...  
Municipality

Paul Stein  
Name

Wasilla  
Municipality

George P. Smith  
Name

Palmer  
Municipality

William E. Brown  
Name

Palmer  
Municipality

Edward M. Anderson  
Name

Postal Bay Borough  
Municipality

James C. Hoyer  
Name

City of Fairbanks  
Municipality

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George H. [Signature]  
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Unincorporated [Signature]  
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City of Fairbanks  
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Juneau  
Municipality

James M. Selby  
Name

Kodiak Island Borough  
Municipality

[Signature]  
Name

Municipality of Anchorage  
Municipality

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Name

*[Handwritten Signature]*  
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Municipality



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

To: Senator Torgerson

From: Kevin Ritchie, Executive Director

Date: February 21, 1996

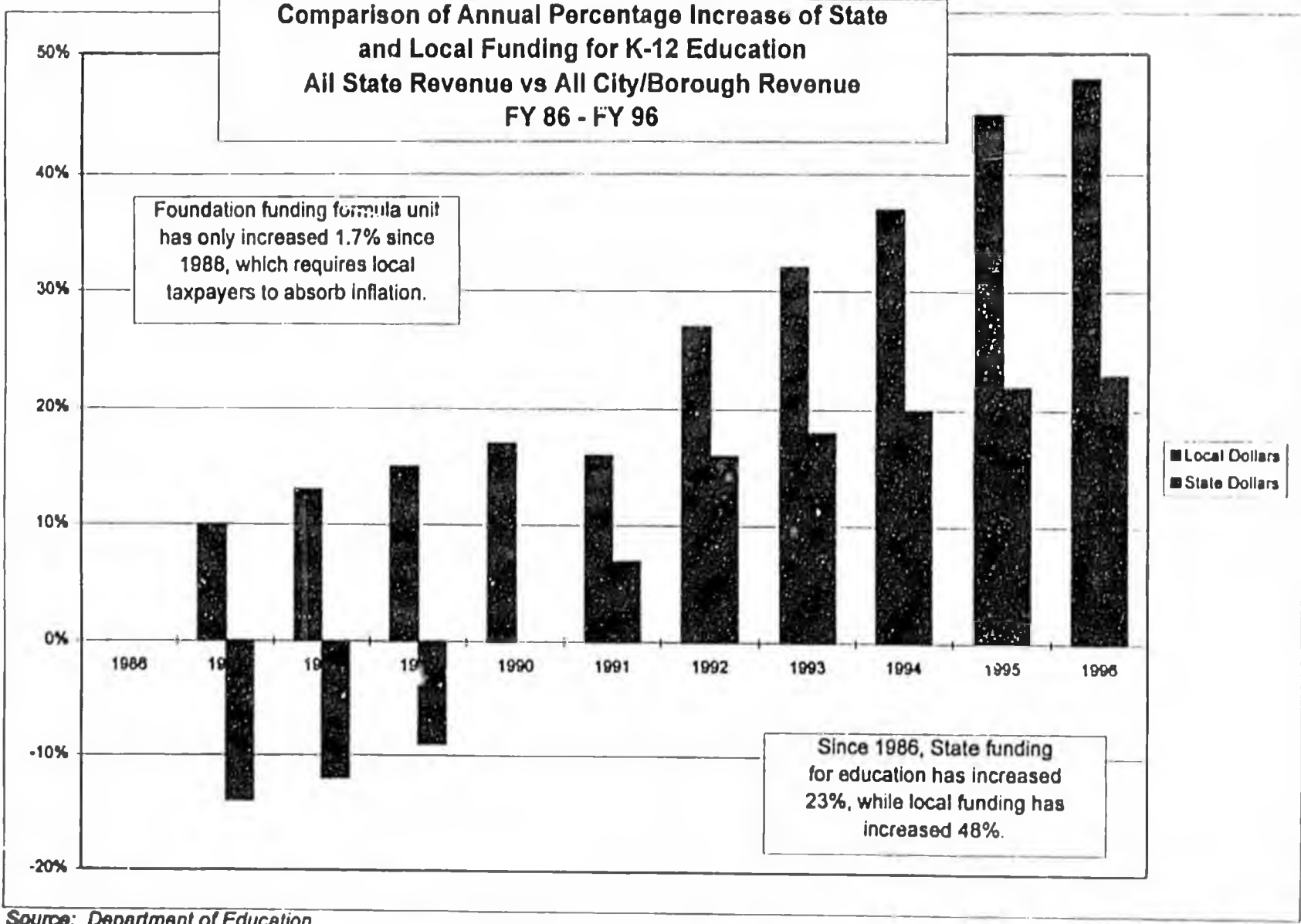
Re: Question on school funding history

In response to your committee's question on school funding you received a letter from Mayor Egan which highlighted Juneau's situation.

On a statewide basis, it is correct that state funding for schools has increased annually, in response to increases in enrollment. However, the foundation formula has been increased only 1.7% over the past ten years for inflation. Inflation during that time has been estimated at 30% or more. The result is that over the past ten years, municipal contributions have increased state wide by 48%, compared to a 23% state funding increase.

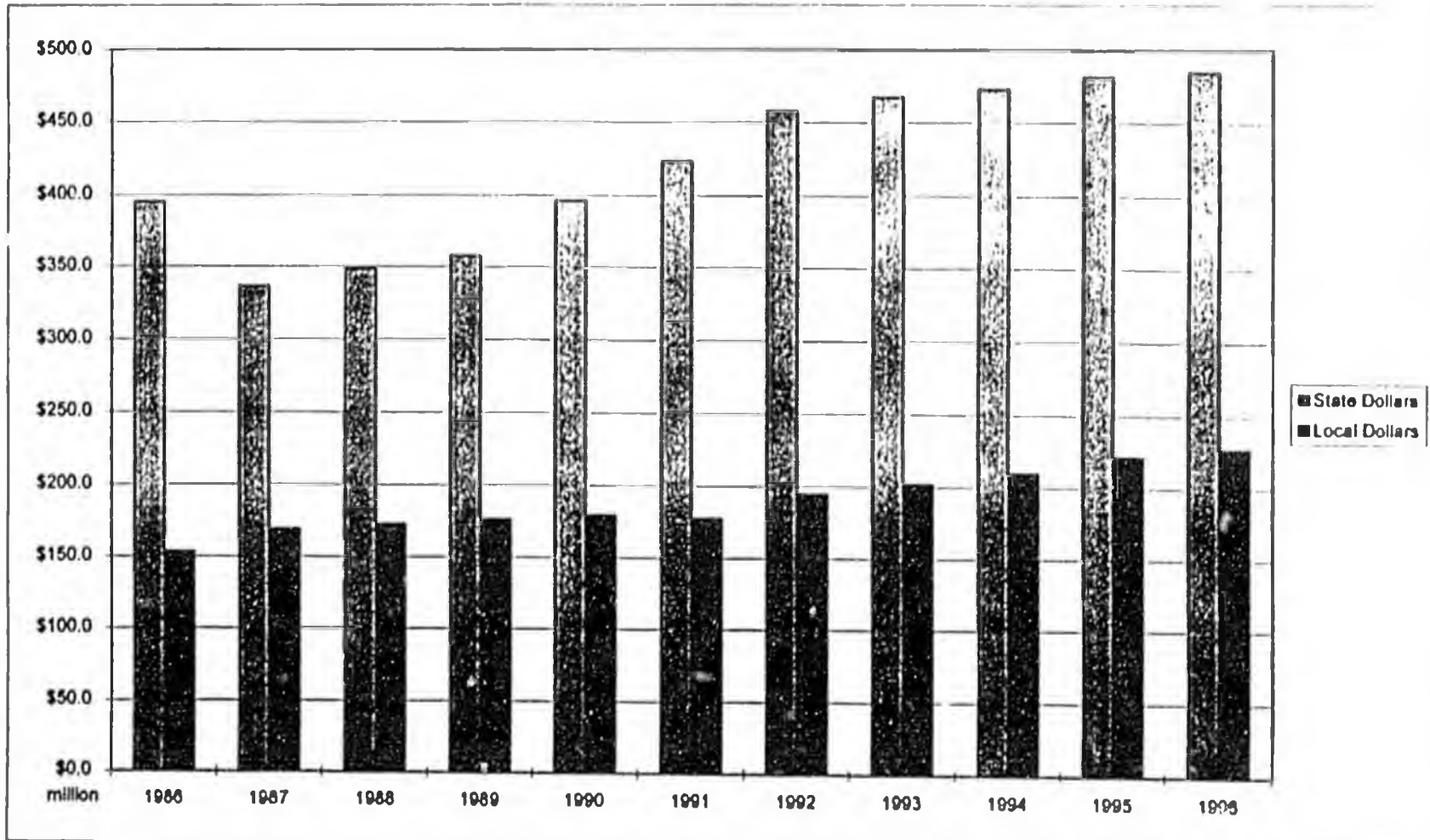
Even though school districts have generally made significant cuts and reorganizations, no organization can simply absorb ten years of inflation. The result is local tax increases to fund a higher local contribution.

**Comparison of Annual Percentage Increase of State  
and Local Funding for K-12 Education  
All State Revenue vs All City/Borough Revenue  
FY 86 - FY 96**



Source: Department of Education

**K-12 Education Funding  
All State Revenue vs All City/Borough Revenue  
FY 86 - FY 96**



Source: Alaska Department of Education



## **ANALYSIS OF STATE AND LOCAL FUNDING OF SCHOOLS**

### **Is state funding for schools a state or local responsibility?**

The Alaska Constitution states in Article VII Health, Education, and Welfare, "The legislature shall by general law establish and maintain a system of public schools open to all children of the State,...."

### **Is school funding municipal aid?**

No, only 34 of over 150 municipal governments receive funding for schools. Also, education funding from the state may not be used as general revenue for municipal government. On the other hand, local taxes must be used to supplement insufficient state appropriations for education.

### **How do state vs. local expenditures for schools compare?**

Since 1986, local funding for schools has increased at over twice the rate of state funding. State funding for education increased 23% compared to local funding from cities and boroughs which increased 48%. (SEE ATTACHED CHART).

The Governor's proposed budget for schools for FY 97 would accelerate the pressure to force local communities to substitute local tax dollars for state funding or further cut services.

According to the Department of Education, since the foundation program's inception in 1988 there has only been one 1.7% increase in the funding formula. Local communities have absorbed inflation by tax increases, and cuts to programs and maintenance of facilities.

### **Do school districts have full discretion over the financial and operational management of schools?**

No, management options are significantly limited by state statutes and regulations for schools. Some statutory changes are now being considered by the legislature.

C:\finplan\_296sch5.doc



TO: Deb DAVIDSON  
Office of the Mayor

February 16, 1996

The Honorable Tim Kelly  
Senator  
Alaska State Legislature  
Room 101, State Capitol  
Juneau, AK 99811-1182

SUBJECT: State Funding Changes Between FY86 and FY96

*Tim*  
Dear Senator Kelly:

First of all, thank you for the opportunity to testify on SB 20. During our discussion, you indicated that cuts to Municipal Assistance and Revenue Sharing were offset by increased funding to education. I would like to take this opportunity to present the following facts:

*Overview*

You asked the question of real dollar changes in state funding over the past ten years. The actual amount of change can be portrayed or compared in a number of different ways. However it is safe to say that no matter what method you choose, total state funding to the City and Borough of Juneau has declined. In addition, to these declines the Federal Government also chose to eliminate the Federal Revenue Sharing program in FY87. The cumulative impacts of these declines have placed an enormous burden on funding our community's basic services.

*Comparison of State Funding, Adjusted for Student Population Changes*

In FY86 the City and Borough of Juneau received a total of \$26.1 million in Foundation Funding, State Shared Revenue and Municipal Assistance. The amount we project to receive in FY96 is \$24.9 million or 95% of the FY86 funding level. If we factor into this amount the change in population, we obtain a better community wide dollar impact of the funding reductions. Using student counts seems to provide the best comparison as the largest funding source, Foundation Funding, uses this indirectly as a distribution basis. In FY85, we received a total for all three programs of \$5,650 dollars per student. In FY96 we are projecting \$4,500 per student or approximately 80% of the FY86 funding level. Note this number does not take inflation into consideration.

*State Funding Adjusted for Student Population and Inflation*

If we take the logic of this comparison one step further by adding in an inflation factor, we obtain a reasonably true picture of the community wide state support purchasing power changes during this period. The cost of living index, we use a composite rate of the Anchorage and Seattle CPIs, increased by approximately 37% between FY86 and FY95. So if we were to take the total of Foundation Funding, State Shared Revenue and Municipal Assistance per student and adjust it for inflation, we see that true FY96 inflationary adjusted state funding falls in around \$3,260 or 57% of the FY86 level, far short of the required funding necessary to pay for basic educational needs.

Senator Kelly/State Funding Changes  
2/16/96

Page Two

***FY86 Inflationary Adjusted State Funding Compared to FY96 Current Levels***

If we were to take an opposite approach and look just at the FY86 level and inflate it to FY96, we can also obtain a reasonably good picture of state funding impacts. Real purchasing power support from the state declined from FY86 to FY96 by more than 31% while at the same time school district student counts grew by 19%.

<u>Fiscal Year</u>	<u>FY86</u>	<u>FY96</u>	<u>FY96</u>	<u>Funding Ch</u>
	<u>Actual</u>	<u>Actual</u>	<u>Inflat Adj</u>	
Foundation Funding	\$17.7	\$22.1	\$24.4	-\$2.3
State Shared Revenue	4.2	1.4	5.8	- 4.4
Municipal Assistance	<u>4.2</u>	<u>1.4</u>	<u>5.8</u>	<u>- 4.4</u>
Change FY87 to FY96	<u>\$25.8</u>	<u>24.9</u>		
CPI Adj. Comparison		<u>\$24.9</u>	<u>\$36.0</u>	<u>-\$11.1 or -31.%</u>
Student Enrollment	<u>4.619</u>	<u>5.515</u>		+19.4%

\*Dollars shown in millions.

***The bottom line on education and basic services***

If we consider the cost of education as a state constitutional mandate, the issue of funding shortfalls becomes even more evident. In FY96 it was determined by the City and Borough of Juneau School Board and the Assembly that our K-12 educational program would need \$36+ million to fully fund operations. It is estimated that the State will contribute \$22.1 million of the funding necessary and local government will contribute an additional \$13.5 million. If we take into consideration the projected \$2.8 million in SSR and MA assistance in FY96, we can see that local taxpayers are picking up at minimum \$10.7 million or 30% of the total cost of basic education. If we assumed total state support for Juneau was applied to education first, then not only would we fall short of funding education by \$10.7 million, we would also not receive any state funding whatsoever for other basic community services such as police, fire, and/or streets. The City and Borough of Juneau has managed to fund the increasing cost of providing these basic services through a combination of property tax increases, sales taxes, belt tightening and the elimination of some services.

Sincerely,



Dennis Egan  
Mayor

# **"SAFE COMMUNITIES" FOR ALASKA**

A Presentation to the Senate CRA Committee

## **Part I - INTRODUCTIONS and INITIAL COMMENTS**

Senator Torgerson, thank you very much for inviting us to appear before the Senate Community and Regional Affairs Committee today to discuss Safe Communities for Alaska.

First, I would like to introduce myself, I am Joe Murdy, Assemblyperson from the Municipality of Anchorage and President this year of the Alaska Municipal League. Also in attendance is Mayor Tom Greene who is Vice President of the Alaska Conference of Mayors. Mayor Mystrom, President of the Alaska Conference of Mayors has been traveling and was not able to arrange his schedule to be here on short notice, but he sends his greetings to you and urges you to support the bill we are here to discuss today.

The other members assisting in the presentation today are:

Dennis Egan, Mayor of the City and Borough of Juneau, a member of the AML Board of Directors, and a member of the Alaska Conference of Mayors Committee that developed the concepts for "Safe Communities"

George Wuerch, Assemblymember of the Municipality of Anchorage and a Co-Chair of the AML Legislative Committee.

Drew Scalzi, President of the Assembly of the Kenai Peninsula Borough

Kevin Ritchie, Executive Director of the Alaska Municipal League

and, Tom Greene, Mayor of Nondalton and Vice President of the Alaska Conference of Mayors

Other municipal officials are on line to offer comments and support as well as in the audience today

Between the Alaska Municipal League and the Alaska Conference of Mayors we represent over 135 municipalities, all of the larger communities in Alaska, and well over 95% of Alaska's population. The issue and the bill we are here to discuss today is fully supported by the members of the Alaska Municipal League and the Alaska Conference of Mayors.

Most of the concepts in the bill before you were proposed by a committee of the Alaska Conference of Mayors chaired by Mayor Alaire Stanton, last year's president of ACoM. The other members were Mayors Greene from Nondalton, Selby from the Kodiak Island Borough, Gonzales from the Denali Borough, Long from the city of Barrow, Mystrom from the Municipality of Anchorage, Sampson from the Fairbanks North Star Borough, Egan from City and Borough of Juneau, Lacher from the Mat-Su Borough, and Gilman from the Kenai Peninsula Borough.

The concepts of the bill were presented to the AML Legislative Committee and the Board of Directors of AML and then were presented to the full membership of the AML and ACoM at the 44th Local Government Conference in Valdez where they received unanimous support from both organizations.

Now, I'll turn this over to Mayor Dennis Egan, who will give you some background.

**Part II - BACKGROUND FOR "SAFE COMMUNITIES" AND WHY IT IS A CRITICAL ISSUE - Mayor Dennis Egan**

I would now like to give you some important background that will show you why we were able to achieve such strong support on such a complex and sometimes frustrating issue.

"Safe Communities" is not only the working name of the bill before you today, but also a very important and critical goal of both state and local governments.

The "Safe Communities" bill is one of the first steps in what will be a long process to create stability in taxation and services for our citizens.

I would now like to show you some charts that give an overview of the partnership of the state and municipal governments in providing services to the people of Alaska:

THE FIRST CHART, which was developed from state figures, shows that municipal budgets together are approximately the same size as the state's operating budget. The main overlap is the provision of education services which is a constitutionally mandated responsibility of state government, but is largely administered locally.

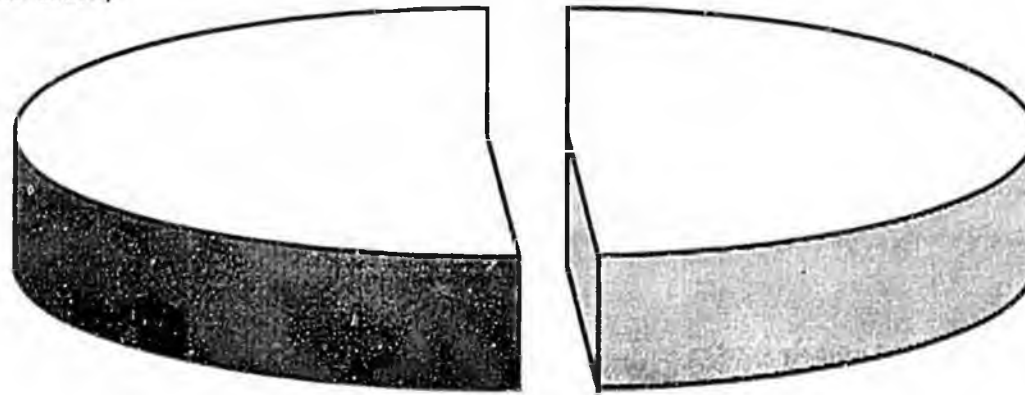
THE SECOND and THIRD CHARTS show an overview of state and local government services. Note that a large number of the state services overlap with the services of local governments. For example: public safety; transportation; health and social services; and education. The charts show that there is no clear distinction or line drawn between state and local responsibilities. It is more accurate, legally and practically, to conceptualize state and local government as one entity with a number of branches. The allocation of responsibilities between state and local governments should have more to do with resource and efficiency issues rather than, as it has in the past, a haphazard approach.

THE FOURTH CHART shows how we pay for state and local government in Alaska. People who say that Alaska has very few or no personal taxes are clearly wrong. Alaska funds over 40% of its services from personal taxes and fees, and the vast majority of those are collected by local governments. Alaska's "fiscal crises" is the wedge of the pie chart marked "State Reserves 10%". Although Alaska's municipalities are proud of their role in supporting Alaska's budget, we really have been given little choice in the matter. Since the beginning of the oil revenue crises in 1986 the state has been gradually withdrawing the municipal share of Alaska's oil wealth by cutting Municipal Assistance and Revenue Sharing over 60% while the state has generated few if any new revenues nor significantly decreased the overall dollar amount of its budget.

**Comparison of Alaska's Public Services  
by State Government vs. Local Governments**

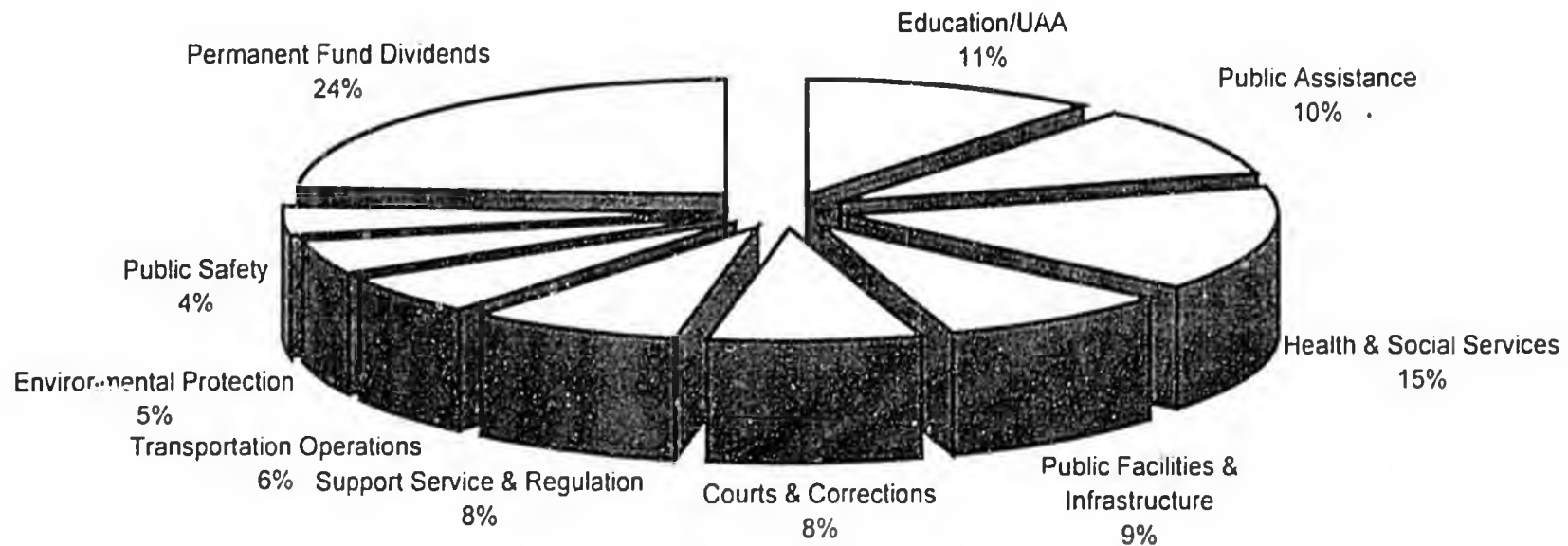
Local Gov't Public Services  
(\$2.4 billion)

State Gov't Public Services  
(\$2.3 billion)

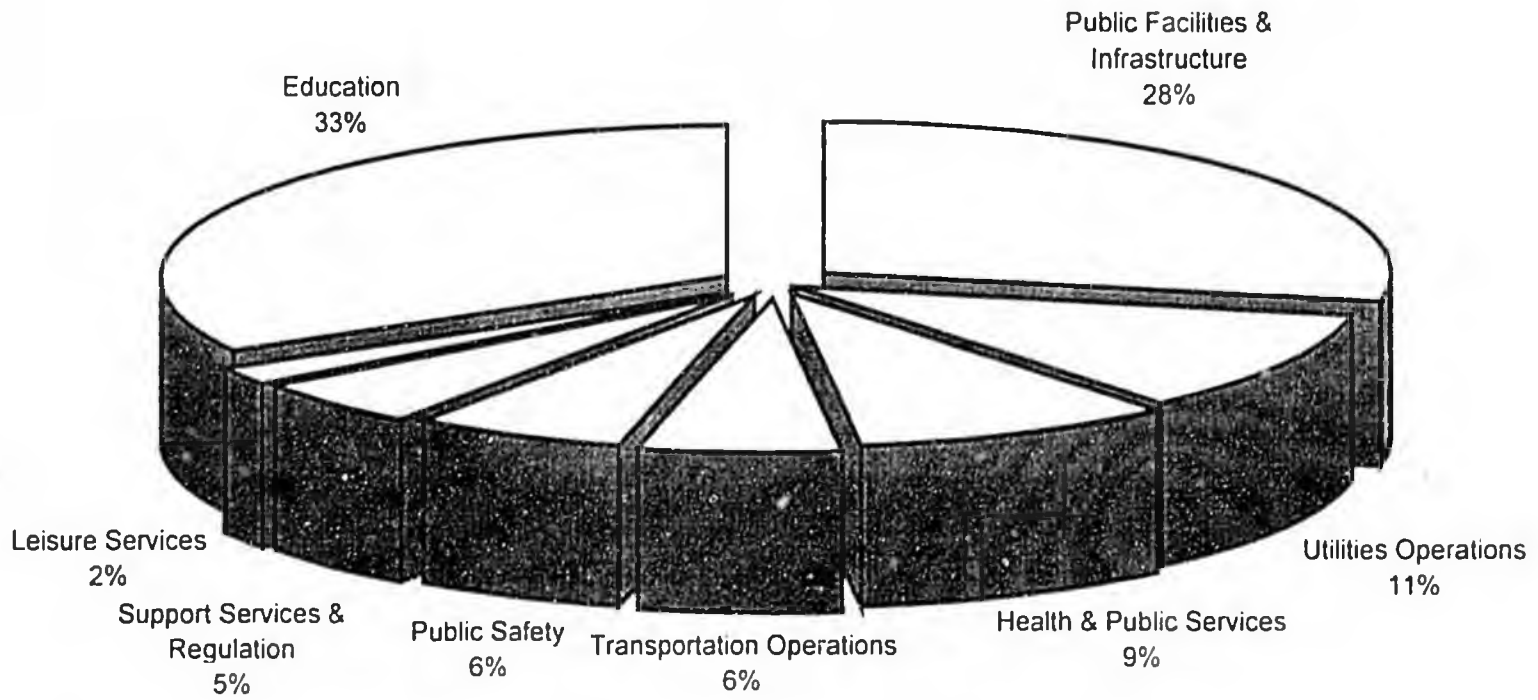


Source: Dept. of Community & Regional Affairs FY 93 Municipal Fiscal Database; OMB Long Range Fiscal Planning Commission "base case" budget analysis; Department of Education.

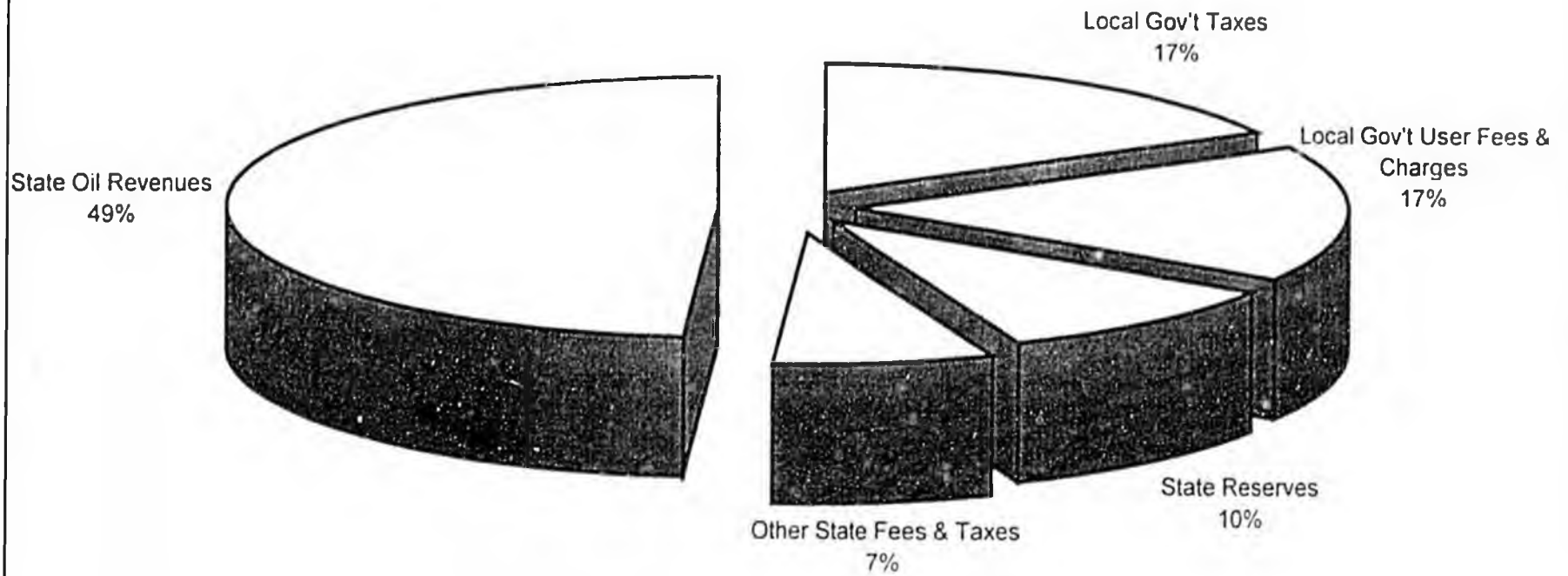
**Services Provided by State Government in Alaska  
(total \$2.3 billion)**



**Services Provided by Municipal Governments in Alaska  
(total \$2.4 billion)**



### Funding of Public Services in Alaska (excluding Federal)



Given this overview, we hope you have a balanced view of the state and municipal government through our eyes and those of our citizens. When I say "our citizens" I want to emphasize that the State of Alaska and the Cities and Boroughs of Alaska both share exactly the same citizens and taxpayers. For example:

- it doesn't matter to citizens whether they are driving on a state or a municipal road when they have to depend on having safe roads to go to work,
- it doesn't matter whether a municipal police officer or a state trooper responds to their emergency,
- it doesn't matter whether the state or local governments have the biggest role in who provides a quality education for their children,
- and, (THIS IS VERY IMPORTANT), it simply doesn't matter whether a tax or fee is a local tax or fee or a state tax or fee, the cost is still the same to our citizens. However, how those taxes and fees are structured may be of critical importance to all of our taxpayers in terms of equity and affordability. If the state of Alaska continues to ignore the impact of its actions on local services and local taxes, our ability to offer safe communities to our citizens will be threatened.

Unfortunately, over the years when Alaska's financial resources were overabundant, we should have insisted on maintaining the close relationship between the state and municipal governments. When oil money flowed freely, there was no need to worry about taxes, and the issues of efficiency and equity in delivering services were not critical. Now that oil money is waning, and the state is looking for ways to balance its budget, re-building the relationship between the state and its local governments is absolutely critical.

The framers of Alaska's Constitution felt so strongly about the future relationship between local governments and the state that it specified that there must be a "local government agency" established in the Executive

Branch. In fact, this is the only executive branch agency specified in Alaska's Constitution.

Municipalities have been silent too long. We apologize to the people of the state of Alaska for not bringing this issue to the forefront much earlier. In the past ten years, since the initial oil revenue crises in 1986, ALL MUNICIPAL SALES TAX AND PROPERTY TAX REVENUE INCREASES TOGETHER, ARE LESS THAN the estimated costs passed on to municipalities by the state through:

- CUTS TO MUNICIPAL ASSISTANCE AND REVENUE SHARING,
- CUTS TO OTHER MUNICIPAL PROGRAMS,
- UNFUNDED MANDATES ON MUNICIPALITIES,
- AND TRANSFERS OF STATE SERVICE RESPONSIBILITIES TO MUNICIPALITIES.

In 1994 municipalities were paying \$188 million more in local property and sales taxes, and essentially ALL of the increases were handed over to the state to balance the state budget. IN A VERY REAL SENSE, MUNICIPAL TAXPAYERS HAVE BEEN PAYING EVERY INCREASE IN LOCAL PROPERTY AND SALES TAX SINCE 1986 TO THE STATE. To give you a reference, \$188 million is far more than any "new" tax recommended by the Long Range Financial Planning Commission for implementation during this century to solve Alaska's fiscal crises.

The most important point to remember when you make decisions regarding the state budget is that CUTTING REVENUE SHARING IS NOT CUTTING THE STATE BUDGET, IT IS A NEW SALES OR PROPERTY TAX INCREASE TO ALASKA'S TAXPAYERS and should be represented to the public as such. The state is essentially already tapping local sales and property taxes in the amount of \$188 million to balance the FY 97 state budget.

Assemblyman George Wuerch will provide you some specifics on the Governor's proposed FY 97 budget and how it relates to municipalities.

**Part III - THE IMPACT OF THE PROPOSED FY 97 BUDGET ON MUNICIPALITIES - George Wuerch**

As the state becomes increasingly concerned with finding the easiest ways to balance its own budget, shifting more budget problems to local taxpayers becomes increasingly attractive.

This year the Governor's proposed budget includes direct cuts and transfers estimated to be over \$21 million. In addition to the 8% cuts to municipal assistance and revenue sharing, there are direct cuts to school transportation, a complete elimination of funding for the state's senior citizen tax exemption, cuts to many other state programs for municipalities like community schools and health and social service grants, and increases to permit and fees paid by municipalities like DEC landfill permit work.

**COMPLETE INFORMATION IF THERE ARE QUESTIONS:**

- **Direct cuts and transfers to municipalities of over \$21 million, as follows:**

- Municipal Assistance	-\$ 2,556,700 (-8.0%)
- Revenue Sharing	-\$ 2,101,700 (-8.0%)
- Senior Exemption Mandate	-\$ 1,163,800 (-100.0%)
- Municipal Capital Project	
Matching Grants	-\$ 5,000,000 (- 25%)

- **Additional cuts/transfers to municipalities:**

- Transfer pupil transportation	-\$ 2,627,400 (- 8%)
- Municipal Lands Trust Program	-\$ 91,000
- Coastal Management Grants	-\$ 100,000
- Community Schools	-\$ 100,000
- Health/Social Service Grants	-\$ 834,900
- Municipal Libraries-SLED grants	-\$ 75,000
- Fire Training fees	-\$ 180,200
- DEC landfill Permit increases	-\$ 400,000(est.)
Subtotal	-\$ 10,230,900

**TOTAL CUTS/TRANSFERS-\$** <sup>15,000,000 +</sup> **21,053,100**

Unfortunately for Alaska's taxpayers, little or no consideration has been given by the state to the escalating effects of these cuts on local taxes and local public services. However, the impacts of past state actions are already threatening even the ability of some smaller communities to survive, while they have fueled taxpayer revolts and forced significant service cuts in larger municipalities. The prospect of being quietly passed an even disproportionately larger share of the state's budget crises without an adequate impact analysis cannot be accepted.

Now, Drew Scalzi will talk about the specific history and trends of Municipal Assistance and Revenue Sharing and why stabilizing this program is so critical to the people of Alaska.

**Part IV - WHY the "SAFE COMMUNITIES" BILL (SENATE BILL 20) MAKES SENSE FOR ALASKA - Drew Scalzi**

Finally, we come to what the "Safe Communities" bill is all about and why it is a good thing for our citizens.

We, that is, both the state and its municipal governments, must get our revenues and expenditures stabilized in order to have safe and prosperous communities. Neither the state nor local governments can do it alone.

The state government holds the purse strings for local government generally, but very specifically holds the purse strings for Municipal Assistance and Revenue Sharing funds. MA/RS is unique. It is the only block grant type method of transferring a fair share of the oil wealth that belongs to all Alaskans to support basic local public services. Unlike a grant program, there are very low administrative fees for either the state or the recipient municipality, so almost every penny is used to serve the public.

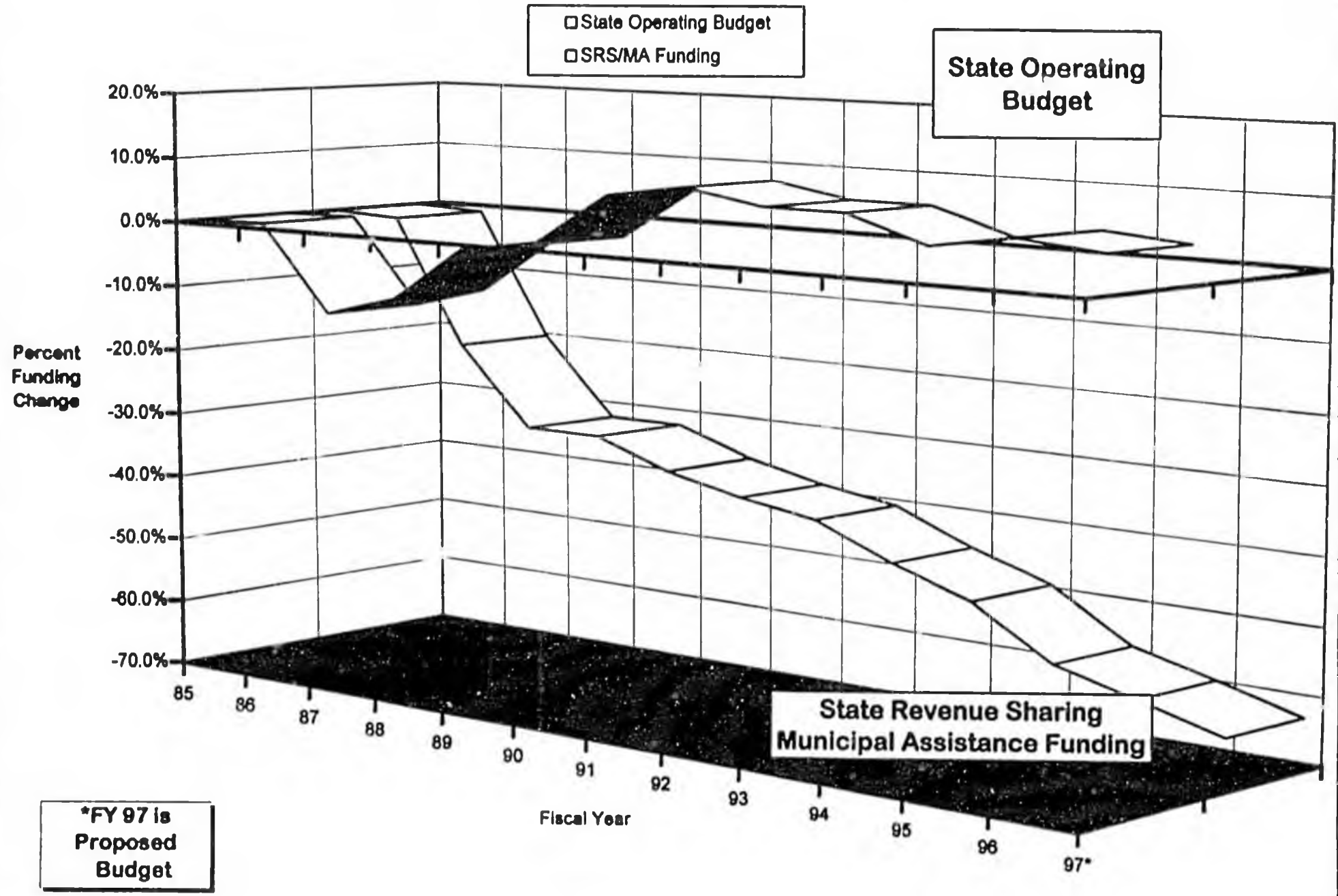
To summarize the recent history of MA/RS I would like to show you last three charts:

THE FIRST CHART illustrates how MA/RS have fared in comparison to the state operating budget. The comparison is dramatic. MA/RS has literally been slashed while the public perception is that the state budget has not really been cut yet.

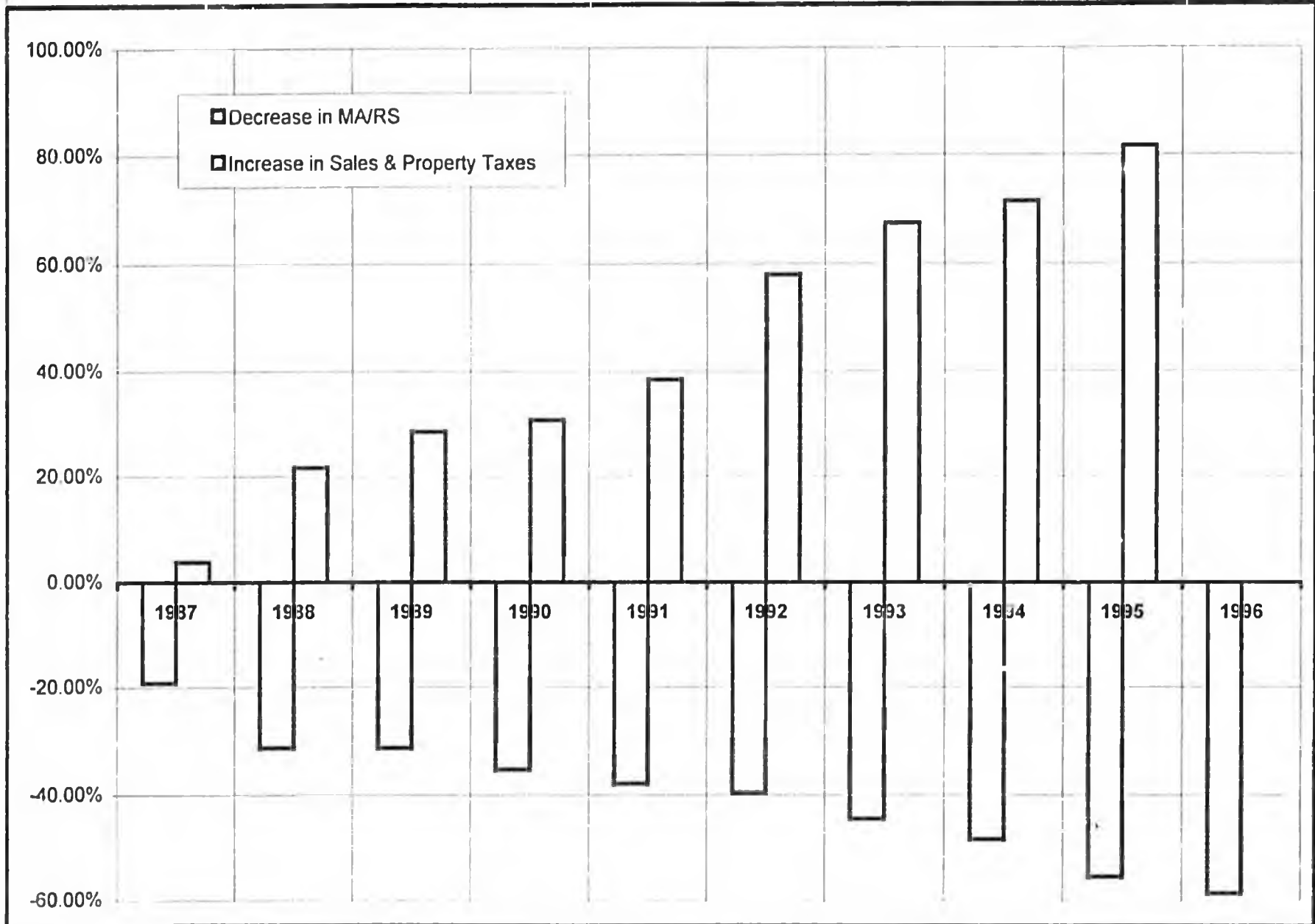
THE SECOND CHART gives graphic proof of the relationship between local sales and property tax increases and cuts in MA/RS. Remember that cuts in MA/RS are only about half of the problem. Unfunded mandates, cuts in other municipal programs, and service transfers have been accelerating since the late 1980's.

THE THIRD CHART illustrates the history of funding for the MA/RS programs. As you can see, the level of MA/RS is now a smaller part of the state budget than it was in the early 1970's. Therefore, the concept of

**Comparison of State Operating Budget vs.  
State Revenue Sharing/Municipal Assistance Funding  
FY 85 - FY 97\***



**Comparison of Decreases in Municipal Assistance/Revenue Sharing vs  
Increases in Municipal Sales & Property Taxes**

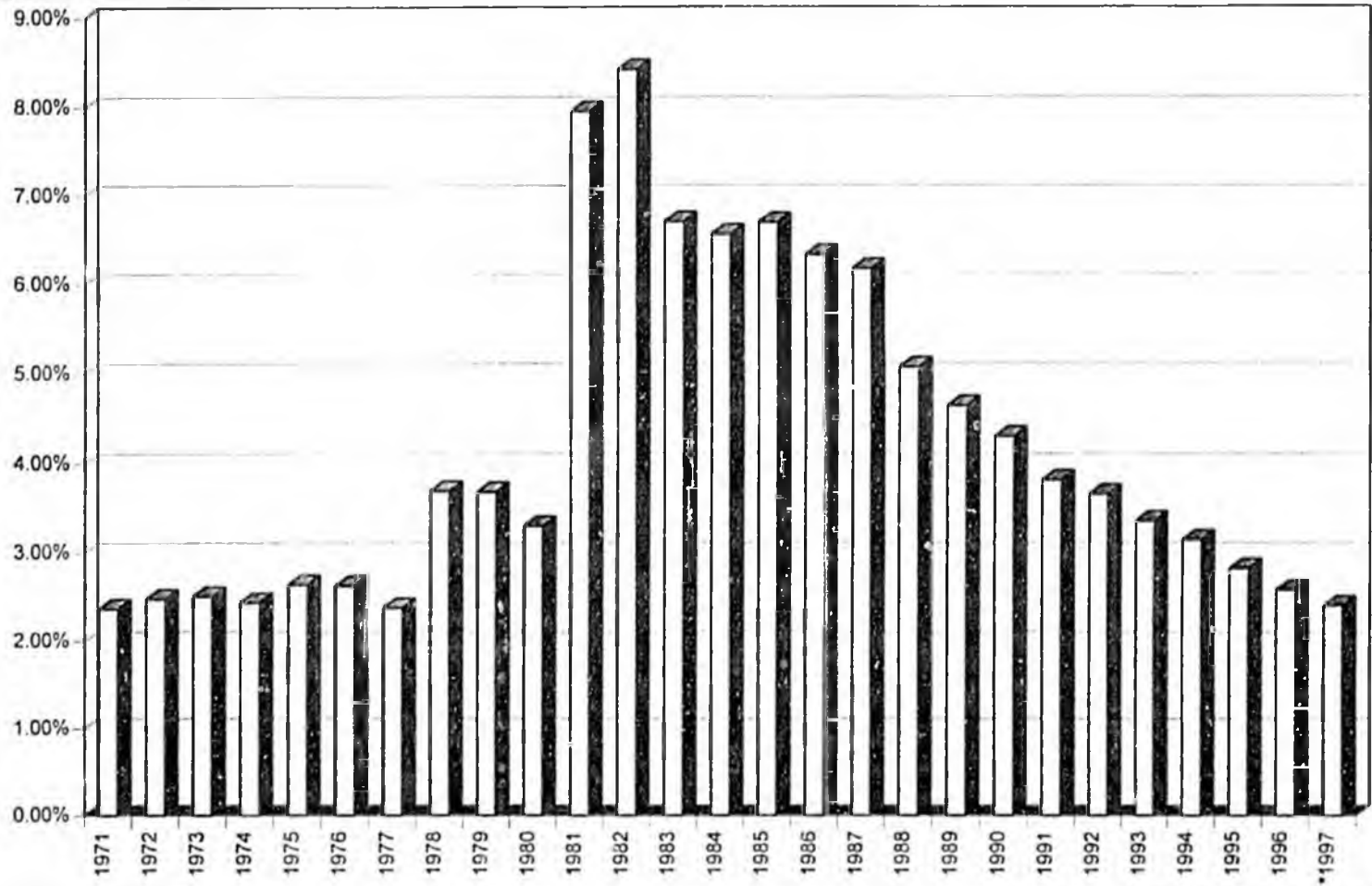


**Year**      **Percent**

1971	2.37%
1972	2.48%
1973	2.51%
1974	2.44%
1975	2.64%
1976	2.63%
1977	2.38%
1978	3.69%
1979	3.68%
1980	3.30%
1981	7.95%
1982	8.42%
1983	6.70%
1984	6.56%
1985	6.69%
1986	6.33%
1987	6.17%
1988	5.07%
1989	4.64%
1990	4.30%
1991	3.82%
1992	3.66%
1993	3.36%
1994	3.15%
1995	2.83%
1996	2.59%
*1997	2.41%

\*proposed

**Municipal Assistance and State Revenue Sharing as  
a Percentage of the State Operating Budget**



Proposed FY 97 Municipal Assistance/  
State Revenue Sharing is lower than in 1972.

sharing revenues with municipalities is clearly not an oil boom excess. In fact, sharing revenues with municipalities is done in all 50 states and Alaska is behind the average in the western states even if one considers education funding as part of revenue sharing. Also, it is necessary to think back to the living conditions in many of our state's municipalities in the early 1970's to understand what reverting to the 1970's level of revenue sharing means. In the early 1970's many municipalities had extremely limited health and public safety services. We have come a long way in providing sanitation and public safety services in the past 25 years. Cuts in MA/RS and other cost shifting to municipalities may already be heralding a regression in municipal services.

The nature of MA/RS as a block grant has advantages and disadvantages. The major advantage is that it gives municipalities their share of Alaska's oil wealth without strings and high administrative costs like other most state and federal programs. However, that same flexibility is a large factor in determining why it has been cut so much

Kevin Ritchie will now go over the specific changes to SB 20 that make up the Safe Communities concept.

#### **Part V - COMMENTS ON THE SPECIFIC PROVISIONS OF THE BILL - Kevin Ritchie**

I would now like to speak specifically to the proposed changes to MA/RS made by the "Safe Communities" Program:

First, the name "Municipal Assistance" is often confused with "Public Assistance" or giveaway entitlement programs. It is necessary to make sure that the title of a program or service truly describe what the program does. The names "Safe Communities" and "Priority Revenue Sharing for Municipal Services" truly describe what the funds are used for in our municipalities.

Second, the Committee Substitute ties funding more directly to services by requiring that the "SAFE COMMUNITIES" (formerly Municipal Assistance") money be used for priority public safety services to the extent those services are provided by the municipality.

- 1. Police protection and related public safety services**
- 2. fire protection and emergency medical services**
- 3. water and sewer services not offset by user fees**
- 4. solid waste management**
- 5. other services determined by the governing body to have the highest priority**

Due to the complexity of municipal governments and the services they provide, a priority list was developed that allows municipalities who, for example, do not have police service powers, to spend the funds on fire protection, and so on.

Note that in addition to these services, funds for road maintenance, hospitals, unincorporated communities and volunteer fire departments will continue to be provided under "Priority Revenue Sharing for Municipal Services".

Third, the minimum entitlement for incorporated municipalities for the total of both "Safe Communities" and "Priority Revenue Sharing for Municipal Services" is set at \$40,000. While this amounts to only 00.38% of the total program funding, it will be important in turning around the financial incentives for small municipalities to dissolve and turn service responsibilities back to the state. However, the \$40,000 can be prorated if overall funding is decreased.

Fourth, the "Safe Communities" program (formerly Municipal Assistance), retains the former two allocation formulas, but makes the program more fair by allowing equitable proration. In the past, only part of the Municipal Assistance funding was subject to proration which caused municipalities to be impacted inequitably by reductions in funding.

Fifth, funding for "Safe Communities" and "Priority Revenue Sharing for Municipal Services" will be distributed close to the beginning of the state fiscal year (on July 31) to: provide municipalities with more flexibility, and; end the practice of the state holding part of the funds until mid fiscal year.

Last, there are essentially no "loser" communities in this bill. According to a comparison of estimated FY97 allocations under the current statutes and SS for SSSB 20, prepared by DCRA, only six municipalities would receive slightly less funding, the rest would receive the same, or slightly more dollars:

City of Fairbanks	-00.14%	-\$3,660
Aleutians East Borough	-00.27%	-\$248
City of Delta Junction	-00.32%	-\$269
City of Atkasak	-01.18%	-\$661
City of Valdez	-02.09%	-\$15,038
North Slope Borough	-04.46%	-\$72,786

The major factor in the slight reductions is equitably prorating the funding reduction proposed by the Governor, instead of current inequitable process that reduces some communities by a greater percentage than others.

Although there are further improvements that probably can be made in how revenue sharing money is allocated, it is difficult, if not unfair, to undertake these changes until funding for the program is stabilizes. During a period of funding cuts, major reallocations cause double negative impacts on communities.

While the recommended changes are not earth shaking, they represent substantial improvements in equity, especially for the future. We view the bill as a good first step in building a revenue sharing program that will continue to evolve and improve.

Closing Comments will be made by Mayor Tom Greene.

## **Part VI - CLOSING REMARKS AND COMMENTS FROM AROUND ALASKA - Tom Greene**

As you can see, not all of our members are here today. They are back in their communities around the state carrying on the business of running their communities' and providing the highest priority services efficiently and effectively.

Around the nation, municipal governments have always been the leaders in finding creative ways to meet community needs. There is nothing special about the individuals who are our local elected officials, but they have a greater ability than the federal or state government to try new ideas. First, because they are much closer to the people they serve. And second, because municipal governments outnumber state governments by a factor of well over 100 to 1, we are simply bound to come up with a few really brilliant ideas.

In preparation for this meeting, the AML and ACoM sent out a quick survey to its members. In a few days we have already heard from more than a quarter of the municipalities in Alaska.

All but two communities reported significant service cuts and/or tax increases. The two communities that did not report significant impacts had recently had accelerated economic growth. Examples of the comments include:

Mayor Greene of the Northwest Arctic Borough listed cuts to date as "60% reduction in road maintenance, 96% reduction in health clinic operations, and a 15% cut in school funding". However, his community recently implemented a new private business "permanent fund" program to contribute to fighting fires in villages, and has developed a new export business in Buckland. Mayor Greene notes, "Municipal government is an important segment of many local networks, including Search and Rescue, economic development, etc...to reduce the municipalities any further will destroy or severely cripple these networks."

Mayor Gilman of the Kenai Peninsula Borough indicated that a new tax has been implemented to offset state cuts in funds used for road maintenance. He also reported new efficiency improvements that have reduced landfill costs and improved environmental quality. He comments, "Redistribution of the resource wealth of the state is a good idea. A reasonable level of that wealth should go to municipal governments to help provide basic services. The state should settle on some policy other than reduction of funds every year so communities can plan...."

Mayor Kay McMaster of Thorne Bay states, "Reductions in municipal assistance and PCE programs do not reduce .... the public's cost for those services.... In some cases, these cuts result in local government inability to provide essential services at all, especially in small, rural communities where revenue generating ability is limited and these program funds help support high per capita costs associated with maintenance and operation of water, sewer, and refuse services. When communities can no longer pay for maintenance of these facilities, they fail. System failures cost many more dollars than any saving the legislature perceives to occur through reduction in these programs... "

Mayor Lancaster and Finance Director Joel Wilkins of Soldotna write, "The municipalities have risen to the challenge of leaner times, but we are reaching the end of our capacity. Our residents are also residents the State of Alaska and deserve the state's support and loyalty"

Mayor Selby of the Kodiak Island Borough writes, "Municipal government is the heart of Alaska and should be the first place the state invests for the future"

Mayor Stein of Wasilla states, "As municipal support wanes, the state Administration and Legislature should deliver the message that local taxpayers are expected to pick-up the burden (for the state)" while Manager Juettner of the Aleutians East Borough simply writes, "Stand up and tell the public the truth: it is the Legislature which is responsible for increased local taxes and decreased local services".

Mayor Thomas of Buckland writes, "I believe that the state and municipalities should be on a partnership basis, and that the state can learn how to better support municipalities across the state".

To give you some examples of how municipalities are working to improve our communities at the grassroots level I would like to give you a few examples of new ideas recently implemented by municipalities:

a new \$8 million port dock in Ketchikan built mainly with private resources (Mayor Stanton also noted that a lot of creativity is displayed in "just surviving");

volunteer recreation programs developed in Petersburg;

a new water treatment was just put on line in Elim;

construction of a the first regional solid waste site on Prince of Wales Island;

a project to the rebuild of the Port Lions Causeway, a local historical landmark, initiated by the school student council;

a fundraising partnership with the local Rotary Club in Soldotna for habitat protection on the Kenai river, and contracting with a community organization to manage the rodeo grounds;

development of a new safe floatplane facility and a successful economic development project in Kodiak;

a cooperative venture in Unalakleet with the IRA, the native corporation, and the Norton Sound EDC to secure funding for a new fish plant;

an erosion control project that saved the city of Eagle;

a new locally funded street paving program in Wasilla;

a \$2.3 million dock in Nelson Lagoon with only \$75,000 in state grants;

the organization of a volunteer search and rescue team in Manokotak;

a new community rec center in False Pass;

preparation of the historic Matanuska Maid complex for sale and redevelopment in Palmer;

privatization of garbage collection in Sand Point;

and a new power generating plant in Ekwok. The list goes on and on.

To close, we thank you for your time and attention. You will play a key role in bringing Alaska into the next century stronger and better despite its current fiscal challenge.

Passing this bill will cost the state almost nothing, but it will be an important step in improving the process and ensuring the accountability for the funds. Municipal officials have learned a lot about taxation and services over the years. One key principle is that citizens demand to know exactly where their money is going. This bill does that.

However, if you chose to restore the cuts recommended by the Governor, we believe your choice will be supported by the public. A recent Dittman poll reports that **only one in twenty Alaskans** suggest cutting municipal revenue sharing. The AML and ACoM are beginning a media campaign to get more facts on the impacts of cuts to revenue sharing out to the public, so this number is likely to go down.

By encouraging a renewed partnership with municipalities, we can help. Thank you.



217 Second Street, Suite 200 • Juneau, Alaska 99801 • Tel (907) 586-1325, Fax (907) 443-5480

To: Pat Pourchoi, Legislative Liaison  
From: Kevin Ritchie, Executive Director  
Date: Wednesday, February 28, 1996  
Re: CS for SB 20 "Safe Communities"

The AML and the Alaska Conference of Mayors have worked for two years to develop the current bill. The bill is a good one for Alaskan communities and the state.

The provisions are carefully balanced. The Administration's opposition to the payment date provision and large fiscal note will **unbalance the bill and kill it.**

The Governor has put families and jobs high on his list of priorities. Strong communities are a basic prerequisite to achieve his priorities. Unfortunately, OMB has admitted to doing absolutely no analysis of the impacts of cuts to revenue sharing and other municipal programs. The evidence indicates the Administration's present initiatives may put small Alaskan local government "in the museum" instead of honey buckets. We urge you to read the comments on the attached resolutions, letters, and survey responses from over sixty large and small Alaska Municipalities.

CS for SB 20 basically provides some additional assistance to the smallest communities because they are in the greatest danger of having to close their doors. Another great inequity resolved by the CS for SB 20 is making the Governor's 8% cut more equitable. Under the current legislation, the 8% cut proposed by the Governor is really a **2.3% to 16.8% cut to individual municipalities** according to DCRA. It is a great step to have larger municipalities willing to help smaller ones, and one that deserves support.

We urge you to share this information with the Governor.

cc: Communities submitting documents: **Boroughs:** Aleutians East, Anchorage, Denali, Haines, Juneau, Kenai, Kodiak Island, Northwest Arctic, Sitka. **Cities:** Akutan, Alakanuk, Aleknagik, Anaktuvuk Pass, Arpa, Bethel, Buckland, Chuathbaluk, Dillingham, Eagle, Eek, Ekwok, Erim, False Pass, Haines, Homer, Kachemak, Kenai, Ketchikan, Kodiak, Kotlik, Kotzebue, Marshall, Manokotak, McGrath, Metlakatla, Mountain Village, Nome, Nondalton, Old Harbor, Ouzinkie, Palmer, Point Hope, Port Lions, St. Mary's Sand Point, Scagway, Scammon Bay, Savoonga, Soldotna, Teller, Thorne Bay, Unalakleet, Valdez, Wasilla, Whittier

## 1995 AML MUNICIPAL MEMBERS

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|---|--|---|
| <input checked="" type="checkbox"/> Aleutians East Borough    | City of Egegik   | City of Nuiqsut   |
| <input checked="" type="checkbox"/> Municipality of Anchorage | <input checked="" type="checkbox"/> City of Elim       | City of Nulato  |
| Bristol Bay Borough   | City of Emmonak  | <input checked="" type="checkbox"/> City of Old Harbor  |
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| <input checked="" type="checkbox"/> Haines Borough            | City of Fort Yukon                                     | <input checked="" type="checkbox"/> City of Palmer      |
| <input checked="" type="checkbox"/> City & Borough of Juneau  | City of Gambell  | City of Pelican   |
| <input checked="" type="checkbox"/> Kenai Peninsula Borough   | City of Golovin  | <input checked="" type="checkbox"/> City of Petersburg  |
| <input checked="" type="checkbox"/> Kodiak Island Borough     | City of Goodnews Bay                                   | City of Pilot Point                                     |
| <input checked="" type="checkbox"/> Lake & Peninsula Borough  | City of Grayling                                       | City of Pilot Station                                   |
| North Slope Borough   | <input checked="" type="checkbox"/> City of Haines     | City of Platinum  |
| <input checked="" type="checkbox"/> Northwest Arctic Borough  | <input checked="" type="checkbox"/> City of Homer      | <input checked="" type="checkbox"/> City of Point Hope  |
| <input checked="" type="checkbox"/> City & Borough of Sitka   | <input checked="" type="checkbox"/> City of Hoonah     | <input checked="" type="checkbox"/> City of Port Lions  |
| City & Borough of Yakutat                                     | City of Hooper Bay                                     | City of Quinhagak                                       |
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| City of Ambler  | City of Kasaan   | City of St. Paul  |
| <input checked="" type="checkbox"/> City of Anaktuvuk Pass    | <input checked="" type="checkbox"/> City of Kenai      | <input checked="" type="checkbox"/> City of Sand Point  |
| City of Anderson  | <input checked="" type="checkbox"/> City of Ketchikan  | City of Savoonga  |
| City of Aniak   | City of Kiana  | <input checked="" type="checkbox"/> City of Saxman      |
| City of Anvik   | City of King Cove                                      | <input checked="" type="checkbox"/> City of Scammon Bay |
| <input checked="" type="checkbox"/> City of Atka              | City of Klawock  | City of Selawik   |
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| City of Bettles   | <input checked="" type="checkbox"/> City of Kotzebue   | City of Shishmaref                                      |
| City of Brevig Mission  | City of Larsen Bay                                     | <input checked="" type="checkbox"/> City of Skagway     |
| <input checked="" type="checkbox"/> City of Buckland          | City of Lower Kalska                                   | <input checked="" type="checkbox"/> City of Soldotna    |
| City of Chefornak   | <input checked="" type="checkbox"/> City of Marshall   | City of Tanana  |
| City of Chevak  | <input checked="" type="checkbox"/> City of McGrath    | <input checked="" type="checkbox"/> City of Teiler      |
| City of Chignik   | <input checked="" type="checkbox"/> Metlakatla Indian  | City of Tenakee Springs                                 |
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| City of Coffman Cove  | <input checked="" type="checkbox"/> City of Mountain   | City of Togiak  |
| City of Cold Bay  | Village  | <input checked="" type="checkbox"/> City of Unalakleet  |
| City of Cordova   | City of Napakiak                                       | <input checked="" type="checkbox"/> City of Unalaska    |
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| City of Diomedes  | <input checked="" type="checkbox"/> City of Nome       | City of White Mountain                                  |
| <input checked="" type="checkbox"/> City of Eagle             | <input checked="" type="checkbox"/> City of Nondalton  | <input checked="" type="checkbox"/> City of Whittier    |
| <input checked="" type="checkbox"/> City of Eek               | City of Noorvik  | City of Wrangell  |
| <input checked="" type="checkbox"/> City of ERWOK             |  |   |

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Submitted by: Assemblymembers Murdy, Wuerch and Abney

Prepared by: Assembly Policy & Budget Office

For reading: February 27, 1996

CLERK'S OFFICE

APPROVED

Date: 2-27-96

ANCHORAGE, ALASKA

AR 96- 41

**A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY REQUESTING THAT THE GOVERNOR AND STATE LEGISLATURE CEASE MAKING DISPROPORTIONATE CUTS TO EXISTING MUNICIPAL REVENUES AND PROGRAMS THAT FORCE HIGHER LOCAL TAXES OR CUTS TO BASIC LOCAL PUBLIC SERVICES**

---

WHEREAS, oil revenues are collected by the State government, but do not belong to the State Government. Oil revenues belong to all of the people of the State to ensure a basic level of public services in all communities, whether provided by State or Municipal government; and

WHEREAS, State revenue sharing with municipalities is not unique to Alaska and is not an oil boom program. According to a federal research agency, every state in the United States provides some form of revenue sharing. Alaska is now below the average among the western states for sharing state revenue with its municipalities; and

WHEREAS, the percentage of the State budget appropriated for municipal revenue sharing has now been cut to the same level as in 1972, well before the oil boom, when many municipalities lacked the finances to construct and support basic services such as water, sewer, adequate public safety services, and health services; and

WHEREAS, since 1986 the State has shifted an estimated \$200 million of costs to local taxpayers through cuts to municipal revenue sharing, transfers of State service responsibilities, and unfunded State mandates on municipalities. Since 1986, all sales and property tax increases among municipal governments total only \$188 million per year. Therefore, all or most sales and property tax increases paid by Alaska citizens since 1986 went to balance the State's budget; and

WHEREAS, since 1986, the State has cut the Municipal Assistance/Revenue Sharing by \$83 million, which is approximately twice the amount of any "new tax" proposed by the Long Range Financial Planning Commission for implementation during this century; and

WHEREAS, the impact of the State's cuts in revenue sharing, cuts in other municipal programs, and new unfunded mandates on municipalities since 1986 is roughly equal to taking away the value of one Permanent Fund Dividend check from every family that pays property tax; and

WHEREAS, approximately half (or \$10 million) of the actual reductions in the State's proposed budget for next year simply "passes the buck" to local taxpayers; and

WHEREAS, the proposed State budget for next year would cut the State operations less than 1% while the proposed cut to direct municipal revenue sharing is 8%; and

1 WHEREAS, cuts in municipal revenue sharing and the resulting fiscal pressures have  
2 been a major factor in municipal dissolutions. Many smaller communities are considering  
3 unincorporating and giving the responsibility for providing local services back to the State  
4 government. The cost to the State to provide services will be much higher than the cost of  
5 municipal revenue sharing; and  
6

7 WHEREAS, in the explanation of the proposed State budget, it states that the "Overall  
8 reduction in State aid to local governments/school districts is 1.2%". Schools are not a  
9 municipal aid program. The Alaska Constitution states, "The legislature shall by general law  
10 establish and maintain a system of public schools...". It is clearly a State responsibility to  
11 provide for education. The actual proposed overall reduction in State aid to local governments  
12 is actually 8-10%; and  
13

14 WHEREAS, all municipal governments balance their budgets and that many municipal  
15 governments use long range fiscal planning tools; and  
16

17 WHEREAS, the Alaska Municipal League and the Alaska Conference of Mayors have  
18 adopted resolutions supporting the development of a Long Range Financial Plan for Alaska,  
19 and have offered to work in partnership with the State to develop the plan (see attached AML  
20 Resolution 96-3).  
21

22 NOW, THEREFORE, The Anchorage Municipal Assembly resolves:  
23

24 That the Governor and State Legislature are requested to:  
25

- 26 1. Carefully study the impact of State budget actions and avoid passing a  
27 disproportionate share of cuts, transfers, and unfunded mandates on local  
28 taxpayers.  
29
- 30 2. Support the implementation of the "Revenue Sharing for Safe Communities"  
31 program developed by the Alaska Municipal League (AML) and the Alaska  
32 Conference of Mayors (ACoM) to improve and stabilize the current Municipal  
33 Assistance and Revenue Sharing Programs (see attached background  
34 information).  
35
- 36 3. Work in formal partnership with municipalities as proposed by the AML and  
37 ACoM to develop a State/Municipal Long Range Financial and Services Plan for  
38 Alaska in recognition of the fact that the State and Municipal governments jointly  
39 provide Alaska's public services and that both serve the same citizens/taxpayers.  
40

41 PASSED AND APPROVED by the Anchorage Assembly this \_\_\_\_\_ day of  
42 \_\_\_\_\_, 1996.  
43

44 \_\_\_\_\_  
45 Chair

46 ATTEST:  
47

48 \_\_\_\_\_  
49  
50 Municipal Clerk  
51