

State budget cuts transfer burden

by Joe Murdy

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Who's kidding who? If you think the state hasn't raised your taxes, think again. Reductions in state assistance to municipalities have directly hit taxpayers in their pocketbooks. The message local taxpayers must deliver to state lawmakers is that we will no longer tolerate state "budget cuts" that do no more than shift the burden to local taxpayers.

Since 1986, municipalities have been singled out by the state budget ax at a rate of six to fifteen percent each year. Municipal officials intend to do a better job of informing the public just what these reductions mean.

Cities and boroughs were created by the state to provide services such as police, fire protection, water and sewer, road maintenance, etc., because they can pro-

vide them more effectively and efficiently. The state distributes a small share of Alaska's revenue to your local government through the Municipal Assistance and Revenue Sharing programs to ensure a basic level of services across the state. Over the past ten years, the state has sliced these programs by over \$85 million, or 60 percent. These funds must be made up somewhere.

Sharing state money with cities is not an "oil boom" giveaway program. Municipal revenue sharing programs began in Alaska in the early seventies, prior to the oil boom. Similar revenue sharing programs exist in all 50 states for the purpose of distributing state resources back to its citizens. According to federal figures, Alaska is falling behind many other states in its level of municipal revenue sharing.

Of course, many things happen in cities and boroughs that affect tax rates, and

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cities and borough elected officials have made tough choices to keep taxes as low

as possible. However, many municipalities and school districts are facing serious financial problems. Some smaller cities are considering dissolving their municipal government and returning the cost and responsibility back to the state.

Other ways the state continues to divert money from local government is by passing on "unfunded state mandates," and by failing to pay the state's full share of the cost of schools. Since 1988, inflation rose 27%, but the state adjustment for inflation has only been 1.7% for the same period.

Governor Knowles' proposed budget for 1997 accelerates the ten-year trend by chopping Municipal Assistance and Revenue Sharing another 8 percent. It also eliminates reimbursement for state mandated property tax exemptions, requires municipalities to pay more pupil transportation costs, reduces Municipal Capital Matching Grants by 25 percent, and reduces other state programs that help keep local taxes stable. With some lawmakers promising even further reductions, the message we must clearly send to our lawmakers is that forcing higher local taxes is not "cutting the state budget."

We understand why state officials are reluctant to implement new taxes. However, when they transfer responsibilities for services and programs to cities and boroughs and cut the funding, they shift the unpopular task of raising taxes or

cutting services to city councils and borough assemblies. Then they can say, "we cut the budget without raising taxes." Who's kidding who?

We all know that oil revenues are declining and everyone must share the responsibility for paying for services. However, for the past 10 years, municipalities have been targeted significantly more than other state services. The Alaska Municipal League, along with the Alaska Conference of Mayors, representing over 130 cities and boroughs around Alaska, is launching an educational campaign to explain to the taxpayers the relationship between their local taxes and reductions in Municipal Assistance, State Revenue Sharing, school funding, and other state programs.

We appreciate the difficulty the state faces in reducing its own budget and urge the lawmakers to look at every option, including those suggested by the Long Range Financial Planning Commission. The Alaska Municipal League is also proposing the formation of a Local Government Partnership Council to improve the delivery of public services on the state and local level.

Please let your legislators know that you plan to hold them accountable for raising your taxes without your input. You can do this by writing or calling them in Juneau and attending constituent meetings in your community.