

CITY DISSOLUTION PROS AND CONS

A community with a city government is referred to as “incorporated.” A community without a city is “unincorporated.” When a city is dissolved, the incorporated city once again becomes an unincorporated community. In the unorganized borough, it is often proposed that certain duties and functions of dissolved cities be assumed by local IRA or traditional tribal councils.

Dissolution of a city may result in many changes in the community involved. This discussion does not examine all of them, but describes some of the positions that are typically expressed when city dissolution is first discussed at the community level. This discussion is restricted to the unorganized borough. (There are many other things to consider if a city proposed for dissolution is located within an organized borough.)

COMMONLY STATED VIEWS IN SUPPORT OF CITY DISSOLUTION

Stronger Tribal Government. Some believe that having both a city and an IRA or traditional council weakens tribal authority in the community. Others believe that having both forms of government can help the community by working together for the good of all the people living in the community.

A Single Tribal Local Government Is Simpler. Some believe that a single tribal government reduces confusion about service delivery, minimizes the number of meetings and keeps government to a minimum.

Return to Traditional Ways of Governing. City government is still fairly new in many Alaska communities. Many second class cities were established during the period from 1960-1980. Some people think of the ‘old’ days as more pleasant than today. They say that changing local government back to an earlier style might help bring back some of the other values that are viewed as diminished or changed.

COMMONLY STATED VIEWS AGAINST CITY DISSOLUTION

Loss of Safe Communities Funding. Unincorporated communities are not eligible for Safe Communities program funds.

Reduction in State Revenue Sharing Payment. Unincorporated communities outside boroughs are only eligible if they are outside of organized boroughs. Revenue sharing for eligible unincorporated communities is greatly reduced.

Loss of Grant Eligibility. After dissolution of a city, the community would be ineligible for certain grant programs, such as the Community Development Block Grant (CDBG) Program, which limit eligibility to municipalities. State Municipal Capital Matching Grant funds would be lost to the community.

Loss of Confidence by Funding Agencies. Uncertainty regarding whether a city would remain incorporated could result in the delay or loss of funding for public projects. In general, a community with an active city government is more likely to be awarded grant funds than a community with similar needs but governed by a weak or inactive city. If it appears that a city is likely to be dissolved, funding agencies may be inclined to withhold or delay grants or loans to that city.

Sales Tax. Unlike cities, IRA and traditional councils have no authority to impose and collect sales taxes. Sales tax revenues provide a major source of funds to support local services throughout Alaska.

Complication of Land Status. In many cases cities own land or have 14(c) claims to land occupied by or involving existing or proposed public facilities. State and federal grants for capital improvements require demonstrated site control. Dissolution of a city could result in delays in settling land ownership issues. Projects without site control may be delayed or funding opportunities may be lost.

Some Residents May Be Excluded from Participating in Local Affairs. IRA and traditional councils are racially exclusive, consequently, non-Native residents of a community may not hold elective office in such organizations or vote in elections of such organizations.

Loss of Political-Subdivision Exemption from Utility Regulation. Under AS 42.05.711(b), public utilities owned and operated by a political subdivision of the state, such as a city, are, with limited exceptions, exempt from economic regulation by the Regulatory Commission of Alaska (RCA). If a city is dissolved, it loses its status as a political subdivision; and its utilities could become subject to regulation by the RCA.