

# STATE SUMMARY OF COUNTY TRANSPORTATION FUNDING AND FINANCE

## ALASKA BOROUGHES

### FUNDING SOURCES FOR COUNTY TRANSPORTATION PROJECTS

#### From State Funds:

- Boroughs receive funding for road and bridge projects on a project basis.
- During their annual budget requests, local governments present their Capital Improvements Priority (CIP) lists to state legislators for funding consideration. The CIP lists show each proposed project's regional and state impact, the total cost of each proposed project and the funding needed from the state and the federal government. State legislators then nominate projects that will be sponsored through contributions from the state. It is at the discretion of state legislators how to distribute funding within their districts depending on the level of priority they place on transportation projects in their districts.

#### From Federal Funds:

- Boroughs with federal forest lands receive funds through the Secure Rural Schools and Community Self-determination Act (SRS funds), which may be used for road and bridge improvements. In FY 2012, 11 of Alaska's 19 boroughs received \$5.9 million in SRS funding.

#### From County Funds:

- Boroughs in Alaska generally use property tax and sales tax revenues to fund their capital budgets. At least four boroughs — Fairbanks North Star Borough, Kanai Peninsula Borough, the City and Borough of Juneau and Kodiak Island Borough — dedicate a portion of their property and sales tax revenues to capital projects. For example, the City and Borough of Juneau dedicates 1/5th of its 5 percent sales tax to fund capital projects. These dedicated revenues are used to build and maintain roads and bridges, two to five capital projects in the borough every year.
- Boroughs can establish Local Improvement Districts (LID) to fund road and bridge construction and improvement projects in a specific area through a special assessment fee. These fees are levied on the properties benefitting from the improvement and they have a 10 year pay-off period.
- Eight boroughs levy local vehicle license and registration fees and use the revenue for roads.
- At least one borough levies a local option fuel tax and the revenue may be used for transportation as well as other purposes.

Share of County Owned <b>Road Miles</b> Out of Public Roads Statewide	<b>23%</b>
Share of County Owned <b>Bridges</b> Out of Public Bridges Statewide	<b>11%</b>
Share of <b>Structurally Deficient Bridges</b> Out of County Owned Bridges	<b>17%</b>

COUNTY FINANCIAL AUTHORITY		
	County Authority	Limitations
Levy Property Taxes	X	Boroughs have a property tax rate limit.
Levy Personal Property Taxes	X	
Levy Local Option Sales Taxes	X	Need the approval of a majority of voters in a referendum. At least four boroughs levy sales taxes for capital projects, such as transportation.
Levy a Local Gas Tax	X	Revenues are not necessarily earmarked for transportation purposes. At least one borough levies a local option fuel tax.
Charge a Motor Vehicle License or Registration Fee	X	Boroughs may adopt registration taxes based on vehicle value or age.
Form Special Districts for Transportation	X	Additional taxes in special districts are subject to overall property tax limitations.

## COUNTIES FACE THE FOLLOWING CHALLENGES IN FUNDING AND FINANCING TRANSPORTATION PROJECTS

- The state of Alaska does not have a state funded, dedicated revenue source for transportation since motor fuel taxes and vehicle fees go to the state general fund. Without a dedicated transportation fund, funding for boroughs remains uncertain.
- Alaska's boroughs have an aging infrastructure system, as well as high traffic volumes on rural roadways. Alaska's vehicle travel increased by 15 percent between 1990 and 2011. Alaska's rural roads have endured increasing stress caused by heavy truck traffic as a result of the growing oil industry throughout the state. The Alaska Department of Transportation and Public Facilities (ADOT/PF) estimates that damage caused by one large truck is roughly equal to that of 9,600 cars on a paved road, and many of Alaska's rural roads are gravel, which cannot support as much weight. Additionally, the often harsh weather in Alaska further deteriorates the conditions of roads if they are not built and maintained properly. For example, during the springtime thawing process, the soil beneath gravel roads, as well as paved roads softens, increasing the stress and damage to roads caused by heavy trucks.
- Boroughs face difficulties in doing projects using federal funding, because of the compliance requirements with the National Environmental Policy Act (NEPA) regulations. These regulations increase costs and delay timelines for projects even more for boroughs than the state, because boroughs do not complete many federal projects and therefore are not as familiar with the NEPA regulations.

## NEW FUNDING AND FINANCING SOLUTIONS FOR COUNTIES

- Both Anchorage Municipality and Fairbanks North Star Borough created their own Metropolitan Planning Organizations (MPOs) called Anchorage Metropolitan Area Transportation Solutions (AMATS) and Fairbanks Metropolitan Area Transportation System (FMATS). These designations give the borough governments direct access to federal funding as well as more control and decision-making authority in transportation.
- The Alaska Department of Administration offers boroughs and other local governments group purchasing opportunities through coordinated procurements of equipment and materials.