

Contact List

Anchorage Economic Development Corporation

Larry Crawford, CEO
900 West 5th Avenue, Suite 300
Anchorage, AK 99501
Phone: 258 3700
Fax: 258 6646
E-Mail: bjohnson@aedcweb.com
Web Site: www.aedcweb.com/

Bering Strait Development Council

Melissa Boeckmann
Kawerak, Incorporated
Community & Economic Development
Program Director
P.O. Box 948
Nome, Alaska 99762
Phone: (907) 443-9005
Fax: (907) 443-2583
Email: melissab@kawerak.org
Web site: www.kawerak.org

Copper Valley Economic Development Council

John Downes, Executive Director
P.O. Box 9
Glennallen, Alaska 99588
Phone: 822-5001
Fax: 822-5009
Email: cvedc@cviternet.net
Web Page:
www.alaskaeconomicdevelopment.org/

Fairbanks North Star Borough Economic Development Commission

Kathryn Dodge, Economic Development Coordinator
Fairbanks North Star Borough
Economic Development Division
P. O. Box 71267
Fairbanks, AK 99707
Phone: 907-459-1309
Fax: 907-459-1102
Email: k.dodge@co.fairbanks.ak.us
Website: www.co.fairbanks.ak.us

Kenai Peninsula Borough Economic Development District

Dee Gaddis
Admin. & Finance Coordinator
14896 Kenai Spur Hwy, 103-A
Kenai, AK 99611
Phone: 907-283 3335 ext. 223
Fax: 907-283 3913
E-mail: dgaddis@kpedd.org
Web site: www.kpedd.org/

Lower Kuskokwim Economic Development Council

Can Berger, Executive Director
P.O. Box 2021
Bethel, AK 99559
Phone: 543-5967
Fax: 543-3130
E-mail: carl_berger@ddc-alaska.org

Mat-Su Resource Conservation & Development Council

Rick Leibowitz, Executive Director
1700 E. Bogart Road, Suite 203
Wasilla, AK 99654
Phone: 907-373-1062 ext. 108
Fax: 907-373-1064
E-mail:
Website:

Northwest Arctic Borough Economic Development Commission

Lee Stoops, Executive Director
P.O. Box 1110
Kotzebue, AK 99752
Phone: 907-442-2500
Fax: 907-442-2930
E-mail: lstoops@northwestarcticborough.org
Website: www.northwestarcticborough.org

Prince William Sound Economic Development District

Sue Cogswell, Executive Director
2207 Spenard Rd, Suite 207
Anchorage, Alaska 99503
Phone: 907-222-2440
Fax: 907-222-2411
E-mail: pwsecdc@alaska.net

Southeast Conference

Rollo Pool, Executive Director
PO Box 21989
Juneau, AK 99801
Phone: 907-463-3445 ext.27
Fax: 907-463-5670
E-Mail:
Web Site: www.seconference.org

Southwest Alaska Municipal Conference

Wanetta Ayers, Executive Director
3300 Arctic Blvd., Suite 203
Anchorage, AK 99503
Phone: 907-562-7380
Fax: 907-562-0438
E-Mail: wayers@swamc.org
Web Site: www.swamc.org
www.southwestalaska.org

Alaska State Legislature

Rep. Gabrielle LeDoux
Rep. Pete Kott
Rep. Mark Neuman
Rep. Sharon Cissna
Rep. Woodie Salmon



State Capitol, Room 124
Juneau, AK 99801-1182
Co-Chairs
Rep Kurt Olson
(907) 465-2693 FAX 465-3835
Rep. Bill Thomas
(907) 465-3732 FAX 465-2652

COMMUNITY & REGIONAL AFFAIRS COMMITTEE

Date: 2-3-05

To: Representative Olson, Co-Chair House C&RA

From: Representative Thomas, Co-Chair House C&RA

Re: Sponsor Statement for HB 119 An act extending the termination date of the Alaska regional economic assistance program, and providing for an effective date.

The Alaska Regional Development Organizations (ARDOR's) were created in 1988 by the Alaska Legislature. ARDOR's are non-profit organizations comprised of local volunteers working together to promote economic development in their regions. The advantages of having a program like this working on the regional level are that the ARDOR's are able to coordinate with other economic development activities and collect and distribute economic information within their regions. In addition, ARDOR's serve as a liaison between the region and the state and federal governments.

Today, there are 13 ARDOR's assisting 13 regions in the state. Each ARDOR has a board whose members are appointed by various organizations within the region. It is the responsibility of the board to ensure that an annual work plan is executed.

Each ARDOR's grant is approximately \$50,000. This money is not earmarked for a specific use. Rather, the ARDOR's are free to use the money where they need it most. This allows them to be more flexible and efficient in achieving their goals. To date, this funding formula has been especially effective resulting in substantial economic growth throughout the state.

The ARDOR's program has repeatedly presented itself to the Alaska State Legislature and has repeatedly proven itself a worthy investment of the state's resources. Further, in order to continue the achievements of the ARDOR's program, it is necessary that the program be able to count on a certain level of funding in the future. It is for these reasons that HB 119 extends the sunset date for the program to 2013 allowing for eight year's more growth of this valuable program. I strongly urge your support of HB 119.

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 119
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
 Title AK Regional Economic Assistance Program RDU Comm Assist & Ec Dev (405)
 Component Community Advocacy
 Sponsor Community and Regional Affairs
 Requester House Community and Regional Affairs Component No. 2703

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	30.0	30.0	30.0	30.0	30.0	30.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	620.0	620.0	620.0	620.0	620.0	620.0
Miscellaneous						
TOTAL OPERATING	650.0	650.0	650.0	650.0	650.0	650.0

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						
1175 Business License Receipts	650.0	650.0	650.0	650.0	650.0	650.0
TOTAL	650.0	650.0	650.0	650.0	650.0	650.0

Estimate of any current year (FY2005) cost: 650.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time	0.50	0.50	0.50	0.50	0.50	0.50
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation extends the Alaska Regional Economic Development Organizations (ARDORS) through June 30, 2013. ARDORS are not subject to AS 08.03.020, therefore funding is not extended one year following the termination date allowing ARDORS to conclude their affairs.

Prepared by: Michael Black, Director
 Division: Community Advocacy
 Approved by: Edgar Blatchford, Commissioner
 Agency: Commerce, Community & Economic Development

Phone 907.269.4580
 Date/Time 2/4/05 6:05 PM
 Date 2/4/2005

Headquarters:
217 2nd Street, Suite 201
Juneau, Alaska 99801
(907) 586-2323 FAX 463-5515
www.alaskachamber.com



Regional Office:
601 W. 5th Ave., Suite 700
Anchorage, Alaska 99501
(907) 278-2722 FAX 278-6643

ALASKA
★ STATE ★
CHAMBER
OF COMMERCE

February 07, 2005

Representative Kurt Olson, Co-Chair
Representative Bill Thomas, Co-Chair
House Community and Regional Affairs Committee
State Capitol, Room 110
Juneau, AK 99801-1182

The Honorable Co-Chairmen and Members of the House

The Alaska State Chamber of Commerce supports your efforts to extend the termination date of the Alaska Regional Development Organizations (ARDOR) program. The State Chamber firmly believes in this cooperative regional economic development model. It has been a successful program having provided an arena where regions can work on issues of common interest.

We have first hand knowledge of the power of regional collaboration and cooperation on issues facing our state. ARDOR's are able to provide greater local expertise in service delivery and project implementation with more efficiency and with less administrative burden than state agencies. An example of this is the Southwest Alaska Municipal Conferences successful handling of the Steller Sea Lion mitigation funds that put almost 30 million dollars into the Southwest Alaska regional economy.

We support the passage of HB 119, which extends the sunset clause to 2013 on the ARDOR program. The Board of Directors urges you to support the continuation of the ARDOR program and the positive work that has come from the regional ARDOR'S. For your reference, I have attached the position statement regarding our support for the continuation of the ARDOR program.

Your careful attention and thoughtful consideration of this request for support is genuinely appreciated.

Yours in economic prosperity,

Wayne A. Stevens
President

**Alaska State Chamber of Commerce
2005 Position
Reauthorization of the Alaska Regional Development Organizations
(ARDOR) Program**

The Alaska State Chamber of Commerce supports the reauthorization and funding of the Alaska Regional Development Organization Program to engage in economic development planning, strategizing and implementation through effective public and private sector collaboration on local, regional, and state levels.

HB

121

AMENDMENT

OFFERED IN THE HOUSE

TO: CSHB 121(CRA)

1 Page 2, line 9:

2 Delete all material.

3 Insert "or more service areas if the

4 (1) borough's population in 2005 was less than 65,000 or more
5 than 75,000; and

6 (2) assembly first determines that the abolishment or"

ALASKA STATE HOUSE OF REPRESENTATIVES

Interim Address:
3340 Badger Road
North Pole, AK 99705
(907)-488-5725
Fax# (907)-488-4271



Session Contact:
(907)-465-3719
FAX# (907)-465-3256
State Capitol
Room 204

REPRESENTATIVE JOHN COGHILL

HB 121 Relating to Service Areas

SPONSOR STATEMENT

When the legislature established the state revenue sharing program residents of subdivision outside of the city limits that had no maintenance income for their area roads seized the moment. People formed local service area road commissions and collected revenue sharing money based on the mileage in their service area. Many service areas relied solely on revenue sharing income and chose not to levy a mill rate to maintain roads.

With the elimination of revenue sharing money, many service areas are beginning to run out of funding for road maintenance and many road commissions have become nonfunctional. As roads deteriorate, local governments are worried about their liability even though they have no road powers.

The Alaska State Supreme Court ruled in *North Kenai Peninsula Road Maintenance Service Area v. Kenai Peninsula*, 850 P.2d 636 (Alaska 1993) that a service area does not have the corporate status a borough has, therefore, the borough holds the civil liability. As a general rule, only independent legal entities may sue or be sued. Alaska law specifically gives cities and boroughs corporate status, and the right to sue and be sued.

The Fairbanks North Star Borough has over 100 service areas and they are concerned that when the money runs dry, roads could deteriorate to the point that the safe passage of school buses, fire trucks, and ambulances could be hindered. Under current law, they cannot dissolve the service areas without a vote of the residents, even though there is no legal entity, there are no revenues to maintain the roads, and the roads receive no service.

HB 121 is designed to enable the borough to dissolve or consolidate service areas that are nonfunctional or are functioning below minimum standards and that pose a financial risk to the borough. HB 121 is written in such a way as to protect those service areas that are taxing themselves adequately and doing a good job in maintaining their roads to insure safe passage on them.

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SSHB 133
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
 Title Local Boundary Commission RDU Comm Assist & Ec Dev (405)
Regs & Powers Component Community Advocacy
 Sponsor Coghill, Harris, Salmon
 Requester House Community & Regional Affairs Component No. 2703

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
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--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation amends certain powers of the Local Boundary Commission established in Title 29 and Title 44. This legislation has no fiscal impact on the operations of the division.

Prepared by: Athena Logan, Local Government Specialist Phone 269-4540
 Division Community Advocacy Date/Time 2/23/05 2:37 PM
 Approved by: Edgar Blatchford, Commissioner Date 2/23/2005
 Agency Commerce, Community, and Economic Development



Fairbanks North Star Borough

Assembly

809 Pioneer Road

P.O. Box 71267

Fairbanks, Alaska 99707-1267 907/459-1401

Fax 907/459-1224

Email: clerks@co.fairbanks.ak.us

www.co.fairbanks.ak.us

February 4, 2005

Representative Bill Thomas, Co-Chair
House Community and Regional Affairs
State Capital, Room 428
Juneau, AK. 99801-1182

Representative Kurt Olson, Co-Chair
House Community and Regional Affairs
State Capital, Room 110
Juneau, AK. 99801-1182

Dear Representative Thomas and Olson,

As Presiding Officer of the Fairbanks North Star Borough Assembly, I would like to submit this letter as support of House Bill 121, "An act relating to consolidating or abolishing certain service areas in second class boroughs."

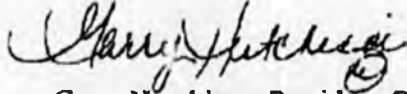
In 2001, amendments were made to AS 29.35.450 adding requirements for an election within service areas when there is a proposal to abolish, replace, or annex tax lots to that area. This was in addition to an election being held in the area that had petitioned for services causing two questions for each election and requiring both questions to pass.

The Alaska Constitution mandates that the local assembly have the authority to manage and make decisions regarding service areas. Service areas are a part of the borough and, according to the Alaska Supreme Court, are not a separate legal entity from the borough and can not sue or be sued. The borough, therefore, bears the ultimate financial responsibility for service areas.

A borough can not legally pass on service area costs to areawide borough taxpayers but some service areas no longer have sufficient funds to pay for the direct costs of providing services and a considerable number of service areas have experienced significant difficulties in maintaining even the minimum number of service area commissioners necessary to legally conduct service area business. Although, the borough bears the ultimate financial responsibility for services areas, the assembly does not have the power to address issues arising from these types of difficulties, particularly in service areas that do not provide any or only provide minimal services. House Bill 121 corrects these problems by allowing boroughs the power to better manage service areas and provide for services to its residents.

The Fairbanks North Star Borough fully supports House Bill 121 and believes its passage will provide for better services for its residents.

Sincerely,



Garry Hutchison, Presiding Officer
Fairbanks North Star Borough



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

February 4, 2005

Representative Bill Thomas, Co-Chair &
House Community and Regional Affairs
State Capital, Room 428
Juneau, AK 99801-1182

Representative Kurt Olson, Co-Chair
House Community and Regional Affairs
State Capital, Room 110
Juneau, AK 99801-1182

Dear Representative Thomas and Olson:

This letter is to express my strong support of House Bill 121. Over the last several years the Fairbanks North Star Borough has been struggling to address some serious issues concerning our road service areas.

As you may know, we have over 100 service areas that are currently attempting to deal with significant changing circumstances, largely financial, arising from the zeroing out of state funding. Currently, we have some of our service areas that have chosen not to tax themselves and provide no service to their residents. Others provide only very limited service and do not have the minimum number of voluntary commissioners. While the Borough bears the ultimate financial responsibility for these service areas, it currently lacks the ability to address these problems through either consolidation or dissolution.

In addition to the liability and financial concerns resulting from struggling service areas, their inability to provide even minimal services to Borough residents presents a real impediment to economic growth in the Borough.

Accordingly, as the Mayor of the Fairbanks North Star Borough I strongly support House Bill 121 as I believe that passage of this bill will enable the Borough to better manage service areas not only to ensure minimum services are provided to Borough residents but also to protect all Borough taxpayers from the consequences of financially strapped service areas.

Sincerely,

Jim Whitaker, Mayor

JW:csm/arb

Alaska State Legislature

Rep. Gabrielle LeDoux
Rep. Pete Kott
Rep. Mark Neuman
Rep. Sharon Cissna
Rep. Woodie Salmon



State Capitol, Room 124
Juneau, AK 99801-1182
Co-Chairs
Rep Kurt Olson
(907) 465-2693 FAX 465-3835
Rep. Bill Thomas
(907) 465-3732 FAX 465-2652

COMMUNITY & REGIONAL AFFAIRS COMMITTEE

Date: 2-10-05

To: Representative Olson, Co-Chair House Community and Regional Affairs

From: Representative Thomas, Co-Chair House Community and Regional Affairs

Re: Sponsor statement for HB 121 an Act relating to consolidating or abolishing certain service areas in second class boroughs.

When the legislature established the state revenue sharing program residents of many subdivisions outside of the city limits that had no maintenance income for their area roads were able to rely solely on revenue sharing money. People formed local service area road commissions and collected revenue sharing money based on the mileage of their service area.

With the termination of the revenue sharing program, many service areas do not have funding for road maintenance and the road commissions are now nonfunctional. As time goes on, the roads that were built under the revenue sharing program are deteriorating. The boroughs are concerned about their liability for the roads even though they have no road powers. There are no funds to maintain the roads, therefore the roads receive no service resulting in safety hazards for all who use them. In addition, the boroughs cannot dissolve the service areas without a vote of the residents.

HB 121 is designed to enable the borough to consolidate or dissolve the service areas that are nonfunctional or are functioning below minimum standards. Consolidation or dissolution will come about by decision of the governing body of the borough after adhering to well defined procedures and a hearing process. Further, HB 121 protects those service areas that are taxing themselves adequately enough to maintain the safety of their own roads. I strongly urge your support of this important piece of legislation.

Alaska State Legislature

Rep. Gabrielle LeDoux
Rep. Pete Kott
Rep. Mark Neuman
Rep. Sharon Ciss.a
Rep. Woodie Salmon



State Capitol, Room 124
Juneau, AK 99801-1182
Co-Chairs
Rep Kurt Olson
(907) 465-2693 FAX 465-3835
Rep. Bill Thomas
(907) 465-3732 FAX 465-2652

COMMUNITY & REGIONAL AFFAIRS COMMITTEE

Date: 2-10-05

To: Representative Olson, Co-Chair House Community and Regional Affairs

From: Representative Thomas, Co-Chair House Community and Regional Affairs

Re: Sectional Analysis for HB 121 an Act relating to consolidating or abolishing certain service areas in second class boroughs.

Section 1: The initial part of this section is already in statute and provides that if a service area provides road, fire protection, or parks and recreation services, its abolishment is subject to a majority vote by the voters residing in the area. If a service area is proposed to be abolished and replaced by a new service area it must be approved by a majority of the voters living in the existing service area and in the area that is proposed to be included in the new service area.

The change to AS 29.35.450(c) comes at the very end of the bill and provides that the statute will not apply to second class boroughs who wish to abolish or consolidate service areas. However, the assembly must first determine that such an action is necessary to resolve financial or legal problems facing the borough or to guarantee that services are provided to certain areas within the borough.

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB121
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
 Title Service Areas in RDU Comm Assist & Ec Dev (405)
Second Class Boroughs Component Community Advocacy
 Sponsor Community & Regional Affairs
 Requester House Community & Regional Affairs Component No. 2703

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
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--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation excludes second class boroughs from the provisions of AS 29.35.450 (c) if the borough assembly determines that the abolishment or consolidation of the services area(s) is necessary because of one of several conditions. This legislation has no fiscal impact on the operations of the division.

Prepared by: Athena Logan, Local Government Specialist Phone 907.269.4540
 Division: Community Advocacy Date/Time 2/14/05 4:48 PM
 Approved by: Edgar Blatchford, Commissioner Date 2/14/2005
 Agency: Commerce, Community & Economic Development



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

February 14, 2005

Representatives Bill Thomas and Kurt Olson
House Community and Regional Affairs Committee
State Capitol
Juneau, AK 99811

Re: Support of HB 121 "relating to consolidating or abolishing certain service areas in second class boroughs. "

Dear Representatives Thomas and Olson,

The AML Local Government and Public Services Legislative subcommittee has reviewed this bill and strongly supports it. It is consistent with the AML Policy Statement adopted by the AML membership in November 2004.

This bill is also consistent with the Alaska Constitution. Article 10, Section 5, which states that service areas within a borough may be "established, altered, or abolished by the Assembly subject to the provisions of law or charter." This bill establishes standards for an Assembly to take necessary steps to protect the community as a whole or individuals areas. The standards require that the Assembly determine that the action to be taken is necessary to either:

- "Protect the finances of the borough,"
- "Resolve financial or legal problems of a service area," or
- "Ensure that adequate service is provided to the residents of a service area."

This is a key local control measure to help second class boroughs efficiently and fairly provide services.

Thank you for your consideration.

Sincerely,

Scott Brandt-Erichsen, Chair
Local Government and Public Services Committee

HB

133

From: <AkwinRES@starband.net>
To: <fairbanks_ljo@legis.state.ak.us>
Date: Sun, February 27, 2005 7:13 pm
Subject: Written Testimony (SSHB-133)

FEB 28 2005

Rosalyn Stowell
51.3 mile Elliott Highway
C/O 177 Simpson Way
Fairbanks, Alaska 99712

It was nice that you scheduled a teleconference for this Bill February 24, 2005. Unfortunately, 8:30 a.m. was not a very good time for anyone living very far from Fairbanks to come in and participate.

I live out the Elliott Highway, toward the Yukon River. My area is part of the proposed Borough annexation that is being put forward by Borough Mayor Jim Whitaker. I am totally opposed to being annexed and maybe your SSHB-133 might possibly help keep us from being swallowed up.

Between Whitaker and Wilkens, it is going to be tough to continue the current life style of a large part of the interior population. Most of us are either on fixed incomes or eking out a bare living the best we can. We have to count every penny and decide just what we will do without this month, just so we can afford things that most folks in towns take for granted. A hot shower with unlimited hot water at Hilltop Truck Stop is a luxury. So just where are we to come up with the money to pay the minimum 4 mil tax on property that will be assessed as soon as we are gobbled up by a Borough? Do we do without food for a few months? Do we go on public assistance, if that is available? Right now, we are all able to live a life that is dependent on our own ability to make do and fend for ourselves. My daughter and 2 of my grandchildren and I built them a house this past summer. We had no professional assistance. Those kids are learning self respect and have gained in the knowledge that they can do something as important as that.

Just what could a Borough do to help us? Nothing. There is not one service offered by the Borough that would be of use to us.

This is not exactly on the mark for sticking to the subject, but SSHB-133 may help keep the Borough at bay for a while longer. My personal opinion is that the Borough should be dissolved. It has taken on far more than the duties it was made to do. It should be audited for misuse of tax dollars.

Allow us to continue living with dignity.

Please Pass SSHB-133.

Thanks.

Rosalyn Stowell
51.3 mile Elliott Highway
C/O 177 Simpson Way
Fairbanks, Alaska 99712

HCRA

HB133

MAR 09 2005

Subject: Written Testimony SSHB-133

Date: Sun, 27 Feb 2005 23:13:31 -0500 (EST)

From: <AkwmnRES@starband.net>

To: <fairbanks_lio@legis.state.ak.us>

Rosalyn Stowell
51.3 mile Elliott Highway
C/O 177 Simpson Way
Fairbanks, Alaska 99712

It was nice that you scheduled a teleconference for this Bill February 24, 2005. Unfortunately, 8:30 a.m. was not a very good time for anyone living very far from Fairbanks to come in and participate.

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Just what could a Borough do to help us? Nothing. There is not one service offered by the Borough that would be of use to us.

This is not exactly on the mark for sticking to the subject, but SSJHB-133 may help keep the Borough at bay for a while longer. My personal opinion is that the Borough should be dissolved. It has taken on far more than the duties it was made to do. It should be audited for misuse of tax dollars.

Allow us to continue living with dignity.

Please Pass SSHB-133.

Thanks.

Rosalyn Stowell
51.3 mile Elliott Highway
C/O 177 Simpson Way
Fairbanks, Alaska 99712



LEGISLATIVE INFORMATION OFFICE
119 N. CUSHMAN, SUITE 101
FAIRBANKS, AK 99701
452-4448

MAR 09 2005

DATE: 3/3/05

Please accept the enclosed original(s) of written
testimony for the

HB 133 HC & RA teleconference scheduled on

2/28/05. A copy of this testimony was
transmitted to your committee via fax.

Thank you,

From: <AkwmnRES@starband.net>
To: <fairbanks_lio@legis.state.ak.us>
Date: Sun, February 27, 2005 7:13 pm
Subject: Written Testimony SSHB-133

MAR 09 2005

Rosalyn Stowell
51.3 mile Elliott Highway
C/O 177 Simpson Way
Fairbanks, Alaska 99712

It was nice that you scheduled a teleconference for this Bill February 24, 2005. Unfortunately, 8:30 a.m. was not a very good time for anyone living very far from Fairbanks to come in and participate.

I live out the Elliott Highway, toward the Yukon River. My area is part of the proposed Borough annexation that is being put forward by Borough Mayor Jim Whitaker. I am totally opposed to being annexed and maybe your SSHB-133 might possibly help keep us from being swallowed up.

Between Whitaker and Wilkens, it is going to be tough to continue the current life style of a large part of the interior population. Most of us are either on fixed incomes or eking out a bare living the best we can. We have to count every penny and decide just what we will do without this month, just so we can afford things that most folks in towns take for granted. A hot shower with unlimited hot water at Hilltop Truck Stop is a luxury. So just where are we to come up with the money to pay the minimum 4 mil tax on property that will be assessed as soon as we are gobbled up by a Borough? Do we do without food for a few months? Do we go on public assistance, if that is available? Right now, we are all able to live a life that is dependent on our own ability to make do and fend for ourselves. My daughter and 2 of my grandchildren and I built them a house this past summer. We had no professional assistance. Those kids are learning self respect and have gained in the knowledge that they can do something as important as that.

Just what could a Borough do to help us? Nothing. There is not one service offered by the Borough that would be of use to us.

This is not exactly on the mark for sticking to the subject, but SSJHB-133 may help keep the Borough at bay for a while longer. My personal opinion is that the Borough should be dissolved. It has taken on far more than the duties it was made to do. It should be audited for misuse of tax dollars.

Allow us to continue living with dignity.

Please Pass SSHB-133.

Thanks.

Rosalyn Stowell
51.3 mile Elliott Highway
C/O 177 Simpson Way
Fairbanks, Alaska 99712



Tok Legislative Information Office
PO Box 845 Tok, AK 99780
Phone: 883-5020
Fax: 883-5021
Email: tok_lio@legis.state.ak.us

FAX.....FAX.....FAX.....FAX

To: House HES committee members

Date: 3/02/05

Pages: 5

RE: FYI

- Urgent
- For Review
- Please Comment
- Please Reply
- Please Post

Please accept these testimonies regarding HB 133 from Glen Marunde.
He asked that they be sent in anticipation of tomorrow's discussion.

Thank-you

Jan Persson
Jan Persson, TOK, LIO

A VOICE FOR THE BUSH

By Glen Marunde, Tok kResident

"It's Government for rabbits"

Testimony for HB 133

Two of Alaska's most respected elder statesmen, both of whom played important roles in the framing of Alaska's State Constitution, are on record as opposing the formation of large boroughs in the Unorganized Borough.

Elder statesman, Judge Thomas Stewart, now living in Juneau, was the chief organizer of the original constitutional convention. Judge Stewart served as the secretary of the convention.

On February 13 and 14, 1996 The Local Boundary Commission hosted a seminar entitled "A Review of the Local Government Article of Alaska's Constitution Forty Years after it was Written" The seminar took place in Juneau. Judge Stewart was invited to participate as an expert on the Local Government Article X of the Alaska Constitution.

Here are Judge Stewart's comments quoted from a transcription of the meeting. Near the end of the meeting, Judge Stewart said, "My strong thought is that the Legislature, the Governor, and the Department and the Commission have failed to give weight to that word (local). And too many of the boroughs that have been formed are regional in nature, and in my judgement never should have been. If there are taxable properties out there like Prudhoe Bay, they should have been in an unorganized borough administered by the State. Barrow has no business managing Prudhoe Bay ----that they never used. It's regional in my judgement. And you should confine the boundries down to the land surface that the local people have traditionally used that have those characteristics of population, geography, economy, transportation that are local. The word "local" has not been adequately recognized."

Bob Hicks "You say the word "local" for boroughs should be very, very small equivalent of a small county, shouldn't be that expansive?"

Judge Stewart, "Absolutely!"

Alaskan elder statesman, Lt. Gov Jack Coghill, in a recent interview with

"A Voice for the Bush" commented on SCR-12, the bill that could force a layer of unwanted and unneeded borough government on citizens of the Unorganized Borough, without the vote of any person answerable to an electorate.

Lt. Gov Coghill, who was a framer for our constitution said, " We wanted to be sure that the power to form government was in the people, not the Legislature. It is unconstitutional for the Legislature or the Local Boundary Commission to impose a government on anyone. Just read Article 1, Section 2 of our State Constitution. It's all right there!"

Here's what Article 1, section 2 says, "All political power is inherent in the people. All government originates with the people, is founded upon their will only, and is instituted solely for the good of the people as a whole."

Coghill stressed that framers intended no timetable what-so-ever for the establishment of local governments. He said that the framers thought there would be areas of unorganized borough forever. That is why the framers gave the Legislature the power to act as an assembly for the Unorganized Borough. They did not want an unnecessary layer of regional governments on top of local governments.

Coghill also explained that when the framers gave authority to the Local Boundary Commission to study boundary changes and make recommendations to the Legislature that could become law without a vote of the Legislature they intended this third party authority to be used only to resolve boundary disputes involving annexations, detachments, and other disputes between existing local governments. The framers never intended for the Local Boundary Commission to use this authority to establish or force new local governments on the residents of the unorganized borough.

Like Judge Thomas Stewart, Coghill thinks some of the existing boroughs are far too large and are really regional, not local, in nature.

Lt. Gov Coghill summed up his feeling about large, unnecessary boroughs in just four words when he said, "It's government for rabbits."

Glen Marunde
Box 192 Tok, Alaska 99750
March 2 - 2005

Testimony for HB 133

JUST HOW ORGANIZED IS THE UNORGANIZED BOROUGH??

My name is Glen Marunde and I am a 44 year resident of Tok. My wife, Dorothy, and I have raised 5 children in Alaska. I earn my living as an electrical and mechanical contractor.

There are 148 cities in Alaska. These are cities with state charters, formed in accord with Alaska statute. In the organized borough there are 7 home rule cities, 7 first class cities and 34 second class cities for a total of 48 cities.

In the unorganized borough there are 5 home rule cities, 13 first class cities, and 80 second class cities for a total of 98.

Most Alaskans are surprised to learn that there are nearly twice as many cities in the unorganized borough as there are in the organized borough. In truth there already is a lot of local government in the Unorganized Borough!!

Unfortunately there exists a small group of politicians who want to force a layer of unwanted and unneeded government on large, sparsely populated areas of the Unorganized Borough by mandatory annexation and/or the mandatory creation of new boroughs ---even if those Alaskans who live in these areas do not vote in favor of such government.

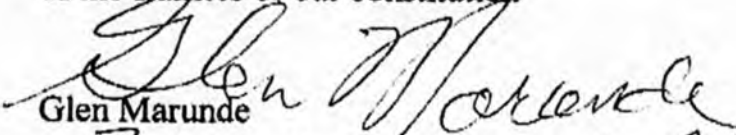
The sad thing is that these politicians are not promoting borough government because it is the best and most logical government for communities in the bush. City government, not borough is the closest to the people. These bureaucracy-loving politicians are using mandatory boroughs as a vehicle to tax the bush with nary a concern for what is best, most effective, and most efficient.

Let's assume for a minute that those who want a wall-to-wall layer of government achieve their goal and all of the model boroughs become legal boroughs. This would mean that all 98 cities in what is now the Unorganized Borough would be saddled with three (the most possible) layers of government with taxing authority overnight. They would be subject to state, borough, and city taxing authority and regulation. The establishment of this unneeded layer of government would be in direct conflict with state constitution.

Article X, section 1 which says, "The purpose of this article is to provide for maximum local self government with a minimum number of local government units and to prevent duplication of tax-levying jurisdictions

The large number of cities in the Unorganized Borough and the ongoing activities to form new boroughs stands as proof the Article X is working as the framers of our constitution intended. C'mon you politicians, It ain't broke so please don't fix it!

I testify in favor of passage of HB133 I believe this bill clarifies the intent of the framers of our constitution


Glen Marunde
Box 192, Tok, Ak 99780
March 2 - 2005

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SSHB 133
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
 Title Local Boundary Commission RDU Comm Assist & Ec Dev (405)
Regs & Powers Component Community Advocacy
 Sponsor Coghill, Harris, Salmon
 Requester House Community & Regional Affairs Component No. 2703

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
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--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation amends certain powers of the Local Boundary Commission established in Title 29 and Title 44. This legislation has no fiscal impact on the operations of the division.

Prepared by: Athena Logan, Local Government Specialist Phone 269-4540
 Division: Community Advocacy Date/Time 2/23/05 2:37 PM
 Approved by: Edgar Blatchford, Commissioner Date 2/23/2005
 Agency: Commerce, Community, and Economic Development

Konrad Jackson

From: Sharon Tyone [crm@alaska.net]
Sent: Friday, February 25, 2005 6:07 AM
To: Rep. Kurt Olson
Subject: SSHB 133

Rep. Olson

HB 133 needs amended to allow an immediate vote by residents of already incorporated areas to dissolve. That would put all residents of the state on equal footing.

C.R.Mott

47910 West Poppy

Soldotna crm@alaska.net

PRESIDENT EGAN: If there is no objection.

HURLEY: One of general intent. Is my idea correct that no organized borough will become effectuated without the voice of the people within the area?

PRESIDENT EGAN: Would you care to comment on that, Mr. Fischer?

V. FISCHER: The answer, I think, would be "no". The borough, as visualized here, is even more than just a unit of local government. It is also a unit for carrying out what otherwise are carried out as state functions; and when a certain area reaches a position where it can support certain services and act in its own behalf, it should take on the burden of its own

government. As was explained earlier today, we don't actually visualize that the state will force boroughs to organize, since we feel that they should be set up on such a basis that there will be enough inducement for each one to organize. However, just as you have in school districts, the legislature has granted power to, I think, the board of education to incorporate school districts when they reach a certain minimum population so that they would assume their own load.

PRESIDENT EGAN: Does that answer your question, Mr. Hurley.

HURLEY: Yes.

PRESIDENT EGAN: Are there other questions at this time, or are there other amendments to Section 15? Mr. Hinckel.

HINCKEL: I'd like to ask a question, if I may.

PRESIDENT EGAN: If there is no objection, Mr. Hinckel.

HINCKEL: In line with Mr. Hurley's question, I am again now confused, because I thought that I understood, but now I'm afraid that I do not, after Mr. Fischer's answer. If he had said that the answer was that the people would have the right to decide, why then I would have felt that I knew what was going on. My interpretation was that, up until such time as the borough adopted a charter, that they would operate under rules that would be set up by the legislature, and at the time that they decided to organize, why they would then adopt a charter, and that the people would, at that time, accept the charter by some sort of a referendum or something like that. Am I completely confused now, or --

V. FISCHER: No. I might not have made my answer completely clear.* The legislature would have the authority to establish an organized borough. When it comes to adopting a charter, that is something that is up to the people. A borough does not have to adopt a home rule charter.

HINCKEL: Up until the time they do, though, they will operate under some sort of regulations that are set up by the state?

V. FISCHER: Under the general law of the state.

HINCKEL: But you would call that an organized borough?

V. FISCHER: Yes, and I might say that the legislature may very well see fit to provide that before a borough could be organized, that the people do approve it by referendum. The question

I was answering was whether we were definitely setting it up on a voluntary basis. But we're not. We're * leaving it to the legislature whether a referendum will or will not be required.

PRESIDENT EGAN: Mr. Ralph Rivers.

R. RIVERS: I yield to Mr. Johnson.

JOHNSON: I just wanted to follow that out a little bit, and ask Mr. Fischer why it was that the referendum idea was used only in the charter portion of the act -- the proposed charter and borough?

V. FISCHER: Well, as I tried to explain, there is some question as to whether or not the state would want to force the organization of a borough. There are reasons that the state may have for organizing a borough. However, when it comes to adoption of a charter, the people, in other words, set up their own form of local government at that time. I mean, they prescribe the rules, etc. That is something that is not of direct state concern, whereas, the organization of the borough, in the first place, would be, and so that is left up completely to the people, by referendum.

PRESIDENT EGAN: Mr. Ralph Rivers.

R. RIVERS: Mr. President, this was on a point of clarification. Mr. Fischer said that until a charter was granted, that they would operate under the laws or regulations promulgated by the legislature. That was the general intent, I believe, and I'd like to ask you, Mr. Fischer, if the legislature may not deal with an organized borough, and delegate taxing powers, and other powers, to an organized borough or city which has not applied for a charter?

V. FISCHER: Yes. Certainly.

R. RIVERS: Well, that's the point I wanted to make clear.

PRESIDENT EGAN: Mr. Hurley.

HURLEY: If someone else wants to speak, I've talked too much.

PRESIDENT EGAN: Mr. Metcalf.

METCALF: I'd like to ask a question. Did I understand Mr. Fischer, that the proposition of whether an area should organize itself into a borough is put before the people. Is that right? Or whether they vote "yes" or "no"?

V. FISCHER: It may or may not be, as the legislature sees fit.

METCALF: In case it should be -- legislature should see fit to let it out on referendum basis, I wonder if they would know how many representatives the rural areas will have on the assembly, and how many representatives the cities will have on the assembly?

V. FISCHER: Well, I'm sure that the organization of boroughs would be prescribed by general law before they start organizing the boroughs. They would have to have the system prescribed previously, so the people would know what the borough would be.

METCALF: Well, I'm wondering, again, supposing a borough should get into a tight fix, or should buy

something it wouldn't like? Is there a way to appeal to get out of the fix?

V. FISCHER: That again is left up to the legislature.

PRESIDENT EGAN: Mr. Kilcher has been attempting to get the floor. Mr. Kilcher.

KILCHER: Mr. Fischer, if I may ask you a question, this charter which the people of an unorganized borough may ask to have applied to them, will they set up the charter themselves, with due assistance, legal or common assistance?

V. FISCHER: Yes.

KILCHER: Are there any standards set for that charter? Could you envisage these charters to change greatly from borough to borough, and yet be acceptable to the legislature?

V. FISCHER: The home rule charter could be quite different from borough to borough. I think that, for instance, the form of their administration may differ. Some may want a borough manager -- like a city manager form of government. Others may want to have the equivalent of a mayor as the chief executive. So, there could be various differences.

PRESIDENT EGAN: Mr. Kilcher.

KILCHER: Mr. Fischer, when I think of local self-government, I do not think of it mainly in terms of the executive, I think of it largely in terms of legislative and policing powers, too. In other words, two local self-governments. Now, do you assume that the state executive government and the legislature will be willing or reluctant to delegate their powers to boroughs, or do the boroughs have certain demands that they can make?

Constitutional demands? I would like to see something in the constitution that they may ask -- not be given. In other words, the Section 15 creates in my mind, and some others, that this borough -- this unorganized borough is also a well-domesticated borough. You said a while ago that you should be willing to take the burden. I begin to see now why the word "borough" may be a very good one. Now, you talked about inducements a while ago, inducements dangled in front of the borough. I'm not worried about what inducements -- how I might be induced of doing a thing. I would like to know what rights the borough might have.

PRESIDENT EGAN: Mr. Fischer.

V. FISCHER: I can see why you're putting your question in the way you do, since you're a coauthor of an amendment to change the name of this unit; but to answer your question, no right that the people within the borough would have would be beyond the reach of the legislature by general law. The legislature could deny the exercise of any right just as they can deny today within cities or any place else. However, unless the legislature denies a specific right, it will belong to the people within the borough.

KILCHER: Could you admit us more self-government, not in the administrative sense, but in terms of participation, in form of referendum, etc? To give you an example, Mr. Fischer, I'm living in a PUD, and dissatisfaction has been generally expressed with the Territorial PUD Act in my area; and some of the people down there, during the Christmas recess, had voiced the fear that the borough may be some sort of a super PUD with ramifications, more or less, but inasmuch as they are dissatisfied with the lack of

CHIEF CLERK: "Section 6, page 3, line 9, delete the comma, insert a period and strike the balance of the section."

PRESIDENT EGAN: What is your pleasure, Mr. Hurley?

HURLEY: I move the adoption of the amendment.

PRESIDENT EGAN: Mr. Hurley moves the adoption of the amendment. Is there a second to the motion?

MCNEALY: I will second the motion.

PRESIDENT EGAN: Mr. McNealy seconds the motion. Mr. Hurley.

HURLEY: Mr. President, I realize that this section is, to a large extent, of a recommending nature rather than a directive nature, but yet I feel it could be construed as a directive, and a limitation on the functions of the borough assembly. I also recognize that we have a problem presently in the Territory in the matter of making it desirable for cities to incorporate and to take in suburban areas into their incorporated area, but I think what seems to be a relatively unimportant amendment goes to the basis of this whole concept that is being brought forward here on the matter of local government. The very fact that we previously had an amendment concerning the school districts indicates to me that the question is one of deciding where the relative powers of this borough are going to be. I think the whole article is fairly inconsistent in its acceptance of cities themselves. In other words, they have agreed that it is undesirable to have school districts separately organized; it is undesirable to have public utilities separately organized as taxing units; it is undesirable to have various other districts; yet they say it is desirable to have cities. They go further and provide in this section that in the event an area needs a particular public service that it shall not have it if it can meet the qualifications of incorporating as a city. I think it tends to destroy the desirable, in my mind, function of the borough to govern the area in the most desirable manner. I think it sets up a stumbling block. Now I can recognize that those people that have had problems of city incorporation are going to be very suspicious of this amendment, but I submit by leaving these words in we are, in effect, putting a stumbling block in front of the effective operation of our borough government. I also submit that there is nothing in my mind that a service area within the borough cannot do that a city can do, so, in fact in my mind a city is no more than an organized service area, and I think if we make it possible to, over the years, lose our old-fashioned concept of the city, we will eventually be better off. Now, the adoption of this small amendment is not going to accomplish all that, but in my opinion it is going to remove a possible stumbling block to more efficient administration of borough affairs and I hope that you will see fit to adopt the amendment.

PRESIDENT EGAN: Is there further discussion of the proposed amendment? Mr. McNealy.

MCNEALY: Mr. President, I had the same amendment written out, and being a little slow, I appreciated the fact that Mr. Hurley has submitted this amendment, and I feel obliged to speak on this particular subject, taking it in conjunction with Section 1 of the article to which this particular section refers to. Now, contrary to statements that have been made on the floor about all of the elected representatives to the legislature being from within the city of Fairbanks, I reside outside of the city of Fairbanks and I also, I believe, on two occasions, however, voted in the area in which I live to become annexed to the city, and in both cases it was voted down, so when I speak I don't speak from a personal standpoint, but my thought in regard to this is I have seen this happen before. Bills have been offered in the legislature in an attempt to force annexation. There has been a continuous movement in the Territory over the years. I remember years ago being on the school board down at Seldovia and we were told if we did not

incorporate the town they were going to take the high school away. Incidentally, we incorporated the town and in that instance it did not do any harm, according to the latest reports that I have. I see in this, written in here, a way of at least a backdoor attempt of forcing cities, small areas, to either incorporate or forcing areas to become annexed to the city, because under the borough system of government here, the county system or what you will, we state in the first paragraph that the liberal construction shall be given to the power of local government; and reading that in conjunction with this particular section here, it is going to give the assembly, certainly, the right to construe this paragraph here that they have, say that an area outside the city, for example, if it is necessary to have the health district to protect not only the health outside the city but inside the city, and they want to reach out and encompass this area outside the city and they can use that as a whip to hold over the people in this outlying area, and say if you don't become annexed and come into part of the city the assembly is not going to give you this service here. You may be paying taxes out here but you are not going to get anything because this is a simple way to do it and bring you within the city. Or they can go to a small community, say within 10 miles of the city, if that is within this prescribed area, and the assembly can say we are giving you nothing out here because the better way for you to be is to set up a small corporation out here. I think we all know a lot of these small incorporations don't work out because there isn't the money there for the taxation in that particular area to support a small town. I feel on this. I could talk on it possibly for an hour. I remember speaking on it in the legislature. I am not going to take up the time. I am glad Mr. Hurley advanced this here because of the fact that we should consider that the areas outside the city should not be controlled and dominated by a larger group of people within the city. I believe the American way of life gives us the right to incorporate if we want to; to become annexed to a city if we want to; or if we don't want to, to maintain the status quo where the only ones that are actually affected by it to a great extent are those outside the city itself.

PRESIDENT EGAN: Mr. Marston.

MARSTON: Mr. President, I have experience along that same line that has just been presented here, and the area where I live we tried twice to get into the city and some people opposed it and we did not get in and now there is a group that have felt they have been forced, coerced by the bigger body and they have backed up on it. You can't coerce people or groups to come in. It is wrong to try to hold it over the outlying districts, a threat, because they will not come in by a threat. When it is advantageous to come in they will come in, and if this is a threat over them, I'm going to be for the amendment.

PRESIDENT EGAN: Mr. Rosswog.

ROSSWOG: Mr. Chairman, I might speak for the Committee on this section; it is just as the Committee feels, and they may vote as they choose. Our main intention was to try not to have a lot of separate little districts set up, you know, handling only one problem and try to combine them.

PRESIDENT EGAN: Mr. Victor Rivers.

V. RIVERS: Mr. Chairman, on this section, the thinking of the Committee, as I interpret it, was that you will notice in this section there is no limitation on taxes in the amounts of assessed evaluation or the amounts of rates, and we had visualized a situation where a city had grown up with certain services, where there was a fringe area that needed certain services, but not all of the services, so the fringe area could annex the city on a differential taxation basis for such services it may desire, such as a fire protection for one. It was also visualized that out in an area where a service area had enough functions, where it stood by itself, where it got big enough to incorporate as a city under this section, it could then do so. There was no intent or thought in the Committee's mind that there was any possibility of putting pressure on to get them to do certain things. The thought was it would still be their own choice and selection as to whether or not they would be better served by entering a fringe area as a suburban area

KILCHER: Objection.

PRESIDENT EGAN: Objection is heard. Is there a second to the motion?

R. RIVERS: I second the motion.

PRESIDENT EGAN: Mr. Ralph Rivers seconds the motion. The motion is open for discussion. Mr. Kilcher.

KILCHER: I would like to have the Committee explain its change in its stand.

PRESIDENT EGAN: Mr. Rosswog, would you care to explain?

ROSSWOG: I think it was in the discussion yesterday, Mr. Chairman, and it was felt that by asking for a boundary commission which we thought was very necessary in establishing your local government boundaries that it should be under some branch of the government and it should necessarily be under the executive branch.

PRESIDENT EGAN: Is there still objection?

KILCHER: No.

TAYLOR: May I ask a question? Mr. Rosswog, is that local boundaries commission, is that a commission organized in each borough?

ROSSWOG: No.

TAYLOR: A state commission?

ROSSWOG: It would be statewide because you could not leave it just to the local unit to set up its own boundaries. There should be some supervision or someone setting them up.

TAYLOR: Then one other question, in line 22, the article says, "The commission may consider any proposed boundary." That would necessarily imply that that is a proposed borough boundary, is that right?

ROSSWOG: There is an amendment in local government.

PRESIDENT EGAN: Mr. Cooper.

COOPER: I would like to ask the Committee a question. Does this commission in the executive branch that they have pointed out now, was there consideration given to the fact that that could be an additional duty of the apportionment board?

ROSSWOG: Yes.

COOPER: And that is what you have in mind?

ROSSWOG: Yes, we have in mind that it could be combined with some other --

COOPER: Yes. Then, would the words, "The legislature shall establish" -- would that have anything to do with it because the apportionment board now would be established by the governor?

ROSSWOG: My belief is that they could designate the same board if they wished or one might be appointed by the governor.

PRESIDENT EGAN: Mr. Ralph Rivers.

R. RIVERS: Mr. President, I would like to ask a question of Mr. Rosswog.

PRESIDENT EGAN: If there is no objection, you may ask your question.

R. RIVERS: The way this would read that "The legislature shall establish a local boundary commission in the executive branch and regulate its activities." It sounds as though the commission is going to regulate the activities of the executive branch. What you should say is, "The legislature shall establish within the executive branch a local boundary commission." So, I would ask you if there is any objection to changing your language over to the front of line 20 instead of where it is now and saying "within the executive branch".

HELLENTHAL: What is wrong with having the executive control the executive?

COOPER: May we have a one-minute recess?

PRESIDENT EGAN: If there is no objection, the Convention will have a one-minute recess.

RECESS

PRESIDENT EGAN: The Convention will come to order. Mr. Cooper.

COOPER: Mr. President, I would like to ask for the floor on a point of personal privilege.

PRESIDENT EGAN: If there is no objection, Mr. Cooper, you may have the floor on a point of personal privilege.

(Mr. Cooper spoke on a matter of personal privilege.)

PRESIDENT EGAN: Are there amendments for Section 9 or 10? Sections 11 or 12? Do you have an amendment for Section 12?

CHIEF CLERK: It has not been acted on yet.

PRESIDENT EGAN: Mr. Rosswog.

ROSSWOG: Mr. Chairman, I think I can safely say that the question brought up by Mr. Rivers can be handled by Style and Drafting.

R. RIVERS: I so consent.

PRESIDENT EGAN: Mr. White.

WHITE: I want to ask a question of the Committee. In answer to a previous question, I believe you stated that the Committee took into account that this could become a part of the apportionment board set up in another article. I was wondering if the use of the word "commission" here would preclude that. In the apportionment article it says, "There shall be a nonpartisan board of reapportionment."

PRESIDENT EGAN: Mr. Rosswog.

ROSSWOG: Mr. Chairman, I believe that it would not stop them from being the same commission, but I did not think at this time that we should tie them up together, forcing them to be the same board. It should be left to a decision at the time because this local boundary question will be a very controversial question and will need a lot of study to set it up, and even with these words they could be grouped together if it was found necessary.

WHITE: Mr. President, in the resources article we had quite a discussion on the difference between a commission and other types of regulatory boards, and it occurred to me that using the word "commission" here means something entirely different than using the word "board". I didn't mean to suggest that they be forced to be one and the same.

PRESIDENT EGAN: Is there further discussion on the proposed amendment?

UNIDENTIFIED DELEGATE: Question.

PRESIDENT EGAN: Would the Chief Clerk please read the amendment.

CHIEF CLERK: "Page 4, lines 20 and 21, Section 12, insert the words 'in the executive branch' after the word 'commission'."

PRESIDENT EGAN: The question is, "Shall the proposed committee amendment be adopted by the Convention?" All those in favor of adopting the proposed amendment will signify by saying "aye", all opposed by saying "no". The "ayes" have it and the proposed amendment is ordered adopted. The Convention will come to order. Mr. White.

WHITE: Mr. President, I haven't had time to write this out but I have an amendment to Section 12, line 20, after the word "commission" insert "or board".

HELLENTHAL: Do you ask unanimous consent?

WHITE: I ask unanimous consent.

PRESIDENT EGAN: Unanimous consent is asked for the adoption of the amendment. Would the Chief Clerk please read the proposed amendment?

CHIEF CLERK: "Line 20, page 4, after the word 'commission' insert the words 'or board'."

PRESIDENT EGAN: Is there objection? Mr. Nerland.

NERLAND: Mr. White, would you also include that same wording on line 21?

WHITE: Yes, I certainly would.

PRESIDENT EGAN: If there is no objection that will become a part of the amendment. Is there objection to the unanimous consent request for the adoption of the proposed amendment?

TAYLOR: I object.

PRESIDENT EGAN: Objection is heard. Do you so move.

WHITE: I so move.

PRESIDENT EGAN: Mr. White so moves

COOPER: I second the motion.

PRESIDENT EGAN: Mr. Cooper seconds the motion. The motion is open for discussion. Mr. Coghill.

COGHILL: Mr. Chairman, I believe the motion should also be extended to the word "commission" on the following page, page 5, line 3.

PRESIDENT EGAN: Is that acceptable to the maker of the proposed amendment?

WHITE: It is acceptable.

PRESIDENT EGAN: Is there objection? Hearing none that will become a part of the proposed amendment. Mr. Kilcher.

KILCHER: May I ask a question? Would you think a commission or board could also be called an agency?

PRESIDENT EGAN: Mr. Victor Rivers.

V. RIVERS: I think the word "agency" would cover all types of boards, commissions, boroughs and other things.

KILCHER: I would like to ask Mr. White, in that case, if you might not substitute both for "commission" and board [the word] "agency", because in Section 14 we have also provision for an agency in the executive, which may well end by being the same agency.

PRESIDENT EGAN: Mr. White.

WHITE: Mr. President, in answer to your question, this is as far as I intended to go, Mr. Kilcher, merely because the Committee said that they took into consideration that this organization might be combined with the apportionment board, and the word used in the apportionment article is "board".

PRESIDENT EGAN: Would the Chief Clerk please read the proposed amendment as it is before us at the present time.

CHIEF CLERK: "Section 12, page 4, lines 20 and 21, page 5, line 3, insert the words 'or board' after the word 'commission'."

PRESIDENT EGAN: The question is, "Shall the proposed amendment as offered by Mr. White be

adopted by the Convention?" All those in favor of adopting the proposed amendment will signify by saying "aye", all opposed by saying "no". The "ayes" have it and the proposed amendment is ordered adopted. Mr. Hinckel.

HINCKEL: May I ask another question?

PRESIDENT EGAN: You may ask your question if there is no objection, Mr. Hinckel.

HINCKEL: Did I overlook a discussion on how this legislature was going to regulate this executive branch board or has that been answered?

PRESIDENT EGAN: Could the Committee answer that question?

HINCKEL: I thought there were two separate branches.

PRESIDENT EGAN: Mr. Victor Rivers.

V. RIVERS: The way it reads the legislature would establish it; it would be contained within the executive; and the legislature would regulate it; but the intent was, and I speak for the whole board, the intent was that the legislature would establish such a board or commission by law and it would function and lie within the executive department to more or less direct and regulate its activities. That was the intent. I can see here, as I saw it before you mentioned it, the dual possible interpretation, and I hope that this will be noted for the benefit of Style and Drafting Committee.

PRESIDENT EGAN: Are there other amendments to Section 12.

HURLEY: I have one.

PRESIDENT EGAN: The Chief Clerk may read the proposed amendment by Mr. Hurley.

CHIEF CLERK: "Section 12, line 25, page 4, strike the words 'at the end of' and line 1, page 5, strike 'the session unless disapproved,' and insert therefor the words 'when approved'."

HURLEY: I move the adoption of the amendment.

PRESIDENT EGAN: Mr. Hurley moves the adoption of the proposed amendment. Is there a second to the motion?

RILEY: I second the motion.

PRESIDENT EGAN: Mr. Riley seconds the motion. Is there discussion of the proposed amendment? Mr. Hurley.

HURLEY: Mr. President, I detect a sleepy feeling on some of the parts of the delegates on this matter, but I think this is a crucial one and one of which I recognize there are good arguments on both sides, but I feel that I should bring the amendment before the group to determine what the feeling of the group is. There is a very distinct difference between the wording as it was before and the wording as it is now. At least, I intend that there be a distinct difference. The wording as it was before was a self-executing proposition where the board made a recommendation and if the legislature didn't by resolution accept it, it became law. Now, I am reactionary enough, I guess, to think that is kind of a bad thing. I can

LEGAL SERVICES

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

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

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

MEMORANDUM

February 28, 2005

SUBJECT: Local Boundary Commission procedures (SSHB 133)

TO: Representative Kurt Olson,
Co-chair, House Community and Regional Affairs Committee
Attn: Eleanor Wolfe

FROM: Tamara Brandt Cook
Director

You ask me to identify constitutional issues raised by SSHB 133.

Sec. 1. This prevents the Local Boundary Commission (LBC) from amending or conditioning an incorporation petition. This provision appears to be within the power of the legislature to adopt under Art. X, secs. 3 and 7 of the state constitution. Sec. 3 provides that methods for organizing boroughs "shall be prescribed by law." Sec. 7 provides that the manner for incorporating cities is "prescribed by law."

Sec. 2. This requires a public hearing and voter approval in an area proposed for borough incorporation before the LBC may submit the incorporation proposal to the legislature under Art. X, sec. 12. While Art. X, sec. 12 is worded broadly and permits the LBC to consider "any proposed local government boundary change," the authority of the LBC to present a borough incorporation to the legislature under this constitutional section has not been tested in court. If the court ultimately concludes that the LBC does have independent constitutional authority to present a proposed borough incorporation to the legislature under sec. 12, it is quite possible that the court will find that the legislature cannot condition that authority on voter approval of that incorporation. The court has noted generally that the power granted to the LBC under the state constitution is precisely to ensure state level decisions are made with respect to local boundaries rather than local decisions. (Port Valdez Co. v. City of Valdez, 522 P.2d 1147 (Alaska 1974); City of Douglas v. City and Borough of Juneau, 484 P.2d 1040 (Alaska 1974)) In addition, the legislature has a remedy if it disagrees with a LBC proposal. Under sec. 12 it may reject that proposal, and this rejection is not subject to veto or appeal.

Sec. 3. This makes the standards and procedures adopted by the LBC for various municipal changes subject to standards and procedures for those changes that have been adopted by law. This provision appears to be consistent with Art. X, sec. 12 to the extent it applies to local action changes. The last sentence of that section states, "The commission or board [LBC], subject to law, may establish procedures whereby

Representative Kurt Olson
February 28, 2005
Page 2

boundaries may be adjusted by local action." It is unlikely that this provision of statute, if enacted, would apply to restrict procedures for proposed boundary changes the LBC submits to the legislature under the independent constitutional authority contained in sec. 12. If the LBC may present a proposed borough incorporation under sec. 12, the proposed borough must satisfy standards "provided by law," including those enumerated in Art. X, sec. 3.

Sec. 4. The applicability section contains the same issues raised in the other sections of the bill.

TBC:med
05-131.med

ALASKA STATE HOUSE OF REPRESENTATIVES

Interim Address:
3340 Badger Road
North Pole, AK 99705
(907)-488-5725
Fax# (907)-488-4271



Session Contact:
(907)-465-3719
FAX# (907)-465-3258
State Capitol
Room 204

REPRESENTATIVE JOHN COGHILL

HB 133 Local Boundary Commission SPONSOR STATEMENT

Sponsor Substitute for House Bill 133 makes three changes in the way the Local Boundary Commission deals with municipal incorporation, annexation, detachment, merger, consolidation, reclassification, and dissolution.

This legislation protects the voters' right to incorporate, outline the boundaries, and select the levels of service. The Local Boundary Commission will no longer be able to amend the petition or impose conditions on the incorporation.

Also we will add a provision that requires at least one public meeting and voter approval by a majority of the votes cast in an election before the Local Boundary Commission can take a proposal directly to the legislature.

Finally, AS 29.06.040(c)(1) requires a proposed annexation to be approved by a **"majority of the votes on the question cast by voters residing in the area proposed to be annexed"**. The Local Boundary Commission has a regulation that expands that requirement to "an aggregate vote of the people in the borough and the people in the area to be annexed." This is a requirement above and beyond what the legislature had in mind and dilutes the voting rights of those voters in the area to be annexed.

This legislation is about fairness, preserving a representative form of government, and making sure that laws implemented by non-elected servants of government through regulation do not extend beyond the laws implemented by elected legislators.

Prepared Remarks to the Alaska State House Committee on Community and Regional Affairs

**Bob Hicks, -Vice-Chair, Local Boundary Commission
February 24, 2005**

Regarding Sponsor Substitute for House Bill Number 133

Thank you Mr. Chairman and members of the Committee;

Commissioner Hargraves referred to me in the present tense as an attorney who specializes in municipal law. I like to characterize myself as "a recovering lawyer." I left that 30-year career in 2001, and now I enjoy a much more physical and exciting life as the dive officer for the Alaska SeaLife Center here in Seward. I spend my days now trying to convince lawyer colleagues that there really is life after the law.

But every once in awhile, we recovering lawyers suffer lapses, so I hope you'll please forgive me for talking law for a few minutes today.

Let me first say that SSHB 133 is certainly a radical swing from prior Legislatures.

Five of the seven of you on this Committee come from Boroughs that were mandated by an Act of the Legislature in 1963: Kenai Peninsula, Greater Anchorage, Kodiak Island, Matanuska-Susitna Valleys, Greater Ketchikan, Greater Juneau, Greater Sitka and Greater Fairbanks.

Your constituents pay local property taxes. Your constituents are required to pony-up a substantial contribution to local public education costs in your region.

I presume that, in representing your constituents, you want to spread their tax burden equitably and fairly around the state. I also presume that, in representing your constituents, you want to increase their State subsidy of public education wherever possible, both to improve their local education and to reduce their tax burden.

If that is your mindset, then you should vote against passing SSHB 133 out of Committee.

But I think there is a more noble reason to vote against SSHB 133. This Bill is a patently unlawful attempt to change the Alaska Constitution by statute. It is a figurative slap in the face for the Framers of our Constitution, who devoted many months and much hard study to the development of standards and procedures for local governments. If there are going to be any changes to that work effort, there should be much more thought and deliberation put into that process than what we see in SSHB 133.

Section 1 of SSHB 133 prohibits the Local Boundary Commission from amending or imposing conditions on a petition to incorporate a city government or a borough government.

If that were the law, then why would the LBC ever even hold a public hearing on a petition? Under the provisions of this Section, no matter what the citizens might suggest as a needed change in the new corporation, the LBC could not make that change – howsoever small it might be. The petitioner prevails – all or nothing – and every respondent with constructive changes goes unheard. There is not even a shadow of democracy in such a process.

By contrast, let's look at the scenario created by the Framers of our Constitution:

Article X, Section 12 says, very clearly and very simply, "The commission or board may consider any proposed local government boundary change."

SSHB 133 would purport to change this constitutional provision to read, instead, "The commission ... may consider only the proposed local boundary change in the petition, and nothing more or less, and nothing different."

I submit to you that such a change is totally contrary to the intent of the Delegates to the Alaska Constitutional Convention, as reflected in their Minutes: and that such a change flies in the face of the plain English meaning of Article X, Section 12 of the Constitution that we are all sworn to uphold.

Section 2 of SSHB 133 says that the Local Boundary Commission cannot submit a proposed incorporation of a borough for legislative review unless voters in the proposed area have first approved that corporation.

Why bother to submit the incorporation to the Legislature for review, if the local voters have already approved it?

SSHB 133 purports to totally gut the constitutional concept of two distinct methods for boundary changes: "legislative review" and "local action."

By contrast, Article X, Section 12 provides a very specific procedure for legislative review of a proposed change, and it conspicuously does not say that this procedure can be changed by law.

Article X, Section 12 then provides a very general statement, that the Commission can establish procedures for local action elections – which pointedly are "subject to law."

Where the Constitution describes a very specific procedure for legislative review, and pointedly does not authorize that procedure to be changed by law, and where the Constitution then authorizes a local action process that specifically is subject to legislation, SSHB 133 cannot gut the first process by superimposing upon it the second process. No legislation can change our Constitution.

If SSHB 133 was enacted as written, and if statutes could change our revered Alaska Constitution, then SSHB 133 amends Article X, Section 12 to read, in effect:

“The Commission may no longer consider “any” proposed change, but shall consider only the exact boundary change described in a petition, without regard for glaring errors and omissions, and without regard for the advise and opinions of anyone else in the affected community. Local action and legislative review are hereby merged as one procedure. The Commission may not present proposed changes to the legislature during the first ten days of any legislative session, unless the proposed changes have first been approved by the voters in the affected area.”

This Bill says to your constituents in boroughs, the Alaska Legislature is going to obstruct and delay any effort to equalize your tax burden with contributions from similarly populated areas of the Unorganized Borough.

There is a lawful process, for changing standards and procedures in our Constitution. But SSHB 133 is not the way to do it. This Bill throws to the wind months of study and contemplation by the Framers of our Constitution. This Bill attempts to change our Constitution by legislative fiat.

I submit to you, that SSHB 133 is patently unconstitutional, and I trust and believe that no self-respecting member of the Alaska Bar will tell you otherwise.

Prepared Remarks to the Alaska State House Committee on Community and Regional Affairs

**Darroll Hargraves, Chair, Local Boundary Commission
February 24, 2005**

Regarding Sponsor Substitute for House Bill Number 133

Thank you Mr. Chairman, members of the Committee. For the record, my name is Darroll Hargraves; I serve as Chair of the Alaska Local Boundary Commission. I am testifying this morning from Dillingham.

Also participating by teleconference this morning is Bob Hicks, Vice-Chair of the Local Boundary Commission. Commissioner Hicks is an attorney who has practiced law in Alaska for more than three decades. He specializes in municipal law. During his distinguished career, Commissioner Hicks frequently represented municipalities regarding matters involving the Local Boundary Commission.

I am going to address policy concerns regarding HB 133. Following my testimony, Mr. Chairman, I will ask that you allow Commissioner Hicks to briefly address additional concerns regarding the legislation.

The Department of Commerce, Community, and Economic Development, which serves as staff to the LBC, has prepared a bill analysis setting out the effects of the bill. Dan Bockhorst, representing that agency, is available at the Anchorage teleconference site to answer questions. I have asked Mr. Bockhorst to provide a copy of my prepared remarks to the staff of the Community and Regional Affairs Committee.

As noted in the bill analysis, Section 1 of the bill expressly prohibits the LBC from amending and imposing conditions on a petition to incorporate city governments and borough governments. To remove such authority would render the incorporation of city and borough government particularly rigid proceedings. A petition could only be approved or denied.

If there were a fatal error in a proposal – for example, a borough assembly apportionment plan that does not meet the equal representation provisions of the State and U.S. Constitutions – the LBC would have no alternative but to deny the petition. Under existing law, the petitioners would be precluded from resubmitting a substantially similar proposal for two years.

Experience has clearly demonstrated that flexibility is needed in carrying out the duties of the LBC. That is why the legislature has long provided express statutory authority for the Commission to amend and impose conditions for all

Prepared Remarks to the Alaska State House CRA Committee
Darroll Hargraves, Chair, Local Boundary Commission
February 24, 2005
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matters that come before the LBC. That includes proposals for city reclassification and each of the six fundamental boundary changes that come before the LBC (incorporation, annexation, detachment, dissolution, merger, and consolidation).

Section 1 of the bill would impose great obstacles with regard to city and borough incorporation proposals. Additionally, as Commissioner Hicks will discuss shortly, we believe that Section 1 has substantial legal flaws.

Section 2 of the bill would only allow the LBC to submit a legislative review borough incorporation proposal if the voters of the area first approved the proposal.

The framers of Alaska's Constitution expressed a preference for voluntary borough incorporation. The LBC shares that preference. However, those who wrote our Constitution recognized that the State could compel a region to incorporate if that region had the administrative and fiscal capacity to do so, but took no initiative to organize. (*See: Borough Government in Alaska*, Thomas Morehouse and Victor Fischer, p. 61 – 62 (1971).

In 1963, the State Legislature established a clear policy that areas with the capacity to organize must do so. The 1963 Legislature mandated boroughs encompassing eight regions and more than 80 percent of all Alaskans. Voters in those eight regions were given no choice as to whether they would organize.

Nine years later, the State Legislature instituted a similar policy by mandating that every second-class city with at least 400 residents be reclassified, without a vote, to first-class city status. First-class cities in the unorganized borough have the same duties and obligations as boroughs. Thus, the effect of the 1972 Act was similar to the 1963 Mandatory Borough Act.

Section 2 of SSHB 133 represents a clear reversal of the legislative policies of 1963 and 1972. If the Legislature now chooses to annul those long-standing policies, it could generate fundamental questions of fairness among the 84 percent of Alaskans that today live in boroughs that were formed under the 1963 Mandatory Borough Act. The same issue exists with regard to residents of cities in the unorganized borough that were reclassified without voter approval by the 1972 Mandatory City Reclassification Act.

Section 3 of the bill is apparently intended to nullify the aggregate voter method of annexation. That method was established by the LBC under its constitutional authority to "establish procedures whereby boundaries may be adjusted by local action" (Article X, Section 12, Constitution of the State of Alaska) and the

Prepared Remarks to the Alaska State House CRA Committee
Darroll Hargraves, Chair, Local Boundary Commission
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Commission's statutory duty to do so.¹ It is unclear, however, whether Section 3 of the bill actually accomplishes that end.

The aggregate voter method of annexation provides local governments and residents additional tools to seek boundary changes. Some local governments and some local residents prefer that method to others. If that option is eliminated, petitioners will likely rely on the legislative review method of boundary change, which provides for no local vote.

Section 4 of the bill nullifies any proposal pending before the LBC that does not comply with the new terms of this bill. As noted, I have questions whether Section 3 actually accomplishes what it is apparently intended. Moreover, a petition for annexation using the aggregate voter method is currently pending before the LBC. I question whether Section 4 runs afoul of the prohibition in Article I, Section 15 of our Constitution that prohibits the passage of any ex post facto law.

That concludes my prepared remarks. If you have questions, I would be happy to try to address them. Again, Mr. Chairman, I would ask you to allow Commissioner Hicks to address this bill.

¹ AS 29.06.040(c) provides that, "the Local Boundary Commission shall establish procedures for annexation and detachment of territory by municipalities by local action. The procedures established under this subsection must include [but are not limited to] a provision that (1) a proposed annexation and detachment must be approved by a majority of votes on the question cast by voters residing in the area proposed to be annexed or detached; (2) municipally owned property adjoining the municipality may be annexed by ordinance without voter approval; and (3) an area adjoining the municipality may be annexed by ordinance without an election if all property owners and voters in the area petition the governing body."

As reflected in the bracketed text above, AS 01.10.040(b) states, "When the words 'includes' or 'including' are used in a law, they shall be construed as though followed by the phrase 'but not limited to.' "

Article X

state law (see also *Simpson v. Municipality of Anchorage*, 635 P.2d 1197, Alaska Ct. App., 1981; and *City of Valdez v. State*, 793 P.2d 532, 1990).

Conflict or inconsistency of an ordinance with a state law is not necessarily fatal, provided the ordinance deals with a matter of purely local concern rather than statewide concern. Thus, for example, the court upheld the leasing ordinance of a home-rule city against its alleged inconsistency with state law (*Lien v. City of Ketchikan*, 383 P.2d 721, 1963; contrast *Foreman v. Anchorage Equal Rights Commission*, 779 P.2d 1199, 1989; see also *Acevedo v. City of North Pole*, 672 P.2d 130, 1983.)

Article II, Section 19, which prohibits "local and special legislation," protects home-rule and other municipalities from selective intervention in their affairs by the legislature and serves the constitutional objective of providing "maximum self-government."

Section 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.

Through the local boundary commission created in this section, the convention delegates sought a mechanism to bring flexibility and adaptability to local government structures in Alaska. In their view, a major failing of municipal government in the older states was the rigidity of boundaries: city, county, and other jurisdictional lines could not, as a practical matter, be modified to respond to changing governmental needs and opportunities. They wanted to remove boundary decisions from the parochial perspective of local politics. In the words of the local government committee, this scheme allows boundary decisions to be made "at a level where areawide or statewide needs can be taken into account. By placing authority in this third party, arguments for and against boundary change can be analyzed objectively."

The local boundary commission is a five-member body appointed by the governor. It is part of the Department of Community and Economic Development (see AS 44.33.810). The department serves as staff to the commission. The local boundary commission may propose boundary changes, subject to a legislative veto. (See AS 44.33.810-812.)

The term "boundary change" in this section refers to changes in established boundaries such as through annexation and detachment, not to the creation of new cities and boroughs through incorporation. Although the local boundary commission plays a key role in new incorporations, it does so through authority conferred on it by the legislature under Sections 3 and 7 of this article (which say that cities and boroughs may be incorporated, merged, consolidated, classified, or dissolved in the manner provided by law). The supreme court ruled that the local boundary commission's approval of the incorporation petition of the North Slope Borough was not subject to legislative approval because the statutes governing incorporation did not require it (*Mobil Oil Corporation v. Local Boundary Commission*, 518 P.2d 92, 1974).

Boundary changes that result from annexation may involve the dissolution of an existing unit of government. In such cases, approval of the annexation by the local boundary commission, if it survives legislative scrutiny as provided here, is decisive, even if existing statutory procedures regarding dissolution required ratification by the voters of the dissolved governmental unit. (See *Fairview Public Utility District No. 1 v. City of Anchorage*, 368 P.2d 540, 1962, which involved the dissolution through annexation of a public utility district without ratification, and *Oesau v. City of Dillingham*, 439 P.2d 180, 1968, which involved the dissolution through annexation of a fourth-class city without ratification by voters of the fourth-class city.)

The local boundary commission considers proposals for local government boundary changes requested of it by the legislature, the commissioner of the Department of Community and Economic Development, or a political subdivision of the state. Thus, for example, the local boundary commission considered and approved a request by the commissioner of the department for detachment from the North Slope Borough of the mineralized zone around the Red Dog mining property. This detachment was critical to the success of the proposed Northwest Arctic Borough, incorporation of which the commission also approved. The local boundary commission also considers boundary changes submitted by a petition of local residents.

The legislative veto over decisions of the local boundary commission is one of two explicit authorizations of the legislative veto in the Alaska Constitution (see Article III, Section 23; also see Article IV, Section 15). Here the veto requires a majority of both houses acting separately rather than a majority voting in joint session. Decisions by the local boundary commission have occasionally been rejected by the legislature. For example, in 1989 the legislature rejected the proposed annexation by the Fairbanks North Star Borough of Pump Station 7 on the trans-Alaska pipeline (Legislative Resolve No. 6).

Statutory provisions governing incorporation and alternation of municipalities are AS 29.05 and AS 29.06.

Central Issue

Can a Borough be legally created using the present LBC sponsored process involving Valdez?

Whittier City Council submitted a request for a Borough petition to the LBC. The LBC approved the request and asked the Department of Commerce and Economic Development to draw it up.

Standard public hearings are not available during these phases of the process.

Once the petition is completed it is submitted to the LBC.

If the LBC accepts it, public hearings begin.

If the LBC may approve or amend the petition.

Once it is approved it is law, unless the Legislature overturns it.

Questions:

- 1) How does this process involving Valdez differ from the standard procedure?
- 2) Is the public as involved in the new process?
- 3) Is the legislature able to weigh in the same way in the new process?
- 4) Does the LBC have the authority to use this new process?
- 5) Does the legislature have the authority to establish a different process?
- 6) How restrictive can the legislative changes be?
- 7) How has the LBC changed its regulations to establish the new process they are using?
- 8) Who instigated these changes and why?
- 9) Has the LBC ever used this process, or originated any other to create a Borough?
- 10) Why aren't the standard procedures sufficient to establish a Borough?
- 11) Who in the legislature has encouraged the LBC in any way to use this option?

3 AAC 110.210. Local action

Territory that meets the annexation standards specified in 3 AAC 110.160 - 3 AAC 110.195 and has been approved for local action annexation by the commission, may be annexed to a borough by any one of the following actions:

- (1) borough ordinance if the territory is wholly owned by the annexing borough;
- (2) borough ordinance and a petition signed by all of the voters and property owners of the territory;
- (3) approval by a majority of voters residing in the territory voting on the question at an election;
- (4) approval by a majority of the aggregate voters who vote on the question within the area proposed for annexation and the annexing borough;
- (5) approval by a majority of the voters who vote on the question within the annexing borough if the territory is uninhabited.

Sec. ~~29.06.040~~. Local Boundary Commission.

(a) The Local Boundary Commission may consider any proposed municipal boundary change. The commission may amend the proposed change and may impose conditions on the proposed change. If the commission determines that the proposed change, as amended or conditioned if appropriate, meets applicable standards under the state constitution and commission regulations and is in the best interests of the state, it may accept the proposed change. Otherwise it shall reject the proposed change. A Local Boundary Commission decision under this subsection may be appealed under AS 44.62 (Administrative Procedure Act).

(b) The Local Boundary Commission may present a proposed municipal boundary change to the legislature during the first 10 days of a regular session. The change becomes effective 45 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.

(c) In addition to the regulations governing annexation by local action adopted under AS 44.33.812, the Local Boundary Commission shall establish procedures for annexation and detachment of territory by municipalities by local action. The procedures established under this subsection must include a provision that

(1) a proposed annexation and detachment must be approved by a majority of votes on the question cast by voters residing in the area proposed to be annexed or detached;

(2) municipally owned property adjoining the municipality may be annexed by ordinance without voter approval; and

(3) an area adjoining the municipality may be annexed by ordinance without an election if all property owners and voters in the area petition the governing body.

(d) A boundary change effected under (a) and (b) of this section prevails over a boundary change initiated by local action, without regard to priority in time.

Rynniva Moss

From: Dan Bockhorst [dan_bockhorst@commerce.state.ak.us]
Sent: Friday, January 21, 2005 4:31 PM
To: Rynniva Moss
Subject: Re: 3 AAC 110.210 (4) Local Action

Ms. Moss: Your reading of 3 AAC 110.210(4) is correct. The method set out in 3 AAC 110.210(4) allows annexation upon approval by (1) the Local Boundary Commission and (2) a majority vote of the combined voters both in the borough and in the area proposed for annexation.

You questioned whether such provisions are inconsistent with AS 29.06.040(c)(1). I do not believe that they are.

First, AS 44.33.812(a)(2) provides that, "The Local Boundary Commission shall adopt regulations providing standards and procedures for . . . annexation . . ."

Moreover, AS 29.06.040(c) requires that the LBC "establish procedures for annexation . . . by local action" that are "in addition to the regulations adopted under AS 44.33.812."

In full, AS 29.06.040(c) states:

In addition to the regulations governing annexation by local action adopted under AS 44.33.812, the Local Boundary Commission shall establish procedures for annexation and detachment of territory by municipalities by local action. The procedures established under this subsection must include [but are not limited to*] a provision that

- (1) a proposed annexation and detachment must be approved by a majority of votes on the question cast by voters residing in the area proposed to be annexed or detached;
- (2) municipally owned property adjoining the municipality may be annexed by ordinance without voter approval; and
- (3) an area adjoining the municipality may be annexed by ordinance without an election if all property owners and voters in the area petition the governing body.

X Additionally, Article X, Section 12 of the Alaska Constitution provides, in part, that "The [Local Boundary Commission], subject to law, may establish procedures whereby boundaries may be adjusted by local action."

Thus, the LBC has constitutional authority and a statutory duty to establish procedures for local action annexation in addition to those procedures set out in AS 29.06.040(c). To fulfill that duty, the LBC adopted 3 AAC 110.210(4) and other measures.

In the sense that a borough annexation involves the perfecting of boundaries of an existing borough, a proposed annexation under 3 AAC 110.210(4) is analogous to the local action process for incorporation of a new borough. Incorporation of a borough by local action is subject to

- (1) approval by the Local Boundary Commission and (2) a majority vote of all voters within the boundaries of the proposed borough. A borough incorporation proposal is not subject to a majority vote in each of several different portions of the proposed borough. Similarly, a borough annexation under 3 AAC 110.210(4) is subject to a majority vote within the boundaries of the proposed expanded borough. It is not subject to a majority vote in the area proposed for annexation.

If you wish to discuss this matter or if you have further question, please contact me.

Cordially,

Dan Bockhorst
269-4559

*AS 01.10.040(b) states that, "When the words 'includes' or 'including' are used in a law, they shall be construed as though followed by the phrase 'but not

limited to.' " AS 01.10.050(b) provides that "Words in the singular number include the plural, and words in the plural number include the singular."

Rynniewa Moss wrote:

- > Am I reading 3 AAC 110.210.Local action subsection (4) wrong. It says
- > a territory can be annexed upon "approval by a majority of the
- > aggregate voters who vote on the question within the area proposed for
- > annexation and the annexing borough."
- > That seems to read a majority vote of the combined voters both in the
- > borough and in the territory proposed for annexation.
- > Such a vote would be inconsistent with AS 29.06.040(c)(1) which states
- > " a proposed annexation and detachment must be approved by a majority
- > of votes on the question cast by voters residing in the area proposed
- > to be annexed or detached."
- > It would certainly diminish the vote of an area with 700 or 800 voters
- > when the existing borough would have tens of thousands of voters.
- > Please clarify.

A VOICE FOR THE BUSH

By Glen Marunde, Tok kResident

"It's Government for rabbits"

Testimony for HB 133

Two of Alaska's most respected elder statesmen, both of whom played important roles in the framing of Alaska's State Constitution, are on record as opposing the formation of large boroughs in the Unorganized Borough.

Elder statesman, Judge Thomas Stewart, now living in Juneau, was the chief organizer of the original constitutional convention. Judge Stewart served as the secretary of the convention.

On February 13 and 14, 1996 The Local Boundary Commission hosted a seminar entitled "A Review of the Local Government Article of Alaska's Constitution Forty Years after it was Written" The seminar took place in Juneau. Judge Stewart was invited to participate as an expert on the Local Government Article X of the Alaska Constitution.

Here are Judge Stewart's comments quoted from a transcription of the meeting. Near the end of the meeting, Judge Stewart said, "My strong thought is that the Legislature, the Governor, and the Department and the Commission have failed to give weight to that word (local). And too many of the boroughs that have been formed are regional in nature, and in my judgement never should have been. If there are taxable properties out there like Prudhoe Bay, they should have been in an unorganized borough administered by the State. Barrow has no business managing Prudhoe Bay ---that they never used. It's regional in my judgement. And you should confine the boundaries down to the land surface that the local people have traditionally used that have those characteristics of population, geography, economy, transportation that are local. The word "local" has not been adequately recognized."

Bob Hicks "You say the word "local" for boroughs should be very, very small equivalent of a small county, shouldn't be that expansive?"

Judge Stewart, "Absolutely!"

Alaskan elder statesman, Lt. Gov Jack Coghill, in a recent interview with

"A Voice for the Bush" commented on SCR-12, the bill that could force a layer of unwanted and unneeded borough government on citizens of the Unorganized Borough, without the vote of any person answerable to an electorate.

Lt. Gov Coghill, who was a framer for our constitution said, " We wanted to be sure that the power to form government was in the people, not the Legislature. It is unconstitutional for the Legislature or the Local Boundary Commission to impose a government on anyone. Just read Article 1, Section 2 of our State Constitution. It's all right there!"

Here's what Article 1, section 2 says, "All political power is inherent in the people. All government originates with the people, is founded upon their will only, and is instituted solely for the good of the people as a whole."

Coghill stressed that framers intended no timetable what-so-ever for the establishment of local governments. He said that the framers thought there would be areas of unorganized borough forever. That is why the framers gave the Legislature the power to act as an assembly for the Unorganized Borough. They did not want an unnecessary layer of regional governments on top of local governments.

Coghill also explained that when the framers gave authority to the Local Boundary Commission to study boundary changes and make recommendations to the Legislature that could become law without a vote of the Legislature they intended this third party authority to be used only to resolve boundary disputes involving annexations, detachments, and other disputes between existing local governments. The framers never intended for the Local Boundary Commission to use this authority to establish or force new local governments on the residents of the unorganized borough.

Like Judge Thomas Stewart, Coghill thinks some of the existing boroughs are far too large and are really regional, not local, in nature.

Lt. Gov Coghill summed up his feeling about large, unnecessary boroughs in just four words when he said, "It's government for rabbits."

Glen Maruende
Box 192 Tok, Alaska 99750
March 2-2005

Testimony for HB 133

JUST HOW ORGANIZED IS THE UNORGANIZED BOROUGH??

My name is Glen Marunde and I am a 44 year resident of Tok. My wife, Dorothy, and I have raised 5 children in Alaska. I earn my living as an electrical and mechanical contractor.

There are 148 cities in Alaska. These are cities with state charters, formed in accord with Alaska statute. In the organized borough there are 7 home rule cities, 7 first class cities and 34 second class cities for a total of 48 cities.

In the unorganized borough there are 5 home rule cities, 13 first class cities, and 80 second class cities for a total of 98.

Most Alaskans are surprised to learn that there are nearly twice as many cities in the unorganized borough as there are in the organized borough. In truth there already is a lot local government in the Unorganized Borough!!

Unfortunately there exists a small group of politicians who want to force a layer of unwanted and unneeded government on large, sparsely populated areas of the Unorganized Borough by mandatory annexation and/or the mandatory creation of new boroughs—even if those Alaskans who live in these areas do not vote in favor of such government.

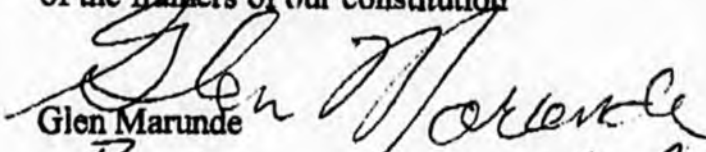
The sad thing is that these politicians are not promoting borough government because it is the best and most logical government for communities in the bush. City government, not borough is the closest to the people. These bureaucracy-loving politicians are using mandatory boroughs as a vehicle to tax the bush with nary a concern for what is best, most effective, and most efficient.

Let's assume for a minute that those who want wall-to-wall layer of government achieve their goal and all of the model boroughs become legal boroughs. This would mean that all 98 cities in what is now the Unorganized Borough would be saddled with three (the most possible) layers of government with taxing authority overnight. They would be subject to state, borough, and city taxing authority and regulation. The establishment of this unneeded layer of government would be in direct conflict with state constitution.

Article X, section 1 which says, "The purpose of this article is to provide for maximum local self government with a minimum number of local government units and to prevent duplication of tax-levying jurisdictions

The large number of cities in the Unorganized Borough and the ongoing activities to form new boroughs stands as proof the Article X is working as the framers of our constitution intended. C'mon you politicians, It ain't broke so please don't fix it!

I testify in favor of passage of HB133 I believe this bill clarifies the intent of the framers of our constitution


Glen Marunde
Box 192, Tok, Ak 99780
March 2 - 2005

City of Ambler

P.O.Box 09

Ambler, Alaska 99786

Phone (907) 445-2122/Fax (907) 445-2174

E-mail cityofamblerak@yahoo.com <<mailto:cityofamblerak@yahoo.com>>

* in NINARTIC BM
w/ school dist tax

3% sales tax

AMBLER POPULATION 291

February 15, 2005

Senator Gary Wilken
State Capitol Rm. 518
Juneau, Alaska 99801

1% sales tax
PER CAPITA

*AMBLER	JUNEAU
\$26	\$196

Revenue each 1%

\$7,500/YR	\$6,105,000/YR
------------	----------------

RE: Senate Bill 98 " Supplemental appropriations, Fast Track Bill"

Increased value

\$3.5 million	\$3 Billion
---------------	-------------

To: Senate Finance Committee,

Per Capita AV

\$12,159	\$99,199
----------	----------

The City of Ambler is very much interested in receiving money from the Governor's Supplemental and Capital Appropriations Bill. We are struggling to keep things running. We had to reduce insurance coverage to a minimum. We dropped our VPO position because we couldn't afford the insurance coverage so we are completely dependent on the state troopers and our one VPSO, which puts a lot of pressure on one person to be available 24/7. Our insurance is one of our highest expenses at over \$22,000 per year. Last year it was over \$30,000. We are struggling to keep up with the insurance payments. We need to raise our 3% sales costs but we won't see any increase in revenues from that for a while and the public needs to vote on that also. There is a high unemployment rate in our village so rising costs are a hardship on everyone.


We need a dependable fuel supply. Our local fuel project runs out every 3-4 weeks and we had to borrow fuel from AVEC from our other buildings and heavy equipment, and haul fuel from other villages to keep our water plant heated. We have 2200 gallon tanks to help us through the scarce times but we need to have a little more storage capacity and also some help in off setting the high cost of fuel. The Borough is trying to work on this problem but right now we could really use some help in meeting the high costs of fuel in our area. Gas is \$5.15 per gallon and stove oil is \$4.95 per gallon.

The costs of keeping our water and sewer plant running and also keeping up with maintenance of our heavy equipment is a challenge. Our heavy equipment rentals brings in necessary revenues during construction projects but the cost in keeping it running keeps going up and maintenance is high, as well as fuel. The cost of shipping in parts for our water/sewer project and heavy equipment, and fuel, etc. is one of the highest in the state, which makes the cost of everything go up more so here than in many other parts of the state. I was told yesterday one resident paid as much as \$1.75 per pound for freight on groceries in order to have something fresh.

Additional revenue at this time would be a God send to our village and would be a huge help to get us thru this difficult time while we figure out other possible options for dealing with our rising expense

Thank you for considering our village for receiving these additional funds. We would greatly appreciate this additional revenue for helping to operate our city at this time.

Most sincerely,


Morgan Johnson-Mayor


Barbara MacManus-Sec/Treas.

cc: file

CITY OF ALEKNAGIK

P.O. BOX 33, MAIN STREET
ALEKNAGIK, ALASKA 99555-0033
PHONE: 907-842-5953 OR 842-2528
FAX: 907-842-2107
EMAIL: cityalek@nushincl.com

5% sales tax + 5% betax

ALEKNAGIK POPULATION 235

January 27, 2005

Governor Frank Murkowski
Office of the Governor
Mail Stop 0001
Juneau, AK 99801

*1% sales tax
per capita*

*ALEKNAGIK Kmai Rem Bor
\$50 \$145*

*1% revenue
sales tax*

\$18,700/yr \$7,450,000/yr

RE: Reinstatement of the Revenue Sharing Program

To the Honorable Governor Murkowski:

The community of Aleknagik, Alaska would like to see the reinstatement of the state's revenue sharing program for municipalities. Many communities in Alaska are hurting financially due to the state's budget cuts for the revenue sharing program and the capital matching grants. A reinstatement of the revenue sharing program would help to provide a minimum of service and public safety to the neediest communities.

The legislators need to look at "level of service" not "dollar amount" in determining equity between the urban and rural communities. The cost of goods and services is higher in rural communities, so their need for funding is greater just to provide basic services. Please look at level of service, not cost, to determine what is equitable.

In response to the budget cuts, the City of Aleknagik has made cuts to its budget, and is working on increasing revenue. The City has a sales tax that does help to fund local government services. In addition, the City has cut back on employee's hours, meeting fees, senior transportation services, non-essentials, defer maintenance, and defer equipment upgrades.

The result of the City's budget cuts is a lower level of services and public safety. That in turn means that the personnel do not have enough time to provide an adequate level of service, and the buildings and equipment are in various stages of disrepair, so the airport is not always open, or the roads are not always maintained. This could be a disaster in the event of an emergency where someone needs to be Medivaced or we need to get a fire truck to someone's house. So if you live in a community where EMS and Fire services are available 24-7-365, remember that these basic services are not always available in the villages.

JOINT RESOLUTION
RESOLUTION 05-01

A JOINT RESOLUTION OF THE COUNCILS OF THE CITY OF ALEKNAGIK, ALEKNAGIK TRADITIONAL COUNCIL, AND BOARD OF DIRECTORS OF ALEKNAGIK NATIVES LIMITED SUPPORTING REINSTATEMENT OF THE STATE'S REVENUE SHARING PROGRAM FOR MUNICIPALITIES.

WHEREAS, Aleknagik Natives Limited, Aleknagik Traditional Council and the City of Aleknagik executed a Memorandum of Understanding on October 29, 2000 to recognize areas of mutual concern and support, and to establish a framework for cooperative relations and communication for the benefit of the community of Aleknagik as a whole as the desire of the three entities is to cooperate concerning legal and political matters inherent in their relationships to one another; and,

WHEREAS, the City of Aleknagik, Aleknagik Traditional Council and Aleknagik Natives Limited are representative of the community and are hereafter known as "The Councils"; and,

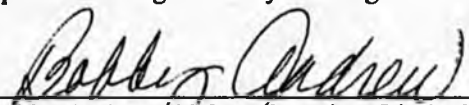
WHEREAS, due to fiscal problems for cities since the revenue sharing program was cut from the state budget, The Councils see a need to reinstate the state's revenue sharing program for municipalities; and,

WHEREAS, the recent state oil revenue "windfall," should be shared with communities to offset negative fiscal impacts. The increased oil revenue benefits the state, while local governments, businesses, and families are effected with higher prices for heating fuel and transportation.

NOW THEREFORE BE IT RESOLVED that The Councils support the reinstatement of the state's revenue sharing program for municipalities using the state's budget windfall as a source of funding to get it started.

BE IT FURTHER RESOLVED that the Governor and Legislature are urged to restore the revenue sharing program funding as a part of the long-range fiscal plan for the state.

PASSED AND APPROVED on the 20th day of January, 2005 by a duly constituted quorum of the Council of the City of Aleknagik, the Aleknagik Traditional Council and Board of Directors of Aleknagik Natives Limited at a public meeting hosted by Aleknagik Natives Limited.

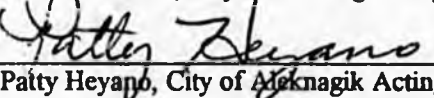
SIGNED: 
Bobby Andrew, Aleknagik Natives Limited President

ATTEST: 
Nina Tinker, Secretary, Aleknagik Natives Limited

SIGNED: 
Gusty Chythook, Aleknagik Traditional Council Chair

ATTEST: 
Kay Gorman, Secretary, Aleknagik Traditional Council

SIGNED: 
Berna Andrews, City of Aleknagik Mayor

ATTEST: 
Patty Heyano, City of Aleknagik Acting City Clerk



City of Brevig Mission

North Tutu Street
Brevig Mission, Alaska
99785-5021
Phone/Fax (907) 642-3851



February 18, 2005

Attn: Senator Donald Olson
State Capital
Suite 510
Juneau, Alaska 99801-1182

3% sales tax population 3/3

1% sales tax = \$31.69
per capita

Revenue each 1% = \$9,927

Dear Senator Olson:

Greetings! I am writing to express my support for Governor Frank Murkowski's Supplemental and Capital Appropriations Bill. As Mayor for the City of Brevig Mission I support the section of the bill that addresses "Small City Energy Assistance" and the Governor's effort to provide assistance and avoid the growing crisis in rural communities such as Brevig Mission.

However, I also want to express continued support for a long-term solution such as "Community Revenue Sharing." We need such assistance to operate and maintain insurance, water & sewer services, and emergency services such as fire protection & search and rescue. The City of Brevig Mission is that "Point of Light" in this community that connects it to the support and services that the State of Alaska is seeking to provide to its citizens. Therefore, it is my hope that you will beseech the Senate Finance Committee on behalf of the Community of Brevig Mission saying, "Don't let the light go out!"

Thank you for your efforts to represent our community on this important issue.

Sincerely:

Brian Crockett
Mayor, City of Brevig Mission

Cc Governor Frank Murkowski
Cc State Representative Richard Foster
Cc Alaska Municipal League

CITY OF CLARKS POINT
P.O. BOX 110
CLARKS POINT, ALASKA 99569
PHO. (907) 236-1221
FAX (907) 236 1412

FEBRUARY 15, 2005

TO THE SENATE FINANCE COMMITTEE;

HELLO, WE ARE WRITING THIS LETTER TO EXPRESS OUR CONCERNS
TOWARDS THE "SMALL CITY ENERGY ASSISTANCE" BILL.
WITH THE LOSS OF THE REVENUE SHARING AND OTHER CUTS, US SMALL
COMMUNITIES ARE BARELY MAKING IT. THE HIGH COST OF FUEL TO HEAT
AND PROVIDE ELECTRICITY TO RESIDENTS IS GETTING CRUCIAL.
SO WE ARE 100% IN FAVOR OF YOUR PASSING THE "SMALL CITY ENERGY
ASSISTANCE" APPROPRIATION.
THIS WILL HELP US MAKE IT THROUGH ANOTHER YEAR.

THANK YOU,

THE CLARKS POINT CITY COUNCIL

CITY OF DEERING*Small City Energy Assistance appropriation*

The money appropriated from the Small City Energy Assistance would help the City of Deering's costs with high cost of fuel and the increase of our insurance for 2005 year. Our community has been impacted by the State Revenue Sharing Budget cut, the City has had to cut down on 2 jobs at the City Office, 3 jobs at the Washeteria due to no funding to pay for such, also the fuel costs has gone up this year, which is effecting the whole community.

State Revenue Sharing:

City of Deering W. State Revenue	Current w/o State Rev
Budget: \$325659.00	Budget: \$264497.00
Profit/Loss: \$12384.00	Profit/Loss: - \$48778.00

Our community facilities has had to have a budget cut in all areas, which includes the City Office which is in need of an Administrator and the facilities in need of repair, the Cable which is in need of upgrades/repair, the Washeteria which is in need of two certified operators for the safety and health of our community water, a attendant to run the Washeteria on a daily basis and the upgrades that need to be done on our sewer system in order to have safe water to deliver to our community.

Submitted by:


Beverly Moto, City Clerk



City of Delta Junction

P.O. Box 229, Delta Junction, Alaska 99737
Ph 907-895-4656 Fax 907-895-4375
www.ci.delta-junction.ak.us
city@ci.delta-junction.ak.us

Welcome to the
Friendly Frontier

February 15, 2005

Attention: Alaska Municipal League / Alaska Senate Finance Committee

REF: Hearing on Governor's Supplemental and Capital Appropriations Bill

SUB: "Small City Energy Assistance"

Currently Diesel Fuel at the pump costs \$2.17 while in Fairbanks that price is \$2.01 per gallon and regular gasoline is \$2.19 in Delta Junction with Fairbanks prices at \$1.96 to \$2.03 per gallon. It was reported last week that gasoline in Anchorage could be brought at \$1.76 per gallon.

The small population centers in the State of Alaska could use the Governor appropriation to help defray the increase costs in shipping, insurance, and energy these past several years.

The City of Delta Junction has experienced large increases in operational costs.

HEATING OIL IS UP 51%.
DIESEL FUEL IS UP 38%.
GASOLINE COST IS UP 24%
ELECTRICITY IS UP 8%.

The above costs are increases for the local area. They are not compared with other metropolitan sites in the State of Alaska.

Other costs increases have been in insurance - health, general liability, worker compensation.

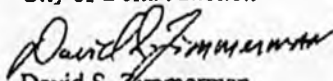
Health insurance costs for a single person increase 15.53% in FY 2004 and up again 10.25% in FY 2005. Family insurance coverage increases 15.52% in FY 2004 and was up 14.20% in FY 2005.

General Liability insurance costs were up 52% for FY 2004 but favorable down 19% for FY 2005. This is the only costs showing a decrease.

Worker Compensation insurance overall average a 27% increase for FY 2005.

Therefore, the City of Delta Junction with a population base under 1,000 people, the Governor "Small City Energy Assistance" appropriation would be greatly appreciated.

Sincerely,
City of Delta Junction


David S. Zimmerman
Finance Officer

CITY OF EEK
P.O. BOX 09
EEK, ALASKA 99578
PHONE # 907-536-5129

DATE: FEBRUARY 14, 2005

TO: THE SENATE FINANCE COMMITTEE

RE: MAYOR TERESA JACKSON, CITY OF EEK

RE: SUPPLEMENTAL APPROPRIATION FOR SMALL COMMUNITIES

TO WHOM IT MAY CONCERN, WE, THE CITY OF EEK, ARE REQUESTING THAT THIS BILL BE PASSED, SINCE IT IS NEEDED BY ALL COMMUNITIES IN RURAL ALASKA. IF THIS DOES NOT PASS, SMALL COMMUNITIES, LIKE EEK, WILL HAVE MAJOR PROBLEMS, WITH REGARDS TO STABILITY, FOR SERVICES PROVIDED TO COMMUNITY. WITHOUT AID FROM THE STATE, MANY OF OUR SERVICES WILL BE CUT IN THE NEXT FISCAL YEAR, WHICH WILL BE IN ABOUT 4 MONTHS. IN THE LAST COUNCIL MTG, CUTS WERE DISCUSSED, IN THE AREA OF POLICING, CUSTODIAL AND ROAD MAINTS. MOST OF THE EMPLOYEES, ALREADY, WORK LESS HOURS, THAN NORMAL. PRESENTLY WE HAVE ONE VILLAGE POLICE OFFICER THAT WORKS 6 HOURS PER DAY, WHICH WILL BE CUT TO 3 HOURS PER DAY, IN THE NEXT FISCAL YEAR. IN THE PAST THE CITY HAD 2 POLICE OFFICERS THAT WORKED 6 HRS A DAY BUT DUE TO CUTS TO STATE REVENUE SHARING, WE NOW HAVE ONE, WHICH LEAD TO A HIGH TURNOVER RATE FOR POLICE PERSONNEL. SINCE JULY OF LAST YEAR, THE CITY HAD REPLACE VPO'S THREE TIMES IN THAT SPAN. NONE OF THEM WERE NEVER FIRED, ALL QUIT STATING, THAT IT IS TOO HARD TO WORK ALONE. WE, THE EEK CITY COUNCIL, FEEL ANY CUTS TO OUR PRESENT WORK FORCE WILL CRIPPLE OR HINDER SERVICES THE CITY PROVIDES TO THE COMMUNITY. PLUS, THE HIGH COST OF FUEL AND FREIGHT COST SHOULD BE CONSIDERED BY YOU, THE COMMITTEE, IN MAKING YOUR DECISION. ANOTHER ASPECT TO CONSIDER IS THE SITUATION IN CHEVAK, AK, THERE WILL BE A NUMBER OF COMMUNITIES THAT WILL HAVE THE SAME PROBLEMS, IF THIS BILL IS NOT PASSED BY YOUR COMMITTEE. A STATE OF EMERGENCY IS ON THE HORIZON FOR RURAL ALASKA, IF THIS BILL IS NOT CONSIDERED OR PASSED BY YOU THE COMMITTEE.

SIGNED: *Gloria Keyes For*
TERESA JACKSON, MAYOR

*Signed by Elias Keyes
Vice Mayor*

CITY OF FORT YUKON

INCORPORATED 1959

Post Office Box 269

Fort Yukon, Alaska 99740

Telephone (907) 662-2479 or 2379

Senate Finance Committee
State of Alaska
Juneau, AK

February 18, 2005

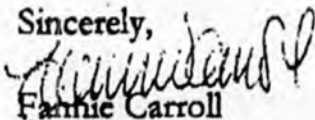
Dear Senator,

Much of our budget has to go towards the extreme high cost of heating fuel, which is necessary to keep our water system working. Yes, our lifestyle has improved since we have had piped water, yet this system is expensive to operate to prevent the pipes from freezing for the water lines must be continuously circulating. Because we are a remote village the fuel cost is high. We need the State to assist us so we can continue with a healthy lifestyle. This is clearly a priority for us.

Also, the increase cost of our insurance has not been easy for us to meet as well. We need the State to supplement our increased expenses which are mandatory to operate.

We, the City of Fort Yukon, are proud to be a part of this great strong state. Please help our community as the loss of the State Revenue Sharing has hurt us to meet needs. Again, we ask for your support on the Governor's Supplemental and Capital Appropriations Bill which includes the Small City Energy Assistance.

Sincerely,



Fannie Carroll

City Manager

Cc: file, AML



City of Gustavus
P.O. Box 1
Gustavus, AK 99826
Phone: (907) 697-2451

February 16, 2005

Senate Finance Committee
Juneau, Alaska


Distinguished Members,

As the mayor of the first community to incorporate in Alaska in at least 19 years, and the community with possibly the highest electrical rates in the United States, I can assure you that any monies directed our way will be used to offset the cost of utilities in the community.

The hydroelectric project in Gustavus has been a work in progress for more than a decade. The reason it has moved forward is due to its ability to pay for itself, but unfortunately, at no reduction in rates to the end user. Only by seeking out grants and putting money like this into the project will the community of Gustavus be able to enjoy electrical rates more in line with Alaskan communities of like size and circumstance.

As we all know, one of Alaska's means of bringing in additional revenue is tourism. Tourism in Alaska has made a steady decline for the past eight or nine years, regardless of the spin placed on tourism numbers by the cruise industry. Gustavus is one of those areas substantially impacted by the decline. That decline and the loss of revenue sharing have been instrumental in bringing the community to its knees. High fuel costs, high electrical rates and the ever-present dilemma of the community dock keep us in such a state of repression, we fear for the health of this small community. Our incorporation goal is to bring Gustavus back into a positive condition where people will be able to live, work and raise their families without the burden of such a high cost of living rate. We intend to keep our community's needs small, but will be unable to do so without the infusion of these types of assistance.

Respectfully,


Sandi Marchbanks, Mayor
City of Gustavus



CITY OF HOUSTON
office of
MAYOR
DALE ADAMS

Subject: Levy Property Tax Exemption.

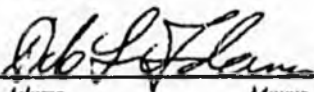
January 11, 2005

Dear Senator Wilken,

The City of Houston supports a property tax exemption for Seniors and Disabled Veterans. We also feel that the State should reimburse the city. Where this is a mandated exemption by the state, yet the state does not reimburse the local governments.

Some Seniors incomes are high and got the ability to pay property tax. But property taxes and assessments are rising and is leaving seniors with fixed income the inability to continue to afford there homes. The City of Houston is loasing about \$42,000.00 a year which is a lot of money for a small city like Houston.

Thank You,



Dale Adams Mayor



City of Marshall

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

February 14, 2005

Co-Chairs: The Honorable Senators Green and Wilken
Vice Chair: The Honorable Senator Bunde

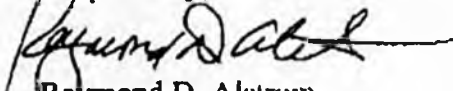
Finance Committee Members:
The Honorable Senators Dyson, Stedman, Hoffman and Olson

Re: Senate Bill 98 "Supplemental Appropriations, Fast Track Bill"
"Small City Energy Assistance"

The City Of Marshall's population currently stands at 384 and a distribution of \$50,000 to the City will assist us in purchasing fuel and paying for our insurance costs for the immediate future. The high cost of fuel this year has put the City in a financial crunch. Since the State Revenue Sharing Program was eliminated we have experienced a decrease in services provided to the residents of Marshall.

Thank you for your consideration.

Respectfully,



Raymond D. Alstrom
Mayor

CC: The Honorable Senator Kookesh
The Honorable Representative Salmon
Ms. Kathie Wasserman, AML



CITY OF MCGRATH
PO Box 30
McGrath, Alaska 99627
(907) 524-3825 ~ FAX (907) 524-3536
cityadmin@mcgrathalaska.net

February 15, 2005

**Governor's Supplemental and Capital Appropriations Bill
Small City Energy Assistance**

Dear Members of the Senate Finance Committee:

The City of McGrath is in the same situation as every other small rural community in Alaska. We've had extraordinary fiscal burden thrust upon us from every direction, starting two years ago with a sudden and complete elimination of Revenue Sharing and Safe Communities funding along with the cessation of Capital Matching Grants. At the same time, vendor price increases on diesel and unleaded fuel that is required to keep our basic essential services functioning within our communities, such as electricity, water, sewer, and road maintenance.

Internally, our operating budget was slammed with dramatic increases in Worker's Compensation Insurance, Insurance premiums on our liability, vehicles, buildings and utilities infrastructure also soared. As with many other villages, McGrath is also dependent on shipping everything via air or a few commodities such as fuel by barge. These costs have also risen sharply, adding considerably to every aspect of the living expenses of our residents and to the cost of providing the services of our infrastructure.

Passing this Supplemental Appropriations Bill will assure the City of McGrath the ability to prudently sustain basic and essential services that our residents depend on and provide us the fiscal capacity to meet our existing obligations.

We look forward to hearing news that the Bill has been passed and that our fiscal crisis will be eased during this last half of FY05.

Sincerely,

A handwritten signature in cursive script that reads "Natalie Baumgartner".

Natalie Baumgartner
City Administrator

cc: Alaska Municipal League

City of New Stuyahok

P.O. Box 10
New Stuyahok, AK 99636
Phone: (907) 693-3171
FAX: (907) 693-3176

February 14, 2005

Senate Finance Committee

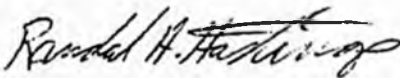
Dear Sir or Madam:

Revenue sharing is vital to the community of New Stuyahok and our children. It has helped paid our IRS bills, high insurance for our workers, paid for high cost of our oil and gas, helped maintained our heavy equipment needed for plowing and maintaining the roads esp. with our new airport being built. Our Head Start bus, school truck, fire truck, ambulance, and VPSO truck would have a hard time on the road or wouldn't be able to go on it if we don't have the capacity to keep it graded or maintained.

Without it we wouldn't be able to maintain this place that has about 600 people and growing rapidly. It is hard enough now to maintain the city and without revenue sharing we would be back in the stone ages. As of this moment right now it is very difficult to pay for our electricity, heating oil, phone, and gas. We need this to keep our 2nd class city moving forward and not going backwards.

Thank you very much for your time and please think of our children and community.

Sincerely,



Randa A. Hastings
Mayor



Mitch Chocknok
City Administrator

CITY OF NUIQSUT
Post Office Box 89148
Nuiqsut, AK 99789
Phone 907 480-6727 Fax 907 480-6928

February 11, 2005

The Honorable John Cowdery
Chair
Alaska State Senate Rules Committee
Alaska State Capitol
Juneau, Alaska 99811

FAX: 907 465 2069

Dear Senator Cowdery:

The duly elected members of the City of Nuiqsut City Council have instructed me to communicate with you and firmly assert their unqualified support for Senate Bill 98, the Supplemental Appropriations, Fast Track Bill.

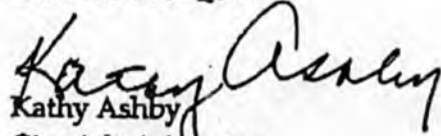
Alaska is indeed blessed with resource largesse of which many locales can only dream. Alaska's resources provide healthy economic activity and enviable lifestyles in metropolitan areas of the state. Those resources, as you well know, are located, explored, developed, and extracted in areas of the state where amenities are exceedingly few and far between, where the price of one container of milk compares with the expense of a bag of groceries in other areas.

The general fund is largely based upon resource revenues. Therefore, it is imperative that inherent inequities be ameliorated where possible. Senate Bill 98 purports to address, with general fund monies, the exorbitant cost of utilities in non-metropolitan areas of the State through energy assistance.

Please afford this bill your unqualified support as it traverses through the committee referrals and ensure its passage into law. Thank you for your assistance.

Sincerely,

CITY OF NUIQSUT


Kathy Ashby
City Administrator



CITY OF OUZINKIE

P.O. Box 109
3rd & C Street
Ouzinkie, AK 99644

Phone (907) 680-2209
Fax (907) 680-2223
cityofouzinkie@starband.net

COUNCIL MEMBERS

Zack Chichenoff - Mayor
Alex Ambrosia - Vice Mayor
Angeline Campfield - Sec./Treas.
Sharon Boekofsky - Member
Danny M. Clarion Sr. - Member
Katherine Panamerioff - Member
Darren Muller - Member

February 15, 2005

Senate Finance Committee
State Capitol
Juneau, AK 99801

Dear Finance Committee Representatives;

I am writing to encourage you to take into consideration how important the Governor's Supplemental and Capital Appropriations Bill is to every community in this state.

As you know healthy communities can provide services in a more effective and efficient way than the state. This only serves to save the state money in the future. By passing the above bill the communities can then use those funds to stabilize taxes and provide services.

We are being faced with skyrocketing fuel bills and insurance without the aid of revenue sharing. Communities with high transportation problems, a lack of insurance, exorbitant energy costs, crumbling infrastructure, and unaffordable shipping rates cannot provide a healthy environment with which to raise a family.

Sincerely,

Zack Chichenoff
Mayor



Office of the Mayor

P.O. Box 430
Pilot Point, Alaska 99649
Tel. (907) 797-2200
Fax (907) 797-2211


Senate Finance Committee
Juneau, Alaska

February 12, 2005

To Whom It May Concern:

We applaud the Governor's proposal to distribute financial energy relief to rural Alaska. The combined impacts of rising fuel prices, declining municipal revenues, Federal grant opportunities, commercial fisheries disasters, and the overall lack of economic opportunity in rural Alaska have hit all of us very hard. In Pilot Point we have had to fly fuel in at \$4.66 per gallon for heating oil. The City cannot in good conscience charge our consumers a price that allows us to break even, consequently, we are absorbing a loss of over \$2.00 per gallon. Any financial relief at this time would be greatly appreciated.

Sincerely,



Gregory Kingsley
Pilot Point City Council

Faxed
2/25/05

Jack: UPSO

paid from VPSO \$19
request for
reimbursement from
UPSO
rec'd 2/15/05
RMPD

To:
Trooper Sgt. Perry Barr
P.O. Box 268
Bethel, AK 99559

From:
VPSO Simeon Askoak
P.O. Box 129
Russian Mission, AK 99657

Date: 09FEB05

RE: Fuel, Phone, Mail expenses

Lyman
2/27/05

Note on
bottom

Dear Perry,

This is to advise you that I wrote a letter of request to Jack Hopstad regarding the monthly expenses that I have been paying for out of my own pocket.

Here are the total expenses that I have been paying in the past that still have not been reimbursed by the city council of Russian Mission:

Truck fuel	227.33
Heating fuel for RMPD	35.20
Certified mail to DA/AST	57.27
Telephone/fax bills	196.31
Total expenses paid	516.17

The City of Russian Mission is bankrupt at this time due to severe State budget cut. I was informed that the city is going to receive only \$25,000 and that it won't cover all their 04FY budget and that they are expecting another cut sometime this year.

I mailed all the copies the phone bills, gas and oil receipts and certified mail receipts to Jack Hopstad. I am hoping that this will be resolved. It is causing me so much stress and hardship on my family's budget. I am also hoping that we can get together with the Iqurmit Traditional Council to see if they can pay for the monthly RMPD bills. Thank you very much for your attention to this important matter.

Sincerely,

Simeon Askoak
VPSO Simeon Askoak *SNAP*

Copy - Rep. Mary Kapsner's office
Senator Lyman Hoffmann's

Please fax to

Rep. Mary Kapsner's office

+
Senator Lyman Hoffmann's
Office

Kevin Ritchie

From: Kevin Smith [kevins@amljia.org]
Sent: Monday, December 22, 2003 8:16 AM
To: Terri McFarland; Tammy White; Rick Gifford; Kevin Ritchie; Karl Short; Joe Evans; Jerome Selby; Betty Glick; Clement Richards
Cc: Venus Zink; Kevin Ritchie; Betty Jo Svensson; Annie McIlvain; Sarah Gilbertson
Subject: Budget crunch burdens villages

<http://www.adn.com/front/story/4541566p-4516702c.html>

Here's an interesting article from yesterday's paper. Times are tough. Happy Holidays. Kevin



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TOP ALASKA STORIES

Budget crunch burdens villages

CUTS: Slashed state aid leaves small towns facing financial straits.

By JOEL GAY
Anchorage Daily News
(Published: December 21, 2003)

Anchorage isn't the only community struggling to fill the hole in its budget after Gov. Frank Murkowski and the Alaska Legislature axed state aid to cities and boroughs earlier this year.

They're dousing the streetlights in Huslia and laying off cops in Hooper Bay. Taxes may triple in White Mountain, while

Coffman Cove can't pay its insurance bill. And more than one village could merge its municipal operations with the local Native tribe.

These are tough times for the state's smallest communities, said Larsen King, mayor of Me koryuk, a community of 200 on Nunivak Island. In villages where jobs are scarce and expenses are high, the state grants of \$25,000 to \$50,000 kept the city office open and the bills paid, he said.

The already rocky financial footing of rural Alaska villages has dramatically worsened, said King and other community leaders.



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Community News

Check our free Web sites for non-profit groups.

"How does anyone expect the little places to survive?" he asked.

The state has been providing grants to cities and boroughs since statehood, according to Bill Rolfzen of the state Division of Community Advocacy. The grant programs evolved and expanded as Alaska developed, and by 1985 the two main programs, Municipal Revenue Sharing and Safe Communities, paid out more than \$160 million.

Although Safe Communities grants were restricted to police, fire, emergency services or sanitation, Revenue Sharing could be spent on almost anything. That was the beauty of the program, Rolfzen said. The money might buy a winter's worth of diesel in one village and a year's worth of workers' compensation in another, he said.

Nearly 20 years of budget cuts eroded the two programs to \$25 million last year. But even that was more than Murkowski wanted, and he vetoed funding for both and for a third program that funded capital projects.

"It is clear to me," Murkowski wrote to the communities, "that Alaska's fiscal situation requires us all to make the tough choices. ... We must take responsibility for prioritizing what our governments can do based on what we can afford."

Murkowski gave the municipalities a one-year reprieve, splitting \$15 million in federal funds among them. But for the fiscal year that begins next July, they're on their own. Throughout Alaska this winter, city administrators and councils are coming to grips with the looming shortfall.

Some officials are optimistic.

"We'll just have to start tightening our belts and watch where our money goes," said Linda Getz, city clerk in Ouzinkie, a coastal village of 200 near Kodiak.

It will mean making do with old equipment, scrimping on paper clips and saving this year's grant, she said. The city hasn't even talked about raising taxes. But Ouzinkie will survive, she said. "I think we can do it."

Other administrators fear the effect on their cities but are resigned to it.

"When you don't have the money, you don't have the money," said Pete Platten, city manager in Tanana.

The cuts to rural communities were shortsighted, Platten said, because rural Alaska spends its money in the cities.

"Once they kill the Bush, they have no customers out here," he said. If villages shut down, "all that money is not going to Fairbanks anymore."

Rural communities are less able to cope than their urban cousins, said Raphael Murrin, city manager in Hooper Bay. The village of 1,100 on the Bering Sea coast has cut several city positions, including one police officer, and city employees have taken pay cuts.

But raising revenues will be difficult in Hooper Bay, Murrin said. The city has a 4 percent sales tax, but increasing it won't yield much more. "We don't have that much economy."