



ALASKA STATE LEGISLATURE SPONSOR STATEMENT

Sponsor: Representative Norman Rokeberg
Current Version: CSHB 49(CRA)
Contact: Heather Nobrega
Date: April 15, 2005

Title: An Act relating to municipal aid grants for municipalities and certain unincorporated communities; and providing for an effective date.

House Bill 49 gives a municipal aid grant of \$50,000 to every municipality in the State of Alaska, and \$3500 to certain unincorporated communities. However, if appropriations are not sufficient to fully fund these grants for a particular fiscal year, a reduced grant, based on available funding, shall be distributed equally to all municipalities.

Due to their small size, isolated geographic locations, and very limited economic bases, most of Alaska's small city governments rely significantly on financial assistance from the State for the provision of very basic local government functions. With the elimination of funding for State Revenue Sharing, Safe Communities and Capital Project Matching Grant Programs combined with sharp increases in costs of fuel, electricity, insurance and wage benefits, these small city governments now face a serious threat to their viability. The consequence of the elimination of State funding programs and increased costs are numerous. They include: inability to provide basic public services and conduct the basic requirements of municipal governments; municipal dissolution; inability to purchase necessities-including insurance and fuel; deteriorating infrastructure; and increased IRS, PERS and ESC problems.

***Department of Commerce, Community and Economic Development
Annual Report, Division of Community Advocacy, January 2005***

It is important to the viability of local municipalities and the people of this state that the Legislature provide some assistance to these communities. According to the Alaska Municipal League, from 2003 to 2005, 94 local governments lost an average of approximately 42% of the revenue required to provide basic public services. Many of these cities are in a financial crisis and are on the brink of dissolution. As these cities dissolve and are unable to provide services to their citizens, the State of Alaska will be looked upon to fill the void. Providing these communities with some financial assistance now will prevent problems in the future.

I urge your support of this legislation.