



City and Borough of Sitka (CBS)

FY2027 Unfunded Mandates

Fully Fund the Wastewater Effluent Disinfection Treatment System

CBS requests \$13M in funding to design and construct a wastewater effluent disinfection system required under updated Alaska Water Quality Standards. Preliminary studies and planning have already been completed to identify the appropriate disinfection approach and facility layout. New fecal coliform and enterococci limits cannot be met with our existing treatment process, and Sitka's waiver expires in 2030, with no possibility of renewal. Design must be finalized and construction underway by 2029 to maintain compliance. Without support, the project cost will fall directly to ratepayers; funding will protect utility customers, ensure environmental compliance, and advance Sitka's highest wastewater infrastructure priority.

Stable State Funding for School Bond Debt Reimbursement and Facilities

CBS requests the State uphold its commitment to school bond debt reimbursement and renewed bonding opportunities for school facilities. Sitka schools were renovated using voter-approved bonds based on the State's long-standing commitment to reimburse up to 70% of eligible school bond debt; however, after a prolonged pause that ended in 2025, reimbursement has resumed at reduced and uncertain levels. Sitka's 1% half-year sales tax provides limited support but cannot meet major repair and long-term facility needs. CBS requests restoration of reimbursement toward historic levels and predictable State participation in future bonding to avoid shifting costs onto local taxpayers.

Stable and Predictable Funding for School Systems

CBS requests the State provide stable and predictable funding for public schools. Sitka already contributes the maximum allowed under State law, using 100% of property tax revenue and a portion of sales tax to support education. However, State funding has remained flat while school costs continue to rise, placing a growing burden on local taxpayers. Reliable State investment is needed to sustain educational quality, retain staff, and ensure long-term stability in Alaska's public school system.

Reliable State Funding for the Community Assistance Program

CBS requests the State fully fund the Community Assistance Program (CAP) at a stable and predictable level on which municipalities can rely. CAP remains a critical tool to help offset unfunded State mandates, including required property tax exemptions that continue to reduce local revenues. Ongoing uncertainty and reduced funding levels make long-term financial planning difficult for Sitka and other Alaska communities and shift costs onto local taxpayers.

Fully Fund the State Community Jail Contract

CBS requests the State fully fund the Community Jail Contract to reflect the actual operating costs. Under the current State contract, over which the City has no negotiating authority, CBS faces a funding shortfall of \$377,167. Individuals charged under State law account for over 89% of Sitka's jail population. Without adequate funding, CBS cannot sustainably maintain jail operations to meet this essential public safety responsibility.

Stable and Inflation-Proofed State Funding for the Municipal Harbor Facility Grants Program

CBS requests the State to fund and inflation-proof the Municipal Harbor Facility Grant Program in the FY27 Capital Budget and beyond. This partnership is vital to maintain safe, resilient, and economically productive harbor infrastructure, and municipalities continue to demonstrate their commitment through substantial local match.

Expand Allowable Uses of CPV Revenue

CBS requests statutory revisions to expand allowable uses of Commercial Passenger Vessel (CPV) revenue so communities can address actual visitor-driven impacts. Under AS 43.52.230, CPV funds are limited to projects that "benefit the vessel and passengers onboard," which no longer reflects how cruise tourism affects host communities. Allowing greater local flexibility would enable CPV funds to support public safety, sanitation, transportation systems, solid waste, EMS, and other essential services required to manage visitor volume.

Update the CPV Revenue Distribution and Rate

CBS requests the State update the Commercial Passenger Vessel (CPV) excise tax rate and revenue distribution to reflect current visitation levels and local service demands. The CPV rate has remained unchanged since 2010, and communities currently receive only \$5 per passenger under AS 43.52.230, though cruise visitation has increased, associated local government costs have outpaced CPV revenue. Updating the rate, revising the distribution formula, and indexing CPV revenue to inflation would ensure funding keeps pace with impacts and reduce the increasing cost burden placed on local taxpayers.