

LOCAL GOVERNMENT IN ALASKA

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Local Government in the Alaska State Constitution

During its territorial days, there were three types of local government in Alaska: cities, school districts, and public utility districts. While counties are a common form of local government in other states, there were no counties in Alaska because the Organic Act of 1912 had specifically prohibited the Territorial Legislature from creating a county form of government, unless it had been approved by an “affirmative action” of Congress.¹

According to a report prepared by the Alaska Legislative Council in 1954, due to that prohibition and the isolated nature of Alaska’s population, local government units were established to serve the centers of population only, with some provisions for school districts to cover somewhat broader areas than cities or public utility districts.²

In drafting Article X of the Alaska Constitution – the local government section – convention delegates were very cognizant of the often inefficient, overlapping, and rigid jurisdictions that comprised local government in the Lower 48. At the same time, delegates largely agreed that Alaska needed a general-purpose intermediate government between the city and state to avoid a growth in special districts that could lead to the same inefficiencies and jurisdictional confusion found elsewhere.

In the “Final Report on Borough Government,” which was prepared by the Alaska Legislative Council and the Local Affairs Agency in 1961, the authors remarked that overall many counties in the Lower 48 had been ineffective due to limitations on authority and the resistance toward area government by smaller incorporated areas or unincorporated communities. The report further remarked as follows:

It is understandable why the members of the Committee on Local Government and the delegates to the Constitutional Convention deemed it necessary to avoid the use of the name “county” and developed a unit of local government, the borough, which is

¹ Territorial Organic Act of 1912, Section 9.

² Alaska Legislative Council, “Local Government in Alaska: Problems and Alternatives,” Juneau 1954, Card No. 5400210. The report is available at the Legislative Reference Library, or online through the Library Catalog at <http://www.akleg.gov/basis/folio.asp>.

constituted as a municipal corporation – and in addition prohibited the unlimited use of the service area.³

Article X, Section 1, makes explicit the drafters' intent to “provide for maximum local self-government with a minimum of local government units, and to prevent duplication of tax-levying jurisdictions” while calling for a “liberal construction” to the powers of municipal governments. Section 2 mandates that *all* local government powers be vested in boroughs and cities, and that the state may only delegate taxing authority to those entities, which are political subdivisions of the state.⁴ The requirement under Section 3 that the entire state be divided into boroughs, either organized or unorganized, further emphasizes the relatively simple geographic and structural model envisioned by constitutional framers. That section also grants to the legislature broad authority to establish in law (Alaska Statute Title 29) the classifications, duties, and powers of boroughs and cities.

Boroughs

[Alaska's organized boroughs](#) are classified as unified home-rule, non-unified home-rule, first-class, second-class, and third-class.⁵ Each of these borough classifications confers certain powers and duties, but all organized borough governments must provide public education and perform planning, platting, and land use regulation. In addition, all boroughs have the power to levy property and sales taxes within their boundaries. Otherwise, municipal powers are exercised at the discretion of local governments.

An organized borough exercises its powers on a regional basis and may provide services that are areawide (throughout the borough), nonareawide (in that part of the borough outside of cities), or by service area (of varying size and make up). A borough may also provide services at the community level, typically through the creation of service areas (AS 29.35.450).

³ Alaska Legislative Council and the Local Affairs Agency, “Final Report on Borough Government,” January 1961, p. 11, Card No. 6000140. The report is available at the Legislative Reference Library, or online through the [Library Catalog](#).

⁴ It is important to note that other entities may be established under state or federal law to provide public or quasi-public services to residents of Alaska. They include: tribal governments, port authorities, local emergency planning committees, soil and water conservation districts, regional housing authorities, civil defense districts, consolidated health districts, telephone and electrical cooperatives, historical districts, grazing districts, public utility districts, registration districts and local improvement districts. It is beyond the scope of this discussion to provide details about these entities.

⁵ There are no existing third class boroughs. In 1985, the Legislature prohibited the formation of new third-class boroughs; nonetheless, third-class boroughs still exist in statute as a borough classification. The duties of a third class borough are limited to areawide education and tax assessment and collection.

All organized boroughs are authorized to adopt additional powers. A home-rule borough can exercise any power not specifically prohibited by law or the municipality's charter.⁶ First and second class boroughs are general law governments, which means the powers and duties of the borough are derived through statute. Alaska Statutes, however, provide that general-law boroughs are granted "any power not otherwise prohibited by law."⁷

The principal distinction between first and second class boroughs is the manner in which they adopt additional powers. A first class borough is authorized to perform virtually any nonareawide function that is not prohibited by law by adopting an ordinance. A second class borough, however, must submit each such proposed function to a vote of nonareawide residents.

There are currently 19 organized boroughs in Alaska, 11 of which are home-rule boroughs and eight of which are first or second class boroughs. Of the 11 home-rule boroughs, four are unified home-rule or "unified municipalities," while the remaining seven are non-unified home rule.

Pursuant to Article X, Section 3, of the state's constitution, the legislature established the unorganized borough, which is comprised of all parts of the state not within the boundaries of the organized boroughs (AS 29.03.010). The unorganized borough is not a municipal corporation or political subdivision of the state. It comprises over half the land area of Alaska, stretching from the Canadian border in the east and encompassing most of the state's interior and west coast. However, according to data from the U.S. Census Bureau, that massive tract is home to only about 10.5 percent of Alaskans. The legislature has oversight of services that are otherwise provided by elected assemblies in organized boroughs, and education is delivered by the state through [Regional Educational Attendance Areas](#) (AS 14.08.031).

The tables in Attachment A, prepared by the [Local Boundary Commission](#), further detail the powers and duties of the various classifications of boroughs and cities in Alaska.⁸

⁶ A home rule borough has adopted a home rule charter or is a unified municipality (AS 29.04.010). A unified home-rule borough or "unified municipality" is given all the powers of a home-rule borough (AS 29.06.410).

⁷ AS 29.35.200(a) and (c); AS 29.35.210(c) and (d).

⁸ The Local Boundary Commission, created under Article X, Section 12, is responsible for the processes of establishing and altering municipalities and their classifications.

Cities

Cities are classified as home-rule, first class, or second class and may be within an organized borough or in the unorganized borough. Home rule cities have all legislative powers not prohibited by law or by their respective local charter documents. First and second class cities are “general law” cities, meaning their powers are defined by statute. Generally, all three classes may provide a broad range of municipal services including, but not limited to, police protection, parks, and sewer and water utilities. Significant differences between first and second class cities include taxing authority, responsibility for schools, and the powers and duties of the mayor. Specifically, for example, second class cities:

- may levy a property tax only by approval of voters and limited to 20 mills, rather than 30 mills as allowed in first class cities;
- may not provide public K-12 education; and
- have mayors selected by the sitting city council from among its members, rather than elected directly by voters (unless changed by ordinance). Further, the mayor lacks veto power.

A community may petition to incorporate directly as a home rule city or a first class city if it has at least 400 permanent residents. Alternatively, the voters of an already incorporated first class city may adopt a home rule charter. In order to petition the Local Boundary Commission to become a second class city, an area needs at least 25 registered voters.

Currently, there are 145 city governments in Alaska, of which 49 are located within the organized boroughs and 96 in the unorganized borough. It is important to recognize that, in addition, the State of Alaska, Division of Community and Regional Affairs, identifies over 500 community entities in the state, most of which are unincorporated with relatively few residents.

Financing Local Government

Broadly, municipalities obtain revenues from three main “buckets”:

- **Local sources**—taxes, fees, interest on investments, penalties, rents, services, etc.;
- **State appropriations**—primarily in the form of revenue sharing / community assistance, K-12 education (formula funding student transportation, and school bond debt reimbursement), grants for capital projects, shared taxes, and support for funding of retirement system liabilities; and

- **Federal disbursements**—for example, various grant and assistance programs, national forest receipts, payments in lieu of taxes, school nutrition programs, and funding for eligible capital projects.

Detailing each revenue source for all organized communities in Alaska is beyond the scope of this report. Instead, for *each of the 19 organized boroughs* statewide, we broadly review revenues from the three sources of money above, and the degree to which they fund general government operations and K-12 education. We further disaggregate local funds among tax levies and other revenues. Although this approach does not address all local governments, we believe it illustrates the variation in both how municipalities are funded and their abilities to raise revenues locally.

Attachment B is comprised of four tables detailing the general government and K-12 education funds as enumerated in approved *FY 20 borough budgets* and data published by the Alaska Department of Education and Early Development for the *2019-2020 school year*, respectively.

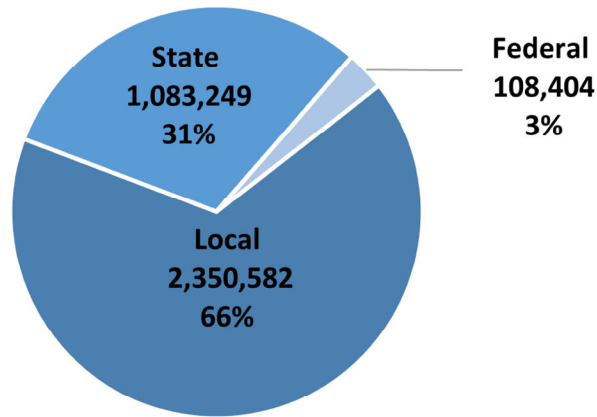
- **Table 1** shows both government and education funding by source and the portion of the contribution each made to overall borough revenues;
- **Table 2** focuses on borough operations budgets, disaggregates total levies by type of tax, shows the amount of “other revenues” (fees, fund interest, penalties, services, etc.), and offers a comparison of those local funds to state and federal revenues;
- **Table 3** converts the data in Table 2 to show taxes as a percentage of local revenues for general government and compares local, state, and federal funds as a percentage of the total;
- **Table 4** isolates K-12 funding from the three main sources in both dollar terms and as a percentage of the total.

The four charts on the following page summarize these tables. When reviewing these figures, it is important to keep in mind that populous boroughs (Anchorage, Mat-Su, Fairbanks, Kenai) and those with large per capita revenues (Juneau, North Slope) skew the statewide totals substantially, particularly by giving the appearance that local revenues in boroughs are much higher, on average, than is actually the case. Please refer to the attached tables for details on circumstances of individual boroughs.

Sources of FY 20 Alaska Borough Revenue

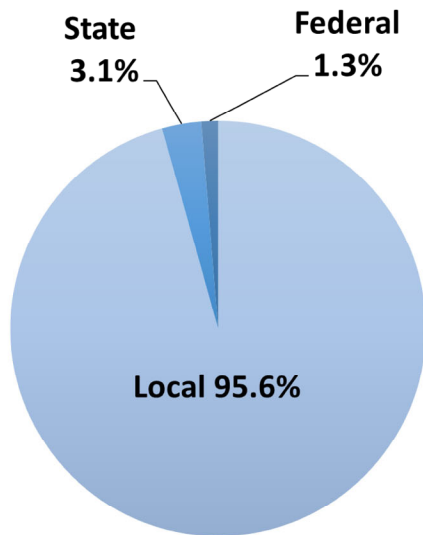
All \$ in 000s

Of the state's 19 boroughs, six collected 92% of all borough revenues statewide. Those areas hold roughly 82% of Alaska's population.

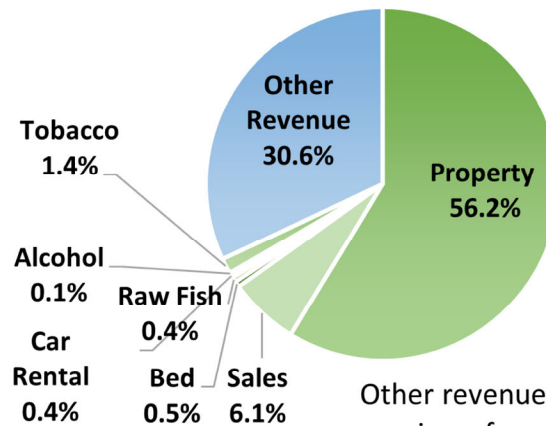


Alaska Borough Revenue Sources Excluding K-12 Education

This chart is heavily skewed by populous boroughs with large tax bases and revenue streams. In smaller communities, state funds are often much more heavily relied upon for general government.

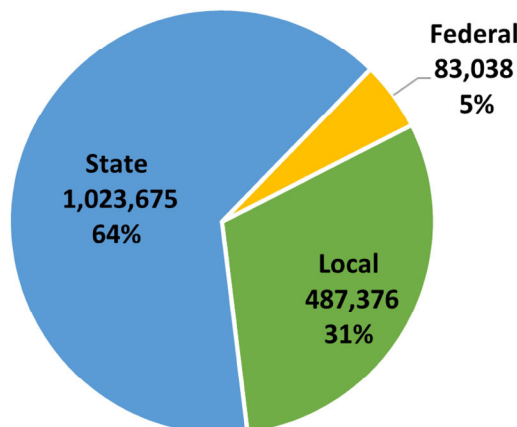


Sources of Local Revenue



Other revenues include fund earnings, fees, penalties, rents and more. These vary dramatically by borough and are near nil in some budgets.

Alaska Borough School District K-12 Revenue



In the climate of decreasing statewide revenues, boroughs are contemplating cutting budgets and services and/or raising taxes. The many differences among boroughs include the severity of impacts they experience from losing state and federal funds. Changes to those revenues more immediately impact boroughs with small tax bases, strong local opposition to increasing taxes, or legal constraints that preclude raising levies.

Municipal Property Tax Limitations

Fifteen of Alaska’s boroughs levy a property tax. Under AS 29.45.090, no municipality may levy taxes exceeding 3 percent (30 mills) of the assessed value of property within the municipality during a year. If cities with taxing authority exist within a borough, the total receipts from property taxes levied by authorities occupying the same geographic area may not exceed \$1,500 per capita.

A rather more complicated limit imposed by AS 29.45.090 prohibits a municipality, or a combination of municipalities within the same area, from levying taxes upon the *total combined value* of taxable property that exceeds the sliding scale percentage of the *average per-capita assessed value*, as determined under AS 43.56.010(c), multiplied by the number of residents of the taxing municipality. This limitation, commonly referred to as the 225 percent formula, employs the following sliding scale percentage that varies according to the following:

<u>If the Tax Rate Determined Under AS 43.56.010(b) is</u>	<u>The Percentage is</u>
Not more than 18.0 mills	375 percent
More than 18.0 mills but not more than 19.0 mills	300 percent
More than 19.0 mills	225 percent

Additional information on municipal taxation and statewide limitations on those levies is available in *Alaska Taxable 2019*, pp. 9-14.

Petroleum Property Tax

The State levies a 20-mill property tax on oil and gas property but not on other property. Municipalities that have oil and gas property (as defined by AS 43.56) may tax it at the same rate as other property, with that tax considered a credit against the State tax. For example, in FY19 the State levied a \$2.8 million tax on oil and gas property within the Municipality of Anchorage at a rate of 20 mills. Anchorage taxed the same property at an effective mill rate of 16.36 mills, for revenue to the municipality of \$2.3 million. This was a credit against the State tax, so taxpayers sent \$2.3 million to Anchorage and the remaining \$0.5 million to the State. In the unorganized borough, the State receives the entire property tax. The following table from the Fall 2019 Revenue Sources Book illustrates how this tax worked in FY19.

Millions of Dollars

Taxing Jurisdiction	Gross Tax	Local Share	State Share	Local Effective Mill Rate
Unorganized	62.2	0.0	62.2	N/A
North Slope Borough	419.5	377.4	42.2	17.99
Fairbanks North Star Borough	14.3	12.2	2.2	16.99 ²
Municipality of Anchorage	2.8	2.3	0.5	16.36
Kenai Peninsula Borough	31.3	15.5	15.8	9.90 ²
City of Valdez	39.0	39.0	0.0	20.00
Matanuska-Susitna Borough	0.2	0.1	0.1	11.92 ²
City of Whittier	0.0	0.0	0.0	8.00
City of Cordova	0.2	0.1	0.1	11.81
Total FY 2019	569.5	446.6	123.0	

¹Tax amounts shown here represent the total certified tax roll for the 2019 tax year, due June 30, 2019. These amounts may not exactly match cash revenue received in the fiscal year as presented elsewhere in this book due to a combination of credits and late payments. Gross Tax is total tax paid to both the local government and the State of Alaska. The Local Share and State Share columns represent revenue primarily received in June 2019.

²The Fairbanks North Star Borough, Kenai Peninsula Borough, and Matanuska-Susitna Borough do not have a uniform mill rate for petroleum properties. The rate presented here is the weighted-average effective mill rate based on the 2019 certified tax roll.

Shared Taxes

The State administers six taxes and one fee which are shared with municipal governments. Statutes set out the formula for distributing the municipal share to local governments, and then the funds are appropriated to the municipalities in the operating budget each year. In FY19, the municipal share of these taxes totaled \$52.6 million statewide.⁹

The largest category of shared tax is Alaska’s fisheries taxes. Both the Fisheries Business Tax (levied on businesses that process fisheries resources in Alaska or export fisheries resources from Alaska) and the Fisheries Resource Landing Tax (levied on fishery resources processed outside Alaska, but first landed in Alaska) are shared evenly between the State and the municipal governments in which the fish are landed. In FY19 these two shared taxes totaled \$28.6 million. These taxes are a significant part of the local budget in fishing-dependent communities; in Unalaska, for example, these two taxes made up *23% of local revenue* in FY19.

The other major shared tax is the Commercial Passenger Vessel Tax, levied as a head tax on cruise ship passengers. In FY19, \$18.7 million from this tax was appropriated to local governments. The State levies a \$32.50 per-passenger fee on cruise ship passengers, and \$5 per passenger is then shared with each port of call. Under federal law, proceeds of this tax can only be used for expenses related to commercial passenger vessels. This tax is a major source of revenue for cruise ship ports, primarily in Southeast Alaska, but the restrictions on its use prevent it from funding general government expenses.

⁹ See the Department of Revenue’s *Shared Taxes Report* for detailed information about shared taxes.

The remaining \$5.3 million of shared taxes in FY19 were from taxes on electric and telephone cooperatives, aviation motor fuel taxes in certain communities, and liquor license fees.

State and Local Government Service Provision

Alaska's unique local governance structure has practical implications in the provision of services. The following section compares the provision of major services such as education and public safety in Alaska to other states. However, none of this should be interpreted as a policy recommendation that Alaska should strive to match other states. Alaska is very different from other states and what works elsewhere may not work here; the State's founders made a deliberate choice to be different as a reflection of the state's unique characteristics. These items do indicate a major reason why Alaska's State budget is larger than other states on a per-capita basis, and understanding these structures will help the legislature make informed budget decisions.

There is also a balancing act: how to provide services across the state in a fair and equitable way, balanced against the State's increasingly-limited fiscal resources. The State also must be mindful of creating disincentives to local government formation, because unlike the rest of the country, Alaska's local governments are not mandatory.

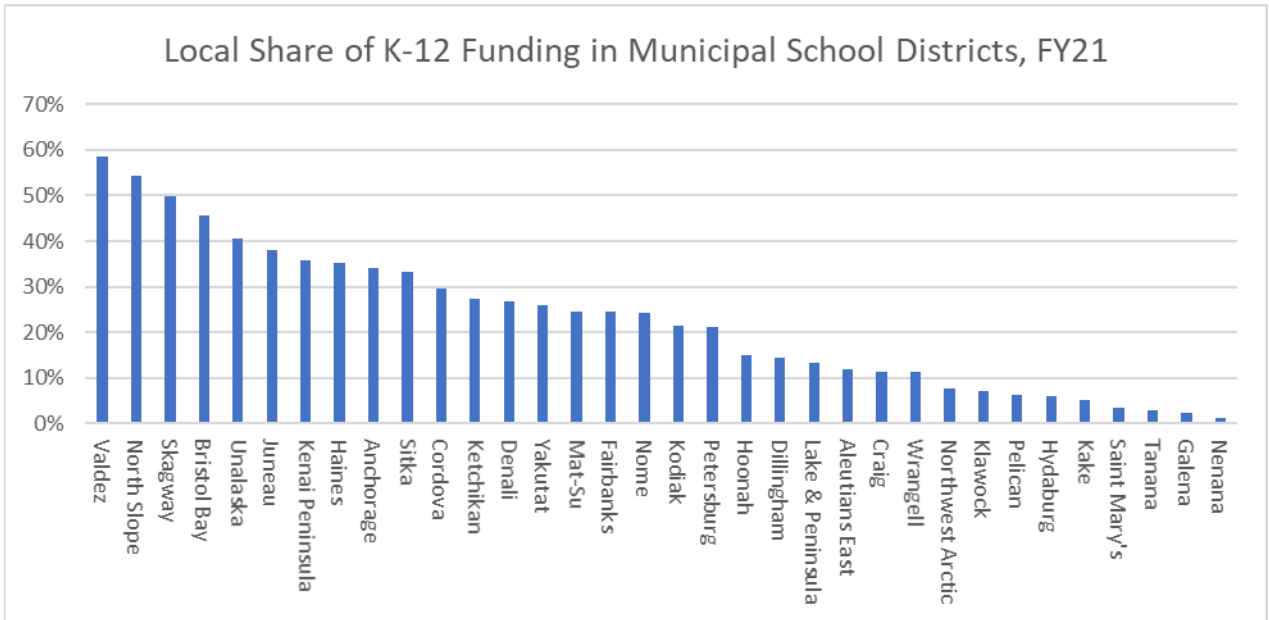
K-12 Education

Alaska's constitution puts the burden of establishing and maintaining public schools on the State legislature, so ultimately education is a State responsibility.¹⁰ The legislature created school districts to run local schools but did not give these districts independent taxing authority. Instead, each borough has its own school district, each home-rule and first-class city in the unorganized borough has its own school district, and the remainder of the unorganized boroughs are divided into 19 Regional Education Attendance Areas (REAs). In the city and borough school districts, the local government is required to contribute to the school system in accordance with AS 14, but there is no local taxing authority to make this contribution in the unorganized borough.

The required local contribution is 2.65 mills of property value but is capped at 45% of basic need. In addition, municipal governments can contribute up to 23% of basic need (capped at 2 mills). In FY21, required local contributions total \$262.4 million and additional local contributions are budgeted at an additional \$242.5 million. In all, local contributions make up about 24% of the funding of Alaska's schools. Among municipal districts, the median contribution is also 24%. However, there is substantial variation across districts: in addition to the 19 REAs with no local contribution, eight municipal

¹⁰ For more information about Alaska's K-12 funding system, see the Legislative Finance Division's *Citizen's Guide to K-12 Funding*.

school districts provide less than 10% of school district funding, while three districts pay at least 50%.



Nationally, 41% of K-12 funding comes from local governments; Alaska’s 24% ranks as the fifth-lowest share. This greatly affects the size of the State’s K-12 cost: In FY18, Alaska’s per-pupil State spending on education ranked the third-highest in the US, but its total spending ranked 8th. For perspective, the difference between a 41% share of Alaska’s school funding and a 24% share is about \$365 million in FY21.

Public Safety

In Alaska, local governments do not have a statutory obligation to provide any level of public safety services, but certain types of local governments do have the authority to organize local police departments, whereas others must incorporate the authority into their charter through a local election. Other states are mapped out into counties with specific statutory responsibilities to provide certain services, such as a county sheriff’s office and county jails. Alaska’s approach of not mandating local government services means that the State government directly provides a greater proportion of those services. The organic development of this structure was largely enabled by State resource development, which reduced the need for many local governments to enact revenue generating mechanisms such as sales or property taxes.

	State Troopers (non-AWT)	Local Police Officers	Population
Fairbanks	49	37	31,516
Anchorage	45	426	291,538
Palmer	31	15	7,306
Wasilla	29	26	10,529
Soldotna	29	14	4,689
Bethel	17	9	6,493
Kodiak	8	18	5,968
Kotzebue	8	10	3,266
Nome	8	10	3,866
Ketchikan	7	26	8,289
Anchor Pt	7	0	2,093
Sitka	6	14	8,647
Saint Marys	6	0	567
Juneau	5	49	32,330
Seward	5	9	2,729
Dillingham	5	6	2,396
Delta Jnct	5	0	931
Glenallen	5	0	289
Craig	4	5	1,301
Aniak	4	0	545
Emmonak	4	0	825
Tok	4	0	1,160
Unalakleet	3	3	697
Galena	2	1	469
Ambler	2	0	262
Cantwell	2	0	183
Healy	2	0	1,022
Hooper Bay	2	0	1,225
King Salmon	2	0	385
Saint Michael	2	0	415
Selawik	2	0	845
Togiak	2	0	857
Kenai	1	31	7,778
Nenana	1	0	363

Two of the largest drivers in the Alaska State budget are the Department of Corrections and the Department of Public Safety. This is partially owing to the fact that the State of Alaska serves several public safety functions that are typically provided by county (borough-level) governments in other states. Alaska State Troopers assist district courts with civil process, security, and prisoner transportation. In the lower 48, these services are provided by a county sheriff's office and county courts, in coordination with county jails.

Alaska's unified boroughs and organized municipalities typically provide a local police force, though some rely more heavily than others on the presence of State Troopers to supplement local agencies. In non-unified boroughs and the unorganized borough, the State Troopers provide law enforcement beyond city government boundaries.

Alaska State Troopers essentially serve the role of both State police and county sheriffs in other communities. This results in Troopers being deployed primarily to non-unified boroughs. For example, in

November 2020 the Troopers had 45 non-wildlife officers stationed in Anchorage (population about 291,538), compared to 60 in the Mat-Su Borough (population 106,438), 49 in the Fairbanks North Star Borough (population 95,898), and 39 in the Kenai Peninsula Borough (58,367).¹¹ For more information on the geographical

¹¹ It is difficult to determine how Trooper placement might be different if non-unified boroughs provided comparable police coverage as unified boroughs, so this paper will not attempt to make fiscal inferences.

distribution of local police officers and Alaska State Troopers, please contact the Legislative Finance Division.

The Alaska Department of Public Safety houses both State Troopers and Village Public Safety Officers which combine to provide police services in certain rural communities, though many are without a resident officer. Public safety and law enforcement in rural Alaska face additional geographical, cultural, and recruitment challenges which have contributed to what is widely recognized as a public safety crisis for rural Alaskans. The issue of meeting public safety needs in rural Alaska exceeds the scope of what can be addressed in this overview.

In many states, local jails are a large part of the correctional system, but they play a very small role in Alaska. Nationally, 6.2% of prisoners were held in local jails in 2019, but this applied to less than 1% of Alaska prisoners.¹² This results in additional reliance on the State Troopers and Department of Corrections pretrial division. Unsentenced individuals typically make up over half of the population of the Alaska correctional system, which is clearly a major cost driver for the agency. In other states, many of these individuals would fall under the authority of the county sheriff's office and if necessary, would be housed in a county jail.

This is related to another structural feature of the Alaska system: district attorneys in Alaska are State employees, but in other states they are elected officials serving at the county level. In Alaska, local prosecutors only handle misdemeanors; all felony prosecutions are processed at the State level.

Other Services

Alaska's unified boroughs and home rule and first-class cities have more expansive health powers than other government entities. During the COVID-19 pandemic, this divide has been apparent as local governments have different capabilities of imposing public health mandates.

Anchorage is the only municipal government that has taken on food safety and sanitation inspections. Nationally, this tends to be a local responsibility but outside of Anchorage this is performed by the State Department of Environmental Conservation. Due to limited resources, the State inspected under 40% of food establishments from FY16-19, compared to a national standard that all establishments should be visited four times per year. In Anchorage, nearly 80% of food establishments were visited each year over the same period.

¹² See Table 18 in the Bureau of Justice Statistics' report *Prisoners in 2019*

Other municipalities could choose to follow Anchorage’s lead and conduct their own food safety inspections, but there is no State funding or other incentives to do so. Since the State performs so few inspections now, there would be no way to provide a meaningful incentive without a budget increase.

In Alaska, state and federal elections are administered by the state government, but nationally most elections are administered at the county or local level. Alaska is one of just two states that pay the entire cost of election administration (along with Delaware), although four other states pay the entire cost of elections that are entirely for state or federal races.¹³

A 2017 white paper by the Office of Management and Budget mentions several other services that the State of Alaska performs which are often, though not always, performed at the local level in other states. For additional information on the organization of other state and local governments, see also the *US Census Bureau’s 2017 Census of Governments*.

¹³ See National Conference of State Legislatures, *“Election Costs: What States Pay”*

Attachment A

Powers and Duties of Cities and Boroughs in Alaska—Tables prepared by the Alaska Local
Boundary Commission

POWERS AND DUTIES OF ORGANIZED BOROUGHS

POWER	UNIFIED MUNICIPALITY AND HOME RULE BOROUGH	FIRST CLASS BOROUGH	SECOND CLASS BOROUGH
Public Education (education powers have been broadly interpreted by the Ak Dept of Law)	The borough or unified municipality must provide the service areawide in accordance with AS 14.	Same as for a home rule borough.	Same as for a home rule borough.
Planning, Platting & Land Use Regulation	The borough or unified municipality must exercise the powers areawide, but not necessarily in accordance with AS 29.40.	The borough must exercise the powers areawide; in accordance with AS 29.40; the borough may allow cities to assume such powers within their boundaries	Same as for a first class borough.
Provide Transportation Systems, Water & Air Pollution Control, Animal Regulation	Determined by charter or ordinance.	May be exercised on an areawide, nonareawide or service area basis by ordinance.	May be exercised on an areawide or nonareawide basis by ordinance; approval from voters or property owners required for service area powers.
Licensed Day Care Facilities	Determined by charter or ordinance.	May be exercised on an areawide, nonareawide or service area basis by ordinance.	May be exercised on an areawide basis by ordinance; voter approval required for exercise on a nonareawide or service area basis.
Regulate Fireworks, Provide Solid & Septic Waste Disposal, Housing Rehabilitation, Economic Development, Roads & Trails, EMS Communications, Regulate Motor Vehicles and Development Projects	Determined by charter or ordinance	May be exercised areawide upon approval of areawide voters or by transfer of powers from all cities; may be exercised by ordinance on a nonareawide or service area basis.	May be exercised areawide upon approval of areawide voters; or by transfer of powers from all cities; may be exercised by ordinance on a nonareawide basis; may be exercised on a service area basis with voter approval
Hazardous Substance Control	Determined by charter or ordinance	Same as above.	Same as above.
Other Powers Not Prohibited	Determined by charter or ordinance	Same as above.	May be exercised areawide upon approval of areawide voters; or by transfer of powers from all cities and approval of nonareawide voters; may be exercised nonareawide upon approval of nonareawide voters; may be exercised on a service area basis with voter approval

**TABLE 2 - Continued
POWERS AND DUTIES OF ORGANIZED BOROUGHS**

POWER	UNIFIED MUNICIPALITY AND HOME RULE BOROUGH	FIRST CLASS BOROUGH	SECOND CLASS BOROUGH
Property Tax	Limited to 30 mills except where a higher levy is necessary to avoid default on debt; voter approval to levy property taxes is required by some charters	Same as home rule except there is no charter. Still some general law boroughs have more limited taxing authority established by local action.	Same as for a first class borough.
Sales Tax	The rate of levy may be limited by charter and voter approval to levy sales taxes may be required by charter.	No limit exists on the rate of levy; however, voter approval is required to levy sales taxes.	Same as for a first class borough.
Assembly composition and apportionment	Flexible; determined according to AS 29.20.060 - 29.20.120	Same as for a home rule borough.	Same as for a home rule borough.
Election and Term of Mayor	Established by charter or ordinance.	Elected at large for a 3 year term, unless a different term not to exceed 4 years is provided by ordinance.	Same as for a first class borough.
Vote by Mayor	Established by charter or ordinance.	may vote to break a tie vote only if the borough has a manager form of government	Same as for a first class borough.
Veto Power of the Mayor	Generally determined by charter, except veto not permitted of ordinance prohibiting possession of alcohol.	generally has veto power, except veto not permitted of ordinance prohibiting possession of alcohol.	Same as for a first class borough.
Ability to Attain Home Rule Status	Already has home rule status.	Voters may adopt home rule charter.	Same as for a first class borough.

POWERS AND DUTIES OF CITIES

POWERS AND DUTIES	HOME RULE CITY	FIRST CLASS CITY	SECOND CLASS CITY	REFERENCE
Public Education	If the city is in the unorganized borough it must provide the service in accordance with AS 14. A home rule city is not permitted to do so within organized boroughs.	Same as for a home rule city.	The city is not allowed to provide the service under any circumstance.	AS 29.35.260(b) AS 14.12.010 AS 14.12.025
Planning, Platting & Land Use Regulation	If the city is in the unorganized borough, it must exercise the powers. If it is in an organized borough, it may be permitted by borough to exercise the powers.	Same as for a home rule city, except the power must be exercised in accordance with AS 29.40.	The city is not required to exercise the powers in any circumstance, but may be permitted in all cases in the manner described for first class cities.	AS 29.35.250(c) AS 29.35.260(c)
Property Tax	The city may tax up to 30 mills, except where a higher levy is necessary to avoid default on debt. Some home rule charters require voter approval to authorize the levy property taxes.	The city may tax up to 30 mills except where a higher levy is necessary to avoid default on debt. Voter approval is not required by statute, however, some general law municipal governments have more restrictive limitations imposed at the local level.	The city may tax up to 20 mills, except where a higher levy is required to avoid default. Voter approval is required.	AS 29.45.550- AS 29.45.590;
Sales Tax	The rate of levy may be limited by charter. Requirements for voter approval may also be set by charter	There is no limit on the rate of levy of sales taxes; however, voter approval is required.	Same as for a first class city.	AS 29.45.700
Other Powers	Possess all legislative powers not prohibited by law or charter	May exercise other powers not prohibited by law	May exercise other powers not prohibited by law	Art. X, § 11 Ak. Const.. AS 29.35.250
City Council composition and apportionment	Determined by charter or ordinance.	6 members elected at-large, except the council may provide for election other than at-large.	7 members elected at-large, except the council may provide for election other than at-large.	AS 29.20.130
Election and Term of Mayor	Determined by charter or ordinance.	Elected at large for a 3-year term, unless a different term not to exceed 4 years is provided by ordinance.	Elected from the city council for a 1-year term, unless a longer term is provided by ordinance. Mayor is selected by council (or by voters upon adoption of ordinance)	AS 29.20.230 AS 29.20.240
Vote by Mayor	Determined by charter or ordinance.	May vote to break a tie vote on the city council.	Votes on all matters.	AS 29.20.250
Veto Power of the Mayor	Determined by charter or ordinance, except veto is not permitted of ordinance prohibiting possession of alcohol.	Has veto power with the same exception noted for home rule cities.	Has no veto power.	AS 29.20.270
Power of Eminent Domain	Permitted by statute.	Permitted by statute.	Permitted, but requires voter approval.	AS 29.35.030
Ability to Attain Home Rule Status	Already has home rule status.	Voters may adopt home rule charter.	May not adopt home rule charter without first reclassifying to a first class city.	AS 29.10.010

Attachment B

Tables 1-4: Borough Government Revenues and K-12 School District Funding Sources

Table 1: Alaska Borough Fiscal Year 2020 Revenues for General Government and K-12 Education by Source (\$ in 000s)

District	Local				State				Federal				Overall Total
	General Govt.	Education	Total	% of Overall Total	General Govt.	Education	Total	% of Overall Total	General Govt.	Education	Total	% of Overall Total	
Aleutians East	4,200	1,020	5,220	36.8%	316	5,212	5,528	39.0%	595	2,838	3,433	24.2%	14,180
Anchorage	508,596	213,602	722,198	63.3%	7,689	390,204	397,893	34.9%	269	20,391	20,660	1.8%	1,140,751
Bristol Bay	12,639	1,696	14,335	76.3%	2,378	1,196	3,574	19.0%	0	873	873	4.7%	18,782
Denali	4,300	2,869	7,169	45.7%	424	7,663	8,087	51.6%	395	22	417	2.7%	15,673
Fairbanks	170,685	50,624	221,309	59.0%	2,015	131,808	133,823	35.7%	331	19,565	19,896	5.3%	375,029
Haines	3,237	1,622	4,859	57.0%	554	2,604	3,158	37.1%	425	80	505	5.9%	8,522
Juneau	275,463	26,723	302,186	78.8%	27,191	43,019	70,210	18.3%	10,352	502	10,854	2.8%	383,249
Kenai Pen.	224,964	52,992	277,956	74.1%	1,036	91,445	92,481	24.6%	4,000	925	4,925	1.3%	375,362
Ketchikan	32,457	10,716	43,173	54.7%	5,260	29,137	34,397	43.6%	1,100	210	1,310	1.7%	78,880
Kodiak	24,221	10,492	34,713	47.0%	4,134	29,426	33,560	45.4%	414	5,153	5,567	7.5%	73,840
Lake & Pen.	2,854	2,088	4,942	29.0%	553	9,461	10,014	58.7%	250	1,844	2,094	12.3%	17,050
Matsu	122,639	61,121	183,760	48.2%	2,280	189,948	192,228	50.4%	3,000	2,440	5,440	1.4%	381,428
North Slope	398,839	34,534	433,373	91.7%	2,244	23,759	26,003	5.5%	1,276	11,742	13,018	2.8%	472,395
NW Arctic	21,838	5,037	26,875	31.3%	300	41,758	42,058	49.0%	1,100	15,783	16,883	19.7%	85,817
Petersburg	8,149	1,906	10,055	54.9%	1,286	6,763	8,049	44.0%	99	106	205	1.1%	18,308
Sitka	27,929	6,822	34,751	67.9%	874	14,081	14,955	29.2%	1,257	198	1,455	2.8%	51,162
Skagway	11,444	1,547	12,991	88.0%	334	947	1,281	8.7%	456	26	482	3.3%	14,754
Wrangell	5,931	1,342	7,273	61.5%	408	4,059	4,467	37.8%	0	79	79	0.7%	11,819
Yakutat	2,821	623	3,444	65.8%	298	1,182	1,480	28.3%	47	260	307	5.9%	5,231
Total	1,863,206	487,376	2,350,582	66.4%	59,574	1,023,675	1,083,249	30.6%	25,366	83,038	108,404	3.1%	3,542,234

Sources: Approved FY 2020 Borough General Government Operations Budgets and FY 2020 School District Budgets, General Fund (School Operating Fund) Statement of Revenues, Alaska Department of Education and Early Development, School Finance Section.

Table 2: Alaska Borough General Government Revenues: Internal and External Sources, FY20 (in \$000s)

Borough	Borough Taxes							Total Tax	Other Local Revenue	Total Local	State	Federal	Total
	Property	Sales	Bed	Raw Fish	Car Rental	Alcohol	Tobacco						
Aleutians East				4,100				4,100	100	4,200	316	595	5,112
Anchorage	312,276				7,300		20,000	339,576	169,020	508,596	7,689	269	516,554
Bristol Bay	5,066			2,000				7,066	5,573	12,639	2,378		15,017
Denali			4,200					4,200	100	4,300	424	395	5,119
Fairbanks	127,789		2,160			1,104	1,400	132,453	38,232	170,685	2,015	331	173,031
Haines	1,916		130				90	2,136	1,101	3,237	554	425	4,216
Juneau	51,519	49,900	1,600			1,000	2,825	106,844	168,619	275,463	27,191	10,352	313,006
Kenai Pen.	73,956	32,272						106,228	118,736	224,964	1,036	4,000	230,000
Ketchikan	8,574	7,888		350			1,100	17,912	14,545	32,457	5,260	1,100	38,817
Kodiak	15,376		63					15,439	8,782	24,221	4,134	414	28,769
Lake & Pen.			245	1,750				1,995	859	2,854	553	250	3,657
Matsu	104,219	800	1,273					106,292	16,347	122,639	2,280	3,000	127,919
North Slope	378,490							378,490	20,349	398,839	2,244	1,276	402,359
NW Arctic							850	850	20,988	21,838	300	1,100	23,238
Petersburg	3,426	3,107					250	6,783	1,366	8,149	1,286	99	9,534
Sitka	6,966	13,535						20,501	7,428	27,929	874	1,257	30,060
Skagway	2,045	8,821						10,866	578	11,444	334	456	12,234
Wrangell	2,015	1,869						3,884	2,047	5,931	408		6,339
Yakutat	372	1,268	205	219		7		2,071	750	2,821	298	47	3,166
Total	1,094,005	119,460	9,876	8,419	7,300	2,111	26,515	1,267,686	595,520	1,863,206	59,574	25,366	1,948,147

Table 3: Alaska Borough General Government Revenue Sources as a Percent of Total, FY20

Borough	Borough Taxes							Other Revenue	Total Local	State	Federal
	Property	Sales	Bed	Raw Fish	Car Rental	Alcohol	Tobacco				
Aleutians East				80.2%				2.0%	82.2%	6.2%	11.6%
Anchorage	60.5%				1.4%		3.9%	32.7%	98.5%	1.5%	0.1%
Bristol Bay	33.7%			13.3%				37.1%	84.2%	15.8%	
Denali			82.0%					2.0%	84.0%	8.3%	7.7%
Fairbanks	73.9%		1.2%			0.6%	0.8%	22.1%	98.6%	1.2%	0.2%
Haines	45.4%		3.1%					26.1%	76.8%	13.1%	10.1%
Juneau	16.5%	15.9%	0.5%			0.3%	0.9%	53.9%	88.0%	8.7%	3.3%
Kenai Pen.	32.2%	14.0%						51.6%	97.8%	0.5%	1.7%
Ketchikan	22.1%	20.3%		0.9%				37.5%	83.6%	13.6%	2.8%
Kodiak	53.4%		0.2%	0.0%				30.5%	84.2%	14.4%	1.4%
Lake & Pen.			6.7%	47.9%				23.5%	78.0%	15.1%	6.8%
Matsu	81.5%	0.6%	1.0%					12.8%	95.9%	1.8%	2.3%
North Slope	94.1%							5.1%	99.1%	0.6%	0.3%
NW Arctic							3.7%	90.3%	94.0%	1.3%	4.7%
Petersburg	35.9%	32.6%						14.3%	85.5%	13.5%	1.0%
Sitka	23.2%	45.0%						24.7%	92.9%	2.9%	4.2%
Skagway	16.7%	72.1%						4.7%	93.5%	2.7%	3.7%
Wrangell	31.8%	29.5%						32.3%	93.6%	6.4%	
Yakutat	11.7%	40.1%	6.5%	6.9%				23.7%	89.1%	9.4%	1.5%
Total	56.2%	6.1%	0.5%	0.4%	0.4%	0.1%	1.4%	30.6%	95.6%	3.1%	1.3%

Table 4: Alaska Borough School District Revenues by Source, 2019-2020 School**Year (\$ in 000s)**

District	Local \$	Local %	State \$	State %	Federal \$	Federal %	Total \$
Aleutians East	1,020	11.2%	5,212	57.5%	2,838	31.3%	9,069
Anchorage	213,602	34.2%	390,204	62.5%	20,391	3.3%	624,197
Bristol Bay	1,696	45.1%	1,196	31.8%	873	23.2%	3,765
Denali	2,869	27.2%	7,663	72.6%	22	0.2%	10,554
Fairbanks	50,624	25.1%	131,808	65.3%	19,565	9.7%	201,998
Haines	1,622	37.7%	2,604	60.5%	80	1.9%	4,306
Juneau	26,723	38.0%	43,019	61.2%	502	0.7%	70,243
Kenai Pen.	52,992	36.5%	91,445	62.9%	925	0.6%	145,362
Ketchikan	10,716	26.7%	29,137	72.7%	210	0.5%	40,063
Kodiak	10,492	23.3%	29,426	65.3%	5,153	11.4%	45,071
Lake & Pen.	2,088	15.6%	9,461	70.6%	1,844	13.8%	13,393
Matsu	61,121	24.1%	189,948	74.9%	2,440	1.0%	253,509
North Slope	34,534	49.3%	23,759	33.9%	11,742	16.8%	70,036
NW Arctic	5,037	8.0%	41,758	66.7%	15,783	25.2%	62,579
Petersburg	1,906	21.7%	6,763	77.1%	106	1.2%	8,774
Sitka	6,822	32.3%	14,081	66.7%	198	0.9%	21,102
Skagway	1,547	61.4%	947	37.6%	26	1.0%	2,520
Wrangell	1,342	24.5%	4,059	74.1%	79	1.4%	5,480
Yakutat	623	30.1%	1,182	57.3%	260	12.6%	2,065
Total	487,376	30.6%	1,023,675	64.2%	83,038	5.2%	1,594,088