

Advisory Commission on Local Governments
September 1, 2005

Overview-Incentives and Disincentives to the Formation and Sustainability of Local and Regional Governments- Mike Black, Director Division of Community Advocacy

Broad terms

Incentives of forming local government include taking control of your community and region and entering a higher level of dialogue with other governments-whether state, federal, tribal or regional. Taking control occurs through both mandatory powers such as platting, planning, zoning and education; and optional powers such as police and public safety; recreation; utility services; road maintenance; economic development; and, receiving grants and loans for the benefit of the residents of a community and region to implement improvements.

Disincentives of forming local governments are that with each of these and other powers there are attached responsibilities. The responsibility to operate as a legal subdivision of the state; to conduct business in a manner that requires accountability and fairness of process; to honor the fiduciary responsibility of government; to perform as a democratically elected governing body and to provide for the financial participation of the residents and property owners of the local government unit.

Specifics

Incentives

- Organizational grants (\$600k for boroughs; \$75k for cities);
- Entitlement and designated financial grants (PILT, Shared Fisheries Business taxes; National Forest Receipts)
- Financing capabilities of local government for infrastructure and services (bonding)
- Taxing and other powers to provide needed services
- Land entitlements from the State (10% of vacant, unappropriated, unreserved State lands)
- Capacity to supplement education funds (operating and capital) provided by the State
- Regional influence and more control of activities (alcohol control, land use regulation)
- Avoids takeover from other local governments (virtually eliminates prospect of being annexed to adjoining government)
- Avoids legislative actions directed at unorganized borough (e.g., prospect of mandatory incorporation, school consolidation, taxation)

Disincentives

- Lack of adequate organizational grants (level has been unchanged for 20 years)
- Loss of general financial aid from the State (Revenue Sharing and Safe Communities)
- Loss in local control of schools by larger area school boards
- Perception of additional layer of local government
- Demands of conducting business as a local government unit
- Taxes/Fees on residents and property
- Required 4-mill contribution for education (HB 217 TAPS exclusion)
- Restrictions on use of private land
- Accountability