



The Alaska Conference of Mayors (ACoM) met during the Alaska Municipal League's (AML) 2019 Annual Legislative Conference and produced the following in response to the Governor's proposed FY20 budget.

Alaska's mayors define the challenges facing the State of Alaska as comprised of both decreased revenues and traditional/decreased spending over the last four years. We recognize the Governor's commitment to streamline the budget, and we believe the administration's responsibility is to address both revenues and expenditures. As currently proposed, it is a policy position that ignores the need to increase revenues. Alaska's mayors believe that the budget as proposed will result in very real negative impacts to Alaska's residents and to the state's economy.

In our review of the proposed FY20 budget, and with the caveat that local leaders have had less than a week to evaluate municipal impact, we can ascertain that the proposed budget is less about State budget cuts and more about cost-shifting to lower levels of government. The impacts to municipalities are diverse, and range from:

- Increased and added taxation
- Costs absorbed by current savings in near term
- Decreased or eliminated public services
- Dissolution of local government

Local government officials are ultimately answerable to taxpayers, and residents demand both good stewardship of local revenues and the provision of public services.

ACoM is firm in its resolve to remain united in support of one another. Alaska's local leaders have a unity of purpose, in the face of a proposed budget that has the potential to pit community against community, and program against program. Alaska's future is not a zero-sum game. A collective response is critical and through the Alaska Conference of Mayors we will amplify the voices of individual mayors who must respond in the public interest.

ACoM will advance solutions that mitigate the negative impacts of the proposed budget at the community level. These solutions will protect and support citizens, quality of life and economic prosperity. To begin with, mayors insist on rationality in implementation – impacts must be scaled over a reasonable time horizon.

ACoM insists that the coordination between the State and local government result in effective outcomes. This means that solutions we propose will increase the capacity of municipalities to adapt. We will support a combination of revenue measures that produce sustainable funding for the State. We expect to be included in the State's efforts to find the right approach to education funding, continuation of the Alaska Marine Highway System, and so many other programs that enhance Alaskans' quality of life.

In the next few months, mayors have committed to developing impact statements that describe community-level trade-offs. The results of these will inform mayor-led conversations with community residents, and the legislative process, even as we contribute to the Governor's request to hear from Alaskans. Alaska's mayors are available to testify and be part of this process and will meet again in Juneau to ensure that local governments are included in the negotiation process and deliver on resident and taxpayer priorities.



The Alaska Municipal League (AML) represents the 165 incorporated cities and boroughs in Alaska, who together include 97% of Alaskans. Local elected officials and municipal leaders engage daily with citizens and taxpayers who demand essential public services and a commitment to improved quality of life.

In its review of the Governor's FY 20 proposed budget, the Alaska Municipal League:

- Recognizes the State's fiscal position and has argued for the last four years that a sustainable fiscal plan be enacted
- Understands that within any budgeting process officials must review and adjust both revenue and expenditures, and that this process occurs annually and prudently within 165 municipalities
- Believes that the Administration has made a choice to not address revenue but that this will result in a municipal tax increase to Alaskans and/or a loss of services

AML has preliminarily reviewed the budget for municipal impact and expresses its concern that our initial findings indicate that there are three approaches within this budget that unravel the relationship between the State and local governments that have developed over the last six decades. AML:

- Objects to preemption, the State restricting in any way the local taxing authority and collection, or reduction of local control
- Objects to rescission, the State taking funding intended for local government and other political subdivisions of the State and using that to make up a State budget deficit
- Objects to cost-shifting and unfunded mandates, which are likely as the State devolves itself of its Constitutional and statutory obligations

AML believes that rather than rightsizing the size of State government, the Governor has severed the long-time partnership that has maximized local government consistent with Alaska's Constitution.

AML understands that this partnership has rested on the sharing of State resource wealth with communities that undertake, on behalf of the State, the provision of public safety, education and transportation, as well as efforts to improve the quality of life of all residents.

AML emphasizes that this partnership is also one in which local tax rates have been kept reasonable and stable for decades.

Therefore, we find that the Governor's FY20 proposed budget:

- Significantly weakens the institutions that define Alaska's well-being and future prosperity
- Neglects some of the State's responsibilities, both Constitutional and statutory
- Pits communities and programs against one another
- Underestimates the impacts to Alaskans, and does not signal that Alaska is open for business

Alaska's municipal leaders commend to the Alaska State Legislature the willingness of local governments to work alongside and in support of legislative leadership to produce a measured approach that meets the State's fiscal challenges, mitigates the immediacy of negative impacts, and offers a continued role for municipalities as partners.