

PART I

REVENUE AND FINANCE

The goal is for municipalities to partner with the state, to provide needed public services to Alaskans, while maintaining the lowest possible cost to the public, municipalities, and the state, recognizing that all states provide financial support to their political subdivisions to reduce local taxes and equitably share state resources.

A. Revenue Sharing, Funding for Education, Grants and Fiscal Planning

1. State Revenue Sharing

a. Sustainable Revenue Sharing: The State of Alaska is urged to adopt a sustainable revenue sharing program by annually appropriating 6% of natural resource revenues, with no cap, to municipalities; with a base amount of \$250,000 to all boroughs, \$75,000 to all cities, and \$25,000 to unincorporated communities, with the remainder to be allocated on a per capita basis. The sharing of state revenues is consistent with the Owner State concept, intergovernmental cooperation, and constitutional provisions, which provide for natural resource ownership by all the people of the state of Alaska. Delivery of services at the local level is part of the annual state responsibility to citizen/owners for the betterment of the state of Alaska. Fish tax, which has a revenue sharing program is excluded from this program. The League opposes linking community revenue sharing with PERS/TRS, education funding, PILT payments and payments of unfunded mandates.

b. Return of locally-generated state revenues: Locally generated revenues should be shared by the state. Money to be returned to local governments and taxpayers should include:

- Tobacco taxes;
- Alcohol taxes;
- Marine fuel taxes
- Motor vehicle registration fees and fuel taxes; and
- State fisheries business and fisheries land taxes.

c. State payment in lieu of taxes (PILT): A state PILT, similar to the federal PILT program should be established to reduce local taxpayer subsidization of state lands, state parks, and facilities.

2. State funding for education

a. Full forward funding for education: The League supports full forward funding of the education foundation program, school debt reimbursement, and construction. (See Part II, Education, for a full discussion of AML's position).

3. Municipal Capital Matching Grants and Fiscal Planning

a. The League supports:

- Full funding for the municipal capital matching grant program;
- Funding for state and municipal facilities and infrastructure on a timely and consistent basis; and
- Ongoing funding for deferred maintenance.

B. Administration of Municipal Grants and Entitlements

1. Regulation of Grants and Entitlements

a. The League supports legislation action for:

- Standardized grant and entitlement programs;
- Reduction of administrative fees;
- Grantee retention of interest earned on grant funds.

E. State/Local Financial Policies and Relations

1. North Slope Natural Gas Pipeline

- a. The League strongly endorses the construction of an all Alaskan natural gas pipeline from the north slope to tidewater, including regional spurs and petrochemical development and a PILT program or other guaranteed mechanism for municipalities to levy local taxes.
- b. The League supports consideration of all routes and immediate construction of an economically sustainable in-state natural gas line to provide economic driver and increased revenues to the state, reliable low-cost energy relief for Alaskan communities, and inducement for business and employment enterprises.

2. The League supports a requirement for regional energy cost stabilization and equalization to decrease pressure on state budget expenses.

3. State unfunded mandates on local taxpayers

- a. The League supports a statutory prohibition of state unfunded mandates passed down to municipalities that is similar to the federal statute prohibiting federal unfunded mandates passed down to states. The federal statute was strongly supported by the state of Alaska. The League strongly urges the state to take financial responsibility for the mandated state PERS/TRS cost increases; the mandated Senior Citizen/Disabled Veteran Property Tax Exemption; and the exemption of state-owned property that shifts the costs of protecting and serving state facilities to local taxpayers. The League urges the legislation to resist passing spending mandates to local government through revenue sharing programs.

4. Municipalities support negotiated and funded public service transfers

- a. The League supports the negotiation of service responsibility transfers from the state to municipalities, provided the state enters into good faith negotiations to identify and transfer appropriate services, which may more effectively be provided on the local level, and ensure adequate, stable resources and timely payment in the future to implement these services. Municipalities should also be allowed to bid on provisions of state services.

5. Tort reform

- a. The League supports continued tort reform that minimizes the financial exposure of municipalities.

6. Liens on property for delinquent municipal payments

- a. The League supports legislation that would provide municipal authority to lien property to include delinquent utility payments where it does not now exist.

7. Tax Caps

- a. The League opposes any attempt to lower the statutory limits on property taxation levels for service or projects at the local level.

8. Utility fees

- a. The League supports legislation to remove prohibitions in AS 42.05.641 that prevents municipalities from assessing fees on utilities regulated by the Regulatory Commission of Alaska.

9. Coastal Zone Management

- a. The League urges the Governor and the Legislature to adopt an Alaska Coastal Zone Management Program as suggested in Part III of the Land Use, Resources and Economic Development section of the Policy Statement.