

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 0012

10514 SENATE COMMUNITY & REGIONAL AFFAIRS

359

Shaded areas identify seven regions in the unorganized borough with 1998 per capita personal income higher than those in the Matanuska-Susitna Borough and the Lake & Peninsula Borough



1998 Per Capita Personal Income

(Source: U.S. Commerce Department, Bureau of Economic Analysis)

Borough or Census Area	1998 Per Capita Personal Income
Bristol Bay Borough	\$43,439
City and Borough of Juneau	\$33,516
Municipality of Anchorage	\$32,659
Denali Borough	\$32,152
Ketchikan Gateway Borough	\$31,803
Haines Borough	\$30,059
North Slope Borough	\$29,271
City and Borough of Sitka	\$28,480
Aleutians West Census Area	\$28,356
Valdez-Cordova Census Area	\$28,256
City and Borough of Yakutat	\$27,352
Wrangell-Petersburg Census Area	\$25,983
Fairbanks North Star Borough	\$25,341
Kenai Peninsula Borough	\$25,120
Dillingham Census Area	\$25,046
Skagway-Hoonah-Angoon Census Area	\$24,086
Kodiak Island Borough	\$24,166
Aleutians East Borough	\$24,069
Southeast Fairbanks Census Area	\$21,614
Northwest Arctic Borough	\$20,700
Nome Census Area	\$20,508
Matanuska-Susitna Borough	\$18,752
Lake and Peninsula Borough	\$18,419
Prince of Wales - Outer Ketchikan Census	\$18,278
Yukon-Koyukuk Census Area	\$18,005
Bethel Census Area	\$17,524
Wade Hampton Census Area	\$12,684

Shaded areas identify three regions in the unorganized borough with 1998 local employment per 1,000 residents higher than those in eight organized boroughs



1998 Local Employment in Alaska

(Source: Alaska Department of Labor and Workforce Development)
(employment per 1,000 residents extrapolated by DCED)

Borough or Census Area	Total Employment	1998 Population	Employment Per 1,000 Residents
North Slope Borough	8,515	7,268	1,171.6
Denali Borough	1,732	1,868	927.2
Bristol Bay Borough	1,070	1,291	828.8
Aleutians East Borough	1,725	2,145	804.2
Aleutians West Census Area	3,439	5,346	643.3
Juneau Borough	16,460	30,021	548.3
Yakutat Borough	422	775	544.5
Ketchikan Gateway Borough	7,025	14,143	496.7
Anchorage, Municipality of	126,776	257,260	492.8
Dillingham Census Area	2,307	4,686	492.3
Valdez-Cordova Census Area	4,763	10,274	463.6
Sitka Borough	3,875	8,722	444.3
Kodiak Island Borough	5,737	13,716	418.3
Skagway-Hoonah-Angoon Census Area	1,521	3,642	417.6
Northwest Arctic Borough	2,735	6,817	401.2
Fairbanks North Star Borough	32,336	83,045	389.4
Haines Borough	933	2,461	379.1
Nome Census Area	3,525	9,341	377.4
Bethel Census Area	5,880	15,935	369.0
Lake and Peninsula Borough	662	1,842	359.4
Wrangell-Petersburg Census Area	2,543	7,165	354.9
Kenai Peninsula Borough	16,586	48,532	341.8
Prince of Wales-Outer Ketchikan Census	2,201	6,830	322.3
Yukon-Koyukuk Census Area	2,001	6,411	312.1
Wade Hampton Census Area	1,941	7,044	275.6
Southeast Fairbanks Census Area	1,634	6,349	257.4
Matanuska-Susitna Borough	11,368	54,153	209.9

Shaded areas identify three regions in the unorganized borough with 1998 per capita earnings from local employment higher than those in ten organized boroughs



1998 Per Capita Earnings from Local Employment

(Source: Alaska Department of Labor and Workforce Development)
(employment per 1,000 residents extrapolated by DCED)

Region	1998 Earnings	1998 Population	1998 Per Capita Earnings
North Slope Borough	\$520,522,220	7,268	\$71,618
Nome Census Area	\$97,044,435	2,461	\$39,433
Denali Borough	\$55,286,386	1,868	\$29,597
Bristol Bay Borough	\$32,431,012	1,291	\$25,121
Aleutians West Census Area	\$108,882,321	5,346	\$20,367
Aleutians East Borough	\$41,027,273	2,145	\$19,127
Juneau Borough	\$531,813,449	30,021	\$17,715
Anchorage, Municipality of	\$4,487,741,618	257,260	\$17,444
Valdez-Cordova Census Area	\$177,367,744	10,274	\$17,264
Yakutat Borough	\$12,342,015	775	\$15,925
Ketchikan Gateway Borough	\$225,062,306	14,143	\$15,913
Northwest Arctic Borough	\$106,716,798	6,817	\$15,655
Dillingham Census Area	\$62,319,552	4,686	\$13,299
Sitka Borough	\$107,681,583	8,722	\$12,346
Fairbanks North Star Borough	\$993,377,321	83,045	\$11,962
Kodiak Island Borough	\$156,034,213	13,716	\$11,376
Skagway-Hoonah-Angoon Census Area	\$38,853,608	3,642	\$10,668
Kenai Peninsula Borough	\$498,373,187	48,532	\$10,269
Wrangell-Petersburg Census Area	\$70,592,857	7,165	\$9,852
Haines Borough	\$22,964,855	2,461	\$9,332
Bethel Census Area	\$145,680,722	15,935	\$9,142
Prince of Wales-Outer Ketchikan Census Area	\$62,291,076	6,830	\$9,120
Yukon-Koyukuk Census Area	\$54,484,780	6,411	\$8,499
Lake and Peninsula Borough	\$13,525,967	1,842	\$7,343
Southeast Fairbanks Census Area	\$45,337,691	6,349	\$7,141
Matanuska-Susitna Borough	\$311,684,727	54,153	\$5,756
Wade Hampton Census Area	\$34,879,176	7,044	\$4,952



Regional Educational Attendance Areas

(excludes 18 home rule and first class cities in the unorganized borough)

(Based on information from the Alaska Department of Education and Early Development)

A-4

District	1999 Enrollment	FY 1999 Audited Expenditures	Expenditures per Student – All Expenditures	FY 1999 Required Local Effort	Voluntary Additional FY 1999 Contributions	Expenditures per Student - State & Federal Funding Only
1. Alaska Gateway REAA	480	\$5,191,833	\$10,816.32	\$0	\$0	\$10,816.32
2. Aleutian Region REAA	79	\$1,318,555	\$16,690.57	\$0	\$0	\$16,690.57
3. Annette Island REAA	374	\$4,268,456	\$11,412.98	\$0	\$0	\$11,412.98
4. Bering Strait REAA	1864	\$25,248,054	\$13,545.09	\$0	\$0	\$13,545.09
5. Chatham REAA	248	\$2,988,420	\$12,050.08	\$0	\$0	\$12,050.08
6. Chugach REAA	166	\$1,997,541	\$12,033.38	\$0	\$0	\$12,033.38
7. Copper River REAA	745	\$5,888,245	\$7,903.68	\$0	\$0	\$7,903.68
8. Delta/Greely REAA	1107	\$7,004,552	\$6,327.51	\$0	\$0	\$6,327.51
9. Iditarod Area REAA	594	\$7,130,288	\$12,003.85	\$0	\$0	\$12,003.85
10. Kashunimuit REAA	300	\$3,004,401	\$10,014.67	\$0	\$0	\$10,014.67
11. Kuspuk REAA	497	\$6,777,351	\$13,636.52	\$0	\$0	\$13,636.52
12. Lower Kuskokwim REAA	3687	\$45,218,520	\$12,264.31	\$0	\$0	\$12,264.31
13. Lower Yukon REAA	1946	\$20,431,861	\$10,499.41	\$0	\$0	\$10,499.41
14. Pribilof REAA	160	\$2,164,574	\$13,528.59	\$0	\$0	\$13,528.59
15. Southeast Island REAA	298	\$3,644,951	\$12,231.38	\$0	\$0	\$12,231.38
16. Southwest Region REAA	745	\$10,386,823	\$13,944.73	\$0	\$0	\$13,944.73
17. Yukon Flats REAA	382	\$6,518,032	\$17,062.91	\$0	\$0	\$17,062.91
18. Yukon/Koyukuk REAA	556	\$8,182,436	\$14,716.61	\$0	\$0	\$14,716.61
19. Yupiit REAA	402	\$6,048,746	\$15,046.63	\$0	\$0	\$15,046.63
Total	14,630	\$173,415,639	\$11,853.43	\$0	\$0	\$11,853.43



Borough School Districts

(Based on information from the Alaska Department of Education and Early Development)

A-5

District	1999 Enrollment	FY 1999 Audited Expenditures	Expenditures per Student - All Expenditures	FY 1999 Required Local Effort	Voluntary Additional FY 1999 Contributions	Expenditures per Student - State & Federal Funding Only
Aleutians East	362	\$5,213,401	\$14,402	\$365,761	\$471,992	\$12,087
Anchorage	49,382	\$293,650,692	\$5,947	\$55,828,890	\$38,573,995	\$4,035
Bristol Bay	308	\$3,051,117	\$9,906	\$860,657	\$513,424	\$5,445
Denali	329	\$3,899,941	\$11,854	\$459,758	\$639,427	\$8,513
Fairbanks North Star	15,999	\$107,381,962	\$6,712	\$17,106,689	\$13,584,091	\$4,793
Haines	425	\$3,468,985	\$8,162	\$674,832	\$477,824	\$5,450
Juneau	5,699	\$37,041,180	\$6,500	\$9,380,326	\$6,445,574	\$3,723
Kenai Peninsula	10,225	\$73,237,898	\$7,163	\$15,751,444	\$13,725,341	\$4,280
Ketchikan Gateway	2,643	\$17,437,478	\$6,598	\$4,552,513	\$3,154,676	\$3,682
Kodiak Island	2,817	\$22,916,263	\$8,135	\$3,588,780	\$2,909,130	\$5,828
Lake and Peninsula	491	\$11,109,637	\$22,627	\$268,776	\$955,761	\$20,133
Matanuska-Susitna	12,735	\$84,155,364	\$6,608	\$9,922,903	\$13,917,154	\$4,736
North Slope	2,131	\$41,270,164	\$19,367	\$8,791,243	\$15,045,224	\$8,181
Northwest Arctic	2,192	\$25,844,110	\$11,790	\$1,484,493	\$1,010,427	\$10,652
Sitka	1,746	\$11,265,994	\$6,452	\$2,500,230	\$1,836,746	\$3,969
Yakutat	159	\$1,998,427	\$12,569	\$144,356	\$309,404	\$9,715
Totals	107,643	\$742,942,613	\$6,902	\$131,681,651	\$113,570,190	\$4,624

City School Districts

(Based on information from the
Alaska Department of Education and Early Development)



A-6

District	1999 Enrollment	FY 1999 Audited Expenditures	Expenditures per Student - All Expenditures	FY 1999 Required Local Effort	Voluntary Additional, FY 1999 Contributions	Expenditures per Student - State & Federal Funding Only
City of Cordova	487	\$4,254,523	\$8,757	\$674,600	\$727,745	\$5,877
City of Craig	420	\$3,203,099	\$7,626	\$367,686	\$263,045	\$6,125
City of Dillingham	564	\$5,658,301	\$10,032	\$608,522	\$398,330	\$8,247
City of Galena	3,725	\$16,261,344	\$4,365	\$70,412	\$789,971	\$4,134
City of Hoonah	236	\$3,212,497	\$13,612	\$98,904	\$426,866	\$11,384
City of Hydaburg	108	\$1,768,547	\$16,375	\$23,809	\$8,254	\$16,079
City of Kake	166	\$2,115,154	\$12,742	\$69,431	\$160,254	\$11,358
City of Klawock	203	\$2,207,758	\$10,876	\$62,627	\$139,151	\$9,882
City of Nenana	1,005	\$2,670,749	\$2,657	\$66,968	\$20,013	\$2,571
City of Nome	774	\$6,845,554	\$8,844	\$626,146	\$588,874	\$7,275
City of Pelican	36	\$626,209	\$17,395	\$53,374	\$3,761	\$15,808
City of Petersburg	701	\$5,138,950	\$7,331	\$947,600	\$714,047	\$4,960
City of Saint Mary's	133	\$1,337,104	\$12,309	\$17,993	\$23,751	\$11,995
City of Skagway	133	\$1,484,376	\$11,161	\$525,021	\$131,689	\$6,223
City of Tanana	93	\$1,813,330	\$19,498	\$23,286	\$62,869	\$18,572
City of Unalaska	392	\$3,783,913	\$9,653	\$1,421,769	\$345,752	\$5,144
City of Valdez	868	\$8,044,695	\$9,268	\$2,616,877	\$1,439,010	\$4,595
City of Wrangell	505	\$3,897,032	\$7,717	\$651,476	\$750,914	\$4,940
Total	10,549	\$74,633,135	\$7,075	\$8,926,500	\$6,994,297	\$5,566

SB

351

ALASKA STATE LEGISLATURE

Sen. Robin Taylor, Chair
Sen. Dave Donley, Vice-Chair
Sen. John Cowdery
Sen. Gene Therriault
Sen. Johnny Ellis



State Capitol
Juneau, AK 99801-1182
(907) 465-3717
Fax: 465-3922

Senate Judiciary Committee

SPONSOR STATEMENT SB 351

"An Act relating to conveyance of tide and submerged land to municipalities."

For too long, coastal municipalities have been denied control of the land within its own boundaries. SB 351 will correct problems in existing law, giving communities more control over some of its more valuable property.

SB 351 makes the transfer of tide and submerged lands to municipalities much easier than is in current law. It requires the Commissioner to identify specific land the state may reserve in the public interest or access and transfer the balance to the municipality. From there, local government and the local public can determine how that land is of the most value. In some cases, it will remain wild for its scenic value; in others, it may be developed. In either case, the final decision will be made at the local level. Residents who actually have to live with the results will have easy access and input in the decision making process.

SB 351 also allows the municipality to make selections and receive an answer within an acceptable timeline. For many communities, the selection process has been brought to a "hurry up and wait" status because the Department has not made a determination. Often, that is because of the Department's workload. This bill corrects that problem by providing for a 90-day timeline for response. This time frame gives the Department 90 days to review the request. If there is no objection based on the reasons stated in Section 1, the land is conveyed to the municipality.

Making decisions for local communities on how they conduct their business should not be up to state government. Communities make the best decisions for communities. The public process always works best on a local level. SB 351 will give local governments the ability to best determine how land within its boundaries can and will be used for its residents.

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FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SB352
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Natural Resources
Title: The assessment of farm or agricultural land BRU: Agricultural Development
for the purpose of municipal taxation. Component: Agricultural Development
Sponsor: (S) STA
Requester: (S) CRA Component Number: 455

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: none
Check this box (X) if funding for this bill is included in the Governor's FY2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Lands affected by this legislation are already identified by Borough government. The Department of Natural Resources would therefore not have any costs associated with this legislation. Revenues are not a factor.

Prepared by: Robert Wells Phone 907-761-3867
Division: Agriculture Date/Time 5-Apr-02
Approved by: Pat Pourchot Date 5-Apr-02
Agency: Natural Resources

Alaska State Legislature

SENATOR
GENE THERRIAULT

Mailing Address:
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Senate

While in session
State Capitol
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Senate District O

SB 352 "An act relating to the assessment of farm or agricultural land for purposes of municipal taxation; and providing for an effective date."

Sponsor: Senate State Affairs Committee

Sponsor Statement

The State of Alaska has been careful to recognize that there is a public purpose served when land used for farming and other agricultural activities is classified and restricted for agricultural use. One key element of restricting land for agricultural use is that, so long as it is so classified and restricted, the land should be assessed and taxed at a rate that is based on farm value, rather than on land sales that are often higher than farm value.

The State recognized the need for assessing fee simple land, used for agriculture, on its farm value and provided a farm exemption under AS 29.45.060. The statute did not specifically include state restricted agricultural use lands, since these lands, by definition, could only be used for agriculture. Unfortunately, the assessment of state restricted agricultural lands is subject to rising taxes as local assessors increasingly use comparable sales to assess these lands while ignoring the agricultural value of these restricted use lands.

Often state restricted agricultural use land cannot meet the requirements of AS 29.45.060. Yet, land sold by the State and restricted to agricultural use can only be used for agricultural purposes, therefore precluding other uses of the land. Thus, assessments should be based on the value of the crops that can be produced, not on other perceived values or land sales.

HB 455 re-affirms the public purposes of the state's designation of certain lands for agricultural purposes only. It removes the requirement that owners of agricultural land apply for and receive a determination of agricultural use before receiving the farm exemption assessment provided by AS 29.45.060.

SB

359

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SB 359
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title Municipal Organization Grants BRU Community Assist & Econ Dev. (405)
Component Community & Business Development
Sponsor Senate Community & Regional Affairs
Requester Senate Community & Regional Affairs Component No. 2486

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	200.0	200.0				
Miscellaneous						
TOTAL OPERATING	200.0	200.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	200.0	200.0				
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	200.0	200.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation provides grants only in the event of the dissolution of a third class borough as a result of merger, consolidation, or unification. The municipality is to receive \$200.0 for the first full or partial fiscal year, and \$200.0 for the second fiscal year. There is only one third class borough in Alaska. New third class boroughs are prohibited from forming under current law.

Prepared by: Patrick K. Poland, Director Phone 907-269-4578
Division: Community & Business Development Date/Time 4/12/02 4:27 PM
Approved by: Deborah B. Sedwick, Commissioner Date 4/12/2002
Agency: Department of Community & Economic Development



CITY OF HAINES, ALASKA

P.O. BOX 1049

HAINES, ALASKA 99827

(907) 766-2231 • TOURISM (907) 766-2234 • FAX (907) 766-3179

April 16, 2002

Members of the Alaska Legislature
Juneau, Alaska

Dear Legislator:

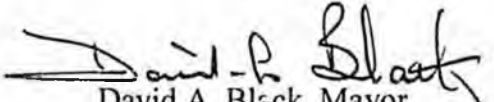
The City of Haines is pleased to present testimony in favor of Senate Bill 359 and its companion, House Bill 518. Our community supports this bill. This legislation is an evolution of our constitutional principle to provide the least number of governmental and taxation units.

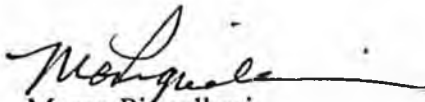
Home rule powers allow our Borough to be less dependant of the State of Alaska over time. It is necessary, after voter approval, that consolidation be implemented quickly and comprehensively. A drawn out process due to the lack of funds will be troublesome, litigious and frustrating.

Haines has outgrown the Third Class Borough. The community has been sorting through the consolidation process for over 4 years, at great expense of the public's time and resources.

We appreciate the State of Alaska's help in completing this process in a manner that is exemplary to other local government consolidations that will follow.

Sincerely,


David A. Black, Mayor
CITY OF HAINES, ALASKA


Marco Pignalberi
CITY MANAGER



CITY OF HAINES, ALASKA

P.O. BOX 1049

HAINES, ALASKA 99827

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April 3, 2002

Honorable Rick Halford
Senate President

Honorable Brian Porter
Speaker of the House
State Capitol
Juneau, AK 99801-1182

Re: Haines Consolidation

Dear Mr. President and Mr. Speaker:

The Local Boundary Commission has approved the consolidation petition by the City of Haines to form a new Home Rule Borough from the First Class City of Haines and the Third Class Haines Borough. The Haines Borough supports the City's petition.

We expect the new charter to be ratified by the voters in June of this year. Our new "consolidated borough" will incur substantial costs for merging two sets of laws, accounting and finance systems, information technology systems, comprehensive zoning plans and utility plans. Current statute, A.S. 29.06, allows transitional grants to newly "incorporated" boroughs and "unified" boroughs but not to "consolidated" boroughs.

We seek an amendment to allow transitional grants to be made to consolidated boroughs, and, an accompanying appropriation. Both the City of Haines and the Haines Borough designate Mr. Marco Pignalberi, City Manager of Haines, to be their sole representative to work on this legislation.

The Local Boundary Commission supports this concept. We are informed that they will also testify in favor of it. Your assistance in this matter is greatly appreciated.

Yours truly,

Dave Black
Mayor
CITY OF HAINES

Jerry Lapp
Acting Mayor
HAINES BOROUGH

COPY

SB 359
Testimony of the City of Haines, Alaska
Delivered by
Robert Venables
April 17, 2002

Thank you, Mr. Chairman and committee members. My name is Robert Venables, and I am here today on behalf of Haines City Manager, Marco Pignalberi and the community of Haines. I have lived in Haines since 1984 and have been involved in numerous projects and committees on behalf of the City of Haines, the Haines Borough and the Haines Chamber of Commerce. But the most important community project to date in Haines is Consolidation.

For the Haines community, consolidation is the first step toward achieving a home rule government. SB 359 is a measure that will help us transition from two disparate local governments into one home rule government.

Haines has the only Third-class borough in the State of Alaska. It was designed as a compromise mechanism to allow for school funding after the citizens of Haines voted 3 times against forming a 1st or 2nd class borough. While the 3rd class borough form of government seemed to work for some time, it was just a matter of time before its inadequacies caught up with it. And now, when there is a desire to consolidate the two governments, we find that the task before us is quite daunting.

What has evolved in Haines is two very incompatible systems of government. This community of 2,418 people has 2 Legislative bodies (Assembly & Council), 2 mayors, 2 planning commissions (5 if you count the 2 service area boards and the State's responsibility in the outlying areas of the borough) with separate comprehensive plans, 2 legal systems, 2 financial systems, 2 personnel systems and 2 very different computer systems that do not integrate with each other.

At our local election, last October, the voters elected new mayors and implemented a city-manager form of government. This has removed many of the contentious personalities and issues that caused consolidation to fail in 1998 by 3 votes. Our 2 mayors and city manager have worked hard to forge a spirit of cooperation that better represents the community's best interests. It is the consensus of all our political leaders that 1 local government can serve Haines better than the current 2 governments. This holds great promise for the passing of consolidation.

The Local Boundary Commission approved the Haines Consolidation proposal last week and the Division of Elections has scheduled the vote for consolidation to be held on June 25. Transitional funding will be needed in order to accomplish the consolidation effort in a timely and professional manner. It is a significant challenge to maintain government operations while simultaneously changing every aspect of operations. Our plan is to use consulting expertise to merge our systems of accounting and finance, taxes, legal and

code revisions, comprehensive planning, platting and zoning, computers and information technology and personnel.

The consolidation of the Haines Borough and the City of Haines will be in the best interests of the State of Alaska. Having one government in Haines, instead of two, will create efficiencies in the interactions between the State of Alaska and Haines. It will relieve the State government of the responsibility of providing some of the local services while promoting the maximum level of local self-government.

The Local Boundary Commission is on record supporting both the creation of new borough governments and good, sound local governmental units. Current law (AS 29.05.190) provides funding for new boroughs and unified municipalities. A borough consolidated from a third-class borough and a city is not eligible for funds at this time. Many governmental experts believe this to be an oversight. (LBC & other members of the Legislature, who will speak for themselves on the matter).

Both the City of Haines and the Haines Borough have endorsed the consolidation effort and are working together to insure that it has the best chance to succeed. We would ask the committee's assistance in making this hope a reality. Thank you.

That is the conclusion of my remarks. I am available if the committee has any questions.

ALASKA STATE LEGISLATURE



SENATE COMMUNITY & REGIONAL AFFAIRS COMMITTEE Senator John Torgerson, Chair

Official Business

Senator Alan Austerman
Senator Pete Kelly
Senator Goergianna Lincoln
Senator Randy Phillips

State Capitol, Room 427
Juneau, AK 99801-1182
Phone: (907) 46504989
Fax: (907) 465-4779

Sponsor Statement

SB 359 – Municipal Organization Grants

This bill amends current statutes regarding organization grants to boroughs and unified municipalities.

Currently, statutes do not provide for an organization grant to be disbursed to a unified municipality that merges or consolidates by occupying an area formerly occupied by a borough.

The bill amends the statutes by providing for organizations grants for a municipality that unifies after January 1, 2002 in an area formerly occupied by a third class borough.

The grants are for \$200,000 for the first full or partial fiscal year and another \$200,000 for the second fiscal year after the merger or consolidation.

ALASKA STATE LEGISLATURE



SENATE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

Senator John Torgerson, Chair

Official Business

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State Capitol, Room 427
Juneau, AK 99801-1182
Phone: (907) 46504989
Fax: (907) 465-4779

Sectional Analysis

SB 359 – Municipal Organization Grants

Section 1: Amends AS 29.05.190(c) by inserting an exception to current statutes that restrict organization grants to unified municipalities formerly occupied by a borough.

Section 2. Amends AS 29.05.190 by adding new subsection (d), exemption language regarding grants for unified municipalities formerly occupied by a third class borough.

Tony Knowles, Governor



State of Alaska Local Boundary Commission

550 West Seventh Avenue, Suite 1770 • Anchorage, AK 99501
Telephone: 907-269-4560 • Fax: 907-269-1539

April 17, 2002

The Honorable John Torgerson
Chairman
Senate Community and Regional Affairs Committee
State Capitol, Room 427
Juneau, AK 99801-1182

RE: *SENATE BILL NO. 359* "An Act relating to organization grants for mergers, consolidations, or unifications involving third class boroughs."

Dear Senator Torgerson:

The Local Boundary Commission endorses Senate Bill No. 359, which provides funding to defray the cost of government transition relating to the reconstitution of a third class borough as a second class, first class, or home rule borough through merger, consolidation, or unification.

By providing an incentive for such reconstitution of a third class borough, Senate Bill No. 359 is wholly consistent with the fundamental policy enacted by the legislature in 1985 to proscribe the formation of new third class boroughs. Therefore, the Commission encourages favorable consideration of the proposal.

Cordially,

A handwritten signature in black ink, appearing to read "Kevin Waring".

Kevin Waring
Chairman

cc: The Honorable Alan Austerman, Senate CRA Committee
The Honorable Randy Phillips, Senate CRA Committee
The Honorable Pete Kelly, Senate CRA Committee
The Honorable Georgianna Lincoln, Senate CRA Committee
The Honorable Dave Black, Mayor, City of Haines
The Honorable Jerry Lapp, Acting-Mayor, Haines Borough

Members: Kevin Waring, Chairperson; _____, First Judicial District;
_____, Second Judicial District; Allan Tesche, Third Judicial District; Ardith Lynch, Fourth Judicial District

April 17, 2002

FAX to (907) 465-4779

To: Senator John Torgerson, Chairman, Community and Regional Affairs
Committee
Members of the CRA Committee

I am writing to urge you to support Representative Whitaker's amendment to HB 296 and to reject any amendment to exclude Haines from this bill for the following reasons. The method of voting under the Consolidation model is in need of a change. It is outmoded and is being used by municipalities to expand their borders with little concern for the impacts to rural residents outside the city. Forcing residents of any area to accept a higher level of government without their consent and meaningful input is counterproductive to bringing communities together.

If the Senate does indeed pass HB 296 with Representative Whitaker's amendment, thereby correcting the inequities that are inherent in the current Consolidation process, it should become effective immediately. Haines should enjoy relief from this outdated and outmoded method of voting now, so that the process to change our government is a cooperative venture, not coercive--empowering, not domineering.

I urge you to include the Whitaker amendment in HB 296 and make it effective immediately. The ends do not justify the means, especially when the "end" in this case is a form of government that will bring great changes to people's lives.

Thank you for the attention you have given this issue.

Sincerely,

Carolyn Weishahn
HC 60 Box 3977
Haines, AK 99827
(907) 767-5552

think **T**ransition SCHOOL FUNDING

A Summary of the Supplementary Public School Funding Floor

Historical Review

Why was a new school funding formula adopted in 1998? Why was the "supplementary public school funding floor" added to the school funding formula? A historical review helps answers these questions.

Prior to 1998, the education funding formula was based on the concept of an "instructional unit," a complex and nebulous idea understood by few, mistrusted by many. This old formula, established in 1987, and the subsequent regulations, contained several loopholes that benefited school districts to varying degrees. In 1996, the Department of Education began the process of developing a new formula to rectify some of these known inequities. The governor's subsequent proposal became the blueprint for the current funding formula.

SB 36 Funding Formula

The new Student Dollar K-12 funding formula allocates state general fund dollars to school districts based on the number of students enrolled, with appropriate consideration and adjustments for the size of the school and its location in Alaska. The public school funding formula recognizes that differences do indeed exist be-

tween our large, urban school districts and Alaska's isolated rural districts and funds them accordingly. For example, a student in Pelican receives more than four times the amount per student from the state than a youngster enrolled in Anchorage.

A Fair Transition

During the discussion of implementing the new formula, the legislature, not wanting to negatively impact any school district, wrestled with how to transition the school districts from the old formula to the new. The results of this effort provided that no district would lose funding under the new formula even if the district may have financially benefited from the loopholes in the prior funding plan.

The Department of Education calculated each district's funding entitlement under both the old and new

formula. The difference between the plans was the "supplementary public school funding floor" or the "transition dollar amount." The Transition Dollar **supplements** the school district's state support.

100 Percent of Increase

If a school district's student enrollment grows, the district's state aid is increased based on the number of students, adjusted for size and location. Or if the Student Dollar is increased, each student gets 100 percent of the added revenue. In either instance, the school district receives 100 percent of its full entitlement under the education funding formula. In **addition** to this full formula funding, 32 districts also receive an additional supplementary funding floor or transition dollar amount. Since FY99, this transition amount has totaled over \$59 million.

Benefits of the New SB 36 School Funding Formula

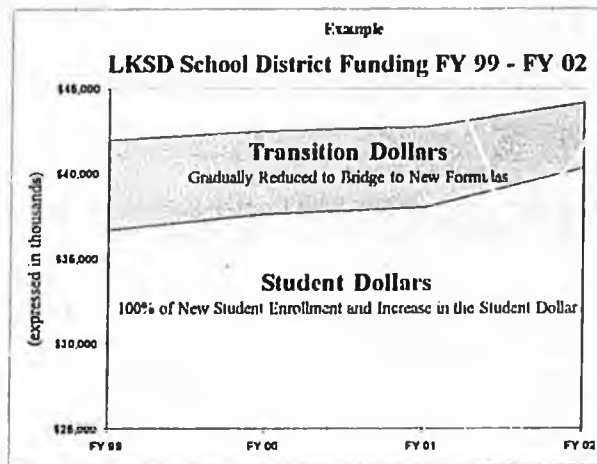
- ◆ Created an equitable distribution of state aid based, for the first time, on the actual costs of operating a school in different areas of the state
- ◆ Allocated school funding on a per student basis
- ◆ Provided for a fair, simple, and easily understood distribution of state education dollars
- ◆ Created a school funding formula less subject to manipulation
- ◆ Increased confidence in the funding formula led to increased funding for all school districts
- ◆ Provided transition dollars to ensure no school district lost funds

Summary of the Supplementary Public School Funding Floor

As the graph to the right illustrates, the Student Dollar formula is fully funded; LKSD school district's Basic Need is funded at 100 percent. While the district's Transition Dollar, the amount determined in 1998, provides a safe, cushioned change between education formulas.

Gradual Reduction

However, in order to act as a true transition, this dollar amount must be gradually reduced. Annually the Department of Education compares each district's formula funding to the previous year. Using this information, the department calculates the amount of additional state support each district receives as a transition between formulas. For many school districts, this transition mechanism will provide additional state funding for many years to come, ensuring that



The reduction to the Transition Dollars has been very gradual. In spite of what we might have heard about draconian cuts between FY99 and FY02, the total transition dollar amount distributed to school districts has been reduced by less than 30 percent. This added state support is

each school district can plan and provide for an excellent education program for its students.

a very generous and stable transition between two different funding formulas and must be maintained.

Conclusion

It is important to remember that the supplementary transition money is given to school districts **over and above** what each district receives under the current funding formula.

The Student Dollar is funded at 100 percent.

The Transition Dollar is gradually reduced.

Additional Transition Dollars Received by Eligible Districts

School District	FY99	FY00	FY01	FY02 Preliminary
Alaska Gateway	323,832	323,832	307,600	213,670
Aleutian Region	295,191	172,799	172,799	172,799
Aleutians East Borough	1,051	-	-	-
Anchorage	-	-	-	-
Annette Island	-	-	-	-
Bering Strait	-	-	-	-
Bristol Bay Borough	-	-	-	-
Chatham	-	-	-	-
Chugach	591,834	591,834	591,834	482,622
Copper River	15,984	15,981	15,981	-
Cordova	49,211	49,421	49,421	36,321
Craig	-	-	-	-
Delta/Crocker	513,353	445,519	405,450	306,215
Denali Borough	-	-	-	-
Dillingham	215,224	140,553	79,814	79,814
Fairbanks N. Star Borough	-	-	-	-
Galena	2,575,827	2,066,917	2,066,917	1,564,082
Haines Borough	8,572	7,886	7,887	7,261
Hoonah	52,143	45,067	38,495	36,570
Hydaburg	156,987	156,987	145,998	141,618
Iditarod Area	800,310	791,223	705,331	705,331
Juneau Borough	-	-	-	-
Kake	80,018	72,016	71,296	47,666
Kashunamiut	-	-	-	-
Kenai Peninsula Borough	-	-	-	-
Ketchikan Gateway Borough	-	-	-	-
Klawock	222,049	205,123	205,123	178,457
Kodiak Island Borough	-	-	-	-

School District	FY99	FY00	FY01	FY02 Preliminary
Kuskokwim	284,722	168,066	168,066	152,940
Lake & Peninsula Borough	240,029	211,226	202,777	140,610
Lower Kuskokwim	5,271,665	4,898,831	4,740,900	4,139,773
Lower Yukon	-	-	-	-
Mt. Su Borough	-	-	-	-
Nenana	589,331	-	-	-
Nome	110,360	110,360	95,798	95,798
North Slope Borough	-	-	-	-
Northwest Arctic Borough	-	-	-	-
Pelican	272,282	258,208	198,870	170,985
Petersburg	-	-	-	-
Prudhoe	34,693	31,305	28,488	27,348
Sitka Borough	-	-	-	-
Skagway	243,759	232,128	211,782	199,075
Southeast Island	510,505	510,505	479,875	422,290
Southwest Region	-	-	-	-
St. Mary's	244,591	161,977	161,977	128,079
Tanana	128,795	114,628	100,873	86,751
Unalaska	421,009	421,009	421,009	334,603
Valdez	617,369	574,801	565,707	492,498
Wrangell	-	-	-	-
Yakutat	292,006	292,006	227,374	188,115
Yukon Flats	995,219	935,506	823,245	727,989
Yukon-Koyukuk	634,345	625,503	550,443	550,443
Yupit	544,044	544,044	479,208	334,069
Alyeska Central School	-	-	-	-
MI. Edgemoor High School	-	-	-	-
TOTAL	17,379,523	15,175,314	14,320,271	12,223,795

* Denotes an REAA School District

Prepared by the Department of Education and Early Development



CITY OF HAINES, ALASKA

P.O. BOX 1049

HAINES, ALASKA 99827

(907) 766-2231 • TOURISM (907) 766-2234 • FAX (907) 766-3179

April 16, 2002

Members of the Alaska Legislature
Juneau, Alaska

Dear Legislator:

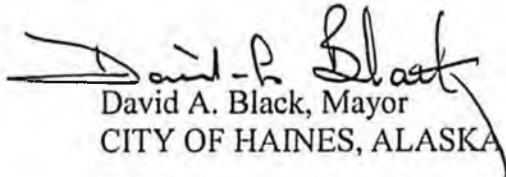
The City of Haines is pleased to present testimony in favor of Senate Bill 359 and its companion, House Bill 518. Our community supports this bill. This legislation is an evolution of our constitutional principle to provide the least number of governmental and taxation units.


Home rule powers allow our Borough to be less dependant of the State of Alaska over time. It is necessary, after voter approval, that consolidation be implemented quickly and comprehensively. A drawn out process due to the lack of funds will be troublesome, litigious and frustrating.

Haines has outgrown the Third Class Borough. The community has been sorting through the consolidation process for over 4 years, at great expense of the public's time and resources.

We appreciate the State of Alaska's help in completing this process in a manner that is exemplary to other local government consolidations that will follow.

Sincerely,


David A. Black, Mayor
CITY OF HAINES, ALASKA


Marco Pignalberi
CITY MANAGER



CITY OF HAINES, ALASKA

P.O. BOX 1049

HAINES, ALASKA 99827

(907) 766-2231 • TOURISM (907) 766-2234 • FAX (907) 766-3179

April 3, 2002

Honorable Rick Halford
Senate President

Honorable Brian Porter
Speaker of the House
State Capitol
Juneau, AK 99801-1182

Re: Haines Consolidation

COPY

Dear Mr. President and Mr. Speaker:

The Local Boundary Commission has approved the consolidation petition by the City of Haines to form a new Home Rule Borough from the First Class City of Haines and the Third Class Haines Borough. The Haines Borough supports the City's petition.

We expect the new charter to be ratified by the voters in June of this year. Our new "consolidated borough" will incur substantial costs for merging two sets of laws, accounting and finance systems, information technology systems, comprehensive zoning plans and utility plans. Current statute, A.S. 29.06, allows transitional grants to newly "incorporated" boroughs and "unified" boroughs but not to "consolidated" boroughs.

We seek an amendment to allow transitional grants to be made to consolidated boroughs, and, an accompanying appropriation. Both the City of Haines and the Haines Borough designate Mr. Marco Pignalberi, City Manager of Haines, to be their sole representative to work on this legislation.

The Local Boundary Commission supports this concept. We are informed that they will also testify in favor of it. Your assistance in this matter is greatly appreciated.

Yours truly,

A handwritten signature in black ink that reads "Dave Black".

Dave Black
Mayor
CITY OF HAINES

A handwritten signature in black ink that reads "Jerry Lapp".

Jerry Lapp
Acting Mayor
HAINES BOROUGH

SB 359
Testimony of the City of Haines, Alaska
Delivered by
Robert Venables
April 17, 2002

Thank you, Mr. Chairman and committee members. My name is Robert Venables, and I am here today on behalf of Haines City Manager, Marco Pignalberi and the community of Haines. I have lived in Haines since 1984 and have been involved in numerous projects and committees on behalf of the City of Haines, the Haines Borough and the Haines Chamber of Commerce. But the most important community project to date in Haines is Consolidation.

For the Haines community, consolidation is the first step toward achieving a home rule government. SB 359 is a measure that will help us transition from two disparate local governments into one home rule government.

Haines has the only Third-class borough in the State of Alaska. It was designed as a compromise mechanism to allow for school funding after the citizens of Haines voted 3 times against forming a 1st or 2nd class borough. While the 3rd class borough form of government seemed to work for some time, it was just a matter of time before its inadequacies caught up with it. And now, when there is a desire to consolidate the two governments, we find that the task before us is quite daunting.

What has evolved in Haines is two very incompatible systems of government. This community of 2,418 people has 2 Legislative bodies (Assembly & Council), 2 mayors, 2 planning commissions (5 if you count the 2 service area boards and the State's responsibility in the outlying areas of the borough) with separate comprehensive plans, 2 legal systems, 2 financial systems, 2 personnel systems and 2 very different computer systems that do not integrate with each other.

At our local election, last October, the voters elected new mayors and implemented a city-manager form of government. This has removed many of the contentious personalities and issues that caused consolidation to fail in 1998 by 3 votes. Our 2 mayors and city manager have worked hard to forge a spirit of cooperation that better represents the community's best interests. It is the consensus of all our political leaders that 1 local government can serve Haines better than the current 2 governments. This holds great promise for the passing of consolidation.

The Local Boundary Commission approved the Haines Consolidation proposal last week and the Division of Elections has scheduled the vote for consolidation to be held on June 25. Transitional funding will be needed in order to accomplish the consolidation effort in a timely and professional manner. It is a significant challenge to maintain government operations while simultaneously changing every aspect of operations. Our plan is to use consulting expertise to merge our systems of accounting and finance, taxes, legal and

code revisions, comprehensive planning, platting and zoning, computers and information technology and personnel.

The consolidation of the Haines Borough and the City of Haines will be in the best interests of the State of Alaska. Having one government in Haines, instead of two, will create efficiencies in the interactions between the State of Alaska and Haines. It will relieve the State government of the responsibility of providing some of the local services while promoting the maximum level of local self-government.

The Local Boundary Commission is on record supporting both the creation of new borough governments and good, sound local governmental units. Current law (AS 29.05.190) provides funding for new boroughs and unified municipalities. A borough consolidated from a third-class borough and a city is not eligible for funds at this time. Many governmental experts believe this to be an oversight. (LBC & other members of the Legislature, who will speak for themselves on the matter).

Both the City of Haines and the Haines Borough have endorsed the consolidation effort and are working together to insure that it has the best chance to succeed. We would ask the committee's assistance in making this hope a reality. Thank you.

That is the conclusion of my remarks. I am available if the committee has any questions.

S B

365



Official Business

Alaska State Legislature

Senate Labor and Commerce Committee

State Capitol
Juneau, AK 99801-1182

SPONSOR STATEMENT

Senate Bill 365: Municipal Improvement Areas

Tax increment financing ("TIF") is a well accepted municipal planning and financial tool used nationwide to facilitate the revitalization of blighted areas. Alaska adopted this tool for municipalities to use with its 1988 adoption of AS 29.47.460. Essentially, it allows a municipality to issue bonds for the improvement of blighted areas funded only by the tax revenues generated by the increased tax base that occurs as a result of the development. The result is that other portions of the tax base are not called upon to subsidize such improvement, and the risk that the tax base will not increase is passed onto the bondholders rather than the taxpayers when the bond is issued as a revenue bond.

Senate Bill 365 fine tunes this tool and makes it more useful under real life Alaska conditions. The language in section 1, second sentence, clarifies the current ambiguity of whether TIF's can be used only with general obligation bonds or as revenue bonds. The current provision is silent, leaving the matter to judicial interpretation. The language makes clear that both methods can be used, as well as in combination.

The language also allows TIF's to be used in public-private partnership ventures, where the bond proceeds can be used to improve both public improvements, and private improvements through the use of loans or grants. This provides greater flexibility to municipalities that wish to improve a blighted area without relying solely on new public improvements, which, without private renovation, may not be sufficient to spur the renewal of an area. It implements the belief that successful urban renewal projects will be most successful when the private market commits its resources to new development.

Finally, the new definition of "improvement area" broadens the earlier restriction that TIF be used only with blighted areas. "Blighted areas" as defined in the existing law, is more of a Rust Belt concept of abandoned and vacant buildings, substandard structures, and tax delinquencies. In Alaska, some municipalities, such as Anchorage with its 2020 Comprehensive Plan, wish to shape development of town centers. The current definition is too restrictive for such use. Our "blighted areas" are often areas of substandard improvement, surrounded by vacant land, or inappropriate "grand fathered" development. The new definition will give municipalities a better and more flexible financial tool to guide positive development into the future.



Official Business

Alaska State Legislature

Senate Labor and Commerce Committee

State Capitol
Juneau, AK 99801-1182

Current Statute

Sec. 29.47.460. Debt for development and redevelopment projects.

(a) In undertaking a development or redevelopment project, a municipality may issue bonds to finance public improvements for the project, including bonds for development or redevelopment purposes in blighted areas. In this subsection

(1) "blighted area" means an area that the municipality determines to be a blighted area on the basis of the substantial presence of factors such as excessive vacant land on which structures were previously located, abandoned or vacant buildings, substandard structures, and delinquencies in payment of real property taxes;

(2) "redevelopment purposes" means the

(A) acquisition by the municipality of real property located in a blighted area;

(B) clearing and preparation for redevelopment of land acquired under (A) of this paragraph;

(C) rehabilitation of real property acquired under (A) of this paragraph; in this subparagraph, "rehabilitation" does not include construction, other than rehabilitation, of property or the enlargement of an existing building; and

(D) relocation of occupants of the real property acquired under (A) of this paragraph.

(b) A municipality may provide by ordinance that the tax increment from the taxes levied each year by or on behalf of the municipality on the property in an area described in the ordinance shall be used to repay the principal and interest on bonds, notes, or other indebtedness that is incurred for a development or redevelopment project, and may irrevocably pledge the tax increment from the area for that purpose. The area described in the ordinance may be a service area. In this subsection "tax increment" means the portion of the tax that is attributable to the difference between the value of the property shown on the taxing agency's assessment roll for the year when the taxes are levied and the value of the property shown on the taxing agency's last assessment roll that was equalized before the project was authorized.

History -

(Sec. 2 ch 118 SLA 1988; am Sec. 1 ch 20 SLA 2001)

Amendment Notes -

The 2001 amendment, effective July 26, 2001, in subsection (b) deleted "but only if additional security in the form of a letter of credit or equal security is also pledged" from the end of the first sentence.

**Municipality
of
Anchorage**



P.O. Box 196650
Anchorage, Alaska 99519-6650
Telephone: (907) 343-4333
Fax: (907) 343-4526
<http://www.ci.anchorage.ak.us>

George P. Wuerch, Mayor

HERITAGE LAND BANK

April 17, 2002

Representative Kevin Meyer
Chair Community & Regional Affairs Committee
Alaska State House of Representatives

Senator Ben Stevens
Chair Labor and Commerce Committee
Alaska State Senate

Dear Representative Meyer/Senator Stevens

The existing Tax Increment Financing (TIF) laws are a current tool that municipalities can use to redevelop blighted areas. Anchorage is interested considering this tool for this purpose.


The current law would better serve this purpose if two basic concepts were incorporated into law.

The first change would remove ambiguity with regard to TIF financings in terms of whether they are done using revenue bonds versus General Obligation Bonds. The new language would allow the local government to choose the most appropriate method.

The second change addresses the physical areas, which can be improved through the TIF law. The new language would allow the TIF law to apply to those areas within a specific geographic area that include blighted areas as well as adjacent areas that are currently undeveloped or poorly developed. This would allow for a comprehensive development of a given generally blighted area.

The Municipality is in support of these changes as they allow greater flexibility in utilizing the TIF tool for neighborhood redevelopment.

Sincerely,


George Canelos,
Executive Director, Heritage Land Bank

HB

16



Alaska State Legislature

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- E-mail -
Representative_Fred_Dyson
@Legis.state.ak.us

- Internet -
<http://www.akrepublicans.org>

REPRESENTATIVE FRED DYSON

CSSSHB 16 (CRA) Sponsor Statement

"An Act relating to villages; and providing for an effective date.

Updated: February 9, 2001

Contact: Representative Fred Dyson's office at (907) 465-2199

House Bill 16 allows an existing Second Class City, or unincorporated area, to form a "Home Rule Community" government structure under state law. The city or area would be allowed, through the charter system, to flexibly define its scope of governing powers and services to meet specific area needs.

For instance, a community charter may be drafted to provide for police or fire protection services while leaving transportation issues in the state purview. Under the provision of their charter, a local government may assume any of a wide range of powers, from alcohol and animal control to airport and public works management.

Currently, all home rule governments are required to meet strict financial auditing requirements, provide land-use, zoning and platting services and constitute their own school district. House Bill 16 removes these requirements* allowing smaller communities to share in the strength and flexibility of the charter system while avoiding some the thickest mazes of red tape. The goal: greater self-determination and a more locally relevant government structure.

A new charter-base Home Rule Community may be the best option for unincorporated areas that would not be viable under the second class city model. Existing second class cities that are strained by general law requirements may find relief in a more narrowly crafted charter that allows them to forego services beyond their capability, while accepting responsibility for local needs that can be met with local resources.

CSSSHB 16 requires a conforming bill to be passed before becoming law. The conforming bill directs Legislative Legal Services to prepare a technical clean-up bill that adjusts language referring to municipalities *outside of this act* to treat Home Rule Communities like Second Class Cities. This conforming bill is set up to be the "trigger" to enact HB 16.

Please feel free to contact my office with questions or concerns.

###

*Financial statements are required in lieu of a full audit. Land use, zoning and platting may be done, but are not required. A home rule community would not constitute a school district.

SPONSOR STATEMENT

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SSHB 16
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Law
 Title "An Act relating to cities incorporated under BRU Civil Division
state law that are home rule communities. . ." Component Governmental Affairs
 Sponsor Representative Dyson
 Requester House Community & Regional Affairs Component No. 2207

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	2.5	2.5	2.5	2.5	2.5	2.5
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.4	0.4	0.4	0.4	0.4	0.4
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	2.9	2.9	2.9	2.9	2.9	2.9

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	2.9	2.9	2.9	2.9	2.9	2.9
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	2.9	2.9	2.9	2.9	2.9	2.9

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*
 SSHB 16 allows an existing second class city or unincorporated area to form a "home rule community" government structure. This new classification would permit the city or area to choose a narrower scope of governing powers than current law requires.

 The Department of Law will provide legal assistance in developing the new model charters for home rule communities during FY02, and provide advice to the Local Boundary Commission as charter petitions are received in the following years. We anticipate approximately 30 hours of attorney time per year will be required for these more routine functions. Any litigation arising from the new charter process would require additional time. Because we have no way of predicting how much, if any, new litigation there might be, these costs are not included in this fiscal note.

 Based on the department's FY02 hourly attorney rate, which includes clerical support, communications, space, supplies, data processing, and other normal overhead expenses, the cost of SSHB 16 would be \$2,927.10 (30 hours x \$97.57/hour).

Prepared by: Joan M. Kasson Phone 465-5370
 Division Attorney General's Office Date/Time 2/5/01 10:37 AM
 Approved by: Kathryn Daughhetee for Bruce M. Botelho, Attorney General Date 2/5/01
 Agency Department of Law

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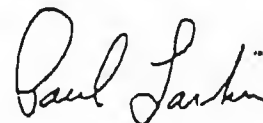
HYDER COMMUNITY ASSOC. INC.

P. O. BOX 149
HYDER, ALASKA
99823
(907) 836-9148
FAX (907) 836-2714

IN JUNEAU REPLY TO:
John Pearson
HCA Economic Development Office
8216 Cedar Drive
Juneau, AK 99801
Tel: 907-789-1402
Fax: 907-789-1403

Date: March 22, 2000

To: Members of the Alaska Legislature
From: Paul Larkin, Administrator, Hyder Community Association
Ref: HB 255 "Home Rule Community"



Dear Legislative Members:

With great interest and full support, the Hyder Community Association, representing approximately 130 residents of Hyder, Alaska has become very supportive of HB255 addressing a new "Home Rule Community" designation.

We view this legislation as a great opportunity for smaller communities such as ours, to go the extra step in assuming local responsibility and providing added services within the community.

Under HB 255 we would be able to assume any of a wide range of local powers from environmental controls to public works management. This bill would allow us to contract with state and local governments to provide certain services; contract with private organizations for services, apply for and receive federal funds; engage in funding measures such as bonds, establish a legally recognized forum to address local concerns; and have a platform to petition the state and federal government.

Much of our interest in this bill results from our desire to improve life and bring positive economic development to Hyder, while not being strapped with the costly complications found in the incorporated First Class City designation process.

As an unorganized community, the Hyder Community Association presently provides fire and emergency services, operates a library, plows snow on the side streets, oversees the state harbor, float facility and local roads. In addition we operate a visitor center, museum, and manage various grants.

Today Hyder is in the process of establishing a new job creating economic base. With a historical five or six, year round jobs in the community, we currently have a major Alaska bottled water plant under construction, creating 41 new jobs in Hyder. This remarkable feat, with no assistance from the State of Alaska in our efforts to eliminate all unemployment and welfare in our community, brings the focus this needed legislation into realistic view.

I want to assure you of our full support for HB255 and trust you will recognize the value this bill to our small Alaska communities.

Please feel free to contact John Pearson in Juneau, on 789-1402 if there are any questions or a need for additional support for this important bill.

SOUTHEAST CONFERENCE

Working for strong economies, healthy communities, and a quality environment in Southeast Alaska

March 24, 2000

Representative Fred Dyson
Alaska State Legislature
Room 104, Capitol Bldg
Juneau, AK 99801-1182

Re: Support for HB 255

Dear Representative Dyson:

The Southeast Conference Board of Directors recently met and discussed HB 255 (CRA) "An Act relating to cities incorporated under state law that are home rule communities" and would like to offer their support to this important legislation.

Many of the smaller communities of Southeast Alaska would benefit from the ability to participate and offer services within the capability of their local resources. This has been a missing piece and your bill does an excellent job of filling the gap. HB 255 gives the smaller communities the option to pursue strategies that are meaningful to them and to tailor those services offered to local consensus.

The Southeast Conference appreciates the work you have done on this legislation in the House and supports passage in the Senate. A part of the mission statement of the Southeast Conference is to help develop strong economies and healthy communities. We feel that HB 255 will be a welcome addition to the building tools for our region.

Thank You.

Sincerely,



Frank Homan
Executive Director

Subject: Small Communitis**Date:** Sun, 05 Mar 2000 08:11:26 -0900**From:** Richard Burton <ribketchikan@worldnet.att.net>**To:** Representative_Fred_Dyson@legis.state.ak.us

I am writing to congratulate you on an attempt to do something that I have advocated for many years. You may remember me although we have only met briefly. I was Commissioner of Public Safety for both Jay Hammond and Wally Hickel. I spent my entire life in law enforcement and now do Public Safety Management consulting.

Any how. You are right on in what you are trying to do. A major part of the current problem with the rural areas that the state is currently experiencing, is the fact that local government as it is allowed by current title 29 does not and never has worked for small villages. I tried during my last service to get something started to do just what you are trying. There has to be a way to create a different level of local government which in fact allows local control to include a level of local law enforcement and public protection. I also believe the state has the authority to create a village or municipal level court. This would allow the small communities that are not easily accessible to the rest of the state to have courts (of limited jurisdiction) so that they could handle the minor, but most frequent, disturbances in the villages. I mean things like, curfew, truancy, drunk and disorderly conduct, etc. If a major crime, murder, rape, etc. occurs then Troopers could respond. I believe this would go along ways toward the villages having a feeling of being in control of their own communities in the same way that the residents of Anchorage, Fairbanks and other sizeable towns now do.

If you have the time and are interested I would like to talk to you more about this. For one thing, there are a lot more of these small communities than what could be considered major towns in Alaska, and they have special needs to provide for local autonomy. There is also the savings to be realized to the cost of state government by letting them handle many things at the local level. Think of the cost to send State Troopers into those villages to handle minor complaints that are probably best left to the community itself and the transported of people back and forth to jails and courts.

Richard L. Burtron
443 Forest Park Drive
Ketchikan, Alaska 99901
Ph. 907-247-3334
Faz 907-247-3335

Richard Burton <ribketchikan@worldnet.att.net>

Subject: [Fwd: HB 255]

Date: Thu, 23 Mar 2000 17:56:31 -0900

From: Representative Fred Dyson <Representative_Fred_Dyson@legis.state.ak.us>

To: Peter Torkelson <Peter_Torkelson@legis.state.ak.us>

Subject: HB 255

Date: Wed, 22 Mar 2000 13:57:39 -0900

From: Vic Fischer <afvf@UAA.ALASKA.EDU>

To: Representative_Fred_Dyson@legis.state.ak.us

Dear Fred --

Belated congratulations on your initiative and leadership in pushing the home rule community legislation. I think it will help accomplish many of the objectives we discussed some time ago.

I have just had a chance to glance at the 2/25/00 CS. It looks good. A couple of quick items:

- It might be worth encouraging Quinhagak-type cooperation by including specific authority for joint/collaborative/contractual/whatever performance of functions, provision of services -- there is a definition of "village" in Sec. 46.08.900 (16) that could be pertinent... Since, however, a home rule community would have that authority, such a provision may cause more problems than it solves.

- Reclassification from second class city to home rule community might be accompanied by concurrent extension of boundaries. Extraterritorial jurisdiction under 29.35.020 is limiting, a nuisance. The communities should be able to exercise police, environmental, land use, and other controls in their whole ancillary area. (I again think of the problems Quinhagak had in obtaining state concurrence.)

- Sec. 8 of CSHB 255 (CRA) sounds as if only boroughs would have a charter "for its own government". Should be clear that applies in each case.

- Sec. 11 (p.4, l. 17) "and" would be better than "or".

I wish you the best with this legislation, and very best personal regards,

Vic

Victor Fischer, Professor of Public Affairs
Institute of Social and Economic Research
University of Alaska Anchorage
tel 907-786-7718, fax -786-7739
afvf@uaa.alaska.edu

Fred Dyson <Representative_Fred_Dyson@legis.ak.us.>

Representative
State of Alaska
Alaska Legislature

ALASKA CONSTITUTION

ARTICLE 10 LOCAL GOVERNMENT

Section 10.1 - Purpose and Construction.

The purpose of this article is to provide for maximum local self-government with a minimum of local government units, and to prevent duplication of tax-levying jurisdictions. A liberal construction shall be given to the powers of local government units.

Section 10.2 - Local Government Powers.

All local government powers shall be vested in boroughs and cities. The State may delegate taxing powers to organized boroughs and cities only.

Section 10.3 - Boroughs.

The entire State shall be divided into boroughs, organized or unorganized. They shall be established in a manner and according to standards provided by law. The standards shall include population, geography, economy, transportation, and other factors. Each borough shall embrace an area and population with common interests to the maximum degree possible. The legislature shall classify boroughs and prescribe their powers and functions. Methods by which boroughs may be organized, incorporated, merged, consolidated, reclassified, or dissolved shall be prescribed by law.

Section 10.4 - Assembly.

The governing body of the organized borough shall be the assembly, and its composition shall be established by law or charter.

Section 10.5 - Service Areas.

Service areas to provide special services within an organized borough may be established, altered, or abolished by the assembly, subject to the provisions of law or charter. A new service area shall not be established if, consistent with the purposes of this article, the new service can be provided by an existing service area, by incorporation as a city, or by annexation to a city. The assembly may authorize the levying of taxes, charges, or assessments within a service area to finance the special services.

Section 10.6 - Unorganized Boroughs.

The legislature shall provide for the performance of services it deems necessary or advisable in unorganized boroughs, allowing for maximum local participation and responsibility. It may exercise any power or function in an unorganized borough which the assembly may exercise in an organized borough.

Section 10.7 - Cities.

Cities shall be incorporated in a manner prescribed by law, and shall be a part of the borough in which they are located. Cities shall have the powers and functions conferred by law or charter. They may be merged, consolidated, classified, reclassified, or dissolved in the manner provided by law.

Section 10.8 - Council.

The governing body of a city shall be the council.

Section 10.9 - Charters.

The qualified voters of any borough of the first class or city of the first class may adopt, amend, or repeal a home rule charter in a manner provided by law. In the absence of such legislation, the governing body of a borough or city of the first class shall provide the procedure for the preparation and adoption or rejection of the charter. All charters, or parts or amendments of charters, shall be submitted to the qualified voters of the borough or city, and shall become effective if approved by a majority of those who vote on the specific question.

Section 10.10 - Extended Home Rule.

The legislature may extend home rule to other boroughs and cities.

Section 10.11 - Home Rule Powers.

A home rule borough or city may exercise all legislative powers not prohibited by law or by charter.

Section 10.12 - Boundaries.

A local boundary commission or board shall be established by law in the executive branch of the state government. The commission or board may consider any proposed local government boundary change. It may present proposed changes to the legislature during the first ten days of any regular session. The change shall become effective forty-five days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house. The commission or board, subject to law, may establish procedures whereby boundaries may be adjusted by local action.

Section 10.13 - Agreements; Transfer of Powers.

Agreements, including those for cooperative or joint administration of any functions or powers, may be made by any local government with any other local government, with the State, or with the United States, unless otherwise provided by law or charter. A city may transfer to the borough in which it is located any of its powers or functions unless prohibited by law or charter, and may in like manner revoke the transfer.

Section 10.14 - Local Government Agency.

An agency shall be established by law in the executive branch of the state government to advise and assist local governments. It shall review their activities, collect and publish local government information, and perform other duties prescribed by law.

Section 10.15 - Special Service Districts.

Special service districts existing at the time a borough is organized shall be integrated with the government of the borough as provided by law.

**ACHIEVING
ALASKA NATIVE
SELF-GOVERNANCE**

*Toward Implementation of the Alaska
Natives Commission Report*

Final Report - AFN Version

May 1999

*Stephen Cornell
Jonathan Taylor
Kenneth Grant
THE ECONOMICS RESOURCE GROUP, INC.*

*Victor Fischer
Thomas Morehouse
THE INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH,
UNIVERSITY OF ALASKA, ANCHORAGE*

Preface

Four years ago, the Alaska Natives Commission noted that “a common theme” in the hearings it conducted with Native people over the preceding two years was “the need for Alaska Native villages—tribes in the federal terminology— to regain governmental control of their own communities and to exercise authority” in areas ranging from subsistence resources to criminal justice to social programs. The theme, in other words, was self-governance: the freedom and ability of Native peoples to control their own affairs and determine their own futures.

To follow up on the Commission’s report and to pursue its implementation, the Alaska Federation of Natives in 1998 engaged the Economics Resource Group, Inc. (Stephen Cornell, Jonathan Taylor, Kenneth Grant) and the Institute of Social and Economic Research of the University of Alaska Anchorage (Victor Fischer, Thomas Morehouse) to examine Native self-governance in Alaska. The objective was to explore the range of options available to Alaska Natives as means of furthering self-determination and participation in decision making. This included, for example, an evaluation of existing and emerging institutions being utilized by Alaska Natives in developing the capacity for greater and more efficient self-governance.

Since the Alaska Native community has initiated its own process of setting goals and developing recommendations to the Congress, this AFN version of the ERG/ISER September 1998 Final Report eliminates the authors’ specific recommendations. Aside from this change in the last section, the analysis and conclusions are those of the authors.

Julie Kitka, President
Alaska Federation of Natives

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EXECUTIVE SUMMARY

Principal Findings and Conclusions

Renewed attention recently has been focused on Alaska's Native communities. News accounts, government reports, and academic studies make it clear that Native communities continue to struggle with serious socioeconomic problems despite extensive federal and state programs designed to address them. The public debates arising out of the U. S. Supreme Court's decision in the *Venetie* case,¹ the formation of the governor's Rural Governance Commission (not to mention previous commissions), and continuing subsistence conflicts highlight unresolved questions about what Native, state, and federal institutions should do to address the problems of village Alaska. Finally, the recent Alaska Inter-Tribal Council (AITC)-Rural Alaska Community Action Program (RurAL CAP) Conference of Tribes and the subsequent march, rally, and declaration illustrate continuing Native resolve to address the problems themselves. Clearly there is consensus that Native problems need urgent attention, but there is less agreement on what is to be done.

A central issue in this debate concerns Native self-governance. Can Native self-governance do a better job of dealing with Native problems than non-Native efforts have done? What should be the extent of such governance? What forms should it take?

This report considers these and related questions. By picking up where the Alaska Natives Commission left off and examining Native situations and Native actions in Canada, the lower forty-eight states, and Alaska, it attempts to further the debate about the future of Native self-governance. The report is based on an extensive review of available materials on the current political, economic, and social situation of Alaska Natives, on our own research on Alaska Native self-governance, and on existing studies of indigenous peoples and self-governance elsewhere in the United States and Canada.

¹ For a discussion of the legal implications of the U.S. Supreme Court decision, see Appendix D.

Among our central conclusions:

1. Native self-governance is an essential ingredient in overcoming poverty and related social problems in rural Alaska.

Without real powers of self-determination, Native communities are condemned to be either wards or victims of other institutions trying to either improve or exploit the Native situation. This is unlikely to produce sustained positive change. Nowhere in the history of Indian policy has sustained, successful economic development or sustained improvement in Indian welfare been achieved by communities whose decisions, resources, and internal affairs are substantially controlled by outside decision-makers. In asserting governing powers today, Native communities argue a principle that has found confirmation around the world: we who bear the consequences of decisions about our fate should be the ones making those decisions.

2. Alaska's current approach to Native governance, while it offers some useful opportunities to Native communities, undermines their ability to deal effectively with their own problems and to develop their resources in ways that improve the socioeconomic conditions of rural Alaska.

The current structure of self-governance in Alaska offers Natives a variety of institutional models to work with and has some benefits for Native communities. But it fragments responsibility and power among multiple governing units; tends to concentrate decision-making power and control over resources at regional and state levels, undermining rural development efforts and distorting accountability; provides inadequate fiscal support for local self-government; and otherwise constrains Native ability to effectively govern their communities and deal with their problems themselves.

3. Alaska's Native peoples are currently engaged in a variety of resourceful and determined efforts to take control of their affairs and resources and use that control to solve their problems.

The most promising Native political developments in Alaska today are happening at the village and sub-regional levels. The movement for tribal self-governance has produced a remarkable array of new governing strategies and institutions. From village-regional relations in the Northwest Arctic region to municipal-tribal government consolidation in Quinhagak to tribal consortia in the Yukon Flats and elsewhere, a number of Native communities are inventing solutions to their problems. Their efforts contain important lessons for all of rural Alaska and provide a number of self-governance options for Alaska's Natives to consider.

4. These self-governance efforts deserve close attention and support.

The self-governance efforts being made by Native communities often suffer from inadequate financial resources; from the hostility of existing non-Native institutions and even, at times, from the hostility of Native institutions as well; from internal design and capacity problems; and from the difficulties of effectively communicating models, experience, and ideas across rural Alaska. These problems have to be overcome if these crucial efforts are to realize their full potential. This will require support at regional, state, and federal levels.

5. Certain key considerations should be taken into account in the effort to improve Native self-governance.

As Native communities either work within the current system or experiment with new strategies and models, they have to take certain considerations into account. Among those considerations are: which institutional strategies (current or new) actually advance self-determination, which ones have legitimacy with the relevant Native community, which ones not only put Natives in control of their affairs but can deliver *effective* governance, and which ones best fit Native capabilities and resources?

6. There are concrete changes that can be made at all levels— village, regional, state, federal— that could benefit not only Native communities, but the state as a whole.

A number of actions can be taken at all governing levels to improve Native self-governance and, thereby, the socioeconomic conditions of rural Alaska. These range from improving the financial management and judicial capabilities of villages to state recognition of tribal status, from federal efforts to facilitate land transfers between Native corporations and tribal governments to regional support for the rural economic development efforts of tribes. Sustained improvement in the situation of rural Alaska will require the reconsideration of some long-established institutions and basic assumptions. But the benefits to Natives and to the state can be substantial.

Overview of the Report

The report that follows is divided into six sections.

Section I: The opening section provides an overview of the general argument for self-governance. It draws upon existing empirical research on both Native and non-Native communities to highlight the relationship between self-determination and socioeconomic welfare. It offers empirical and analytical evidence for the assertion that self-governance is a necessary (though not sufficient) condition for creating healthier and more prosperous Native societies. It identifies some key strategic questions confronting Alaskan Natives as they move forward on the path toward greater self-governance.

Appendix A: Selected Governance Characteristics of BIA- Recognized Villages

Appendix A

SELECTED GOVERNANCE CHARACTERISTICS OF BIA-RECOGNIZED VILLAGES

Village Name	Village Corporation		Tribe			City			1990 Census	
	Village Corporation	V-Corp Status	Trad. IRA	Self-Gov. Compact	Reserve	Uninc.	Second First	Home Rule	Population	Percent Native
Ahtna Region ^{1,2}										
Cantwell	Ahtna, Inc.	M	•			•			147	22%
Chistochina	Ahtna, Inc.	M	•			•			60	61%
Chilina	Chilina Native Corporation	A	•			•			49	46%
Copper Center	Ahtna, Inc.	M	•			•			449	34%
Gakona	Ahtna, Inc.	M	•			•			25	-
Gulkana	Ahtna, Inc.	M	•			•			103	59%
Mentasta Lake	Ahtna, Inc.	M	•			•			96	72%
Tazlina	Ahtna, Inc.	M	•			•			247	23%
Aleut Region ^{1,2}										
Akutan	Akutan Corporation	A	•				•		589	13%
Atka	Atxam Corporation	A		•			•		73	91%
Belkofski	Belkofski Corporation	N	•			•			-	-
False Pass	Isanotski Corporation	A	•				•		68	76%
King Cove	King Cove Corporation	A	•					•	451	39%
Nelson Lagoon	Nelson Lagoon Corporation	A	•			•			83	80%
Nikolski	Chaluka Corporation	A		•		•			35	82%
Pauloff Harbor	Sanak Corp.	A	•			•			-	-
Saint George	Saint George Tanaq Corporation	A		•			•		138	94%
Saint Paul	Tanadgusix Corporation	A		•			•		763	66%
Sand Point	Shumagin Corporation	A	•					•	878	49%
Unalaska	Ounalashka Corporation	A	•					•	3,089	8%
Unga	Unga Corporation	A	•			•			-	-
Arctic Slope Region ²										
Anaktuvuk Pass	Nunamiut Corporation	A	•				•		259	84%
Atkasuk	Atkasuk Corporation	A	•				•		216	93%
Barrow	Ukpeagvik Inupiat Corporation	A	•					•	3,469	63%
Kaktovik	Kaktovik Inupiat Corporation	A	•				•		224	84%
Nuiqsut	Kuukpik Corporation	A	•				•		354	92%
Point Hope	Tigara Corporation	A		•			•		639	91%
Point Lay	Cully Corporation	A		•		•			139	81%
Wainwright	Olgoonik Corporation	A	•				•		492	94%
Bering Straits Region ^{1,3}										
Brevig Mission	Brevig Mission Native Corporation	A	•				•		198	92%
Council	Council Native Corporation	A				•			8	62%
Diomedea	Diomedea Native Corporation			•			•		178	93%
Elim	Elim Native Corporation	A	•		•		•		264	91%

Appendix A

SELECTED GOVERNANCE CHARACTERISTICS OF BIA-RECOGNIZED VILLAGES

Village Name	Village Corporation		Tribe				City			1990 Census		
	Village Corporation	V-Corp Status	Trad.	IRA	Self-Gov. Compact	Reserve	Uninc.	Second	First	Home Rule	Population	Percent Native
Gambell	Sivuqag Incorporated	A		•	•	•		•			525	96%
Golovin	Golovin Native Corporation	A	•					•			127	92%
King Island	King Island Native Corporation	A		•			•					
Koyuk	Koyuk Native Corporation	A		•				•			231	94%
Mary's Igloo	Mary's Igloo Native Corp.	A	•				•					
Nome	Sitnasauk Native Corporation	A		•					•		1,500	52%
St. Michael	St. Michael Native Corporation	A		•				•			295	91%
Savoonga	Savoonga Native Corporation	A		•		•		•			19	95%
Shaktolik	Shaktolik Native Corporation	A		•				•			178	94%
Shishmaref	Shishmaref Native Corporation	A		•				•			456	94%
Solomon	Solomon Native Corporation	A	•				•				6	100%
Stebbins	Stebbins Native Corporation	A		•				•			400	94%
Teller	Teller Native Corporation	A	•					•			151	86%
Unalakleet	Unalakleet Native Corporation	A		•				•			714	81%
Wales	Wales Native Corporation	A		•				•			161	88%
White Mountain	White Mountain Native Corp.	A		•				•			180	87%
Bristol Bay Region^{1,2,3}												
Aleknagik	Aleknagik Natives Limited	A	•					•			185	83%
Chignik	Far West, Incorporated	A	•					•			188	45%
Chignik Lagoon	Chignik Lagoon Native Corporation	A	•				•				53	56%
Chignik Lake	Chignik River Limited	A	•				•				133	91%
Clark's Point	Saguyak, Incorporated	A	•					•			60	88%
Dillingham	Choggiung, Limited	A	•						•		2,017	55%
Egegik	Becharof Corporation	A	•					•			122	70%
Ekuk	Choggiung, Limited	M	•				•				3	33%
Ekwok	Ekwok Natives Limited	A	•					•			77	87%
Igiugig	Igiugig Native Corporation	A	•				•				33	78%
Iliamna	Iliamna Natives Limited	A	•				•				94	66%
Ivanof Bay	Bay View Incorporated	A	•				•				35	94%
Kokhanok	Alaska Peninsula Corporation	M	•				•				152	90%
Koliganek	Koliganek Natives Limited	A	•				•				181	96%
Levelock	Levelock Natives Limited	A	•				•				105	82%
Manokotak	Manokotak Natives Limited	A	•					•			385	95%
Naknek	Paug-Vik, Incorporated, Limited	A	•				•				575	41%
New Stuyahok	Stuyahok, Limited	A	•					•			391	95%
Newhalen	Alaska Peninsula Corporation	M	•					•			160	94%
Nondalton	Kijik Corporation	A	•					•			178	89%
Pedro Bay	Pedro Bay Native Corporation	A	•				•				42	90%
Perryville	Oceanside Corporation	A		•			•				108	94%
Pilot Point	Pilot Point Native Corporation	I	•					•			53	84%

Appendix A

SELECTED GOVERNANCE CHARACTERISTICS OF BIA-RECOGNIZED VILLAGES

Village Name	Village Corporation		Tribe				City				1990 Census	
	Village Corporation	V-Corp Status	Trad.	IRA	Self-Gov. Compact	Reserve	Uninc.	Second	First	Home Rule	Population	Percent Native
Port Heiden	Alaska Peninsula Corporation	AC†	•					•			119	72%
Portage Creek	Choggiung, Limited	M	•				•				5	60%
South Naknek	Alaska Peninsula Corporation	AC†	•				•				136	79%
Togiak	Togiak Natives Limited	A	•					•			613	87%
Twin Hills	Twin Hills Native Corporation	A	•				•				66	92%
Ugashik	Alaska Peninsula Corporation	M	•				•				7	85%
Calista Region ¹												
Akiachak	Akiachak, Limited	A		•			◦				481	95%
Akiak	Kokarmuit Corporation	A		•				•			285	97%
Alakanuk	Alakanuk Native Corporation	A	•					•			544	95%
Andreafsky	Nerklikmute Native Corporation	A	•								410	84%
Aniak	Kuskokwim Corporation	M	•					•			540	70%
Atmautluak	Atmautluak Limited	A	•				◦				258	96%
Bethel	Bethel Native Corporation	A	•					•			4,674	63%
Bill Moore's Slough	Kongnigilnomuit Yuita Corp.	A	•				•				-	-
Chefornak	Chefarnrmute Incorporated	A	•					•			320	97%
Chevak	Chevak Company Corporation	A	•					•			598	93%
Chuathbaluk	Kuskokwim Corporation	M	•					•			97	89%
Chuloonawick	Chuloonawick Corporation	I	•				•				-	-
Crooked Creek	Kuskokwim Corporation	M	•				•				106	90%
Eek	Iqfijouaq Corporation	A	•					•			254	95%
Emmonak	Emmonak Native Corporation	A	•					•			642	92%
Georgetown	Kuskokwim Corporation	A	•				•				-	-
Goodnews Bay	Kuitsarak, Incorporated	A	•					•			241	95%
Hamilton	Nunapiglliraq Corporation	A	•				•				-	-
Hooper Bay	Sea Lion Corporation	A	•					•			845	96%
Kasigluk	Kasigluk Incorporated	A	•				◦				425	95%
Kipruk	Kugkallik Limited	A	•				•				470	97%
Kongiganak	Qemirtalek Coast Corporation	A	•				•				294	97%
Kollik	Kollik Yupik Corporation	A	•					•			461	97%
Kwethluk	Kwethluk Incorporated	A		•				•			558	96%
Kwigillingok	Kwik Incorporated	A		•			•				278	95%
Lime Village	Lime Village Company	A	•				•				42	95%
Lower Kalskag	Kuskokwim Corporation	M	•					•			291	98%
Marshall	Maserculiq Incorporated	A	•					•			273	92%
Mekoryuk	Nima Corporation	A		•				•			177	99%
Mountain Village	Azachorak Incorporated	A	•					•			674	91%
Napaimute	Kuskokwim Corporation	M	•				•				3	100%
Napakiak	Napakiak Corporation	A		•				•			318	94%

Appendix A

SELECTED GOVERNANCE CHARACTERISTICS OF BIA-RECOGNIZED VILLAGES

Village Name	Village Corporation		Tribe			City			1990 Census			
	Village Corporation	V-Corp Status	Trad.	IRA	Self-Gov. Compact	Reserve	Uninc.	Second	First	Home Rule	Population	Percent Native
Napaskiak	Napaskiak Incorporated	A	•					•			328	94%
Newtok	Newtok Corporation	I	•				•				207	93%
Niginmute	Chinuruk, Inc.	AC‡	•					•			153	95%
Nunapitchuk	Nunapitchuk, Limited	A		•				•			378	97%
Ohogamiut	Ohog Incorporated	I	•				•				-	-
Oscarville	Oscarville Native Corporation	A	•				•				57	91%
Paimiut	Paimiut Corporation	N	•				•				-	0%
Pilot Station	Pilot Station Native Corporation	A	•					•			463	95%
Pitka's Point	Pitka's Point Native Corporation	A	•				•				135	95%
Platinum	Arviq, Incorporated	A	•					•			64	92%
Quinhagak	Qanirtuuq, Incorporated	A		•				•			501	93%
Red Devil	Kuskokwim Corporation	M	•				•				53	50%
Russian Mission	Russian Mission Native Corp.	A	•					•			246	94%
Saint Mary's	Saint Mary's Native Corporation	A	•						•		441	83%
Scammon Bay	Askinuk Corporation	A	•					•			343	96%
Sheldon Point	Swan Lake Corporation	A	•					•			109	92%
Sieelmute	Kuskokwim Corporation	M	•				•				106	86%
Stony River	Kuskokwim Corporation	M	•				•				51	88%
Toksook Bay	Nunakuiak Yupik Corporation	A	•					•			420	95%
Tuluksak	Tulkisarmute, Incorporated	A		•			•				358	95%
Tuntutuliak	Qinarmiut Corporation	A	•				•				300	96%
Tununak	Tununarmiut Rinit Corporation	I		•			•				316	96%
Umkumiute	Chinuruk, Inc.	C	•				•				-	-
Upper Kalskag	Kuskokwim Corporation	M	•					•			172	84%
Chugach Region												
Chenega Bay	Chenega Corporation	A		•			•				94	69%
Eyak	Eyak Corporation	A	•								172	7%
Nanwalek	English Bay Corporation	A	•				•				158	91%
Port Graham	Port Graham Corporation	A	•				•				166	90%
Tatillek	Tatillek Corporation	A		•			•				119	86%
Cook Inlet Region												
Chickaloon	Chickaloon-Moose Cr. Native Assoc.	A	•				•				145	6%
Eklutna	Eklutna, Incorporated	A	•		+						381	12%
Kenai	Kenai Natives Assoc., Inc.	A		•					•		6,327	8%
Knik	Knikatnu, Incorporated	A	•				•				272	11%
Niniilchik	Niniilchik Native Association, Inc.	A	•				•				456	19%
Salamatoff	Salamatoff Native Assoc., Inc.	A	•				•				999	10%
Seldovia	Seldovia Native Association	A		•	+				•		316	15%

Appendix A

SELECTED GOVERNANCE CHARACTERISTICS OF BIA-RECOGNIZED VILLAGES

Village Name	Village Corporation		Tribe			City				1990 Census		
	Village Corporation	V-Corp Status	Trad.	IRA	Self-Gov. Compact	Reserve	Uninc.	Second	First	Home Rule	Population	Percent Native
Tyonek	Tyonek Native Corporation	A		•			•				154	92%
Doyon Region ^{1,2,3}												
Alatna	K'oyill'ots'ina, Limited	C	•								31	93%
Allakaket	K'oyill'ots'ina, Limited	C	•					•			170	94%
Anvik	Ingalik, Inc.	A	•					•			82	91%
Arctic Village			•			•					96	93%
Beaver	Beaver Kwitchin Corporation	A	•				•				103	95%
Birch Creek	Tihteet'aii, Incorporated	A	•				•				42	90%
Chalkyitsik	Chalkyitsik Native Corporation	A	•				•				90	92%
Circle	Danzhit Hanl'aii Corporation	A		•			•				73	86%
Dot Lake	Dot Lake Native Corporation	A	•				•				70	54%
Eagle Village	Hungwitchin Corporation	A		•			•				35	80%
Evansville	Evansville, Incorporated	A	•				•				33	57%
Fort Yukon	Gwitchyaa Zhee Corporation	A		•				•			580	85%
Galena	Gana-A' Yoo, Limited	AC*	•						•		833	45%
Grayling	Hee-Yea-Lingde Corporation	A		•				•			208	93%
Healy Lake	Mendas Cha-ag Native Corporation	A	•				•				47	85%
Holy Cross	Deloycheet, Incorporated	A	•					•			277	93%
Hughes	K'oyill'ots'ina, Limited	C	•					•			54	92%
Huslia	K'oyill'ots'ina, Limited	C	•					•			207	90%
Kaltag	Gana-A' Yoo, Limited	C	•					•			240	92%
Koyukuk	Gana-A' Yoo, Limited	C	•					•			126	97%
Manley Hot Springs	Bean Ridge Corporation	A	•				•				96	14%
McGrath	MTNT Limited	C	•					•			528	47%
Minto	Selh-De-Ya-Ah Corporation	A		•			•				218	97%
Nenana	Togholthele Corporation	A	•						•		393	47%
Nikolai	MTNT Limited	C	•					•			109	89%
Northway Village	Northway Natives, Incorporated	A	•				•				113	94%
Nulato	Gana-A' Yoo, Limited	C	•					•			359	96%
Rampart	Ban-O-Yeel Kon Corporation	A	•				•				68	94%
Ruby	Dineega Corporation	A	•					•			170	74%
Shageluk	Zho-Tse, Incorporated	A		•				•			139	95%
Stevens Village	Dinyee Corporation	A		•			•				102	91%
Takotna	MTNT Limited	C	•				•				38	44%
Tanacross	Tanacross, Incorporated	A		•			•				106	94%
Tanana	Tozitna, Limited	A		•					•		345	78%
Telida	MTNT Limited	C	•				•				11	90%
Tellin	Tellin Native Corp	A		•		•	•				87	95%
Venelie		I	•			•	•				182	94%

Appendix A

SELECTED GOVERNANCE CHARACTERISTICS OF BIA-RECOGNIZED VILLAGES

Village Name	Village Corporation		Tribe			City				1990 Census		
	Village Corporation	V-Corp Status	Trad.	IRA	Self-Gov. Compact	Reserve	Uninc.	Second	First	Home Rule	Population	Percent Native
Koniag Region ²												
Afognak	Afognak Native Corporation	A	•				•				-	-
Akhiok	Akhiok-Kaguyak, Inc.	AC**	•					•			77	93%
Kaguyak	Akhiok-Kaguyak, Inc.	C	•				•				-	-
Kanatak				•			•				-	-
Karluk	Koniag, Inc.	M		•			•				71	91%
Larsen Bay	Anton Larsen, Inc.	A	•					•			147	84%
Old Harbor	Old Harbor Native Corporation	A	•					•			284	88%
Ouzinkie	Ouzinkie Native Corporation	I	•					•			209	85%
Port Lions	Afognak Native Corporation	M	•					•			222	67%
Woody Island	Lesnoi, Inc.	A	•				•				-	-
NANA Region ^{1,2}												
Ambler	NANA Regional Corporation	M	•					•			311	89%
Buckland	NANA Regional Corporation	M		•				•			318	95%
Deering	NANA Regional Corporation	M		•				•			157	94%
Kiana	NANA Regional Corporation	M	•					•			385	93%
Kivalina	NANA Regional Corporation	M		•				•			317	97%
Kobuk	NANA Regional Corporation	M	•					•			69	89%
Kotzebue	Kikiktagruk Inupiat Corp.	A		•				•			2,751	75%
Noatak	NANA Regional Corporation	M		•			•				333	96%
Noorvik	NANA Regional Corporation	M		•				•			531	93%
Selawik	NANA Regional Corporation	M		•				•			596	95%
Shungnak	NANA Regional Corporation	M		•				•			223	94%
Sealaska Region ^{1,3}												
Angoon	Kootznouwo, Incorporated	A		•				•			638	82%
Craig	Shaan-Seet, Incorporated	A		•					•		1,260	22%
Haines	N/A			•					•		1,238	18%
Hoonah	Huna Totem Corporation	A		•					•		795	67%
Hydaburg	Haida Corporation	A		•					•		384	89%
Juneau	Goldbelt, Incorporated	A		•							26,751	12%
Kake	Kake Tribal Corporation	A		•	•				•		700	73%
Kasaan	Kavilco, Incorporated	A		•				•			54	53%
Ketchikan				•	+					•	8,263	15%
Klawock	Klawock Heenya Corporation	A		•					•		722	54%
Klukwan	Klukwan, Incorporated	A		•		•	•				129	86%
Mellakatta				•	•+						1,464	82%
Petersburg				•						•	3,207	10%

Appendix A

SELECTED GOVERNANCE CHARACTERISTICS OF BIA-RECOGNIZED VILLAGES

Village Name	Village Corporation		Tribe				City			1990 Census		
	Village Corporation	V-Corp Status	Trad.	IRA	Self-Gov. Compact	Reserve	Uninc.	Second	First	Home Rule	Population	Percent Native
Saxman	Cape Fox Corporation	A		•				•			369	77%
Silka	Shee Alika, Incorporated	A		•	•						8,588	20%
Skagway			•						•		692	5%
Wrangell				•						•	2,479	20%
Yakutat	Yak-Tat Kwaan, Incorporated	A	•								534	55%
Totals/Average			150	71	8	7	94	99	17	5	-	77%

Notes:

¹ The non-profit corporation affiliated with this region has a BIA Compact.

² The non-profit corporation affiliated with this region has an IHS Compact. In addition, several other health organizations have IHS compacts. They are: Chugachmuit, Eastern Aleutian Tribes, Norton Sound Health Corporation, Southcentral Foundation, Southeast Alaska Health Consortium, and Yukon-Kuskokwim Health Corporation.

³ The non-profit corporation affiliated with this region has re-compacting agreements with villages.

° Dissolved second-class city

+ IHS Compact

Village Corporation Status Codes:

M Formed by merger

A Corporation in good standing

N Corporation not in good standing

AC Corporation in good standing into which other corporations have been consolidated

C Corporation that has been consolidated into another village corporation

I Involuntarily dissolved

† The Alaska Peninsula Corporation was formed through the consolidation of Kokhanok Corp., Meshink, Inc., Newhalen Native Corp., Oinuyang, Inc., and Ugashik Native Corp.

‡ Chinuruk Incorporated was formed through the consolidation of NGTA, Inc and Umkumiute.

* Gana-A'Yoo, Limited was formed through the consolidation of Mineelghaadza', Limited, Notaaghleedin, Limited, and Takathlee-Tondin, Inc.

** Akhiok-Kaguyak, Inc. was formed through the consolidation of Natives of Akhiok, Inc., and Kaguyak, Inc.

Sources:

V-Corp Status: Division of Bank, Securities and Corporations, March 23, 1998

Traditional and IRA Government designations: Bureau of Indian Affairs

Self-Governance Compact: Bureau of Indian Affairs, Indian Health Service.

Reservation Status: Anders, Gary and Kathleen Anders, "Incompatible Goals in Unconventional Organization: The Politics of Alaska Native Corporations," Organization Studies, 1986 at 214.

City Types: DCRA Community Database

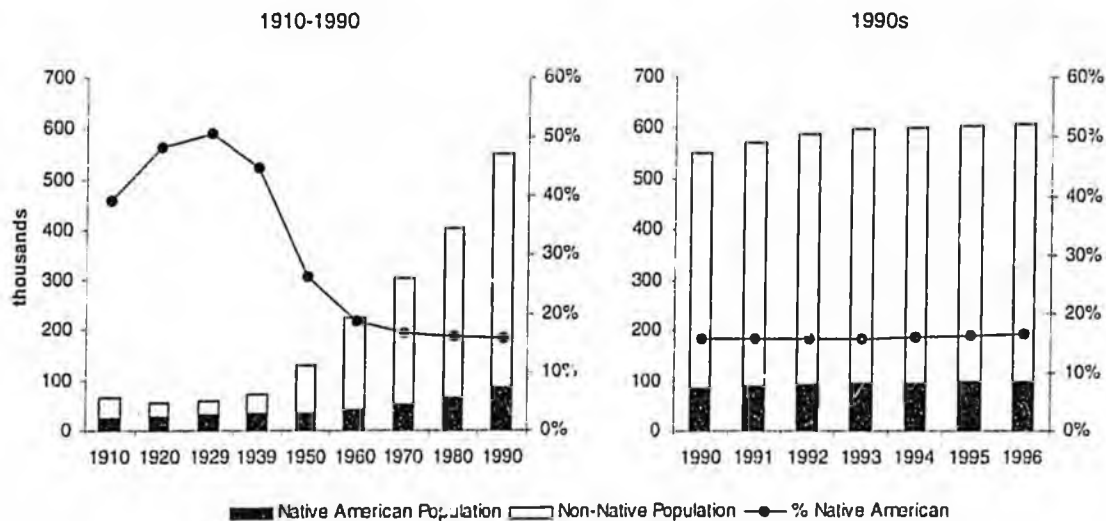
Population: DCRA Community Database

Appendix B: Native Alaskan Demographics

Trends

The total of Alaska Natives living in Alaska is just over 100,000—a number greater than ever in history. Another 20,000 Alaska Natives are estimated to live in other states. The total population of Alaska has increased tenfold since 1910, largely as a result of immigration. During the same period, Alaska's Native population increased four times, despite substantial emigration. More significantly, while the state's overall population has doubled since 1970, so did the Native population, which now constitutes close to 17 percent of the state's total. Since 1990, the proportion of Native population has grown slowly but steadily (see Figure 1). This trend will probably continue. The Native birth rate will likely remain relatively high, while there is not likely to be any influx of non-Natives comparable to that caused by trans-Alaska pipeline construction in the 1970s and state spending in the early 1980s. The trend of Native population growth exists among all Native groups in Alaska (see Table 4).

Figure 1
Native and Non-Native Population of Alaska in the Twentieth Century



Note: The horizontal axes are measured in different units; 1996 values are estimates.
Source: Alaska Department of Labor, *Alaska Population Overview*, Table 1.4, Native Population and Total Population of Alaska, 1910-96.

Table 4
Population by Tribal Group
Alaska 1980, 1990

	1980	1990	Change
Native American	64,103	85,698	33.7%
Eskimo	34,144	44,401	30.0%
Alaska Athabascan	8,744	11,696	33.8%
Tlingit	6,764	9,448	39.7%
Haida	994	1,083	9.0%
Tsimshian	1,168	1,653	41.5%
Alaska Native (Other)		566	
Other North American Tribes	3,028	4,633	53.0%
Tribe Not Reported or Specified	1,933	2,166	12.1%
Aleut	8,090	10,052	24.3%

Source: Alaska Department of Labor, *Alaska Population Overview*, Table 1.5, Population by Race and Tribal Group, Alaska and U.S. 1980, 1990.

Anchorage has become the largest Native community in Alaska, with around 20,000 Natives. The Native population of Anchorage is growing at a rate twice that of the overall Native population. Much of the city's rapid growth in Native population has been a result of in-migration from rural parts of Alaska. Despite this migration, the Native population continues to increase in most other regions of Alaska as well (see Table 5), and it is demographically clear that Native villages are going to remain an integral part of Alaska.

Table 5
Native Alaska Population: Growth and Regional Distribution
1980-95

	1995			1980			Native Percent Increase 80-95	Ratio of Native Growth to Total Regional Growth 80-95
	Total	Native	Native Share	Total	Native	Native Share		
ALASKA TOTAL	615,900	97,004	15.7%	401,851	64,103	16.0%	51.3%	0.96
Aleutian Islands	8,369	2,851	34.1%	7,768	1,934	24.9%	47.4%	6.13
Anchorage	257,780	18,124	7.0%	174,431	8,953	5.1%	102.4%	2.14
Bethel	15,367	12,857	83.7%	10,999	9,247	84.1%	39.0%	0.98
Bristol Bay	1,307	482	36.9%	1,094	360	32.9%	33.9%	1.76
Dillingham	6,260	4,889	78.1%	4,616	3,520	76.3%	38.9%	1.09
Fairbanks/North Star	84,880	5,673	6.7%	53,983	2,987	5.5%	89.9%	1.60
Haines	2,310	299	12.9%	1,680	214	12.7%	39.7%	1.06
Juneau	29,228	3,478	11.9%	19,528	2,190	11.2%	58.8%	1.18
Kenai Peninsula	46,759	3,213	6.9%	25,282	1,738	6.9%	84.9%	1.00
Ketchikan Gateway	15,082	1,794	11.9%	11,316	1,406	12.4%	27.6%	0.83
Kodiak Island	15,400	2,361	15.3%	9,939	1,884	19.0%	25.3%	0.46
Matanuska-Susitna	50,601	2,123	4.2%	17,816	688	3.9%	208.6%	1.19
Nome	8,991	6,988	77.7%	6,537	5,174	79.1%	35.1%	0.93
North Slope	6,989	4,884	69.9%	4,199	3,225	76.8%	51.4%	0.77
Northwest Arctic	6,694	5,949	88.9%	4,831	4,113	85.1%	44.6%	1.16
Prince of Wales/Outer Ketchikan	6,934	2,767	39.9%	3,822	1,651	43.2%	67.6%	0.83
Sitka	9,194	1,845	20.1%	7,809	1,669	21.4%	10.5%	0.59
Skagway/Yakutat/Angoon	4,617	1,878	40.7%	3,478	1,462	42.0%	28.5%	0.87
Southeast Fairbanks	6,522	818	12.5%	5,670	725	12.8%	12.8%	0.85
Valdez/Cordova	10,657	1,543	14.5%	8,348	1,060	12.7%	45.6%	1.65
Wade-Hampton	6,670	6,294	94.4%	4,665	4,347	93.2%	44.8%	1.04
Wrangell/Petersburg	7,303	1,355	18.6%	6,167	1,190	19.3%	13.9%	0.75
Yukon/Koyukuk	8,488	4,541	53.5%	7,873	4,368	55.5%	4.0%	0.51

Source: Scott Goldsmith, ISER.

Tribes

There are 226 federally recognized tribes in Alaska. Native communities range from the populous and heterogeneous Anchorage Native community, with representatives from every Native Alaskan cultural group, to the small and relatively culturally homogeneous communities of the bush. Compared to tribes in the lower forty-eight states, Alaskan tribes are relatively small, but the Alaskan experience with small tribes is by no means unique within the United States (see Figure 2 below). Of the 205 tribes in the lower forty-eight states with fewer than 1,000 members, 91 are in California, where small rancherias vastly outnumber traditional reservations. Another 56 are in Arizona, Nevada, Oklahoma, and Washington.

Appendix C: Home Rule as a Native Self-Governance Option

Alaska's constitution establishes a policy of maximizing local self-government.¹³³ This also is the goal the Native peoples of Alaska have for themselves. As shown in this report, Native communities have pursued different paths toward this goal of self-government, many participating in the state system; others staying outside it. Home rule for rural Native communities is a largely unexplored self-governance option. Implementing home rule in most Native communities would require some changes in home rule requirements, but in general, anything the state can do to facilitate the development of self-governing institutions will benefit not only Alaska's Natives but the state's overall system of governance and would come closer to realizing the state's constitutionally expressed self-governance objective.

The second class city status of many Native villages in Alaska does not carry with it any significant measure of local autonomy and control. Under this status, city governance and operations are carried out in accordance with state general law, with no leeway for adaptation to traditional values or local circumstances. The main benefits of this status have come from higher state revenue sharing payments and greater access to other state assistance programs than are possible for unincorporated areas. However, the state constitution provides the means to create local governments that could be far more adaptable and appropriate for rural Alaska than the existing municipal system.

Alaska's home rule provision is the most extensive in the United States. It provides that "a home rule borough or city may exercise all legislative powers not prohibited by law or by charter."¹³⁴ Exercising "legislative powers" essentially means that a home rule jurisdiction can have any powers that the Alaska state leg-

¹³³ Constitution of the State of Alaska, Article X, Section 1.

¹³⁴ Constitution of the State of Alaska, Article X, Section 11.

islature has, subject only to limitations of the state constitution, state statutes, and the municipality's own charter. The legislature has enumerated a number of specific limits on home rule organization and powers, but beyond these, the community itself can determine how to design its own government.¹³⁵

Under current law, first class cities and communities with a permanent population of over 400 people can attain home rule by an affirmative vote of the people and their adoption of a charter.¹³⁶ However, there is no particular reason to retain these classification and size constraints on this particular form of self-government. The constitution allows home rule to be extended to other classes of cities.¹³⁷ It would take only an act of the legislature to allow other communities in Alaska to adopt home rule charters.

Making home rule available to rural communities would be a significant step toward more effective local government. This is especially the case where Natives constitute a clear majority of the population and can expect continued control of the local government, and where tribal institutions and village corporations work together. Instead of having to follow everything that is spelled out in general law, as is now required in second class cities, a home rule community would be able to design its own government to meet its own needs, circumstances, and objectives. Along with the ability to create a more appropriate municipal governance structure, home rule could provide tools for the effective exercise of law enforcement and other police powers, management of land and resources, protection of subsistence habitat and environmental quality, and for carrying out other public responsibilities.

To accomplish some of these objectives, home rule city boundaries would need to include sufficient land, water, and subsistence resources to protect the community and its ways of making a living, and the state would need to remove existing statutory obstacles to effective local control and adaptation to local ways of self-governing. Finally, the state would need to abide by the constitutional directive that "A liberal construction shall be given to the powers of local government units."¹³⁸

¹³⁵ The North Slope Borough provides an excellent example of the freedom that exists for a home rule municipality or borough to mold its own governance structure, take advantage of resource opportunities, and serve its population in ways appropriate to local goals, needs, and circumstances. Although not all areas have similar resources available to them, descriptions of the Northwest Arctic and Yakutat boroughs in Section IV of this report (see above) demonstrate the flexibility of the home rule tool.

¹³⁶ There currently are 20 home rule municipalities in Alaska, ranging in size from Nenana (population 450) to Anchorage (population 255,000).

¹³⁷ Constitution of the State of Alaska, Article X, Section 10.

¹³⁸ Constitution of the State of Alaska, Article X, Section 1.

Appendix D: A Legal Analysis of the Venetie Decision

Heather Kendall-Miller of the Native American Rights Fund wrote the following memorandum for the Alaska Federation of Natives. She argued *State of Alaska, et al. v. Native Village of Venetie Tribal Government, et al.* for the Village of Venetie before the U.S. Supreme Court. This memorandum describes the decision of the Supreme Court and its implications for Native Alaska.

Sectional for CSSHB 16

22-LS0210\J

Updated: February 16, 2001

Section 1 and 22: Includes "home rule community" in the definition of "municipality".

Section 2: Defines "city" to mean a home rule community, home rule city, or general law city incorporated under the laws of the State of Alaska.

Section 3: Allows reclassification of a home rule community to a home rule city.

Section 4: Allows "charter approval" and "reclassification" to be considered together if a home rule community petitions to reclassify to a home rule city.

Section 5: Allows the standards for incorporation of a second class city to also apply to a home rule community.

Section 6: Allows for home rule communities to be considered in proposals for Municipal incorporation. Paragraph (13) allows for a home rule community to propose a charter.

Section 7: Allows a first class city or a second class city to adopt a charter and become a home rule city and a second class city to adopt a charter and become a home rule community.

Section 8: In an incorporation, merger, or consolidation election a municipality may adopt a charter and become a home rule community or a home rule borough.

Section 9: Includes "home rule communities" and "home rule" boroughs in the description of what petitioners must include to propose organization.

Section 10 and 21: Allows for local preference for name selection for the council and/or the mayor.

Section 11: Requires the department to prepare a model charter for a home rule community.

Section 12 and 14: Allows a home rule community a choice of either an audit or a annual income and expenditure statement.

Section 13: Equates home rule communities with second class city in the description of powers of eminent domain.

Section 15 and 17: Allows the power to provide for planning and platting as a charter option.

Section 16: Equates home rule communities with second class cities in prohibiting establishment of a public school system.

Section 18 and 19: Equates home rule communities with second class cities in option to tax and the related requirements.

Section 20: Includes home rule communities in definition of city.

Section 23: Adds the definition of a home rule city to exclude a home rule community.

Section 24: Requires and describes a CONFORMING BILL to be passed before HB 16 becomes law.

Section 25 and 26: Sets the effective date to be triggered upon passage of the conforming bill.

HB

24

Alaska State Legislature

Representative Jim Whitaker
House of Representatives
District 31



Session
Capitol Building, Room 411
Juneau, Alaska 99801
Phone: (907) 465-3004
Fax: (907) 465-2070

Interim
119 N. Cushman St. Suite 213
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Phone: (907) 452-1088
Fax: (907) 452-1146

SPONSOR STATEMENT

HB24

Borough Revenues for Tourism Marketing

Since the 1970's, the visitor industry in communities throughout Alaska has relied on local destination marketing organization to compete in an increasingly competitive worldwide marketplace.

The funding source for these organizations is typically local visitor industry taxes enacted with the intent that the revenues collected, fund the destination marketing efforts of the community in which such taxes are collected.

A provision in the Alaska State Municipal Code, Title 29 creates a situation wherein certain visitor industry tax collections cannot be used to fund local destination marketing efforts. This has the potential to affect eleven of Alaska's organized boroughs, even in those cases where the funding of destination marketing efforts is the express intent for which a visitor industry tax is collected.

HB24 amends Title 29 of Alaska Statutes allowing, at local option, the use of borough revenues for an on-going tourism marketing effort.



February 6, 2001

Representative Jim Whitaker
Alaska State House of Representatives
State Capitol, Room 411
Juneau, AK 99901-1182

Dear Jim:

Thank you for taking the time to meet with us on January 22 in Juneau. We appreciate your support for HB 24. HB 24 amends Title 29 of the Alaska Statutes to provide for a local option within a borough to use tax collections to fund a tourism marketing campaign.

Successful passage of HB 24 will ensure that the visitor industry continues to serve as an important economic engine that offers Alaskan communities exciting opportunities to diversify and expand their economic base and enhance their quality of life. This bill will also allow small visitor industry businesses to share in the benefits of visitor industry growth and compete in an increasingly competitive travel marketplace by providing them the ability to pool their resources to market their communities as a destination to potential Alaska travelers. HB 24, in addition, will provide Alaskan communities the ability to contribute their proportionate share towards the funding of statewide efforts to market Alaska as a destination to the rest of the world.

If you have any question or would simply like to discuss HB 24 with me further, please feel free to contact me at (907) 457-3282 extension 222 or email me at dhickok@explorefairbanks.com.

Warm regards,

Deb Hickok
Executive Director



Fairbanks North Star Borough

Office of the Mayor

809 Pioneer Road

P.O. Box 71267

Fairbanks, Alaska 99707-1267

907/459-1300

Fax 907/459-1102

Email mayor@co.fairbanks.ak.us

January 24, 2001

Via Facsimile: 907-465-2070

Representative Jim Whitaker
Capitol Room 411
Juneau, AK 99801

Dear Representative Whitaker:

Your staff has provided a copy of HB 24, An Act Relating to Use of certain Borough Revenues for a Tourism Marketing Campaign, and asked for comment.

As a second class borough, the Fairbanks North Star Borough exercises economic development powers on a non-areawide basis in accordance with AS 29.35.210(a)(8). Therefore, the borough is authorized by law (AS 29.35.110) to expend only revenues received through taxes collected on a nonareawide basis on this function.

The Fairbanks Convention and Visitors Bureau has requested a grant of marketing funds from the Borough's areawide hotel/motel bed tax. However, because the tax is levied on an areawide basis, and was approved by the voters areawide, the Borough cannot expend bed tax revenues for tourism marketing, economic development or any other nonareawide activity.

The Borough does not oppose HB 24 as it is presently submitted. This legislation will not infringe on the right of municipalities to determine the activities they choose to fund or diminish their responsibility to utilize a public process to expend public revenues. This bill will simply provide for a local option to use areawide tax revenues to fund a tourism marketing campaign.

Sincerely,

Rhonda Boyles, Mayor

Issue Statement

Alaska Visitor Industry Small Business Empowerment

Successful Passage Of HB 24 Will:

Ensure that the visitor industry continues to serve as an important economic engine that offers Alaskan communities exciting opportunities to diversify and expand their economic base, and enhance their quality of life.

Allow small visitor industry businesses to share in the benefits of visitor industry growth and compete in an increasingly competitive travel marketplace by providing them the ability to pool their resources to market their communities as a destination to potential Alaska travelers.

Provide Alaskan communities with the ability to contribute their proportionate share towards the funding of statewide efforts to market Alaska as a destination to the rest of the world.

Executive Summary

Since the 1970's, small visitor industry businesses in communities throughout the state of Alaska have relied on their local destination marketing organizations [Convention & Visitors Bureaus and/or Chambers of Commerce] to help them compete in an increasingly competitive worldwide travel marketplace.

The funding source for local destination marketing organizations is typically local visitor industry taxes enacted with the intent that the taxes collected be used to fund the destination marketing efforts of the community or region in which the visitor industry taxes are collected.

An anomaly in the Alaska State Municipal Code [Title 29 of the Alaska Statutes] has the potential to create a situation in eleven of Alaska's organized boroughs where visitor industry tax collections cannot legally be used to fund local destination marketing efforts, even in those cases where the funding of destination marketing efforts is the express intent for which a visitor industry tax is collected.

HB 24 amends Title 29 of the Alaska Statutes to provide for a local option within a borough to use tax collections to fund a tourism marketing campaign.

The Mind-Numbing Details:

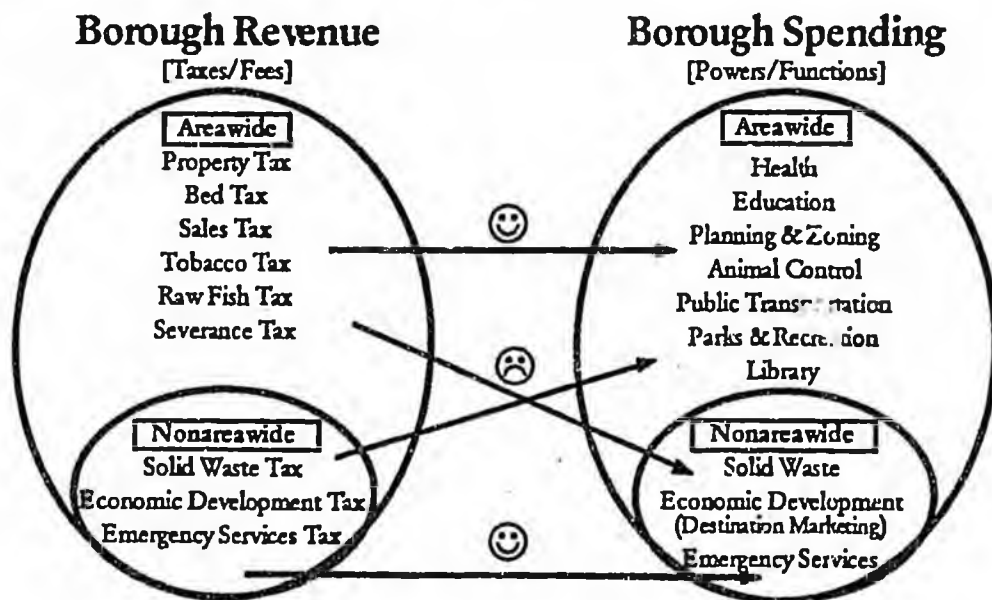
Fact: Sixteen organized boroughs and unified home rule municipalities exist in Alaska. Of these, six are second class boroughs containing incorporated cities within their boundaries, resulting in a division of powers between borough and city governments.

Fact: Second class boroughs are authorized to expend money for a community purpose or service to the extent the borough is authorized to exercise the power to accomplish the purpose. [Alaska Statutes, Section 29.35.010(9)]

Fact: "Borough revenues received through taxes collected on an areawide basis by the borough may be expended on general administrative costs and on areawide functions only. Borough revenues received through taxes collected on a nonareawide basis may be expended on general administrative costs and functions that render service only to the area outside all cities in the borough." [Alaska Statutes, Section 29.35.110]

Fact: Second class boroughs are authorized to exercise the power to provide for economic development on a nonareawide basis. [Alaska Statutes, Section 29.35.210(a)(8)]

The Dilemma: The four facts outlined above result in a situation where a visitor industry tax [typically a bed tax] logically collected by a second class borough on an areawide basis cannot be used for the taxes' intended areawide purpose, the funding of destination marketing. [see figure below]



The Solution: The challenge outlined above is solved to the benefit of small visitor industry businesses and Alaskan communities by amending AS 29.35.110 to add a new subsection to read: "(b) Use of borough revenues for a tourism marketing campaign is not subject to (a) of this section."



ANCHORAGE
Convention &
Visitors Bureau

**ANCHORAGE CONVENTION & VISITORS BUREAU
BOARD OF DIRECTORS**

RESOLUTION 2001-01

Alaska Visitor Industry Small Business Empowerment

WHEREAS, the visitor industry is an extremely important engine of economic growth for Alaska's Southcentral area, injecting more than \$142.4 million dollars¹ into the regional economy on an annual basis, and creating more than 10,100 regional full-time equivalent jobs¹; and

WHEREAS, the visitor industry contributes tremendously to the quality of life of all residents in Alaska's Southcentral area; and

WHEREAS, the visitor industry provides the Southcentral area economy with sustainable economic benefits that help provide a buffer against the booms and busts associated with the other basic industry sectors of the regional economy; and

WHEREAS, the visitor industry provides unparalleled opportunities for local entrepreneurs and small businesses to participate in the economic success of the visitor industry at the ownership level; and

WHEREAS, if visitor industry small businesses are to continue to share in the benefits of visitor industry growth and compete in an increasingly competitive travel marketplace they must have the ability to pool their resources to market their communities as a destination for potential Alaska travelers; and

WHEREAS, since the 1970s, small visitor industry businesses in communities throughout the state of Alaska have relied on their local destination marketing organizations (Convention & Visitors Bureaus and/or Chambers of Commerce) to help them compete in an increasingly competitive worldwide travel marketplace; and

¹ *Comprehensive Overview of the Alaska Visitor Industry*
Alaska Visitors Association, August 1998

324 W. Fourth Avenue
Anchorage, Alaska
99501-2212

907-278-4110
Fax: 907-278-5559
Email:acvb@alaska.net

ACVB Resolution 2001-01

Page 2

WHEREAS, the funding source for local destination marketing organizations is typically local visitor industry taxes enacted with the intent that the taxes collected be used to fund the destination marketing efforts of the community or region in which the visitor industry taxes are collected; and

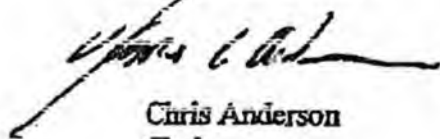
WHEREAS, an anomaly in the Alaska State Municipal Code (Title 29 of the Alaska Statutes) has the potential to create a situation in eleven of Alaska's organized boroughs where visitor industry tax collections cannot legally be used to fund local destination marketing efforts, even in those cases where the funding of destination marketing efforts is the express intent for which a visitor industry tax is collected; and

WHEREAS, HB 24 amends Title 29 of the Alaska Statutes to provide for a local option within a borough to use tax collections to fund a tourism marketing campaign.

NOW, THEREFORE BE IT RESOLVED that the Anchorage Convention & Visitors Bureau (ACVB) strongly supports swift and overwhelming passage of HB 24.

Adopted by the ACVB Board of Directors on the 8th day of February 2001.

ATTESTED BY:



Chris Anderson
Chair



Bruce Bustamante
President & CEO

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 24(EDT)
 (H) Publish Date: 2/12/01

Revision Date/Time (Note if correction): 2/05/2001 4:05p.m. Dept. Affected: DCED
 Title: BOROUGH REVENUES FOR TOURISM BRU: Comm Asst&Econ.Dev
MARKETING Component: Community &
 Sponsor: Representative Whitaker Business Development
 Requester: House Special Committee EDTT Component Number: 2486

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1156 RSS						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation provides for the expenditure of borough revenues for tourism marketing. This legislation would have no fiscal impact on the department.

Prepared by: Pat Poland Phone 269-4580
 Division: Community and Business Development Date/Time 2/05/2001 4:05p.m.
 Approved by: Commissioner Deborah B. Sedwick Date 2/5/2001
 Agency: Department of Community & Economic Development

For distribution information, call the Governor's Legislative Office

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

March 17, 2000

SUBJECT: Tourism marketing campaign conducted by the Fairbanks North Star Borough (Work Order No. 21-LS1553)

TO: Representative Jim Whitaker
Attn: Ryan Colgan

FROM: Tamara Brandt Cook
Director *TBC*

You ask whether the Fairbanks North Star Borough may use proceeds from a bed tax for a tourism marketing campaign. I have been informed that the bed tax is levied on an areawide basis, that is both inside and outside of cities within the borough, and that part of the issue involves whether an areawide tax may be used for a nonareawide function. It may not. Under AS 29.35.110 "Borough revenues received through taxes collected on an areawide basis by the borough may be expended on general administrative costs and on areawide functions only." Unlike AS 29.45.010(a) which applies only to property taxes, this provision applies to all types of taxes, including a bed tax which is normally a sales tax. (City of Homer v. Gangl, 650 P.2d 396 (Alaska 1982))

Aside of the question of the funding to be used to conduct the tourism marketing campaign, perhaps the most significant problem is determining whether the Fairbanks North Star Borough, a second class borough, has the power to conduct the campaign at all. A second class borough may only exercise those powers that are authorized by law or that have been acquired by the borough in accordance with law. Conducting a tourism marketing campaign is not encompassed within the mandatory areawide powers, nor within the list of optional areawide powers. (AS 29.35.210(b)) A second class borough may by ordinance provide for economic development, but only on a nonareawide basis. (AS 29.35.210(a)(8)) While a tourism marketing campaign is, arguably, a form of economic development, I, frankly, cannot imagine how the campaign could operate on a nonareawide basis. In any case, the areawide bed tax revenues could not be used to fund a nonareawide campaign.

It appears that, unless the Fairbanks North Star Borough has already acquired the power to conduct a tourism marketing campaign, it will have to acquire that power under AS 29.35.210(d). That subsection states: "...a second class borough may, on an areawide basis, exercise a power not otherwise prohibited by law if the power has been acquired in accordance with AS 29.35.300." The acquisition of a power by a borough is addressed in AS 29.35.300 - 29.35.350. It might also be possible for the borough and all the cities in the borough to enter into an agreement under which the borough and the cities jointly conduct

Representative Jim Whitaker

March 17, 2000

Page 2

a tourism marketing campaign using borough and city resources, perhaps, including the areawide bed tax revenues. (AS 29.35.010(13))

TBC:glc

00-134.glc

CITY OF FAIRBANKS FAIRBANKS NORTH STAR BOROUGH

REGULAR ELECTION
TUESDAY, OCTOBER 6, 1992

CITY OF FAIRBANKS Regular Election — October 6, 1992	
CITY MAYOR — (3) Year Term (Vote For No More Than One)	
JIM HAYES	<input checked="" type="checkbox"/>
	+
CITY COUNCIL SEAT C — (3) Year Term (Vote For No More Than One)	
MARY HAJDUKOVICH	+
DENNIS HEDGECOCK	+
RANDALL B. WALLACE	<input checked="" type="checkbox"/>
	+
CITY COUNCIL SEAT D — (3) Year Term (Vote For No More Than One)	
BOB ELEY	<input checked="" type="checkbox"/>
FRANK W. TURNEY	+
LYNN HOUSE	+
	+
A-001	A

END OF BALLOT

FAIRBANKS NORTH STAR BOROUGH Regular Election — October 6, 1992	
ASSEMBLY SEAT B — (3) Year Term (Vote For Not More Than One)	
HAROLD GILLAM	<input checked="" type="checkbox"/>
LYNN LASHBROOK	+
	+
ASSEMBLY SEAT C — (3) Year Term (Vote For Not More Than One)	
ROBERT H. ADAIR	+
NANCI A. JONES	<input checked="" type="checkbox"/>
GENE REDDEN	+
	+
ASSEMBLY SEAT H — (3) Year Term (Vote For Not More Than One)	
HANK BARTOS	<input checked="" type="checkbox"/>
DAE MILES	+
JOHN D. SKILBRED	+
BONNIE WILLIAMS	+
	+
ASSEMBLY SEAT I — (3) Year Term (Vote For Not More Than One)	
DONNA GILBERT	+
DAN LaSOTA	+
VALERIE M. THERRIEN	<input checked="" type="checkbox"/>
ROBERT D. WARD	+
	+
SCHOOL BOARD SEAT C — (3) Year Term (Vote For Not More Than One)	
ROBERT G. (BOB) BOKO	+
JIM GENGLER	+
JERRY McBEATH	<input checked="" type="checkbox"/>
PHILIP D. PATTON	+
	+
SCHOOL BOARD SEAT D — (3) Year Term (Vote For Not More Than One)	
AMY GRAU	+
JANE G. HAIGH	<input checked="" type="checkbox"/>
ROBERT B. SAWYER JR.	+
DAVID S. TONEY	+
	+
B-001	B

VOTE BOTH SIDES

PROPOSITION A	
'Shall the Fairbanks North Star Borough levy an 8% tax on the rental of hotel and motel rooms in the Fairbanks North Star Borough?'	
A 'Yes' vote will pass the Proposition. A 'No' vote will defeat the Proposition.	
YES	<input checked="" type="checkbox"/>
NO	+
B-006	B

END OF BALLOT

Alaska State Legislature

Representative Jim Whitaker

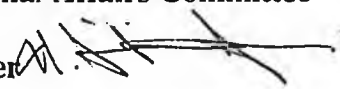
Session
Capitol Building, Room 411
Juneau, Alaska 99801
Phone: (907) 465-3004
Fax: (907) 465-2070



Interim
119 N. Cushman St., Suite 213
Fairbanks, AK 99701
Phone: (907) 452-1088
Fax: (907) 452-1146

Memorandum

To: Senator John Torgerson, Chair,
Senate Community & Regional Affairs Committee

From: Representative Jim Whitaker 

Re: Hearing Request, CSHB 24 & HB 118

Date: 2/27/01

House bills 24 and 118 have been referred to the Senate Committee on Community & Regional Affairs.

Due to the upcoming legislative break for Energy Council and subsequent House Finance Committee hearings on the budget, I respectfully request a hearing of both these bills at your earliest convenience after the 12th of March.

Alaska State Legislature

Representative Jim Whitaker

Session

Capitol Building, Room 411
Juneau, Alaska 99801
Phone: (907) 465-3004
Fax: (907) 465-2070

**Interim**

119 N. Cushman St., Suite 213
Fairbanks, AK 99701
Phone: (907) 452-1088
Fax: (907) 452-1146

Memorandum

To: Mary Jackson, Committee Aide, Senate C&RA

From: Lori Backes, Aide to Rep. Whitaker

Re: CSHB 24, list of interested parties

Date: 2/28/01

Parties expressing an interest in the passage of CSHB24 include:

Brett Carlson - Northern Alaska Tour Company, 474-8600
Matt Atkinson - Northern Alaska Tour Company, 474-8600
Deb Hickok - Fairbanks Convention and Visitor's Bureau, 456-5774
Frank Rose - Alaska Tourism Industry Association, 474-8555 (Ak. Lodging Management)
Debbie Tillsworth - Alaska Tourism Industry Association, 479-6673 (Riverboat Discovery)