

Rural taxation hit

By JEFFREY R. RICHARDSON

It is time for rural Alaska to begin paying its share of the cost of educating rural children, but a property tax may not be the best way to share the burden.

This seems to be the consensus among members of the legislature's Interim Committee on Taxation in the Unorganized Borough. The committee held hearings on a taxation proposal in interior Alaska earlier this month. The proposal is contained in House Bill 202, introduced last spring by Representative Charles Parr (D-Fairbanks).

Parr explained in an interview last week that the bill is not aimed at bush homeowners or cottage industries, but mainly lodges, service stations and restaurants located outside boroughs and first-class cities. "You'd be surprised how many of these there are in the state," Parr commented.

Members of the committee studying the taxation bill are not convinced that there is enough property in the Unorganized Borough to make it worthwhile to tax. Randy Phillips (R-Eagle River) com-

mented:

"I don't think there's enough revenue there to justify levying the tax and collecting it. There's not enough economic base for people to be taxed on. At this stage of the game, we're not

(Continued on page 8)

Taxation . . .

(Continued from page 1)

ready for it."

Before taxation could begin, land in the Unorganized Borough would have to be surveyed before a value could be set on it. Parr admitted that the state might not make any money for three years after enacting his legislation but he defended the bill as a fair way to spread the cost of rural education among state residents. "A lot of people are getting free rides," he said.

Hearings on the bill were held in Delta, Tok and Fort Yukon. Committee Chairman Lisa Rudd (D-Anchorage) admitted that no one spoke in favor of the bill, but she said criticism was constructive.

"They're opposed to the tax and they told us that loud and clear," Rudd said. "There was anger, there was stress, real stress, about what the state is going to do to them."

Briefly, Parr's bill would tax real property (land, businesses) located outside first-class cities and boroughs with a value greater than \$10,000. Some lands, such as undeveloped land and other land exempted by state law, would not be taxed. The land would be taxed at the same rate as the average rate levied by organized boroughs for the support of schools. This means that for property valued at \$20,000, the owner would pay approximately \$1,400 in taxes.

Rudd said residents in Tok said they were willing to give up state services rather than be taxed for them. They indicated that because of state regulations over the years, the number of highway businesses in their area had been drastically reduced.

Phillips said Tok residents wanted undeveloped land to be taxed if taxation was inevitable.

Phillips explained the pros and cons of taxing undeveloped land, saying that to do so would bring in more revenue eventually, but cost more also.

Rudd said people in all three communities saw the bill as more than costly:

"Often, throughout the hearings people saw this as a way of forcing the formation of local governments," in order to be exempted from the tax and preserve local control over service delivery.

In Fort Yukon, nearly 80 people turned out to speak or listen to the hearings. "What we met there was more emphasis

on the fact that there was nothing to tax. Their general question to us was: what are you going to tax?" Rudd said. She added that Fort Yukon residents, living under a second class city government, were concerned about how the bill would affect the ability of second class cities to levy their own limited tax.

Phillips said that one Fort Yukon city councilman pointed out that the tax proposal is a contradiction in state policy. He contended that while the state is suggesting that people in rural areas should pay property taxes to pay for state services, in other legislation, the state has reduced the ability of local people to tax themselves and pay their own way. Phillips said the man was referring to a ceiling that was placed on the North Slope Borough taxation.

Rudd said Parr's bill would not pass in its present form and that her committee would study other ways of increasing rural support of rural education services. One alternative to the property tax is to raise the school tax taken out of all paychecks in the state once a year. She added that it might be unconstitutional to raise the tax only for those living in the bush.

Rudd said many people in Tok, Delta and Fort Yukon, although they spoke against the bill, told committee members after the hearings that they recognized a need for rural Alaska to share the cost of primary and secondary education.

Parr said there would probably be little or no action on his bill in the next legislative session.

"I don't think it's going to pass this year. I'd be tremendously surprised, the Bush (legislative) Caucus is too strong. I don't think anybody denies it's equitable. It may take three years, it may take four years, but it's going to happen. A lot of people are getting a free ride," he concluded.

Rudd's committee is composed of the following representatives besides Phillips and Rudd: Bill Miles (D-Anchorage), Sally Smith, (D-Fairbanks), Merle Snider (D-Kodiak), Pete Lovseth (R-Cordova), Nels Anderson (D-Dillingham), Tim Kelly (R-Anchorage) and Al Ose (D-Palmer).

A bill similar to Parr's has been introduced in the Alaska State Senate by Senator Joe Orsini of Anchorage.

trimmed in wolf and wolverine, four velour parkas trimmed in wolf and a wide variety of mukluks made in the traditional manner.

All crafts will be displayed at a luncheon to be held on November 11, highlighting traditional and non-traditional employment of Alaska Native women. Hosting the luncheon and setting the major theme of the day will be Mrs. Paula Rasmus, a Chugach Native and deputy director of the Manpower Division of AFN. Mrs. Rasmus was a leading figure in the Cottage Industries project in the Bering Straits Region and has served in several major capacities in AFN, the North Pacific Rim Native Association and the Cook Inlet Native Association.