



CITY OF WASILLA

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INFORMATION MEMORANDUM NO. 90-28

TO: Council

FROM: Mayor Stein

DATE: October 12, 1990

The 1990 Alaska Municipal League (AML) conference is in Anchorage November 11 - 17, 1990. The League develops a lobbying platform for the state legislature and carries out an educational program for its members.

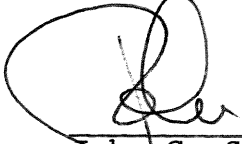
I would especially call your attention to the newly elected officials workshop November 12 and 13.

Besides the technicalities of the League's program, the conference provides an opportunity to meet wonderful people who are your counterparts in cities, boroughs and villages throughout the state.

Some of the programs and all of the social events can be of interest to your spouse or companion. They are welcome.

I recommend that you look over the October AML newsletter containing the conference program. Your registration (last page) travel and lodging arrangements can be made through Marj Harris, Deputy Clerk, 373-9065. The conference costs for Council members are in the budget and will be paid by the City.

As a Council, you may wish to support a particular issue with state government. It helps to coordinate so we can speak with one voice. Look over the Draft Policy Statement. If you want changes or additions, we can talk about our position at the October 23, 1990 Council meeting.



John C. Stein, Mayor

Alaska MUNICIPAL League

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September 27, 1990

TO: AML Members

FROM: Scott A. Burgess, Executive Director 

SUBJECT: **DRAFT ALASKA MUNICIPAL LEAGUE POLICY STATEMENT, 1991**

Attached is the **Draft Alaska Municipal League Policy Statement, 1991** for you to review prior to the 40th Anniversary Local Government Conference, which will be held in Anchorage November 14-16. Changes in the Policy Statement were proposed by the Steering Committee of AML's Legislative Committee and approved by the Board of Directors at its meeting earlier this month in Whittier. Now it is time for **all** of AML's members to read through this draft Policy Statement, discuss it with other local government officials and with citizens in their communities, prepare any amendments they may want to make, and come to the conference prepared to discuss and adopt a final Policy Statement for 1991.

As you know, the AML Policy Statement is a compilation of the League's positions on a wide variety of issues affecting Alaskan local governments. It serves as a guide for the AML Board, Legislative Committee, and staff as they develop a focused legislative program to present to the Legislature each year and as they serve as advocates for your communities. It also enables you, as local government officials, to see what all of the League's members have agreed upon as being best for municipal governments as a whole. In both of these ways, it is an important document, and I urge you to take the time to review the existing document and the changes proposed by the Board.

New material in the Draft Policy Statement for 1991 is underlined and material that the Board has proposed to delete or move is CAPITALIZED and enclosed in brackets []. A note about where material has been moved to or from is included for those of you who may want to compare this document with the 1990 Policy Statement.

Please review this document and think about it seriously as you prepare to be an active participant in the policy discussions scheduled for the Annual Conference in Anchorage. Each part of the document will be discussed in a separate Policy Section at conference; a schedule for those sections will be included in the October edition of the *AML Newsletter*.

DRAFT
Alaska Municipal League
Policy Statement
1991

**Presented by the AML Board of Directors
for Consideration by AML Members
at the
40th Annual Local Government Conference**

**November 14 - 16, 1990
Anchorage, Alaska**

PART I

TAXATION AND FINANCE

The League supports creation of a long-range financial planning process for the State to allow for a rational, orderly, and timely response to reductions in state revenues and the changes in state and local governmental services that may accompany such future economic cycles.

As the production of Prudhoe Bay declines, the major source of state revenues will evaporate. It is essential that the State make necessary adjustments to the known loss of oil revenues in a planned and timely fashion. New revenue sources must be put in place as, and not after, the oil revenues decline. Similarly, if state programs and services are to be reduced or eliminated, an orderly and timely reduction or phaseout should be implemented to avoid the traumatic effects of sudden changes in state and local services on which citizens have come to rely.

The League recognizes very major changes affecting the Alaskan economy and invites the Governor, Legislature, municipalities, and private sector organizations to join in development of a long-term economic plan to minimize sudden impacts on citizens. We recognize the inter-relationship of state, municipal, and private sector concerns and realize that to be effective any long-range plan must include all sectors.

A. STATE ASSISTANCE IN FINANCING LOCAL GOVERNMENT

1. State-Collected, Locally Shared Taxes and Licenses: Municipalities in Alaska presently derive significant revenues from state-collected, locally shared taxes and licenses to help meet their basic operating expenses. The League, therefore, opposes reduction of such revenues by the elimination of these taxes and licenses, unless other equal sources of revenue are made available to local governments or appropriations to compensate for lost revenues are made by the State.

Several state-collected taxes and licenses are shared with municipalities. These state-shared taxes constitute a significant resource for many municipalities. The reduction or elimination of such taxes shifts to municipalities the burden of supporting the programs that are supported by state-shared taxes and licenses. If the State reduces or eliminates

a state-shared tax or license, it should replace that revenue source to the municipality with one that reliably and dependably produces at least the same revenue in the future as was produced by the state-shared tax.

2. **Forward Funding:** The League urges the Legislature to establish a forward funding program for the municipal assistance, municipal revenue sharing, school foundation, and school construction programs and to begin setting aside funds for the next fiscal year so that the program may be fully implemented at the earliest possible date.

3. **Use of Permanent Fund Earnings for Municipal Support:** The League supports the use of Permanent Fund earnings for revenue sharing, municipal assistance, foundation formula, and school debt reimbursement.

4. **Funding of Local Capital Projects:** The League supports the establishment, by statute, of a "block grant" approach to a portion of the state funding of local capital projects in order to allow the decisions regarding local capital project priorities to be made at the local level.

Each year the Legislature appropriates monies for certain local projects that may not be in the local capital improvement program and may possibly even be counter-productive to the local capital program. A block grant approach to the funding of local capital projects would permit the degree of coordination of capital projects at the local level that is required for the most effective delivery of local services.

5. **Administration of Grants and Entitlements:** The League supports legislation simplifying and standardizing grant programs and prohibiting the addition of special conditions to grants by a state agency when such conditions are not contained in the appropriation or the authorizing legislation for the grant program. The League further supports elimination of administrative fees deducted by state departments administering the grants. The League opposes any restrictions on the retention or use of interest earned on grant funds.

The State and municipalities both serve Alaskan citizens. Alaskan municipalities, as instrumentalities of the State of Alaska have similar goals: that is, to expend the public resources in a manner that provides the greatest good for the public. The imposition of numerous restrictions on grants to municipalities is not only unnecessary but causes municipalities to make wasteful expenditures for unproductive activities that do not contribute to the accomplishment of the purpose of the grant. Further, the deduction by state agencies of a fee for grant administration additionally reduces the amount of grant funds available. The task of administering grants is one of the necessary duties assigned to the particular agency administering the grants, and the cost of such administration should be a general fund budget item for the administering agency.

6. Pass-Through Funds and Grants: The League encourages the Legislature to make appropriations to nonprofit corporations and other named recipients under the provisions of AS 37.05.316 rather than making such grants to municipalities as "pass-through" grants under AS 37.05.315. The League further encourages the Legislature to amend AS 37.05 to permit grants that municipalities reject for lack of power or other reasons to be processed as grants under AS 37.05.316, which would allow the State to make the grants directly to a qualified nonprofit organization.

When a municipality accepts a grant under the provisions of AS 37.05.315 for the construction of a public facility, the municipality covenants that it will operate and maintain the facility for its practical life and that it will not look to the State to operate or maintain the facility or pay for its operation or maintenance unless the grant is for the repair or improvement of an existing state facility. Although AS 37.05.316 provides a mechanism for making grants directly to named recipients other than municipalities (e.g., private, nonprofit organizations), the Legislature continues to make "pass-through" grants to municipalities. These pass-through grants are intended for specific, named recipients to perform specific functions or for specific capital improvements.

Pass-through grants are sometimes made to a municipality for projects that are either extremely low on its priority list or are, in fact, projects that the municipality opposes. Many times, the grant is for a purpose or function the municipality does not even have the power to perform. In spite of this, the municipality is expected to accept the pass-through grant and covenant with the State that it will operate and maintain the public facility to be constructed under the grant even though the facility is to be owned, operated, and controlled by a private organization and even though the municipality may not have the power to perform the function.

For these reasons, the Legislature should either make pass-through grants appropriations under AS 37.05.316 or provide a mechanism under AS 37.05.315 that would permit the Department of Administration to convert section 315 grants that are declined by a municipality to section 316 grants. Such a system would increase the efficiency of the grant system as it would eliminate the expenses associated with having to pass such grants through a municipal "middleman."

7. Matching Grants: If a state program[S] requires local matching to receive funds, the matching requirement should be imposed on all grantees.

Because there are fewer state funds for [OF THE REDUCED AVAILABILITY OF FUNDS TO CONTINUE TO MAKE] grants to municipalities and named recipients under AS 37.05.315 and .316, some legislators have proposed that municipalities be required to match state funds in order to qualify for these grants. If requiring recipients to provide matching funds is beneficial in the case of grants to municipalities, it is also beneficial for other types of grants as a way of demonstrating [PROPOSALS HAVE BEEN MADE TO

INITIATE A MATCHING REQUIREMENT FOR GRANTS MADE TO MUNICIPALITIES. THE BENEFITS TO BE DERIVED FROM A MATCHING REQUIREMENT WILL ARISE NOT ONLY IN MUNICIPAL GRANTS BUT IN GRANTS TO OTHER ENTITIES AS WELL. THE] willingness of [THE] a grant recipient to shoulder a portion of the grant project costs and thus, [IS INDICATIVE OF] how important the grant is to the recipient. If a matching requirement is established for grants, it should apply across the board to all grantees, and not just to municipalities.

8. **Funding for Libraries and Museums:** (moved to Part II, Education, C.4)

B. MUNICIPAL ASSISTANCE/REVENUE SHARING PROGRAMS

The League supports the State Revenue Sharing and Municipal Assistance programs as a means for state government to share revenues derived from commonly held resources with all of Alaska's citizens. The League prefers that distribution of these shared financial resources be made through block grant programs such as the Revenue Sharing and Municipal Assistance programs rather than by categorical grants so that local governments can allocate funds for locally determined priorities.

Oil resources and the revenues derived from them belong to all the people of Alaska. The revenues are collected by the State and must be redistributed back to Alaskans and the entities that provide services to them, notably their local governments. State aid to municipalities provides essential services, among them fire and police protection, water and sewer, and various types of transportation infrastructure, to Alaskans.

Block grants maximize local governments' ability to provide basic governmental services to the citizens of the state according to locally identified priorities.

1. **Revenue Sharing:**

a. The League supports the State Revenue Sharing Program. In order to provide more predictability of payments under the program and to insure that the benefits and burdens of changes in state revenues are shared equitably by state and local government, changes in the annual appropriation by the Legislature to the State Revenue Sharing Program should be based on such criteria as state population, inflation, cost of local government services, and other timely considerations.

b. If legislation is approved increasing the state revenue sharing entitlement for specific recipients or for a specific purpose, the League supports a comparable increase in the total funding for state revenue sharing to preclude the dilution of funding to other recipients.

c. **The League supports [AN INCREASE IN] a level of funding of the State Revenue Sharing Program of at least \$41,472,000 to increase the minimum entitlement from \$25,000 to \$40,000 per eligible community.**

The 1980 revision of the State Revenue Sharing Program (AS 29.60) included a provision that each incorporated community would receive a minimum entitlement of \$25,000, to be adjusted by an area differential for the cost of living. Each unincorporated community is also entitled to a minimum entitlement of \$25,000 to be used for a public purpose. The intent of the legislation was to ensure a sharing of the State's resource wealth by all its residents, no matter how small the community in which they lived. Over time, state funding for the program has been reduced and the buying power of these dollars has declined. Many of the State's smallest communities are having difficulty operating with the minimum entitlement grants they receive, resulting in cutbacks on basic life, health, and safety services.

In 1990, the Legislature revised the State Revenue Sharing Program (AS 29.60) to increase the minimum entitlement from \$25,000 to \$40,000 and the road maintenance entitlement for municipalities from \$2,500 to \$3,000 if and when the funding level is at least \$41,472,000 in any year. The increase is necessary to hold communities harmless relative to FY 90 funding levels. At the \$41,472,000 funding level, all recipients would receive some additional funds because of the complexities of the program's formula, but not their full entitlement.

d. **The League supports full state funding for road maintenance at not less than [THE] \$2,500[-]per[-]mile [LEVEL] and for ice road maintenance at [THE] \$1,500[-]per[-]mile [level]. [DETERMINED BY THE FIRST SESSION OF THE 11TH STATE LEGISLATURE.] The League also supports the adjustment of [THAT] those amounts to reflect the increased cost of maintenance. The League also urges the Legislature to add an entitlement for winter trail staking.**

Under the Miscellaneous Municipal Services Account of the State Revenue Sharing Program, municipalities are entitled to receive \$2,500 per mile for road maintenance and \$1,500 per mile for ice road maintenance subject to legislative appropriation. Because of reductions in state funding since 1985, municipalities have not received their full entitlement. In 1990, the Legislature amended the program to provide for an increase in the road maintenance entitlement to \$3,000 per mile if and when the funding level for the State Revenue Sharing Program is at least \$41,472,000. In rural areas, snowmobile and dog sled trails provide important links to other villages and hunting and fishing areas in lieu of roads. Funding to install and maintain trail markings to keep these trails identified and safe should be included in the State Revenue Sharing Program.

e. **The League supports full funding at the statutorily defined levels for the Miscellaneous Municipal Services Account. It is concerned that under-funding of this account hurts Alaska's smallest communities. The League supports full funding for this account without reducing funding for other aspects of the Revenue Sharing Program.**

The delivery of public services is the primary purpose of state and local government and can best be implemented through a cooperative state/local partnership. The State, with its acknowledged superior access to public resources, has recognized that many public services are more effectively delivered through local government and that state resources should be used to assist municipalities in delivering such services.

In order to maintain the appropriate level of locally delivered services, revenue sharing and the various municipal assistance programs should be adjusted annually based on factors that are relevant to the services to be delivered. This would make the programs more rational and improve predictability of funding levels. In addition, such funds should be partially funded at an adequate level at the beginning of the fiscal year so that municipalities are not required to "borrow" from other local funds to support the State's share of such programs.

Underfunding of the Miscellaneous Municipal Services Account, which provides aid for basic governmental services including health facilities, road maintenance, and fire protection and minimum entitlements for the State's unincorporated communities, has forced a prorated reduction in funds available under the program for each community. State support for these services is statutorily defined, and full funding should be provided for this account. However, fully funding the Miscellaneous Municipal Services Account should not be accomplished by reducing current levels of funding for the Municipal Tax Resource Equalization Account, the other portion of the Revenue Sharing Portion. That part of the program, which receives approximately two thirds of the funds appropriated for revenue sharing, is a major source of revenue for all local governments.

2. Municipal Assistance: The League supports the continued funding of Municipal Assistance at the highest level possible. The League opposes action to fund the Miscellaneous Municipal Services Account of the State Revenue Sharing Program statutory entitlements at the expense of the Municipal Assistance appropriation. The League recognizes this program's purpose in providing funding of basic services expected by the public.

Where formula funding is established, the Legislature should fully fund such formula programs so that municipalities may rely on such formulas for budgetary purposes. Full funding of statutorily defined formula programs should not reduce funding available to local governments under the Municipal Assistance block grant program.

3. Population Determination: The League supports the use of generally accepted demographic techniques for the annual determination of resident population for purposes of the revenue sharing and municipal assistance programs.

Population determinations for revenue sharing and municipal assistance should be made on a basis that cannot be distorted to favor one area of Alaska to the detriment of another. Legislative adoption of federal census guidelines would assure unbiased determinations. In the absence of federal guidelines, only accepted demographic techniques should be used.

4. **Revision of Funding for Hospitals and Health Facilities:** The League strongly supports funding of hospital and health facility grants outside the municipal revenue sharing program.

Although each municipality generally requires a hospital or health facility to adequately serve the needs of its residents, health facility construction and operation are heavily controlled by the Department of Health and Social Services. It would be more appropriate to fund aid to hospitals and health facilities under appropriations made to the Department of Health and Social Services rather than through the municipal revenue sharing program.

5. **Raw Fish Tax:** The League supports the continued full funding of the statutory 50-50 sharing of raw fish tax revenues between the State and municipalities. The League urges the State to strengthen its enforcement and collection efforts in this program.

Alaska Statute 43.75 establishes provisions of the Fisheries Business Tax program. This tax, commonly known as the "Raw Fish Tax," is collected by the State based on the amount of fish processed in on-shore facilities. AS 43.75.130 stipulates that 50 percent of the revenue shall be refunded to the municipalities in which that processing activity occurred. Enforcement of the provisions of AS 43.75 and collection of taxes due have not been adequate, with the result that local jurisdictions have not received the amount of taxes due to them to support the services provided to the fishing industry. During the 1989 legislative session, a move was made to change the distribution formula, giving less than the statutorily defined 50 percent share to municipalities.

[6. OFFSHORE FISHERIES TAX: THE LEAGUE SUPPORTS AN OFFSHORE FISHERIES BUSINESS TAX REVENUE SHARING PROGRAM.

[OFFSHORE FISHERIES ACTIVITIES OUTSIDE MUNICIPAL BOUNDARIES CREATE SUBSTANTIAL ONSHORE IMPACTS. MUNICIPALITIES ARE ADVERSELY AFFECTED BY SUCH ACTIVITIES AND SHOULD SHARE IN FISHERIES BUSINESS LICENSE AND ANY OTHER TAX REVENUES IN RELATION TO THE ONSHORE IMPACTS CAUSED BY OFFSHORE CATCHING AND PROCESSING ACTIVITIES.]

C. LOCAL TAXES

1. **Tax Levying Authority:** The League supports broader municipal authority to consider alternatives to property taxes. The League opposes any action that would diminish the existing statutory authority of local governments to tax. The League opposes any efforts by the State that would reduce local tax bases or adversely affect the marketability of municipal bonds.

2. State-Mandated Exemptions:

a. **The League opposes the imposition of state-mandated exemptions of certain classes of property, individuals, organizations, or commodities from the application of taxes unless full compensation is made for revenues lost due to these exemptions. If the reimbursements for state-mandated exemptions are not fully funded, currently or in the future, the exemptions should be repealed or prorated.**

In implementing state policies, the Legislature has created required tax exemptions from local property taxes for certain classes of property, individuals, organizations, or commodities. As it is a state policy or program that requires these exemptions, the burden of the exemptions should fall on the State, and not the local government. If the State is going to establish such exemptions, it should fully reimburse the municipalities for revenues lost because of the exemptions. If the State is not going to fully fund such losses, the exemptions should be repealed or prorated or suspended.

b. **The League supports elimination or proration of the Senior Citizens/Disabled Veterans and agricultural lands property tax exemptions mandated by AS 29.45. If the programs are eliminated, the League supports replacement of the exemptions with a state rebate program for qualified seniors, disabled veterans, or agricultural lands owners who paid real property taxes on the qualified property. If the programs are not eliminated, the League supports legislation that would allow municipalities to prorate the tax exemptions based on the level of funding provided by the State.**

The Senior Citizens/Disabled Veterans Property Tax Exemption Program and the Farm Use Assessment program have been underfunded or zero-funded in recent years, leaving local governments responsible for over [60] 70 percent of the total cost of the state-mandated programs. Local governments should not have to pay the costs of these programs since their citizens did not vote to provide the exemptions. If the Legislature supports tax relief for these groups, such relief should be provided through a state-administered tax rebate program.

If the Legislature is not willing to have the State assume direct responsibility for the program, then legislation should be passed that would allow local governments to prorate the amount of tax exemption granted based on the level of funding approved by the Legislature. For instance, if the Legislature appropriated only 40 percent of the cost of the program, local governments would have to grant tax exemptions equal to only 40 percent of the tax bill owed by the affected groups. This would give senior citizens, disabled veterans, and agricultural land owners a tax exemption based on the State's commitment to the program and remove the ever-growing burden the current program has placed on local governments.

3. Payments-in-Lieu: **The League endorses the establishment of a program for payment-in-lieu of taxes for tax-exempt improved state property and state public corporation lands within a municipality.**

Property owned by the State of Alaska or public corporations (e.g., the Alaska Railroad) within municipalities requires local public services just as does property owned by private entities. Because state-owned property is exempt from local taxation, those municipalities that have a disproportionately large amount of improved state property within their boundaries bear a disproportionate share of the burden of providing public services to such property. A payment-in-lieu of taxes or permit to tax would reduce this disparate burden.

4. Taxation of Electric and Telephone Cooperatives: The League urges changes to the statutes governing taxation of electric and telephone cooperatives to allow local taxation of property and facilities owned by the cooperative. Revisions should provide for local property taxes unless a municipality chooses to participate in a program to share the State's tax on electric and telephone cooperatives.

Most of the property owned by electric and telephone cooperatives is exempt from local property taxes. The State collects a cooperative tax, which is in lieu of any other property, income, or excise tax (AS 10.25.540). This tax, which in the case of telephone cooperatives is based on gross revenues and in the case of electric cooperatives, on the use of electricity, is shared with local governments. There is, however, no correlation between the value of property owned by cooperatives or the level of government service required by them and the amount of tax revenue local governments receive from this source. These cooperatives compete with private enterprises, which pay their share of property taxes, and they should have a similar responsibility to pay for the services provided by local government.

In addition to the fact that the revenue received by a local government as a result of cooperative operation has no relation to the level of government services provided to it and is most often considerably less than the amount that would be raised by a property tax, there is another problem with the current shared taxes situation. Because state tax revenues may not be dedicated, payment of the local share depends on and is limited to amounts appropriated by the Legislature annually, which introduces the potential for instability of funding for local governments.

Municipalities should be given an option whether to impose a local property tax on cooperatives or to exempt such property from local taxes and share in the state administered program.

5. Motor Vehicle Registration Tax: The League urges revision of AS 28.10.431, motor vehicle registration tax rates, to reflect greater equity in taxation of vehicles compared to other forms of personal property.

Municipalities that do not optionally exempt motor vehicles from personal property taxation but have elected to levy taxes through a motor vehicle registration tax are increasingly aware of disproportionate and inequitable treatment of tax on vehicles as compared to other forms of personal property. The tax schedule in AS 28.10.431 was adopted in 1978 and has not been revised since that time. Local officials estimate that

the registration tax is less than half of the local revenue that could be generated by levying a local [LEVY OF] personal property tax. Based on results of a study conducted by the Municipal Finance Officers Association, which considered increases in the Consumer Price Index since 1978 as well as the mill rates of various municipalities, the League is suggesting that the tax table in AS 28.10.431 be increased by a factor of 100 percent. In addition, the League supports a statutory provision for an annual automatic adjustment in motor vehicle registration tax rates.

[6. WAIVER OF TAX COLLECTION: THE LEAGUE ENDORSES LEGISLATION TO PERMIT THE WAIVER OF COLLECTION OF TAXES WHEN COLLECTION COSTS EXCEED TAXES DUE.]

[BECAUSE THERE IS NO METHOD OF EXEMPTING FROM TAXATION CERTAIN PROPERTIES THAT HAVE LITTLE VALUE, MUNICIPALITIES ARE PLACED IN THE POSITION OF HAVING TO ATTEMPT TO LEVY AND COLLECT A TAX ON SUCH PROPERTY THAT DOES NOT EVEN PAY THE COST OF ASSESSING THE PROPERTY AND COLLECTING THE TAX. MUNICIPALITIES SHOULD BE GIVEN THE OPTION OF EITHER EXEMPTING SUCH PROPERTY OR WAIVING THE COLLECTION OF SUCH TAXES WHERE COLLECTION COSTS EXCEED PUBLIC BENEFIT.]

[7. REMOVAL OF SALES TAX LIMIT: THE LEAGUE ENDORSES THE REPEAL OF THE SALES TAX LIMIT CONTAINED IN TITLE 29.]

[BECAUSE A SALES TAX MUST BE APPROVED BY THE VOTERS BEFORE IT MAY BE IMPLEMENTED, THERE SHOULD BE NO STATUTORY LIMIT ON THE RATE OF SALES TAX A MUNICIPALITY MAY IMPOSE. IF THE VOTERS IN A MUNICIPALITY DESIRE TO TAX THEMSELVES AT A RATE HIGHER THAN THE 6 PERCENT CURRENTLY AUTHORIZED BY STATUTE, THEY SHOULD BE PERMITTED TO DO SO.]

6 [8]. Tax Liability for Certain State or Federal Agency Properties: The League supports legislation to require payment of property taxes by state or federal agencies for real property owned by the agency for investment purposes or acquired through holding of security interests.

Agencies of the State and federal government are treated differently with regard to local property tax on property obtained through default or foreclosure. Some agencies, among them the Alaska Housing Finance Corporation and the Department of Housing and Urban Development are required, [TWO AGENCIES THAT COMMIT] through regulation or legislation, to pay local property tax in recognition of the fact that local services contribute to the value of their property.

On the other hand, the Farmers Home Administration, Public Employees Retirement System, Teachers Retirement System, and Alaska Industrial Development and Export Authority are among the [ALSO] government agency investors who have obtained [OBTAIN] property through default and benefit from the services provided by local government, but they do not pay local property tax, claiming exemption under AS

29.45.031(a)1. These agencies participate in the financing of commercial properties and when a foreclosure occurs they are listed on the documents as owner and, consequently, claim to be automatically exempted. In many cases, the properties are leased and the agencies collect the rents. The rents obtained by the agency should approximate market rents, which will have a built-in factor for taxes. If the agency rents at below-market rates, they have an unfair advantage over the private sector in that they are not responsible for payment of property taxes. This not only creates an inequity for the private sector, which competes with the agencies, but also shifts the tax burden away from these properties although they receive the same services they did while in private ownership. [AIDA PROPERTY DOES NOT CONTRIBUTE TO LOCAL SERVICES.]

7 [9]. Taxation of Property Owned by the Alaska Railroad: The League supports legislation that would allow municipalities to assess and levy property taxes against Alaska Railroad Corporation property within their municipal boundaries.

The Alaska Railroad Corporation is currently exempt from municipal property taxes. Three reasons, the League feels that the railroad should no longer enjoy this protected status: 1) its operations impact services provided by municipalities; 2) the Alaska Railroad is in direct competition with certain private carriers; and 3) the railroad has demonstrated its solvency since its transfer to the State of Alaska and is no longer in need of special treatment to ensure its success.

[10. LOCAL MANUFACTURE TAXES: THE LEAGUE DOES NOT OPPOSE EXISTING STATUTES THAT PERMIT LOCAL GOVERNMENTS TO EXEMPT INVENTORIES INTENDED FOR EXPORT OUTSIDE THE STATE FROM PROPERTY TAXES. ANY PROVISIONS FOR OPTIONAL OR TEMPORARY EXEMPTIONS OR DEFERRALS FROM PROPERTY TAXES MUST PROVIDE FOR LOCAL OPTION, REQUIRE RATIFICATION BY A VOTE OF THE PEOPLE, AND ESTABLISH A THREE-TO-FIVE-YEAR SUNSET DATE.]

[THE LEAGUE RECOGNIZES THE CRITICAL NEED FOR PERMANENT JOBS AND EMPLOYMENT STABILITY IN LOCAL COMMUNITIES. WHERE PROPERTY TAX INCENTIVES ARE MEANINGFUL IN ATTRACTING MANUFACTURING OR VALUE-ADDED INDUSTRY USING THE HUMAN AND NATURAL RESOURCES OF THE STATE, EXEMPTION INCENTIVES MAY BE AN ECONOMIC DEVELOPMENT TOOL.

[THIS PHILOSOPHY APPLIES NOT JUST TO TIMBER BUT TO OTHER NATURAL RESOURCE INVENTORIES. ADOPTION OF SUCH AN INCENTIVE SHOULD BE BY ORDINANCE APPROVED BY THE VOTERS WITH A DURATION OF THREE TO FIVE YEARS, AT WHICH TIME THE LOCAL GOVERNMENT CAN REVIEW THE NEED FOR EXTENDING THE EXEMPTION OR DEFERMENT.]

8 [11]. Optional Exemptions: The League does not oppose the addition of optional exemptions from property taxation provided the public agrees through a vote of the people and a sunset on the exemption is set in three to five years.

However, in light of the impact property tax exemptions can have on other municipal revenue sources, including formula programs such as state revenue sharing and school foundation funding, the League requests that any legislation authorizing optional property tax exemptions be accompanied by an "impact on local government" fiscal note prepared by the Department of Community and Regional Affairs and the Department of Education.

The League recognizes that expansion of optional exemptions from property taxes involves more than preferential treatment of classes of owners or property. Issues of public benefit, effects on formula funding revenues, changes in tax burden on other property owners, and competitive market influences are a few considerations to be weighed. As these factors affect the public generally, adoption of local exemption should only be through ordinances approved by the voters. Further, in recognition of changing conditions and public needs, these exemptions should only be considered with provision of a sunset in three to five years.

Because the impact of property tax exemptions on full value determinations affects state funding under the formula programs, and because this impact is often not fully understood by local governments and voters approving optional tax exemptions, the League requests the Legislature to provide "impact on local government" fiscal notes with any legislation authorizing additional optional property tax exemptions. Such fiscal notes should be based on the prior year full value determination, municipal levies, and local assessors' estimate of value to be exempt should an optional exemption be adopted.

9 [12]. Real Property Transaction Values: The League urges [THAT IF] the Alaska Legislature to enact[S] legislation requiring that [REPORTING OF] real property transaction values be reported [, SUCH LEGISLATION ALSO REQUIRE] and that these reports be shared with the appropriate municipalities.

Alaska is one of only fourteen states in the country that do not require recording of real property transaction values. Lack of market data has been linked to failures of financial institutions nationwide, and many feel Alaska should require such recording for the benefit of the banking and real estate communities. Since municipalities are required to base local property taxes on full and true value, it is equally important that any data collected on real estate transactions be made available to municipalities if uniformity and equity in assessment are to be maintained.

[13. TAXATION OF IN-PLACE RESOURCES: THE LEAGUE SUPPORTS LEGISLATION THAT WOULD PLACE A TEMPORARY EXEMPTION ON THE LEVYING OF MUNICIPAL PROPERTY TAX ON IN-PLACE RESOURCES WHILE A STUDY IS DONE TO ASSESS THE IMPACTS OF AND ALTERNATIVES TO A PERMANENT EXEMPTION.]

[CURRENT STATE STATUTES REQUIRE THE STATE ASSESSOR TO INCLUDE THE VALUE OF IN-PLACE RESOURCES IN A MUNICIPALITY'S FULL VALUE DETERMINATION. THESE RESOURCES INCLUDE STANDING TIMBER, COAL

RESERVES, AND OTHER MINERAL RESOURCES IN THE GROUND, WHETHER OR THEY ARE BEING ACTIVELY DEVELOPED OR HARVESTED. THE STATE ASSESSOR HAS NOT BEEN DOING THIS, BUT A RECENT INTERPRETATION OF THE STATUTE WOULD REQUIRE HIM TO DO SO.

[TWO PROBLEMS EXIST. FIRST, THERE ARE NO GENERALLY ACCEPTED WAYS TO DETERMINE THE VALUE OF IN-PLACE RESOURCES, NOR DO LOCAL ASSESSORS AND THE STATE ASSESSOR HAVE THE STAFF TO CONDUCT SUCH EVALUATIONS. SECOND, ANY ADJUSTMENT IN THE FULL VALUE DETERMINATION AFFECTS STATE FUNDING THROUGH THE FORMULA PROGRAMS, NOTABLY THE STATE REVENUE SHARING PROGRAM AND THE SCHOOL FOUNDATION FORMULA.

[BEFORE CURRENT STATUTES REQUIRING THAT THE VALUE OF IN-PLACE RESOURCES BE INCLUDED IN THE FULL VALUE DETERMINATION ARE ENFORCED, IT IS IMPERATIVE THAT A THOROUGH STUDY OF THE IMPACTS OF AND ALTERNATIVES TO INCLUDING THEM OR TO A PERMANENT EXEMPTION BE CONDUCTED. THE LEAGUE ASKS FOR A TWO-YEAR TEMPORARY EXEMPTION WHILE SUCH A STUDY IS CONDUCTED.]

10. Local Taxing Authority on Oil and Gas Property: The League supports maintaining the existing state approach to applying limitations on a local government's ability to tax oil and gas property within its jurisdiction. Any state initiative to impose a more restrictive interpretation should be rejected.

In 1988 the Senate Select Committee on Oil and Gas Taxation, chaired by former Department of Community and Regional Affairs Commissioner Lee McAnerney, was appointed to review the method by which the State interpreted and applied local taxing limitations on oil and gas property. After thoroughly researching this issue and conducting a series of public hearings around the State, the committee recommended in its 1989 report that the present state interpretations of how local government limitations on oil and gas property are applied should continue.

D. PUBLIC EMPLOYEES' RETIREMENT

1. Increases in Benefits: The League urges that any legislation that increases the cost of the Public Employees' Retirement System or the Teachers' Retirement System due to increased benefits require the cost to be borne by contributions from the employees. The League urges the Legislature to require fiscal notes to address the impact on each participating municipal employer if any amendments are made to the Public Employees' Retirement System and the Teachers' Retirement System.

Because municipal employees, including teachers, are members of the Public Employees' Retirement System or the Teachers' Retirement System, municipalities are affected by changes made by the Legislature to either retirement program. Many times proposals are made to change a retirement system without focusing on the increased cost to

municipalities that such changes will cause. Because the municipality has no control over the retirement system and any increase in retirement benefits will decrease funds available for other municipal services, any increase in retirement system costs resulting from legislative action should be borne by the employees who will benefit from the increased retirement benefits. Additionally, in order to assist municipalities and the Legislature in evaluating changes to the retirement systems, fiscal notes accompanying such legislation should include an analysis of the fiscal impact on each of the participating municipalities.

2. Separate PERS/TRS Corporation: The League supports the establishment of a separate corporation for the management and investment of state trust funds, including the trust funds of the Public Employees' Retirement System and the Teachers' Retirement System, insofar as the board of the corporation includes professionals in the field of investment management and representatives of trust beneficiaries. The League urges that legislation establishing such a corporation include a provision that foreclosed real property held as assets by funds managed by the corporation be subject to municipal property taxes.

Alaskan municipalities make over half of all employer contributions to the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) and are directly affected by the performance of these funds because of the effect fund earnings have on employer contribution rates and, thus, on local tax rates. At present, both PERS and TRS funds are managed by the Department of Revenue, with the Commissioner of the Department as the sole fiduciary.

Creation of a separate corporation would give visibility to and strengthen the trust status of these trust funds. It would increase accountability, continuity, and public disclosure for the investment management of the funds by establishing a board of directors as fiduciary, incorporating professional investment managers and trust administrators, as well as representatives of beneficiaries, on the corporation's board, and providing for the exercise of fiduciary powers through the forum of regularly scheduled public meetings rather than administrative actions. A corporation would give management the authority to act in a timely manner and compete fully with other professional institutional investors. It would also allow the trust fund managers to have direct access to various Federal Reserve System services, increasing the security, earnings, and efficiency of trust fund investments and reducing the costs for intermediary custodian bank services.

In keeping with the League's general policy opposing exemption from taxation of foreclosed real property held as assets by state and federal agencies, the League supports inclusion of a provision making such assets held by the new corporation subject to municipal taxation.

E. HEALTH AND SOCIAL SERVICES (entire section moved to H. State Policies Affecting Local Communities, below)

E. [F. FISCAL NOTES/]GOVERNMENT MANDATES

[1. GOVERNMENT MANDATES:] The League urges passage of legislation that would require a government agency unilaterally transferring responsibility for a program to a municipality or imposing regulations on a municipality to reimburse the municipality for the costs of the transferred responsibility or regulations.

Proposals are occasionally made to require municipalities to undertake programs or activities for which there is either inadequate or no reimbursement. Proposals that shift the burden of such programs to municipalities should provide adequate reimbursement to the municipalities for the administration of such programs. No state or federal regulation that imposes a cost upon local governments should be enacted without reimbursement for that cost.

G. FEDERAL ISSUES (entire section moved to I. Federal Issues, below)

F [H].LOCAL DEBT

1. Debt Limits: The League opposes the imposition of limits on municipal debt other than those imposed by the Alaska Constitution and by the bond market because there are great differences between municipalities in Alaska with respect to revenue sources, number and levels of functions performed, and needs for infrastructure development.

The local government structure in Alaska is quite different from that in other states. First, all local government power resides in cities and boroughs; there are no independent special districts with independent debt issuing and taxing authority as there are in other states. For this reason, there are relatively few municipal issuers in the State of Alaska. Those issuers are financially stable and have a good bond-repayment track record. The growth pattern in Alaska is erratic and various areas have experienced extremely rapid growth, which places very heavy demands on the ability of the municipality to respond with the heavy capital investment required to meet infrastructure expansion needs. The tried and traditional assessed value-based methods of limiting local debt do not take into account such unpredictable demands and would make such limits unworkable in Alaska. The constitution prohibits general obligation debt except for capital improvements that have been approved by the voters. In most situations the voters will probably say "no" to new debt before debt limits are reached. Additionally, the bond market is sensitive to the amount of debt assumed by an issuer and its ability to repay such debt. These two mechanisms together should serve to establish a practical limit on local debt. Artificial limits that cannot take into account the varying needs of municipalities should be avoided.

2. State Management of Local Debt: The League opposes establishment by the Legislature of a mechanism for dealing with municipal bond defaults. Such action, when bond defaults have not occurred and when none appear imminent,

would give the bond market a negative message about the fiscal stability of Alaskan municipalities.

In the past, at least one legislative proposal has been made to establish a mechanism for state management of local debt in the event of a municipal bond default. Such mechanisms have been put in place in other states in times when there were municipal defaults. Putting such a mechanism into place in Alaska at a time when there are no municipal defaults, and none threatened, is likely to send a message to the bond market that there are anticipated defaults by Alaska municipalities. The Legislature should not attempt to fix something that is not broken when that attempt will do more harm than good.

G[I]. STATE-LOCAL FINANCIAL POLICIES AND RELATIONS

1. State Financial Policy: The League urges that in any study of state tax, debt, or financial structure or policy, the impact on, and of, municipalities be covered, and that there be substantial input from municipalities in evaluating the structure and making recommendations.

The policies and the structuring of state taxes, debt, and other finances have a major impact on municipalities, both direct and indirect. In either the study of state financial policy or the adoption of new elements of the state tax, debt, or financial structure, municipal involvement should be sought and adequate consideration given to the impact on municipalities of such policies or changes.

2. Advisory Commission on Intergovernmental Relations: The League urges the Legislature to establish a state-local intergovernmental relations commission to study and make recommendations on the division and delivery of public services, the allocation of public resources, state activities, mandates that impact the ability of local government to raise revenues and deliver services efficiently and the activities of municipalities that affect functions of the State.

Although Alaska and its municipalities have been growing and maturing constantly since statehood, the relationship of the State and its municipalities, the division of the delivery of services, and access to public resources have undergone dramatic changes in the last decade. Many of the changes were impelled more by short-range policies made feasible by the abundance of state revenues than by long-range policy considerations. With the recent instability in the source of state revenues and the continued decline of that revenue in the future, it is necessary for the State and local governments to work closely and cooperatively to ensure that the citizens of Alaska receive needed services through the most effective delivery system. At present there is no vehicle which provides the State, municipalities, and representatives of other interested entities with a mechanism for dealing with common problems and providing rational and mutually agreeable approaches to multi-level public sector problems.

An advisory commission on intergovernmental relations has been in existence at the federal level for many years, and the commission has produced timely and relevant responses to sharing problems of the federal government, states, and municipalities. Other states have established similar commissions at the state level and have been successful in improving relations between the state and local governments to develop rational and cooperative approaches to the division of public resources and the delivery of public services. In this critical time of declining oil revenues, it is essential that the State and the municipalities not be jockeying in an adversarial sort of relationship but in a cooperative relationship. An advisory commission on state-local intergovernmental relations would provide the critically needed mechanism that could lead us to that end.

H[J]. STATE POLICIES AFFECTING LOCAL COMMUNITIES

1. **Personal Income Tax:** The League supports legislation to reinstate the state income tax to allow for maximum capture of revenue from non-resident employees working within Alaska.

[2. **EDUCATION ENDOWMENT FUND:** THE LEAGUE SUPPORTS THE ESTABLISHMENT OF AN EDUCATION ENDOWMENT FUND WITHIN THE ALASKA PERMANENT FUND.]

2[3]. **Hospital and Health Facility Funding:** The League supports state assistance for hospital and health facility construction and operating costs so long as such support does not negatively affect existing levels of municipal assistance and revenue sharing funds.

3 [1]. **Utilization of Local Health Facilities/Support for Necessary Emergency Transportation:** The League urges the state and federal agencies responsible for health care to use local health facilities and to transport patients to regional centers only when necessary services are not available locally. The League supports a program to cover the cost of transporting patients to regional health care facilities for medical emergencies when necessary. (moved from E. Health and Social Services above)

Local health facilities, whether municipally or privately operated, are essential to the welfare of each community. The greater use that is made of local health facilities, the wider the range of services the facility can offer the community. State and federal agencies that place patients in health care facilities can contribute to the increased availability of health services by ensuring maximum use of local health facilities.

However, many communities in Alaska are small and in remote regions that are not connected by road to urban areas where extensive medical services are available. The citizens of such areas should have adequate access to such regional facilities when required in a medical emergency. State support of the cost of air or sea transportation of patients requiring emergency medical treatment would improve such access.

4. Contracting of State Health and Social Services: The League endorses the contracting out of state health and social services where cost effective.

5 [2]. Child Care: The League urges adequate state funding for communities participating in the child care program. (moved from E. Health and Social Services, above)

Child care programs provide financial assistance to families in which parents are working or training for work, grants to child care providers to improve the quality of care, child care resource and referral services, and Headstart programs. Most of these programs are run at the local level: all provide funds at the local level through programs of the Department of Community and Regional Affairs.

Communities benefit from child care programs on many levels. Children, families, child care providers, and employers all benefit directly. As more parents are able to work or train to improve their work-related skills, local economies benefit. The general public also benefits as people are able to work instead of depending on welfare.

6 [5]. Adult Day Care: The League urges adequate state funding for communities participating in the adult day care program.

I [G]. FEDERAL ISSUES (whole section moved from G. above)

1. Federal Assistance: The League supports federal recognition of the federal-local partnership in providing governmental services to citizens through federal assistance to local governments.

2. Outer Continental Shelf (OCS) Revenue Sharing: The League endorses enactment by the United States Congress of an OCS revenue sharing program, to be funded annually from the proceeds of the oil and gas lease sales on the OCS at a fair and equitable level. The League also endorses an automatic direct pass-through of a fair and equitable amount of the State's allocation under this program to communities affected by OCS activities. Further, the League endorses the concept that the State's and communities' allocation of OCS revenue sharing funds be used for coastal planning, resource protection programs, construction of capital infrastructure resulting from direct OCS activity, and health and social service needs resulting from OCS activity.

For the past several years, federal Ocean and Coastal Resource Management has expected state coastal districts to rewrite portions of their plans making concessions to accommodate the oil and gas industry. This creates extra work for state agencies and coastal districts developing coastal plans at the same time federal funding is being cut. Coastal districts have accommodated the industry as much as possible, often compromising their plans more than they would have liked in order to obtain federal approval. Since the compromises to oil and gas made by coastal districts will enable

exploration and development to occur with fewer restrictions and impediments, an OCS revenue sharing program would help coastal communities make up for the negative impacts the development would cause. An OCS revenue sharing program would assist coastal districts that are or will be impacted by oil and gas activities.

Monies could be used to further coastal planning; provide funds for port, harbor, and airport development and improvements, protect local populations from adverse effects of OCS oil and gas development and mitigate existing impacts; be used for clean-up plans, procedures, equipment and supplies should an accident occur; and provide for governmental services to fulfill needs created by this development near coastal communities.

Direct pass-through of money to impacted communities would ensure that the funds are used for what they were intended. However, the State should be permitted to retain a portion of the funds to assist in providing support services to coastal districts.

3. P.I.L.T.: The League supports continued funding of the Federal Payments in Lieu of Taxes program.

Because tax-exempt federal property within municipalities receives many of the same kinds of locally funded municipal services as does privately owned taxable property, and because much federally owned tax exempt property supports or attracts a population as does similar private taxable property, which population must be provided with the full array of municipal services, it is appropriate that the federal government provide payments in lieu of taxes to municipalities to ensure that the burden of local services provided to federally exempt properties is not cast disproportionately on municipalities.

4. Income Tax Law Impact: The League supports the tax exemption of municipal bonds for public purposes and federal legislation to remove restrictions placed on municipal bonds by tax reform legislation. The League opposes changes to federal tax laws that place additional burdens on local governments.

5. National Forest Receipts Shared Revenue: The League supports the full funding and distribution of National Forest Receipts to municipalities within the national forests. The League urges the Congress or the Legislature to amend the law [COMMUNITIES AFFECTED BY TIMBER HARVEST AND URGES AMENDMENT TO FEDERAL AND STATE LAWS] to require distribution of the [THESE] funds currently deposited in the State's general fund for the area in the unorganized borough within national forests, on a per capita basis, to [HARVEST-IMPACTED] incorporated cities located in the national forests in the unorganized borough for school and road purposes.

Currently, federal law (U.S. Code, Title 16, Section 500) restricts state distribution of 25 percent of the gross receipts from timber stumpage in the national forests [THESE FUNDS] to counties, boroughs, and unified municipalities [IN LIEU OF TAXES] for school and road purposes. In the unorganized borough, the federal funds the State receives for

forest receipts are deposited in the State's general fund. [SEVERAL] Municipalities located in the unorganized borough in the national forest are [COMMUNITIES THROUGHOUT ALASKA, ALTHOUGH] greatly affected [IMPACTED] by [THE TIMBER HARVEST] the presence of the national forest and provide public services to federal employees but receive no tax revenue from the national forest land. These municipalities [ARE PART OF THE STATE'S UNORGANIZED BOROUGH AND] are not receiving their proportionate share of these funds. This situation is inequitable and federal [AND] or state law should be amended to require the State to distribute National Forest Receipts Shared Revenue to [TIMBER-HARVEST-IMPACTED,] incorporated cities located in the national forests in the unorganized borough on a per capita basis. Any funds not distributed to a municipality should be deposited in the State's general fund to be expended as required by federal law. Because the REAA's are not required to contribute local funds for education and provide no other services, the League will oppose legislation that distributes national forest receipt funds directly to REAA's within the national forests. [BASED ON LAND AREA.]

PART II

EDUCATION

A. SCHOOL SUPPORT

1. Funding for Schools: The Alaska State Constitution requires [MANDATES IN ARTICLE VII, SECTION 1, PUBLIC EDUCATION,] that the State [SHALL] establish and maintain a system of public education, open to all [THE] children of the State. [THEREFORE,]The League supports the State's assumption of [ASSUMING] financial responsibility for basic education, which includes school capital construction. [INCLUDING FUNDING OF SCHOOL CONSTRUCTION.]

Article VIII, Section 1, of the Alaska State Constitution provides that the State shall establish and maintain a system of public education, open to all the children of the state. Article I, Section I, of the Constitution provides that all persons are equal and entitled to equal rights, opportunities, and protection under the law. The educational establishment and equal protection clauses of the Alaska State Constitution require the State to fully fund basic educational need. Basic educational need includes programmatic need and capital construction costs.

The Alaska Constitution's education and equal protection clauses establish the fundamental constitutional duty of the state to establish and maintain a system of public schools and to provide school-age children with an equal education throughout the State, regardless of tax wealth of a district.] A funding formula that results in disparate impacts in education is unconstitutional.

[UNCONSTITUTIONAL DISPARITIES MAY ALSO BE FOUND IN THE STATE'S PROGRAM FOR FUNDING CAPITAL CONSTRUCTION.] Throughout the years, the State has disregarded its responsibility for funding basic education, including capital construction costs. Since capital construction is one aspect of basic educational need, the State must consider it in the totality of education costs. During the "boom" years, many municipalities were required to incur significant amounts of bonded indebtedness to provide for the basic educational needs of the expanding population of school-age children. The State adopted a program of bonded debt reimbursement to reimburse municipalities for the costs of constructing school facilities. The program reimburses a municipality for a percentage of the bonded indebtedness it incurred to build schools and related facilities. The reimbursement program is subject to legislative appropriation and may cause a significant fiscal impact to municipalities depending upon the level of reimbursement authorized by the Legislature.

Basic educational need includes both the operational and capital construction components of the educational system. To eliminate the unconstitutional disparities currently existing in the system, the State must fully fund basic educational need including the cost of capital construction of facilities.

2. Basic Educational Need: The Legislature should establish a definition of basic education and an equitable funding formula that ensures basic education is provided. Defining basic education is the key to development of a fair formula for state funding of education. The development of this formula should involve the municipalities or districts that must fund the local share of education.

The Legislature must define basic education and establish an equitable funding program that fully funds basic educational need.

Basic educational need includes, but is not limited to, the following:

- a) Employment of instructional and classified staff;
- b) Staffing ratios and salaries;
- c) Individualization of instruction to the handicapped and gifted
- d) Recognition of unique demographic and geographic demands;
- e) Local control;
- f) Support services;
- g) Capital construction costs; and
- h) Criteria establishing special school design.

3. Local Autonomy to Provide Funding: Full funding should not inhibit the rights of local government to supplement state or federal funding or to administer local schools.

The League supports the right of local government to supplement state or federal funding; however, it recognizes that educational revenue raised through local effort measured by a municipality's assessed valuation may result in discrimination among children of various school districts since the education they receive will be based upon an impermissible wealth classification. Therefore, any school funding formula authorizing local foundation funding supplementation must operate to eliminate wealth disparities among districts.

4. Reduction in Force of Tenured/Non-tenured Teachers: The League supports legislation that allows local school districts to have a reduction in force of teachers (tenured and non-tenured) when either student enrollment decreases or funding is reduced.

Title 14 of the Alaska Statutes provides that a school district may only reduce its teaching staff in the event of a decline in student enrollment. While a decline in student enrollment may lessen the necessity for teachers, a district should have the authority to reduce its teaching force in the event of a funding shortfall based upon a decline in federal, state,

or local revenues. This approach provides a practical and logical solution to fiscal problems resulting from the uncertainty of funding of a school district.

5. Bonded Indebtedness:

[A. IF THE NEED ARISES TO REDUCE THE LIABILITY OF THE STATE FOR REIMBURSEMENT OF NEW SCHOOL DEBT UNDER THE CURRENT REIMBURSEMENT PROGRAM, THE REIMBURSEMENT RATIO SHOULD BE ADJUSTED. NEITHER A STATEWIDE LIMIT ON TOTAL REIMBURSEMENT OBLIGATION NOR OTHER LIMITS NOT RELATED TO LOCAL NEEDS OR THE WILLINGNESS OF THE MUNICIPALITY TO BEAR ITS SHARE OF THE DEBT BURDEN SHOULD BE USED.]

[IN THE PAST, A PROPOSAL WAS MADE TO PLACE AN ABSOLUTE LIMIT ON THE TOTAL STATE LIABILITY FOR NEW SCHOOL DEBT REIMBURSEMENT OBLIGATIONS. THIS PROPOSAL WAS THE PRODUCT OF A PERCEIVED NEED TO LIMIT THE STATE'S OBLIGATION FOR SUCH REIMBURSEMENTS IN ORDER TO PROTECT THE STATE'S BOND RATING, EVEN THOUGH THESE ARE MUNICIPAL BONDS RATHER THAN STATE BONDS AND THE REIMBURSEMENT IS ALWAYS SUBJECT TO APPROPRIATION EACH YEAR. THE PAST PROPOSALS WOULD HAVE ESTABLISHED THE MAXIMUM TOTAL OBLIGATION THAT WOULD BE UNDERTAKEN BY THE STATE TO ALL MUNICIPALITIES, WOULD HAVE REQUIRED ALL SCHOOL DEBT BE ISSUED FOR A TEN-YEAR TERM WITH LEVEL PRINCIPAL PAYMENTS AND FOCUSED ALMOST EXCLUSIVELY ON THE STATE'S PERCEPTION OF ITS NEEDS WHEN ADDRESSING THE BOND MARKET. IT DID NOT, IN ANY WAY, ADDRESS THE EFFECT OF SUCH CAPS ON THE ABILITY OF ALASKA TO MEET ITS EDUCATIONAL NEEDS. IN ADDITION, IT DID NOT ADDRESS THE INEQUITY OF THE DIFFERENT TREATMENT THAT WOULD BE RECEIVED BY THE LAST MUNICIPALITY TO GET UNDER THE CAP FOR REIMBURSEMENT AND THE NEXT MUNICIPALITY IN LINE, WHICH WOULD BE REJECTED AND WOULD HAVE TO BEAR THE ENTIRE COST OF ITS DEBT SERVICE FOR SCHOOL CONSTRUCTION. THERE IS A SUBSTANTIAL QUESTION WHETHER THE BOND MARKET SEES THE ONGOING OBLIGATION OF THE STATE TO REIMBURSE NEW MUNICIPAL SCHOOL DEBT AS A DETRIMENT TO THE STATE'S CREDIT RATING. IN ANY EVENT, WHILE THE LEAGUE MAY OPPOSE ANY ADDITIONAL RESTRICTIONS OR CUTBACKS IN THE SCHOOL DEBT REIMBURSEMENT PROGRAM, IF THE LEGISLATURE DETERMINES THAT IT MUST REDUCE THE STATE'S FISCAL BURDEN ARISING OUT OF SCHOOL DEBT REIMBURSEMENT OBLIGATIONS, THE LEGISLATURE SHOULD REDUCE THE REIMBURSEMENT PERCENTAGE FOR FUTURE BONDS SO THAT ALL MUNICIPALITIES WILL BE TREATED EQUALLY IN THE FUTURE.]

[B. THE LEGISLATURE MUST CLEARLY ESTABLISH THE TYPES OF STRUCTURES ELIGIBLE FOR REIMBURSEMENT. THIS REQUIRES DEFINED STANDARDS AND CRITERIA FOR DETERMINING ELIGIBILITY. ONLY SUCH REGULATIONS AS ARE NECESSARY TO CARRY OUT THE LEGISLATIVE PROGRAM SHOULD BE ADOPTED, AND THE STATUTES SHOULD CLEARLY DEFINE THE LIMITS ON REGULATIONS SO AS TO PREVENT INADVERTENT ALTERATION OF

THE LEGISLATIVELY ESTABLISHED PROGRAM.]

a [C]. The League opposes any effort by the State to reduce school debt reimbursement through deduction of interest earned on school bond proceeds.

b [D]. The League urges the Legislature to fully fund the school debt reimbursement program at the levels provided by statute.

The Sixteenth Legislature adopted HB 37, which, by establishing a school construction grant program in place of the school construction debt reimbursement program, substantially altered the way the State funds the cost of school construction. Under the former program (AS 14.11), the State reimburses municipalities a percentage of the debt they incurred for school construction, subject to yearly appropriations. Because of the upward spiral of municipal debt, the uncertainty of state appropriations for the debt reimbursement program, the State's inability to control the costs of the program, and the fact that with declining revenues the State could not continue to support the program while new debt for school construction continued to be approved by the voters, the Legislature changed the capital school construction funding system to a grants-based priority project approach, which will go into effect in FY 91.

However, the adoption of HB 37, with its change in the mechanism for funding future school construction, does not excuse the State from its obligation to continue to fully reimburse municipalities for bonded indebtedness incurred for school construction under the former program.

c. _____ The League supports placing a proposition on the ballot for a statewide general election that would enable the State of Alaska to sell its general obligation bonds to refinance all existing municipal school debt. (moved from C.4 Sale of Bonds)

The League recognizes that there may be present or future benefit to the State in having flexibility to restructure existing school debt. A ballot proposition would provide that flexibility if passed by the voters.

6. School Construction Grant Program: The League supports application of the priority-based school construction grant program established by Chapter 5 SLA 90 equitably to all districts. The League supports funding for school construction at a level that will allow construction of priority projects as identified by local districts and by the Department of Education. [A SCHOOL CONSTRUCTION GRANT PROGRAM THAT IS EQUALLY APPLIED TO ALL SCHOOL CONSTRUCTION PRIORITIES FOR SUCH A PROGRAM SHOULD BE SET BY THE ALASKA DEPARTMENT OF EDUCATION, AND A POLICY TO FUND EXISTING SCHOOL DEBT AT FULL ENTITLEMENT SHOULD BE ESTABLISHED.]

Chapter 5 SLA 90 (HB 37) established a state-funded grant program for school construction to replace the program of reimbursement of school construction debt

incurred by municipalities. The grant program calls for prioritization of projects based on a series of need-based criteria established and applied by the Department of Education. The new law has yet to be fully implemented and it is difficult to project whether the statute will operate equitably to address school construction needs. A serious concern of municipalities is the State's level of commitment to fund all projects identified by school districts. If the State only funds Level 1 and 2 projects, it is unlikely that local districts will be able to provide funds for necessary school capital construction which falls into categories 3 through 7. The State, therefore, must fully fund all projects under the new program to ensure that all school capital construction needs are met.

7. Bilingual Education: The League supports the full utilization for bilingual education programs of funds generated by school districts through the bilingual component of the foundation formula.

Funding to preserve bilingual education acts to preserve the rich cultural diversity of Alaska. The full utilization of bilingual funds generated by the foundation formula serves to enhance the unique quality of the Alaska education system.

B. ASSEMBLY/COUNCIL-SCHOOL BOARD ROLES

The League supports legislation to clarify assembly/council-school board roles and it opposes legislation that would diminish assembly/council authority in education matters.

The local governing body has [THE REASONING BEHIND THIS STATEMENT IS THAT THE ASSEMBLY/COUNCIL HAS THE ULTIMATE] financial responsibility to the taxpayers as the only local [GOVERNING] body with the authority to levy taxes. [WITH THIS AUTHORITY COME RESPONSIBILITY AND ACCOUNTABILITY TO THE VOTERS AND TAXPAYERS OF THE MUNICIPALITY. TO DIMINISH THE AUTHORITY OF THE LOCAL GOVERNING BODY IN ANY WAY WEAKENS THE IMPORTANT DIRECT RELATIONSHIP BETWEEN THE ELECTED BODY AND THE TAXPAYER.]

C. STATE POLICIES AFFECTING LOCAL COMMUNITIES

1. Community Schools: The League recognizes the importance of community schools and supports adequate funding for the program.

Community schools provide an integral link between the community and its citizens by promoting the advancement and development of learning and skills for citizens in school districts. Community schools are grassroots education in its purest sense and must be funded to insure a well-rounded curriculum for all segments of a school district's population.

2. Early Childhood Education: The League recognizes the importance of early childhood education and supports adequate funding for the development, regulation, and maintenance of standards for preschool early childhood education

programs.

3. **Post-Secondary Education:** The League urges the Legislature to provide adequate capital and operational funding needed by the University of Alaska to bring all of its campuses to an adequate level of support and to aid the University in fully meeting the quality higher education needs of the State of Alaska. The League also encourages the Legislature to maintain maximum possible funding for the student loan program.

[4.] **Sale of Bonds to Refinance Existing School Debt:** (moved to A.5 Bonded Indebtedness)

4. **Funding for Libraries and Museums:** The League supports continued funding for grants to municipalities in the State for the construction and equipping of libraries and museums. (moved from Part I, Taxation and Finance, A.8)

Libraries and museums are important facilities to provide meaningful educational, leisure, and historically interpretive activities in the municipalities of the State. These facilities help provide constructive winter-time diversion and add to the experience of visitors, who visit primarily in the summer. The State needs to continue support for these important cultural and educational facilities so the Alaskans and visitors alike can share in the knowledge and rich heritage of Alaska.

PART III

PUBLIC SAFETY

A. FINANCIAL IMPACT

1. **Detention Costs:** The League recommends that costs associated with prisoner care and prisoner transportation be borne by the State. When a municipal police officer makes an arrest for a violation of a state law, the State should assume the legal and financial responsibility for the prisoner as soon as the prisoner is incarcerated.

The State has not been picking up the full cost of detaining prisoners charged with state offenses, which has caused economic burdens for local governments.

2. **Detention Cost Equalization:** The League urges the State of Alaska to equalize the cost of detention that is billed to municipalities for prisoners held in the various state detention facilities.

Different contract jails have been receiving different amounts per day per prisoner because each contract was individually negotiated.

B. TRAINING

The League urges the Legislature to assure, through state assistance, that local full-time and volunteer police, fire, emergency medical, and other emergency preparedness personnel throughout the State have access to adequate facilities and program resources for training. Further, the League endorses public fire education and arson investigation, the Village Public Safety Officers training program, the Police Standards Council, and training of police in investigation of domestic violence and adult and child sexual abuse.

C. JUDICIAL SYSTEM

The League supports the funding of a judicial system that would assure the presence of sufficient judicial officers and facilities in each community.

Either circuit court riders or magistrates in each community would help to expedite justice.

[D. HAZARDOUS MATERIALS REPORT

THE LEAGUE CONTINUES TO SUPPORT LEGISLATION THAT WOULD REQUIRE PERSONS WHO HANDLE TOXIC MATERIALS IN ANY MANNER OR OWN PROPERTY UPON WHICH TOXIC MATERIALS ARE FOUND WITHIN A MUNICIPALITY TO PROVIDE A FULL REPORT OF THE PRESENCE OF SUCH MATERIALS. THE LEAGUE URGES THE STATE TO PROVIDE EDUCATIONAL AWARENESS PROGRAMS ABOUT WHAT TYPES OF TOXIC MATERIALS MAY BE FOUND WITHIN MUNICIPALITIES. THE LEAGUE ALSO SUPPORTS VIGOROUS ENFORCEMENT OF SUCH LEGISLATION, WITH ADEQUATE FUNDING PROVIDED FOR EDUCATIONAL AWARENESS.]

D [E]. LIABILITY ISSUES

1. Liability for Injury in Recreational Activities: The League supports legislation that would limit the liability of a government or organization providing recreational opportunities.

Current state statutes limit the ability of the State and local governments to provide recreational opportunities to Alaska's citizens because of their liability for damage or injury resulting from hazardous recreational activities. Many municipalities have had to reduce or close recreational services because liability insurance is either unavailable or too expensive. Volunteer organizations that might otherwise work in conjunction with local governments to provide recreational activities are also limited because of the potential liability they face. The President's Commission on Americans Outdoors has recommended that the standard of care for which an organization or government should be responsible in providing recreational opportunity be changed from "mere negligence" to "gross negligence."

2. Civil Liability of Certain Volunteers: The League supports legislation that would limit the civil liability of volunteers working to provide recreational opportunities for Alaska's citizens.

Co-sponsoring recreational activities with volunteer organizations enables states and municipalities to provide recreational services which they would not ordinarily be able to provide in view of shrinking tax dollars. Volunteers lacking protection under the law for acts or omissions while acting in good faith within their voluntary function and duty put personal assets at risk due to that lack of protection. To promote and support volunteering, the League supports efforts to remove barriers to encourage volunteers in outdoor recreation activities.

3. Liability of Property Owner: The League supports legislation that would

limit the liability of a real property owner for damage or injury to a person resulting from recreational use of real property.

The potential for private lands to provide recreational opportunities is great. Under current statute, landowners are liable for damage or injury to a person resulting from recreational use of their "improved" property. "Improvements" include such things as bridges and trails. Alaska is one of only two states that do not have recreational use statutes that give protection for private landowners when the public uses their land for recreation.

4. Liability for Failure to Take an Incapacitated Person into Custody: The League supports legislation removing any implied liability of a municipality for failing to take a person incapacitated by alcohol into custody.

The decision of the Alaska Supreme Court in *Busby v. Municipality of Anchorage*, which interpreted the intent of the Alaska Legislature in enacting AS 47.37.170 (b), judicially created a duty to take persons incapacitated by alcohol into custody. The effect of this decision was [HAS BEEN] that municipalities with police powers were [HAVE BEEN] forced to pick up all persons who appeared to be incapacitated and put them in a treatment facility, where possible, or in state or municipal correctional facilities.

In 1989, the Alaska Legislature passed legislation amending AS 47.37.170 to clarify that a municipality was liable only when its officer's failure to take a person incapacitated by alcohol into custody was the result of "gross negligence." While this has relieved the burden on municipalities to some extent, applying the gross negligence standard to such cases leaves the door open for protracted legal challenges, which expend precious money and time for municipal governments. To avoid potential legal challenges, municipalities have had to commit [THIS HAS BEEN QUITE EXPENSIVE FOR LOCAL GOVERNMENTS AND HAS REQUIRED A COMMITMENT OF] already limited public safety resources that they [ALASKA'S MUNICIPALITIES] can ill afford. The League believes the legislative intent was [NOT] to create [SUCH] a duty for municipalities to enforce [IN ENFORCING] state law, but not a mandate or liability for a discretionary which financially [A DUTY WHICH] burdens municipalities with an obligation they are neither equipped nor fairly required to meet. Therefore, the League supports legislation that would remove any such implied liability.

F. STATE POLICIES AFFECTING LOCAL COMMUNITIES

1. State Public Safety Responsibility:

a. The League strongly urges the Legislature to provide funding for the Department of Public Safety so that an adequate level of services can be maintained statewide.

b. The League recognizes the critical need for mandatory certification,

training, and background verification for village police officers in the State of Alaska.

2. Criminal Defense Costs: The League recommends that the State resume full financial responsibility for the Public Defender Agency so that all citizens may receive the full benefit of their state and federal constitutional rights.

The State should pick up legal defense costs for indigent defendants who are charged with serious offenses.

3. Use of Television Facilities: The League encourages the court system to make maximum use of television facilities and other cost-saving techniques for arraignment, grand jury, and similar court functions to release the burden on highly trained public safety personnel.

Local police are required to attend court-related activities, which is a fiscal burden on municipalities that must provide street cover for the officer who is in court or, in some communities, go without any street cover at all when such a situation occurs.

4. Emergency Management: The League supports state and federal funding of civil defense and emergency preparedness activities.

5. Fire-Fighting Equipment: The League supports state assistance for basic fire-fighting equipment for small Alaska cities and fire service districts.

6. Substance Abuse Counseling: The League encourages state funding of positions for counseling on drug and alcohol programs, particularly in conjunction with the existing juvenile probation system.

7. Substance Abuse, Domestic Violence, and Adult and Child Sexual Assault: The League supports continued state development and support of community-based substance abuse, domestic violence, and adult and child sexual abuse prevention programs.

The League recognizes the serious individual and public safety problems that exist in all communities in Alaska as a result of substance abuse, domestic violence, and adult and child sexual assault and urges the State to continue its programs to deal with these problems.

8. Suicide Prevention: The League supports continued state development and support of community-based suicide prevention programs.

9. V.P.S.O. Program: The League strongly urges the Legislature to increase funding for the Village Public Safety Officer Program.

Some communities in the State are without any type of public safety enforcement official and the V.P.S.O program helps to fill that void.

[10. MARIJUANA: THE LEAGUE URGES THE LEGISLATURE AND ALASKA SUPREME COURT TO TAKE IMMEDIATE STEPS TO REPEAL STATUTORY PROTECTIONS FOR THE USE AND POSSESSION OF MARIJUANA IN THE STATE OF ALASKA IN ORDER TO PROMOTE THE GENERAL HEALTH, WELFARE, AND PUBLIC SAFETY OF THE CITIZENS OF THE STATE OF ALASKA.]

STATE OF ALASKA

Department of Justice

Alaska Statute 11.41.010, which prohibits the possession of marijuana, is an outdated and unnecessary law that should be repealed.

The current law is based on outdated scientific research and does not reflect the current understanding of marijuana's effects on health and safety. The law also creates a significant burden on the criminal justice system.

Repealing this law would allow individuals to use marijuana responsibly without the risk of criminal prosecution, thereby promoting public health and safety.

The League of Women Voters of Alaska strongly supports the repeal of this law and urges the legislature to take immediate action.

LEAGUE OF WOMEN VOTERS

The League of Women Voters of Alaska is a non-partisan organization that works to ensure that the government is accountable to the people. We believe that repealing this law is a necessary step towards a more just and equitable society.

We urge you to support the repeal of this law and to contact your legislators to express your concerns.

PART IV

LAND USE

A. LOCAL OPTIONS

1. Planning and Zoning:

a. The League feels strongly that laws pertaining to the powers of local planning and zoning must allow for the greatest flexibility at the local level.

b. State land classification through legislative designations should follow a process that provides for notification to municipalities of proposed state action and for scheduling of mandatory public hearings within areas affected by the proposed state land classification. Additionally, proposed state land classifications should consider the multiple use of the lands to be classified.

2. Land Use: The League supports the requirement that the State and the federal government comply with all local land use and subdivision regulations.

In the past, when the State and the federal government have disposed of land, they have not always complied with local land use or subdivision requirements. They should be required to do so.

B. LAND SELECTION

1. Easements: The League supports the state policy of preserving needed and specific rights-of-way and easements that provide for present and future public access to public waterways and resources within municipal selections, with the concurrence of affected municipalities. The League supports continuation of the program to survey these easements or relaxation of survey requirements.

When granting municipal entitlements, the State of Alaska should be in concert with the local municipalities to provide access to public waterways that will be of the most benefit to the general public.

2. Conveyance and Land Use:

a. The League urges the immediate conveyance to municipalities of Native and state lands presently identified and jointly agreed upon for selection.

b. The League urges the State to move expeditiously to complete in-lieu, cash entitlements, to convey lands to municipalities with the least amount of encumbrance and restriction, and to take whatever actions are necessary to correct existing inequities and overcome all remaining obstacles to fulfilling land entitlements, so that all municipalities may receive their entitled share.

c. As a stimulus to local governments and as a means to more effectively place the initiative for economic development at the local government level, the League urges the State of Alaska to convey to local government units subsurface rights to lands already conveyed and to make simultaneous conveyances on future land transfers.

d. The League urges [STATE FUNDING OF] a cooperative inter-governmental [LAND USE PLANNING COMMISSION] effort to expedite conveyance of lands not yet jointly agreed upon by considering municipal, state, and federal interests in lands affected by the land selection process.

e. The League urges immediate state funding for the surveying of municipally selected state land.

f. The League supports the efforts of the Department of Community and Regional Affairs to assist communities in preparing for land selections pursuant to Section 14, paragraph c, 3 of ANCSA.

g. The League urges the State to establish a timetable for full conveyance of municipally selected lands.

C. HISTORIC AND RECREATION SITES

1. Monuments and Historic Sites: The League supports continuation of a state matching grant program and funding for acquisition, maintenance, and rehabilitation of monuments, historic sites, and rights-of-way.

The State of Alaska has a rich history that is not being preserved because funds are not being appropriated for this purpose. The preservation and acquisition of historic sites and monuments will benefit not only tourism, a major Alaskan industry, but also future generations of Alaskans.

D. COASTAL MANAGEMENT

1. **Local Control:** The League supports continued and maximum local control in the development, management, and implementation of coastal planning and policies.

2. **Agency Review of Local District Programs:** The League supports legislation that would require all state and federal agency comments and recommendations to be made within 60 days by these agencies prior to local government conceptual approval of the district plan or any significant amendments to approved plans.

3. **Coastal Leasing:** The League encourages the State to pursue oil, gas, tideland, and mineral leasing activity in a coastal area in a manner consistent with local coastal management plans or other local planning efforts.

4. **Financial Support:** The League strongly supports a firm financial commitment to the Alaska Coastal Management Program and allocation of a larger portion of state and federal funds to local government efforts.

5. **Federal Approval:** The League urges the State of Alaska to aggressively support local coastal management programs during the review and approval of the programs by the federal government.

6. **Notice and Approval:** The League urges the State of Alaska and the federal government to provide reasonable notice of changes and to review submitted plans and proposed amendments.

E. SUBDIVISIONS

1. **Proof of Approval:** The League supports legislation requiring that any instrument changing the boundaries of land be recorded and that any such change be approved by the local platting authority before it can be accepted by the District Recorder's Office. [THAT WOULD REQUIRE PROOF OF APPROVAL BY LOCAL PLATTING AUTHORITIES PRIOR TO THE FILING OF AN INSTRUMENT CHANGING THE BOUNDARIES OF LAND, INCLUDING THOSE FILED OR ORDERED BY THE STATE, BY THE DISTRICT RECORDER'S OFFICE.]

At the present time, many state and federal actions to subdivide land do not require approval of local platting authorities, nor is there a requirement that they be recorded. Subdivision of land is a major factor in community development because of the long-term impact of land use patterns, and local land use plans and policies should have

precedence in determining subdivision boundaries. The League recommends that legislation be introduced to require that all property owners, including the State and the federal government, obtain local platting authority approval before conveying interest in land within a municipality, that this approval be required before the land transfer can be recorded by the District Recorder's Office, and that they be required to record any land transfer or boundary change.

[SUBDIVISION OF LAND IS A MAJOR FACTOR IN COMMUNITY DEVELOPMENT, CREATING PATTERNS WHICH HAVE LONG-LASTING EFFECTS. ALTHOUGH PRESENT LEGISLATION CLEARLY RECOGNIZES THE NEED FOR REGULATION OF SUBDIVISIONS, THE MEANS OF ENFORCEMENT ARE INADEQUATE. LEGISLATION THAT REQUIRES BOTH INDIVIDUALS AND THE STATE OF ALASKA TO FILE ALL NEW SUBDIVISIONS WITH THE DISTRICT RECORDER'S OFFICE. WHEN A NEW SUBDIVISION IS FILED, THE DISTRICT RECORDER'S OFFICE MUST NOTIFY THE IMPACTED MUNICIPALITY.]

F. STATE LAND DISPOSAL

1. **Improvement Funding:** The League supports a cooperative effort by the State and municipalities to dispose of road-accessible and remote land in a continuous and orderly manner. The League also supports state funding for planning grants, necessary access roads, survey of land scheduled for disposal, state, borough, and city subdivision roads, sewers and utilities to meet local subdivision improvement ordinances, and expanded dissemination of land disposal information.

2. **Mandated Programs:** The League continues to oppose any state-mandated program regarding disposal of municipally selected land relative to timing, size, or use.

3. **Compliance with Municipal Planning:** The League supports state legislation or administrative policy that would require state land disposals to recognize local planning efforts and their implementation tools.

4. **Construction of Rights-of-Way:** The League supports state funding for construction of roads as required by local ordinances on dedicated rights-of-way in state subdivisions that have been disposed of or are in the disposal process.

5. **Compliance with Existing Roads and Rights-of-Way:** The League supports state legislation or administrative policy that would require state land disposals to recognize existing or planned roads, trails, and rights-of-way by means of right-of-way dedication.

6. **Land Entitlements:** The League calls upon the Governor and the Alaska Department of Natural Resources to take appropriate action to correct existing inequities and overcome any and all remaining obstacles to fulfilling land entitlements for all municipalities.

G. SHARED GEOGRAPHICAL DATA

Computer-based geographical information systems should be coordinated and standardized to allow the sharing of data between state and local agencies.

H. COOPERATIVE PLANNING

The League recognizes that a portion of the State's most valuable resource lands are already under private control through mining claims, leases, and conveyances pursuant to the Alaska Native Claims Settlement Act. Thus, in furthering its goals of both resource development and the protection of Alaska's environment, the League urges meaningful, cooperative planning by the State, municipalities, and appropriate private parties, including Alaska Native Corporations.

I. STATE POLICIES AFFECTING LOCAL COMMUNITIES

1. **Recreational Opportunities:**

a. The League strongly supports improved development and maintenance of state-owned accessible parks, recreation areas, and trails. Since many of Alaska's citizens recreate outside of the local jurisdictions in which they reside, the League urges the State to exercise its responsibility to provide a broad spectrum of recreation opportunities for all Alaskans.

b. The League urges the State, in exercising its responsibility to provide recreation opportunities, to do so with the concurrence of the local governments most directly impacted.

When the State proposed the development of new recreational facilities, it should work with the local municipality to insure that the project will be of benefit to both parties. The local jurisdiction is often not involved in the planning process for new facilities, but it should be.

2. **Subsistence:** The League supports legislation which provides fair and equitable rights to all subsistence users.

3. State Land Use Divisions: The League urges the State to provide municipalities with a greater opportunity to participate in state land use decisions such as land classifications, land exchanges, and state land use plans for state lands within or adjacent to a municipality.

TRANSPORTATION, DOCKS, AND PORTS

The League recognizes the importance of all forms of transportation in the well-being of Wisconsin, its citizens, and its communities. The League supports state planning for an integrated transportation system composed of all modes of transportation. The League also supports an equitable approach to funding of construction and maintenance for all forms of transportation.

A MUNICIPAL DEVELOPMENT (IN THE STATE OF WISCONSIN)

State transportation plans, including air, rail, and other surface and subsurface, should be prepared and developed in coordination with municipal and county transportation planning.

The State should provide for a comprehensive system of transportation planning that will be effective and not create unnecessary duplication of effort. The State should also provide for a comprehensive system of transportation planning that will be effective and not create unnecessary duplication of effort.

STATE TRANSPORTATION

The League supports the State's efforts to improve the quality of transportation planning. The League supports the State's efforts to improve the quality of transportation planning.

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PART V

TRANSPORTATION, DOCKS, AND PORTS

The League recognizes the importance of all forms of transportation to the well-being of Alaska, its citizens, and its communities. The League supports statewide planning for an integrated state transportation system comprised of air, marine, and surface components. The League also supports an equitable approach to funding of construction and maintenance for all forms of transportation.

A. MUNICIPAL INVOLVEMENT IN TRANSPORTATION PLANNING

State transportation plans, including air, marine, and surface components, should be prepared and developed in conjunction with municipal plans and municipal transportation priorities.

The State's plans for transportation systems must have direct municipal involvement if they are to be effective and not counter-productive, working at cross purposes with municipal plans. Coordinated planning can help avoid waste of local resources.

B. SURFACE TRANSPORTATION

1. **Costs of Railroad Crossings:** The Alaska Municipal League supports legislation that would reduce costs to municipalities assessed by the Alaska Railroad for maintenance, operation, and permitting of public railroad crossings.

2. **Local Service Roads and Trails:** The League supports funding for the Local Service Roads and Trails program.

The State seems to have an inconsistent plan with respect to regular maintenance of roads and trails. As evidence of this, funding levels for the Local Service Roads and Trails program has varied widely over the years.

3. **Transfer of Maintenance Responsibility:** The League opposes the

transfer of responsibility for road maintenance from the State to a municipality unless requested by that municipality, with the understanding that the State would reimburse the municipality for the added cost.

This reflects a response to the state effort to shift road maintenance responsibility on state roads to municipalities without transferring any funds for that maintenance.

4. Reauthorization of Federal Surface Transportation Act: The League supports reauthorization of the federal Surface Transportation Act providing funding to meet highway construction needs in Alaska. The League urges that any revisions of that legislation build on the strengths and successes of the existing system and provide future funding for Alaska at a level at least equal to that of the past. The League opposes changes in the system that would rely solely on a hold harmless provision and supports the removal of budget restrictions so that all funds authorized for highway construction can be appropriated.

A number of national organizations and the U.S. Department of Transportation are close to endorsing proposals for new arrangements for federal highway financing that would be detrimental to Alaska. Alaska and its municipalities favor continuation of the present system, which is the largest programmatic source of federal funding for Alaskans (over \$150 million per year), but support for this program is eroding among larger, more populous states in which major interstate highway construction has been completed.

The existing program serves Alaska well because two of the four major categories for distributing funding use historical funding arrangements and distribute funding using formulas that recognize the magnitude of highway construction needs in Alaska. Proposed new allocation schemes are based on federal tax collections within each state and on defined system needs. They would reduce Alaska's share of federal highway funding under the program to less than \$50 million, only one third of the amount currently received. Alaska would receive a large hold-harmless payment (\$100 million) based solely on past funding levels, but its funding would not keep pace with growth in the program. It is undesirable to base Alaska's future federal highway funding on a hold-harmless allocation since as time goes on it would become the only state receiving such a payment and would not have the political influence to preserve it.

The current highway funding program is authorized through the end of FY 1991, so little more than a year remains before the program must be reauthorized. A number of the nation's more populous states are organizing to support a plan that would prove much more favorable to their interests and would harm Alaska, as well as other Western (i.e., more rural) states.

C. AIR TRANSPORTATION

1. **Transfer of Land for Municipal Airports:** The League supports transfer to municipalities of federal and state lands to provide for needed construction and expansion of municipal airport facilities and operations.

Where municipal airports exist, much of the land is controlled by federal and/or state governments, which makes it difficult to plan for expansion.

D. MARINE TRANSPORTATION

1. **Jones Act:** The League supports such modifications of the Jones Act as would benefit Alaskan municipalities.

2. **Shipping Corridors:** The League requests that the State of Alaska support the designation of mandatory shipping corridors within Alaskan waters when commercial fishing areas are affected and whenever local communities request such mandatory shipping corridors.

3. **Land Acquisition:** The League supports transfer to municipalities of federal and state lands to provide for needed expansion and/or development of municipal port facilities and operations.

Several communities are trying to foster economic development with the establishment of ports and on-shore processing facilities. The federal and state governments own much of the land adjacent to the tidelands that would be appropriate for such uses.

4. **Marine Maintenance:** The League urges that all State of Alaska agencies responsible for marine vessels develop, adopt, and use purchasing and contracting procedures that ensure that municipally or privately owned in-state, marine repair-related businesses have an economic priority on all state vessel construction, maintenance, and repair work to the extent legally possible.

Ketchikan and Seward, among others, have had a keen interest to keeping work on state ferries in Alaska instead of sending vessels needing repair to Washington State and points south. Both communities now have facilities adequate for repairing the ferries.

5. **Municipal Boat Harbors:** The League opposes any withdrawal by the State from its responsibility for the construction, rehabilitation, and major repair of municipal boat harbors.

E. STATE POLICIES AFFECTING LOCAL COMMUNITIES

1. **Rights-of-Way:** The League supports the identification of adequate corridors for public access and early acquisition of adequate rights-of-way.

2. **Highway Maintenance:** The League supports funding and implementation of a scheduled maintenance program for the state highway and road system.

3. **Trail Marking:** The League urges that a program of uniform permanent trail marking and annual winter trail staking be established and funded by the State.

The State has had an inconsistent policy regarding the funding of trail staking. This is important to citizens of rural and remote areas, who rely on trail markers for basic transportation navigation.

4. **Railroad System:** The League supports improvement and expansion of the railroad system to provide regular and reliable service at a reasonable charge to better serve all areas of Alaska.

5. **Railroad Duties and Responsibilities [BILL OF RIGHTS]:** The League supports legislation that would [ESTABLISH A "BILL OF RIGHTS AND RESPONSIBILITIES" RELATIVE TO] clarify the duties and responsibilities of the Alaska Railroad [AND] in relationship to the communities it serves and authorize and direct the Alaska Railroad to use its assets, real property, personal property, and management to facilitate growth in conjunction with [THE] those communities [IT SERVES].

If the Alaska Railroad were to be purchased and privatized, in accordance with the directives of the statute authorizing its purchase, there would be no state agency with the authority to oversee its operations and protect railbelt communities. Thus a need is seen for a legal document stating the rights of citizens in the railbelt area and the responsibilities of the railroad. At the present time, the operation of the railroad is limited to caretaker status, and economic initiatives and opportunities to strengthen both the railroad and the railbelt communities are being ignored.

6. **Mass Transit:** The League supports funding and development of cost-effective mass transit systems.

7. **Airport Construction Assistance:** The League supports an equitable approach to state construction assistance for all public airports and the concept of continued expansion and upgrading of airports, airport facilities, and air navigational aids in Alaska. The Federal Aviation Trust Fund should be explored as a funding source for these projects.

Because of the geographic diversity of the Alaska, almost all areas of the state need public airport facilities. These facilities require direct state funding on a long-term continuing basis, just as highways and other public transportation systems do.

8. **Airport Maintenance:** The League supports the adequate funding and

maintenance of airports, including dust control measures when appropriate.

9. **Air Service:** The League strongly recommends that the State of Alaska work to maintain the current level of essential air service with appropriate federal funding and supports legislation that would regulate, then subsidize by federal funding, intrastate air fares when municipalities are serviced by a single passenger jet carrier.

10. **Airport Safety:** The League urges expeditious funding of projects that eliminate airport hazards or increase airport safety. The League also encourages the State to explore the development of an emergency air strip system throughout Alaska.

11. **Expansion of the Alaska Marine Highway:** The League supports legislation that will expand the Alaska Marine Highway to central and western Alaska and improve transportation to tie the central Alaska ports to the Aleutian and southeastern ports. It further supports a system which is coordinated to enhance and complement airports and other public and private sector transportation services and urges that connecting transportation links be considered when scheduling the Alaska Marine Highway System.

12. **Efficiencies in Operation of Marine Highway System:** The League supports efforts to provide efficiencies in the operation of the Alaska Marine Highway System, providing these efficiencies are based on publicly available economic and technical data. However, the League strongly objects to any reduction in existing marine highway systems.

13. **Economic Impact of Marine Highway System:** The League strongly urges that an economic impact analysis be conducted and that a report on the findings and conclusions as well as community input be required prior to establishing marine highway rates, schedules, and operational changes. The League requests that public input for studies affecting the operation of the Alaska Marine Highway System be solicited on a statewide basis.

It is essential that a commitment be made to providing basic and essential transportation services to Alaskan communities. Maintenance, improvement, and expansion of equipment and facilities as well as rates, schedules, and general operational policy must be responsive to the needs and patterns of user communities.

[14. **ALASKA MARINE HIGHWAY REVENUE-BASED BUDGET: THE LEAGUE URGES THE ALASKA STATE LEGISLATURE TO ESTABLISH A REVENUE-BASED BUDGET FOR THE ALASKA MARINE HIGHWAY SYSTEM.**]

[IN ADDITION TO EXISTING STATE SUBSIDIES, REVENUE WHICH COMES BACK INTO

THE SYSTEM CAN PROVIDE INCENTIVES TO PROVIDE COST-EFFECTIVE MANAGEMENT AND ENABLE EXPANSION BASED ON THAT MANAGEMENT.]

[15. SUPPLEMENTAL BUDGET REQUEST, ALASKA MARINE HIGHWAY SYSTEM: THE LEAGUE URGES THE ALASKA STATE LEGISLATURE TO TAKE IMMEDIATE ACTION TO ADD \$1.57 MILLION TO THE FY 90 STATE BUDGET THROUGH A SUPPLEMENTAL BUDGET REQUEST.]

[THIS REQUEST WOULD MINIMIZE SERVICE LEVEL REDUCTIONS NECESSITATED BY STATE BUDGET CUTBACKS.]

14 [16]. Maintenance Management System and Vessel Replacement Fund for the Alaska Marine Highway System: The League urges the Alaska State Legislature to establish a maintenance management system for a vessel replacement fund for the Alaska Marine Highway System. It further urges that funding for the system include construction and maintenance of adequate shore-based facilities to meet the needs of user communities.

The lack of planning for maintenance and replacement of vessels and shore-based facilities within the existing system and the lack of construction of adequate docking facilities when new communities have been added are contributing to the serious deterioration of the Alaska Marine Highway System. Since 1977 no new vessel has been authorized and no major new shore facility has been constructed, and no capital program exists to make such growth or replacement possible.

15 [17]. Equal Status Basis: The League supports inclusion of the Alaska Marine Highway System on an equal basis with other state road and highway systems, transportation planning efforts, and funding.

PART VI

UTILITIES AND ENVIRONMENT

A. UTILITY REGULATION

1. **Alaska Public Utilities Commission:** The League supports the current statutory exemptions that allow municipal utilities to operate in the best interest of the consumer public without regulation by the APUC.

2. **Acquisition:** In order to eliminate service area conflicts between municipalities and utilities, the League supports legislation that would allow municipalities to acquire the facilities of a utility under specific terms that would fairly compensate the utility.

3. **Utility Relocation Costs:** The League opposes any effort to shift to municipalities the cost of utility relocations associated with municipal public works projects.

4. **Deregulation of Solid Waste:** The League supports statutory changes to eliminate APUC regulation of solid waste collection and disposal.

Solid waste collection and transport are essentially freight hauling issues and there is no need for APUC regulation. If regulation is needed, local government can focus on the needs at a local level. AS 29.35.060(b) should be repealed to make this deregulation complete and effective.

5. **Waste Disposal Sites:** The League encourages the State to hold local area public hearings concerning waste disposal sites and their locations.

B. FUNDING ASSISTANCE FOR UTILITIES

1. **Construction Grant Program:** The League strongly endorses the concept of the State's paying at least 50 percent of the cost of sewage systems, auxiliary equipment, solid waste facilities, and water systems constructed by municipalities under the State of Alaska Construction Grant Program. The League strongly supports appropriation levels to meet statewide needs.

2. **Village Safe Water Program:** The League strongly supports continuation

of the Village Safe Water Program of the Department of Environmental Conservation. The League endorses the concept of state technical and financial assistance to rural communities to improve the most basic sanitation facilities. The League supports an appropriation level to meet the statewide needs of rural Alaskan communities.

3. Needs Assessments: The League strongly urges the State, through the Department of Environmental Conservation, to assess the needs of communities for adequate and appropriate water, waste water treatment, and solid and hazardous waste disposal facilities, including the need for operator training and assistance with facility maintenance.

4. Solid Waste Reduction Programs: The League supports funding and implementation of statewide solid waste reduction programs, e.g., recycling, litter reduction, waste oil recycling, etc., to be developed and operated in conjunction with municipal governments.

5. Grants and Loans for Services: The League supports increased funding that would make direct grants and/or low-interest loans available to the various essential utilities in the State so they may meet the needs of the citizens served by the utilities.

6. Grants and Loans for Energy Sources: The League supports the concept of direct grants and low-interest loans to municipalities from state funds for the construction of conventional and alternative energy sources, so that rates paid by the Alaska consumer for these necessary services may be set at a reasonable level.

7. Public Landfills: The League supports the concept of state-established public landfill sites where no alternate sites exist to serve local and regional needs of small communities which are currently bearing a considerable burden by complying with federal and state environmental regulations.

8. Low-Interest Revolving Loan Fund for Wastewater Treatment Projects: The League supports the revolving loan fund for wastewater treatment-related construction and urges the Legislature to appropriate the State's 20 percent share of this fund as well as to fully fund the Alaska Clean Water Fund.

The 1988 Legislature created the Alaska Clean Water Fund, a revolving loan fund to provide project financing at a low interest rate for water and wastewater projects. One portion of this fund provides a 20 percent state match for federal money available under the terms of the Clean Water Act for wastewater treatment projects. A separate fund, the "State Funded Account," would provide 100 percent project financing at a low interest rate for [BOTH] water, [AND] wastewater, and solid waste projects. No funds have yet been appropriated for this state account by the Alaska Legislature. The League supports continued funding for the State's match for federal funds as well as an appropriation for the State Funded Account, which would make funds available to the communities in need

at considerably lower rates than the bond market. The account will be a self-perpetuating source of funds for water and wastewater projects in the State.

9. **Power Cost Equalization:** The League supports a power cost equalization program which maximizes the benefits to ratepayers, including municipal governments, but recognizes the need to evaluate incentives for energy conservation.

The Power Cost Equalization Program is a lifeline for most rural electric consumers, who are faced with electric cost averaging more than 40 cents a kilowatt hour, several times the statewide average and ten times the cost in some Alaskan municipalities [ANCHORAGE].

10. **Leaking Underground Storage Tanks:** The League strongly encourages the State to develop regulations to implement the underground storage tank assistance program created by the Legislature [TO DEVELOP] and to adequately fund programs necessary to mitigate the impact of EPA underground tank regulations on municipal budgets and facilities.

C. ENERGY EFFICIENCY

The League urges the federal government, the State of Alaska, and local governments to design, construct, and use their facilities with an emphasis on energy efficiency, as part of life cycle cost considerations.

D. STATE AND FEDERAL POLICIES AFFECTING LOCAL COMMUNITIES

1. **ADEC Role in Water Quality Standards:** The League urges the Legislature to adopt legislation authorizing and funding the Department of Environmental Conservation to seek delegation of the National Pollutant Discharge Elimination System (NPDES) Program, which is now under the jurisdiction of the U.S. Environmental Protection Agency.

PART VII

LOCAL GOVERNMENT POWERS

A. LOCAL AUTONOMY

1. **Effective and Independent Local Government:** The League supports legislation that would promote more effective and independent local government in all organized boroughs and cities and opposes any legislation that unduly restricts local government operations. The League opposes all repetitive and unnecessary regulation by state agencies. Such over-regulation serves no purpose and results in confusion and increased cost to the public.

Article X of the Alaska Constitution sets out as its purpose the provision of "maximum local self-government with a minimum of local government units." Section 1 goes on to state that "a liberal construction shall be given to the powers of local government units." Section 11 of Article X allows home rule boroughs and cities to "exercise all legislative powers not prohibited by law or by charter." Clearly the State's constitution recognizes the need to provide the greatest amount of autonomy and flexibility to local governments because of the diversity of needs and local government demands in Alaska. There are numerous examples of federal mandates and programs (housing, sewage and water systems, etc.) that simply do not work in this environment. Similarly, state regulations that restrict the ability of local governments to meet the needs of their people end up being counter-productive. Local governments are the best forum for assessing needs and devising solutions.

2. **Lobbying:** The League supports the continued exemption of municipal officials and employees from the lobbying reporting requirements under the lobbying sections of Title 24, the Legislative Code (AS 24.45).

Municipal officials and employees are representatives of their constituents. They are elected and appointed officials who serve in the public policy arena and serve the same people as legislators and their staffs. Local officials strive to influence legislation in a much different way as they advocate for positions and projects that have been created in an open, democratically based process. It would be inappropriate to classify the efforts of citizen council and assembly members and their staffs in the same category as those of professional lobbyists representing corporations and special interest groups.

3. Anti-Trust Laws: The League supports legislation at both the state and federal levels placing municipalities in an equal position with state governments with respect to federal anti-trust laws.

A wide range of traditional activities of Alaska municipalities such as land use regulation, procurement practices, franchising and licensing practices, waste collection and disposal, provision of hospital and ambulance service, and operation of airports and ports, all necessary and appropriate functions of local government, may potentially be subject to civil and criminal penalties if found liable under the federal anti-trust laws. As political subdivisions of the State, local governments should be afforded the same status as state government under anti-trust laws. The freedom to act in the public interest would be enhanced if municipalities could receive the same treatment as states under federal anti-trust provisions.

4. Enforcement of Municipal Ordinances: The League opposes state restriction on enforcement of municipal ordinances. The League supports legislation clearly establishing local autonomy in the creation of mandatory sentences and other remedies for violation of local ordinances.

[5. QUASI-JUDICIAL BOARDS: THE LEAGUE SUPPORTS THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS EFFORTS TO ASSIST IN AND ESTABLISH QUASI-JUDICIAL BOARDS AS AUTHORIZED UNDER THE EXISTING TITLE 29.]

5 [6]. Public Records: The League supports legislation ensuring that local governments are free to adopt, through ordinance or resolution, their own policies and procedures concerning local public records.

6 [7]. Interest on Retainage: The League supports repeal of the application to municipalities of the Public Construction Contract Payments section of Title 36, Public Contracts Code (AS 36.90.001) relating to payment of interest on retainage on construction contracts.

7 [8]. Eminent Domain: The League supports legislation amending Title 29 to give municipalities the authority to exercise the power of eminent domain, including the declaration of taking, in areas outside their boundaries, only if necessary for public service.

8 [9]. Local Construction: The League supports amendments to Title 36, the Public Contracts Code, to permit local governments to establish their own notice, reporting, local hire, prevailing wage requirements, and methods for local construction.

9 [10]. Plumbing and Electrical Codes: To eliminate the conflict between state and local plumbing and electrical codes, the League supports an amendment to the state statutes to place sole authority for enforcement with municipalities that have adopted such codes. The League supports the expeditious updating of state safety codes and an amendment to the statutes governing these codes that would allow municipalities adopting these codes to provide for a transition period regarding licensing and certification requirements for plumbers and electricians working within their boundaries. The League supports the adoption of the national plumbing codes as the standards for Alaska.

10[11]. Municipal Authorities and Public Corporations: The League opposes any effort by the Legislature to restrict the method of establishment, form, powers, or other features of municipal port or other authorities. The League supports legislation that would clarify the [AUTHORITY] ability of municipalities to form public corporations, authorities, and similar public entities through which they may exercise a power.

B. ELECTIONS

1. Local Financial Disclosure Law: The League supports legislation that would [MANDATE] require municipalities currently subject to AS 39.50 to adopt a local financial disclosure law similar to AS 39.50 and would exempt municipal officials from the APOC Conflict of Interest law.

APOC has neither the funding nor the staff to adequately enforce or audit municipal conflict of interest. Assemblies/councils take removal from office by APOC very lightly, but would look at it more seriously if it were a penalty of their own making. The APOC and staff have recommended legislation divesting APOC of the responsibility for administering conflict of interest laws at the local level and permitting municipalities to adopt and administer a similar law as a matter of local option.

2. Reregistration of Voters: The League supports current statutory language which requires a voter [WHO] whose name has been purged from the voter registration list in accordance with AS 15.07.130, "Elimination of Excess Names," to reregister in accordance with AS 15.07.090. The League also supports deletion of AS 15.15.198, "Voters Not on Official Registration List," which is in conflict with those statutes.

AS 15.07.130 provides for the purging of voters who have not voted in the past two years. The conflict arises in AS 15.15.198, which allows for the ballots of people whose names have been removed from the registration list to be counted for another two years, even though they have not reregistered. They are not truly purged until they have not voted for four years. The two-year purge should be final.

3. Qualification for Elective Office: The League supports legislation that would include provisions in Title 29, the Municipal Code, and Title 14, the Education Code, for municipalities to set qualifications for all elected municipal officials, including school board members.

Title 29 allows municipalities to set the qualifications for candidates for assembly/council and mayor, but not for school board. Therefore, any qualified registered voter could have his or her name placed on the ballot for school board regardless of length of residency in the municipality. If a municipality has the authority to enact qualifications for candidates for assembly/council and mayor, it should also have the authority to enact qualifications for candidates for school board. At the present time, if a person elected to a local school board has a spouse who is a school district employee, resolution of the potential conflict of interest is left to the Commissioner of Education, not the local population. In Alaska's small municipalities, this can cause problems because of the limited numbers of people interested in public office.

4. Election Date: The League opposes legislation that would diminish the authority of municipalities to conduct their own elections, including setting the date of such elections.

Several bills have been introduced in the last few years to change the date of local elections. While the League applauds efforts to increase voter turnout, Title 29 currently allows municipalities to choose a date other than October for their election. The authority for the conduct of local elections should remain with the municipalities.

5. Appointment of Election Judges: The League supports legislation to permit the local governing body to determine the number and method of appointing election judges.

Title 29 specifically requires the governing body to appoint an election board composed of at least three judges for each precinct. Some precincts have fewer than fifty registered voters and should not be required to have three judges. In addition, although elections by mail are allowed under Title 15 for certain state

elections, the requirement of having to appoint three judges per precinct precludes the possibility of municipalities conducting elections by mail.

C. PUBLIC EMPLOYEE LABOR RELATIONS

1. **Alaska Public Employees Labor Relations Act:** The League strongly opposes any legislation that would force municipalities to be subject to the provisions of the Alaska Public Employees Labor Relations Act. The League opposes, just as strongly, any legislative efforts to dictate the provisions of local public employee labor relations ordinances. The League supports legislation to allow each municipality to reject or withdraw from the terms of the Alaska Public Employees Labor Relations Act at any time. The scope of decisions as to local government finance and labor policies is best left to the local governing body.

2. **Binding Arbitration:** The League opposes legislation imposing binding arbitration on local governments and school districts.

Binding arbitration hinders local elected officials' ability to determine their personnel costs and prevents local governments from having complete control of determining the local tax rate. The scope of decisions with regard to what local government can afford for labor is best left to the local bodies possessing that knowledge.

D. TRIBAL COUNCIL/LOCAL GOVERNMENT RELATIONS

The League supports and encourages efforts on the part of the Legislature and other concerned parties to address tribal/local government relations.

There is increasing discontent with the state system in some Native communities and, due to the desire of several to dissolve their city governments and exercise perceived tribal sovereignty rights, legislation was passed to simplify municipal dissolution. However, the Alaska Supreme Court recently rendered an opinion denying sovereign rights to Native villages; it is now entertaining a motion to reconsider that opinion. The issues are tangled and confusing and require resolution.

E. FORMATION AND ALTERATION OF MUNICIPALITIES

1. **State Policies:** The League supports state policies that encourage rather than discourage the formation of new municipalities.

2. **Funding:** The League strongly supports providing adequate funds for the study of the feasibility of forming new municipalities and for the unification

and/or consolidation of borough and city governments. The League also supports increasing funds for the municipal assistance and revenue sharing programs to accommodate the needs of newly organized municipalities without diluting funding for existing recipients.

3. Transfer of Powers: The League supports legislation setting out provisions for the transfer of powers, services, and facilities from a borough or service area to a newly incorporated city within the borough. This legislation should include provisions for continuation of the power being exercised by the borough or service area until the newly formed city actively assumes the power.

Title 29 does not give boroughs authority to delegate powers back to a city; however, it does not specifically prohibit such action. An amendment to Title 29 would clarify that boroughs can do so.

4. Delegation of Powers: The League supports an amendment to Title 29 to permit a borough to delegate to a city the authority to exercise a part of an areawide power, providing the city accepts the delegated power.

F. COMMUNITY AND REGIONAL AFFAIRS

The League supports adequate funding for the Department of Community and Regional Affairs, Municipal and Regional Assistance Division, for sufficient staff to effectively serve all areas of the State and meet support staff responsibilities.

The Municipal and Regional Assistance Division of the Department of Community and Regional Affairs provides a variety of services to both incorporated and unincorporated communities throughout the State. The division's staff administer the Municipal Assistance and State Revenue Sharing Programs so vital to Alaska's municipalities as well as providing technical assistance through their regional offices. The division's activities are important to the fiscal health and stability of Alaska's local governments.

G. CONTRACTING STATE SERVICES

The League supports, [WHERE APPROPRIATE AND COST EFFECTIVE,] the contracting out of state services to appropriate local governments when such action is cost effective and appropriate.

In many cases, local governments can effectively and efficiently act as contractors to provide state services because of their knowledge of and commitment to their communities. State government should be encouraged to explore this option and to follow it, provided that appropriate compensation is given for services provided by the

local governments.

[THIS POLICY IS ADEQUATE AS LONG AS THE STATE'S PURPOSES ARE SERVED. SOME NON-GOVERNMENT ENTITIES WOULD NOT HAVE THE LONG-TERM COMMITMENT THAT A STATE OFFICE WOULD HAVE, AND IN SOME INSTANCES WHERE CONTINUOUS FOLLOW-UP IS REQUIRED THIS COULD BECOME A VERY COSTLY WAY TO DO STATE BUSINESS.]

H. STATE AND FEDERAL POLICIES AFFECTING LOCAL COMMUNITIES

1. **Voter Registration:** The League supports efforts to improve the processing and quality of the voter registration system.

2. **Recorder's Office:** The League strongly supports the funding and maintenance of the District Recorder's Offices in the districts as they presently exist, recognizing that the function of the Recorder's Office is vital to local municipalities.

Municipalities of the State feel strongly enough regarding local repository of land records to assume recording responsibility before permitting removal of local records.

PART VIII

ECONOMIC DEVELOPMENT AND RESOURCE MANAGEMENT

A. GENERAL STATEMENT

The League supports responsible community economic development and resource management. Responsible management primarily involves the provision of statutorily required municipal functions. Required municipal functions must be stabilized to ensure that a community can grow. In addition, a community must seek to develop enhancement programs through economic development to increase the quality of life for its residents.

In conjunction with community stabilization of required functions, municipalities must consider economic development incentives and promote tourism, fisheries, agriculture, timber, oil, gas, and mineral development. They must also provide for the development of the human resources within their communities.

B. AUTHORITY AND INCENTIVES

1. **Incentives.** The League supports state policies and legislation to provide maximum local authority for economic development activities and methods to accomplish those activities. The tools provided should include reserving a portion of the Private Activity Bond authorization for local government projects and establishing grant, loan, and matching funds programs to assist in these development activities. The State should manage its resources and facilities in a manner that fosters local economic development activities. The League supports the establishment of state programs to encourage local strategies for capital investment and support the development and implementation of local and regional economic development.

2. **Municipal Bond Allocation:** Priority should be given to local governments for no less than 25 percent of the available Private Activity Bond authority.

3. Cooperative Projects: The League strongly encourages continuation and expansion of a "partnership" approach to economic development projects.

In past years we have seen large-scale project success through municipal, state, federal and private industry joint-venture activities. Red Dog Mine, Wishbone Mine, and the Job Corps Center in the Mat-Su Borough are examples of the type of cooperative partnerships that should be pursued by the various agencies in the future.

C. IMPACT

1. Impact Assistance: The League urges adoption of state and federal legislation that would provide financial assistance to municipalities facing the impacts of resource development. Such legislation needs to establish criteria for impact assistance with appropriate trigger mechanisms to activate such assistance.

The exploration, development, and industrial utilization of renewable and non-renewable resources, both inside and outside municipal boundaries, creates a substantial and immediate impact on the need for municipal facilities and services. The need exceeds the financial ability of most municipalities to have such facilities and services operational in the time available.

2. Resource Development Projects: The League supports resource development [AND FUNDING] policies which provide that state-assisted resource development projects that substantially impact communities should be approved by the municipalities.

3. Natural Resource Development Policies: The League supports the adoption and implementation by the State of Alaska, in cooperation with the private sector, of policies for the exploration, inventory, planning, conservation, development, processing, and marketing of natural resources in a manner that produces maximum direct benefit for the State and municipalities, provided that it is consistent with approved state and local plans.

D. STATE AND FEDERAL POLICIES AFFECTING LOCAL COMMUNITIES

In recognition of the importance of the actions of the State and the federal government to both statewide and regional economic development in Alaska, the League supports the following policies regarding the use and management of the State's shared resources:

1. Recreation and Tourism:

- o **Promotion and Attraction** - The League encourages assistance to municipalities for local and regional tourism promotion within the grant programs administered by the Division of Tourism.
- o **Parks and Recreational Facilities** - The League supports development, maintenance, and operation of parks and other recreational facilities to accommodate, disperse, and expand recreation opportunities for residents and visitors.
- o **International Exchanges** - The League supports local, state, and federal efforts to encourage trade, tourism, exchanges of education and scientific projects between the peoples of the State of Alaska and its international trading partners.

2. **Fisheries:**

- o **Management and Enforcement** - The League supports increased funding for the management and enforcement sections of the Department of Fish and Game. The League supports conservative fishery management.

The ability to reap long-term benefits from Alaska's fishery resources requires well-supported management and enforcement efforts as well as conservative management policies.

- o **Fisheries Enhancement Projects** - The League supports increased fisheries enhancement programs for Alaskan commercial, sport, and subsistence fisheries. To support these programs, the League supports both state general fund and cost recovery funding of research and development efforts.

Research and development of enhancement programs for currently fished and additional species are necessary for the long-term health of the industry. Continued state funding is the best way to assure adequate future stocks. The State's cost recovery program, which receives money from the controlled-shared harvesting of certain returning hatchery stocks, allows for the operation and expansion of needed enhancement projects.

- o **Groundfish Research** - The League supports the continuation of the Alaska Department of Fish and Game's groundfish research program and domestic observer program.

Although groundfish are federally managed, the continued involvement

of the Alaska Department of Fish and Game in groundfish research is essential for promoting the State's interests within the federal fishery management system.

- o **Sport Fishing - The League supports efforts to restock streams and lakes and otherwise enhance sport fishing in areas which attract tourists.**
- o **Extension of Fisheries Business Tax Credits - The League supports legislation [EXTENDING] re-establishing the Fisheries Business Tax Credit program, which enables onshore fish processors to receive credit for capital improvements to fish processing plants. The League supports the application of the fisheries business tax credit to cooperative or municipal utility construction related to on-shore fisheries development. The League requests that such credits be allowed for five years, rather than two, and that the expiration date of the program be extended [to 1994].**

The initial legislation establishing the Fisheries Business Tax Credit program allowed tax credits for capital improvements to onshore fish processing plants for only three years and established January 1, 1992, as the expiration date for the program. Many onshore processors have been able to upgrade and expand their processing facilities by taking advantage of the program, thus aiding economic development in many of Alaska's coastal communities. Municipalities in coastal areas support [EXTENSION] re-establishment of the program to allow for five years of credit for capital improvements and a later expiration date to enable the onshore fish processing industry to capitalize on the increase in bottomfish and other fisheries development.

- o **Marketing - The League supports continued state funding of the Alaska Seafood Marketing Institute.**

The Alaska Seafood Marketing Institute (ASMI) has proven its effectiveness in promoting Alaskan fish products in the United States and abroad. ASMI is funded by the State in partnership with industry to market Alaskan seafood.

- o **Crab Management - The League strongly urges the State to retain [STATE] jurisdiction over [CRAB] management of the crab fishery [RESOURCES] in the federal Exclusive Economic Zone. The Legislature is urged to appropriate any additional funds necessary to allow the State to comply with federal requirements.**

The State has demonstrated its ability to manage the domestic crab fishery. It has the expertise and resources to develop a comprehensive Alaska Management Plan, which would provide the industry with constant and locally controlled management.

- o **Mariculture** - The League supports the development of a stable, year-round private mariculture industry, with the initial efforts directed toward the shellfish industry in a manner to provide minimum conflict with existing fisheries.

Shellfish mariculture -- the "farming" of scallops, oysters, sea vegetables, etc. -- may provide many small coastal communities with a needed year-round fishing industry. As of 1990, the Legislature has determined that finfish mariculture is not in the best interests of the State. [FINFISH MARICULTURE NEEDS FURTHER INDUSTRY REVIEW AND RESEARCH.]

- o **Limited Entry** - The League urges the State to oppose all future federal limited entry fisheries designations. In case limited entry designations are necessary for Alaska's bottomfishery, the League strongly supports the concept of a community development quota allocation.

Alaska fishermen need the ability to move from fishery to fishery. Limited entry would unfairly restrict free movement from one species to another as economics and harvesting quotas demand. If limited entry regulations were adopted, community development quota allocations should be included to ensure that Alaskan fishermen have priority in obtaining limited entry permits.

- o **High Seas Interception** - The League supports state and federal efforts to end the high seas interception of Alaskan salmon and illegal taking of other fish species in the U.S. 200-mile zone.

Documented interception of Alaskan salmon by high seas fleets continues to occur and to cause substantial lost revenue to Alaskan fishermen.

3. **Agriculture and Timber:**

- o **Agriculture** - The League supports state encouragement of agriculture through farmland preservation, the opening up of new agriculture lands with adequate road access, education and research, and aggressive support of the development, processing,

and marketing of Alaska agricultural products.

- o **Timber** - The League supports the development of state-owned, municipally owned, or privately owned timber resources. Specifically, the League supports: ■ state and local identification, [SALE, AND] preparation, and sale of timber tracts suitable for commercial use under forest management planning; ■ creation of a long-term program for the harvesting, sale, and reforestation of timber, ■ funding of nursery programs for research, development, and replanting of stock to guarantee an active reforestation program to comply with constitutional provisions for sustained yield; ■ development of transportation infrastructure; ■ development, processing, and marketing of Alaska timber products in cooperation with local timber-owning municipalities and private land owners; ■ the creation of a cooperative timber marketing program similar in concept to the Alaska Seafood Marketing Institute.
- o **Personal Use of Forest Resources** - The League supports state identification of accessible, selected wood cutting and beach log salvage areas for personal use by state residents under a forest practices plan.
- o **National Forests** - The League urges that in matters concerning management of the national forests in Alaska the planning process established by Congress be followed and the information and recommendations derived from that process be considered prior to Congressional action that would affect those forests.

[TONGASS NATIONAL FOREST - THE LEAGUE SUPPORTS THE 1988 SOUTHEAST CONFERENCE COMPROMISE PROVISIONS FOR THE MANAGEMENT OF THE TONGASS NATIONAL FOREST.]

Congress has passed the National Forest Management Act and the National Environmental Policy Act which establish an open public process for deciding how national forests should be managed. This process should be used to guide the Congressional decision-making process.

4. Oil, Gas, and Mineral Resources:

- o **Arctic National Wildlife Refuge (ANWR)** - The League urges the Congress of the United States to open the Coastal Plain to environmentally responsible oil and gas exploration, development,

and production. The League urges Congress to move [EARLY IN 1990] to open ANWR and feels that further delay of this decision will have serious adverse effects on most units of local government in Alaska. The League urges the State of Alaska to redistribute federal mineral revenue sharing funds to local governments adversely impacted by ANWR exploration and development.

- o **Exploration and Development** - The League encourages the State of Alaska to promote environmentally responsible oil, gas, and mineral exploration and development.
- o **Waste Disposal** - The League encourages the State to participate with and provide assistance to private industry to resolve the special waste disposal problems associated with oil, gas, and mineral exploration and development in an environmentally sound manner.
- o **Natural Gas Pipeline** - The League supports any meaningful endeavors which may remove roadblocks, aid in the search for U.S. and foreign markets, or develop practical, cost-effective stipulations for construction of natural gas pipeline projects.
- o **Strategic Minerals** - The League supports the State's efforts to identify and advocate the availability of minerals in Alaska for strategic purposes.
- o **Mineral Development**: The League supports private development of state-owned minerals and urges the state administration to cooperate by instituting a one-stop permit procedure. [AND ADOPTING WATER QUALITY STANDARDS THAT DO NOT REQUIRE DISCHARGE WATER TO BE OF HIGHER QUALITY THAN THE STREAM FROM WHICH IT WAS TAKEN.]

5. **Impact:**

- o **Waste Disposal**: The League encourages the State to adopt and maintain acceptable standards concerning waste disposal from processing of all resources.
- o **Full Utilization of Resources**: The League encourages the State to adopt and maintain acceptable standards concerning maximum utilization of all natural resources.

6. **Human Resources:**

- o **Alaska Hire** - The League supports and encourages, within the

confines of the Constitution and human resource limitations, any efforts on the part of the Governor and the Legislature to implement a local hire policy, particularly within state government, which would not preempt municipal policies and ordinances.

- o Training Incentives - The League supports the development of incentives that would encourage contractors and other employers to train and apprentice local workers and would encourage their employment.**
- o Rural Housing Assistance Program - The League urges continuation of the Rural Housing Assistance Program as currently structured under Department of Community and Regional Affairs.**