



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.