SPONSOR STATEMENT SB 248

“An Act relating to administrative boroughs; relating to municipal school districts; relating to standards for incorporation of boroughs and unified municipalities; eliminating obsolete provisions relating to a third class borough and making technical changes to statutes relating to regional education attendance areas; and relating to new borough grants for certain newly incorporated boroughs and unified municipalities.”

Senate Bill 248 comes as a result of recommendations made by the Advisory Commission on Local Government. The Commission was established in May 2005 to explore ways in which the Legislature could help Alaska’s areas of need.

SB 248 establishes a new class of municipal government called the Administrative Borough. The Administrative Borough will be comprised of areas that have populations that are integrated socially, economically, and culturally, with boundaries that encompass a natural region that promotes service delivery on an efficient and cost effective basis. However, an Administrative Borough’s assembly will not have the complete purview of powers that are found in second or third class boroughs. Generally, an Administrative Borough will have three main functions:

(1) Receive, review, and provide written comments and recommendations with respect to proposed capital improvements and agency programs and services that involve legislative appropriations and that affect the people and resources of the borough.

(2) Serve as a clearinghouse for information, data, and other materials that may be helpful or necessary to government entities in the discharge of their responsibilities or in obtaining technical or financial assistance.

(3) Prepare and maintain a regional planning report that establishes goals for the borough; assesses and reports the needs of residents of the borough; and analyzes alternative ways of meeting the needs of the residents of the borough.

An Administrative Borough will not have the ability to levy a property tax. This also means that the current Rural Education Attendance Area (REAA) system would remain intact.
SB 248 also changes the organizational grants that are available for the formation of boroughs. For an Administrative Borough, the organizational grants are $300,000 a year for three years. This amount has been adjusted due to testimony from several borough governments that the current grant levels are inadequate for a newly forming borough government.

Finally, SB 248 creates a monetary incentive for borough formation in general. A major hindrance to borough formation is the lack of lands available to form a borough. Many proposed boroughs, especially in the southeast region of the state, are able to select lands that amount to less than 100 acres. These kinds of situations make it difficult to sustain a fully functioning borough. Therefore, SB 248 allows proposed boroughs who are not able to select a minimum of 15,000 acres to receive a grant $15,000,000 that they can use to sustain themselves. The boroughs that are able to select 15,000 acres or more receive a grant of $12,500,000 that will go towards sustaining the borough government.

Passage of SB 248 will create an environment in Alaska that promotes voluntary organization and continued sustainability of our local governments.

*Contact: Kim Carnot, Senate Community and Regional Affairs Committee Aide at (907) 465-4989*