

Introduced by Legislative Committee
Date: 02/15/94
Action: Adopted
Vote: Unanimous

KENAI PENINSULA BOROUGH
RESOLUTION 94-014

**A RESOLUTION SUPPORTING CREATION OF A SPECIAL COMMITTEE ON
STATE AID TO COMMUNITIES TO STUDY THE FUTURE OF MUNICIPAL AID
PROGRAMS AND MAKE RECOMMENDATIONS ON A NEW PROGRAM TO
REPLACE THE EXISTING STATE REVENUE SHARING AND MUNICIPAL
ASSISTANCE PROGRAMS**

WHEREAS, the State Revenue Sharing Program was originally established in 1969 to distribute state wealth fairly to local governments to help meet critical service needs of Alaskans; and

WHEREAS, the State Revenue Sharing Program was significantly altered from a formula driven by service categories to distribution based largely on relative tax and local revenue-raising effort in 1980; and

WHEREAS, in 1979 the Gross Business Receipts program, a tax receipts sharing program, was discontinued and replaced by the Municipal Assistance Program to compensate for revenues municipalities received under the former shared tax program; and

WHEREAS, distribution of Municipal Assistance funding goes only to municipalities largely on the basis of population with the express intent (AS 29.60.370) "that a municipality that levies property taxes reduce those levies in reasonable proportion to the amount of increased state aid received by the municipality"; and

WHEREAS, the existence of these two general state aid programs creates confusion, competition, and contradictions that weaken the ability of the Alaska Municipal League, the Department of Community and Regional Affairs, and local governments to assert their position as to why adequate funding for State Revenue Sharing and Municipal Assistance is vital among other state spending priorities; and

WHEREAS, the Constitution of the State of Alaska calls for the formation of both cities and boroughs in order to provide services at the local level, it is counterproductive to encourage competition between these governmental entities serving the same public; and

WHEREAS, funding in nominal dollars for State Revenue Sharing and Municipal Assistance programs has, since FY 85, been slashed by about 45 percent and 51 percent, respectively, during a period of inflation, increased population, and unfunded state and federal mandates; and

WHEREAS, the Task Force on Governmental Roles recommended consideration of "combining the Revenue Sharing and Municipal Assistance programs, and that any combined formula maintain the Revenue Sharing program's feature of rewarding municipalities for local revenue generating effort and population increases"; and

WHEREAS, the Task Force further recommended "that changes to these programs could be used as leverage to reform state-local relations"; and

WHEREAS, a major step that could help stop the reduction of funding for these vital programs is a combination and simplification of state aid to communities into a unified program that recognized local tax effort, provision of core municipal services, population, and a basic minimum entitlement for small municipalities and unincorporated communities;

NOW, THEREFORE, BE IT RESOLVED BY THE KENAI PENINSULA BOROUGH ASSEMBLY:

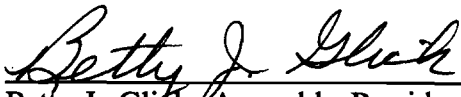
SECTION 1. That the Kenai Peninsula Borough Assembly supports creation of a Special Committee on State Aid to Communities to study the future of municipal aid programs and to develop a single new program to replace the existing State Revenue Sharing and Municipal Assistance programs.

SECTION 2. That a program designed to replace the State Revenue Sharing and Municipal Assistance programs should:


1. Emphasize relative local tax effort in the provision of local services, the offering of core municipal services to all residents, population, and a basic minimum entitlement for small cities and unincorporated communities.
2. Encourage the organization of local governments to perform traditional local services.
3. More directly tie state aid to conditions of services and facilities at the local level and to unfunded state and federal mandates.

SECTION 3. That the Special Committee shall include members of the State Legislature, representatives of the executive branch, in particular the Department of Community and Regional Affairs, and members from all sizes and types of municipalities in the State of Alaska.

**ADOPTED BY THE KENAI PENINSULA BOROUGH ASSEMBLY THIS 15th DAY OF
FEBRUARY, 1994.**


Betty J. Glick, Assembly President

ATTEST:


Gaye J. Vaughan, Borough Clerk