Fact Sheet for: Senate Bill 248

Short Title: ADMINISTRATIVE BOROUGHS/BOROUGH GRANTS/

Summary:

- Establishes the Administrative Borough as a new class of municipal government.
- Provides an organizational grant of $250,000 per year for three years for Administrative Boroughs.
- Stipulates that boundaries for a proposed borough encompass a natural region that promotes service delivery on an efficient and cost-effective basis.
- Allows Administrative Boroughs to levy a sales tax.
- Does not give the Administrative Borough the power to levy a property tax, meaning the current Rural Education Attendance Are system will remain intact.
- Gives boroughs that incorporate within four years of the effective date of the act a "new borough grant" that can be invested and earnings used for municipal purposes.
- Grants are in the amount of:
  - $12.5 million for boroughs that are entitled to at least 15,000 acres of general grant land under AS 29.65.030.
  - $15 million for boroughs entitled to less than 15,000 acres of general grant land.
- Removes obsolete references to third class boroughs.

Benefits:

- Provides a monetary incentive to encourage borough formation.
- Bridges the gap between existing communities and future boroughs with a phased in approach to self governance.
- Helps provide financial stability through new borough grants.

Background:

SB 246, SB 247 and SB 248 were introduced at the request of the Advisory Commission on Local Government, which was established during the first session of the Twenty-fourth Legislature to examine local governance issues. SB 247 establishes the revenue sharing program, SB 246 provides funding for the revenue sharing program, and SB 248 establishes a new administrative borough.

The Administrative Boroughs proposed in SB 248 offer a phased in approach to self governance without the complete purview of powers found in a second class borough. In general, its three main functions will be to: analyze and make recommendations regarding capital improvements and agency programs/services that require legislative appropriations; serve as a clearinghouse for information necessary to government entities to meet responsibilities or obtain technical or financial assistance; submit a planning report that establishes goals for the borough, assesses residents' needs and examines alternative ways of meeting those needs.