

RESOLUTION #2023-13

A resolution supporting the reduction of the interest rate on bulk fuel loans to not more than 2% and increasing the cap on funding as or when fuel prices increase.

WHEREAS, the State provides an important service in providing capital to local governments that have a limited tax base, and this is especially true when considering purchases such as that of bulk fuel, which communities depend on to ensure their residents have sufficient supply over the course of the year; and

WHEREAS, these purchases happen annually, often as part of a single barge delivery, with price set upon delivery and fixed at that resale rate over the course of the year; and

WHEREAS, very few local governments have access to the capital needed to pay for the entirety of the delivery at once and recouping the expense occurs over a long period of time; and

WHEREAS, fuel prices are significantly higher in much of rural Alaska than elsewhere in the state or nation, and especially this year, with the high rate of inflation and supply chain issues, as well as high oil prices, the cost to communities may well be beyond reach; and

WHEREAS, the State's bulk fuel revolving loan fund is limited to \$750,000, which in a high price environment may be insufficient; and

WHEREAS, as prices increase and there is greater need for the service, and the total borrowed increases, the State's administrative fee as a percentage of loan should be considered an unnecessary burden; and

WHEREAS, the State is in a position to provide for its administration of this service out of general funds, and should not pass costs to local governments; and

WHEREAS, State costs transferred to local governments result in less capacity at the local level to deliver essential services, and/or the need for greater revenues through taxes or fees, which means higher costs for residents that are already paying some of the highest fuel prices in the nation; and

WHEREAS, the State can consider removing and reducing fees associated with the service as of significant public benefit at a time when Alaskans are struggling to keep up with the uncertainty of the global and local market.

NOW THEREFORE BE IT RESOLVED that the Alaska Municipal League encourages the State to remove or significantly reduce any fees associated with the bulk fuel revolving loan fund, and increase the total amount available to borrow, including to additionally capitalize it as needed.