

HOUSE BILL NO. 400

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES KOHRING, Austerman, Barnes, Cowdery, Hodgins, Kelly, Mulder, Ogan, Ryan, Therriault, Vezey

Introduced: 2/12/98

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act combining parts of the Department of Commerce and Economic
2 Development and parts of the Department of Community and Regional Affairs by
3 transferring some of their duties to a new Department of Commerce and Rural
4 Development; transferring some of the duties of the Department of Commerce and
5 Economic Development and the Department of Community and Regional Affairs
6 to other existing agencies; eliminating the Department of Commerce and Economic
7 Development and the Department of Community and Regional Affairs; relating to
8 the Department of Commerce and Rural Development; adjusting the membership
9 of certain multi-member bodies to reflect the transfer of duties among departments
10 and the elimination of departments; and providing for an effective date."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 * Section 1. AS 08.40.190(b) is amended to read:

- 1 (b) AS 08.40.005 - 08.40.200 do not apply to a person engaged in
- 2 (1) the manufacture, maintenance, or repair of electrical apparatus or
- 3 equipment;
- 4 (2) electrical work, the cost of which does not exceed \$5,000, involving
- 5 residences or small commercial establishments in communities that
- 6 (A) have a population of under 500 according to the latest
- 7 available federal or state census or other census approved by the Department
- 8 of **Commerce and Rural Development** [COMMUNITY AND REGIONAL
- 9 AFFAIRS]; or
- 10 (B) are over 50 miles by air or water transportation from the
- 11 business place of an electrical administrator licensed under AS 08.40.010 -
- 12 08.40.200;
- 13 (3) electrical installation on residential property that is owned by the
- 14 installer or a member of the installer's immediate family and not intended for sale at
- 15 the time of making the installation;
- 16 (4) the operation, maintenance, or repair of a television or radio
- 17 broadcasting system and the installation of a radio broadcasting system under 500
- 18 watts input power except for A.C. power supply and wiring;
- 19 (5) the installation, maintenance, and repair of elevators so long as the
- 20 work is performed by an agent or employee of the elevator industry and is confined
- 21 to the elevator control system, which system does not include the power supply,
- 22 wiring, and motor connection;
- 23 (6) the operation, maintenance, and repair of telephone, telegraph, and
- 24 intercommunication facilities;
- 25 (7) the installation, maintenance, and repair of fire alarm, intrusion
- 26 alarm, or other low voltage signaling systems of 48 volts to ground or less;
- 27 (8) the maintenance or repair of diesel electric engines installed on
- 28 heavy construction equipment, either in a shop or on a job site;
- 29 (9) the installation in a commercial water well of the submersible pump
- 30 motor and the wiring to the well pump system controls if the controls are outside a
- 31 building or a structure;

1 (10) the installation in a noncommercial water well of the submersible
2 pump motor and the wiring to the well pump system controls;

3 (11) electrical maintenance or repair work if the work is performed by
4 the person as an employee of an owner or tenant of commercial property as part of the
5 employee's work duties with respect to the property but is not offered or performed
6 as a service to the public.

7 * **Sec. 2.** AS 08.40.390(b) is amended to read:

8 (b) AS 08.40.210 - 08.40.490 do not apply to a person engaged in

9 (1) the manufacture or repair of mechanical apparatus or equipment;

10 (2) mechanical work, the cost of which does not exceed \$50,000,
11 involving residences or small commercial establishments in communities that

12 (A) have a population of under 5,000 according to the latest
13 available federal or state census or other census approved by the Department
14 of **Commerce and Rural Development** [COMMUNITY AND REGIONAL
15 AFFAIRS]; or

16 (B) are over 50 miles by air or water transportation from the
17 business place of a mechanical administrator licensed under AS 08.40.210 -
18 08.40.490;

19 (3) mechanical installation on a single-family residence or a two-family
20 residence that is not intended for sale at the time of making the installation;

21 (4) installation of water lines or sanitary, storm, or drain sewer lines
22 more than five feet from a building;

23 (5) mechanical maintenance or repair work if the work is performed by
24 the person as an employee of an owner or tenant of commercial property as part of the
25 employee's work duties with respect to the property but is not offered or performed
26 as a service to the public;

27 (6) design, installation, maintenance, or repair of fire extinguishing
28 systems.

29 * **Sec. 3.** AS 09.25.110(e) is amended to read:

30 (e) Notwithstanding other provisions of this section to the contrary, the Bureau
31 of Vital Statistics **and** [,] the library archives in the Department of Education [, AND

1 THE DIVISION OF BANKING, SECURITIES, AND CORPORATIONS IN THE
2 DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT] may
3 continue to charge the same fees that they were [ARE] charging on September 25,
4 1990, for performing record searches, and may increase the fees as necessary to
5 recover agency expenses on the same basis that was [IS] used by the agency
6 immediately before September 25, 1990. Notwithstanding other provisions of this
7 section to the contrary, the division of banking, securities, and corporations in the
8 Department of Commerce and Rural Development may continue to charge the
9 same fees that the former Department of Commerce and Economic Development
10 was charging on the effective date of this bill section for performing record
11 searches and may increase the fees as necessary to recover agency expenses on the
12 same basis that was used by the former Department of Commerce and Economic
13 Development immediately before the effective date of this bill section.

14 * **Sec. 4.** AS 09.65.170(c)(2) is amended to read:

15 (2) "regional development organization" has the meaning given in
16 AS 44.33.895 [AS 44.47.900].

17 * **Sec. 5.** AS 14.08.031(a) is amended to read:

18 (a) The Department of Commerce and Rural Development [COMMUNITY
19 AND REGIONAL AFFAIRS] in consultation with the Department of Education and
20 local communities shall divide the unorganized borough into educational service areas
21 using the boundaries or sub-boundaries of the regional corporations established under
22 the Alaska Native Claims Settlement Act, unless by referendum a community votes to
23 merge with another community contiguous to it but within the boundaries or sub-
24 boundaries of another regional corporation.

25 * **Sec. 6.** AS 14.08.051(a) is amended to read:

26 (a) The commissioner in consultation with the Department of Commerce and
27 Rural Development [COMMUNITY AND REGIONAL AFFAIRS] and the local
28 communities may divide a regional educational attendance area into sections only for
29 the purpose of nominating and electing regional school board members. If the voters
30 in a regional educational attendance area favor election of regional school board
31 members by sections under (b) of this section, the commissioner in consultation with

1 the Department of **Commerce and Rural Development** [COMMUNITY AND
 2 REGIONAL AFFAIRS] and the local communities shall divide the regional
 3 educational attendance area into sections for the purpose of nominating and electing
 4 regional school board members. If a regional educational attendance area is divided
 5 into sections, each school board member shall represent, as nearly as practicable, an
 6 equal number of persons. The basis for the division of a regional educational
 7 attendance area into sections shall be the total population of the area as reported in the
 8 most recent decennial federal census. If the census is five years old or older, then
 9 other reliable population data, including but not limited to population estimates based
 10 on public school enrollments, public utility connections, registered voters, or certified
 11 employment payrolls, shall be used as the basis for the division of the area into
 12 sections. Each section within a regional educational attendance area shall consist of
 13 compact, contiguous territory and, as far as practicable, each section shall contain an
 14 integrated socioeconomic, linguistically and culturally homogeneous area. In the
 15 division of the regional school and attendance area into sections, consideration shall
 16 be given to the transportation and communication network to facilitate the
 17 administration of education and communication between communities that comprise
 18 the area. Whenever possible, municipalities, other governmental or regional corporate
 19 entities, drainage basins, and other identifiable geographic features shall be used in
 20 describing the boundaries of the sections.

21 * **Sec. 7.** AS 14.17.025(a) is amended to read:

22 (a) Local contributions to a city or borough school district must include at least
 23 the lesser of

24 (1) the equivalent of a four mill tax levy on the full and true value of
 25 the taxable real and personal property in the district as of January 1 of the second
 26 preceding fiscal year, as determined by the Department of **Commerce and Rural**
 27 **Development** [COMMUNITY AND REGIONAL AFFAIRS] under AS 14.17.140 and
 28 AS 29.45.110; or

29 (2) 35 percent of the district's basic need for the preceding fiscal year,
 30 as determined under AS 14.17.021(c).

31 * **Sec. 8.** AS 14.17.025(b) is amended to read:

1 (b) In addition to the local contributions required under (a) of this section,
 2 local contributions to a city or borough school district in a fiscal year may include no
 3 more than the greater of

4 (1) the equivalent of a two mill tax levy on the full and true value of
 5 the taxable real and personal property in the district as of January 1 of the second
 6 preceding fiscal year, as determined by the Department of **Commerce and Rural**
 7 **Development** [COMMUNITY AND REGIONAL AFFAIRS] under AS 14.17.140 and
 8 AS 29.45.110; or

9 (2) 23 percent of the district's basic need for the fiscal year under
 10 AS 14.17.021(c), as adjusted under AS 14.17.225(b).

11 * **Sec. 9.** AS 14.17.025(f) is amended to read:

12 (f) For the first three fiscal years in which a newly formed city or borough
 13 school district operates schools, local contributions may be less than the amount that
 14 would otherwise be required under (a) of this section, except that

15 (1) local contributions in the second fiscal year of operations must be
 16 at least the greater of

17 (A) the local contributions, excluding federal impact aid, for the
 18 previous fiscal year; or

19 (B) the sum of 10 percent of the district's eligible federal
 20 impact aid for that year and the equivalent of a two mill tax levy on the full
 21 and true value of the taxable real and personal property in the newly formed
 22 city or borough school district as of January 1 of the second preceding fiscal
 23 year, as determined by the Department of **Commerce and Rural Development**
 24 [COMMUNITY AND REGIONAL AFFAIRS] under AS 14.17.140 and
 25 AS 29.45.110; and

26 (2) in the third year of operation, local contributions must be at least
 27 the greater of

28 (A) the local contributions, excluding federal impact aid, for the
 29 previous fiscal year; or

30 (B) the sum of 10 percent of the district's eligible federal
 31 impact aid for that year and the equivalent of a three mill tax levy on the full

1 and true value of the taxable real and personal property in the district as of
 2 January 1 of the second preceding fiscal year, as determined by the Department
 3 of **Commerce and Rural Development** [COMMUNITY AND REGIONAL
 4 AFFAIRS] under AS 14.17.140 and AS 29.45.110.

5 * **Sec. 10.** AS 14.17.140(a) is amended to read:

6 (a) To determine the amount of local effort under AS 14.17.025 and to aid the
 7 department and the legislature in planning, the Department of **Commerce and Rural**
 8 **Development** [COMMUNITY AND REGIONAL AFFAIRS], in consultation with the
 9 assessor for each district, shall determine the full value of the taxable real and personal
 10 property in each city or borough district. If there is no local assessor or current local
 11 assessment for a district, then the Department of **Commerce and Rural Development**
 12 [COMMUNITY AND REGIONAL AFFAIRS] shall make the determination of full
 13 value from information available. In making the determination, the Department of
 14 **Commerce and Rural Development** [COMMUNITY AND REGIONAL AFFAIRS]
 15 shall be guided by AS 29.45.110. The determination of full value shall be made by
 16 October 1 and sent by certified mail, return receipt requested, on or before that date
 17 to the president of the school board in each district. Duplicate copies shall be sent to
 18 the commissioner. The governing body of a borough or city that is a school district
 19 may obtain judicial review of the determination. The superior court may modify the
 20 determination of the Department of **Commerce and Rural Development**
 21 [COMMUNITY AND REGIONAL AFFAIRS] only upon a finding of abuse of
 22 discretion or upon a finding that there is no substantial evidence to support the
 23 determination.

24 * **Sec. 11.** AS 15.07.055(a) is amended to read:

25 (a) The following agencies are designated voter registration agencies:
 26 (1) the administrative component of the Department of Administration
 27 that administers motor vehicle and driver's license laws;
 28 (2) divisions of the Department of Health and Social Services that
 29 provide public assistance through the food stamp program, Medicaid program, Special
 30 Supplemental Food Program for Women, Infants, and Children (WIC), and Alaska
 31 temporary assistance program;

1 (3) the division of the Department of **Commerce and Rural**
2 **Development** [COMMUNITY AND REGIONAL AFFAIRS] that is responsible for
3 municipal and regional assistance programs; and

4 (4) all recruitment offices of the armed forces of the United States
5 located in Alaska.

6 * **Sec. 12.** AS 15.13.010(a) is amended to read:

7 (a) This chapter applies

8 (1) in every election for governor, lieutenant governor, a member of the
9 state legislature, a delegate to a constitutional convention, or judge seeking electoral
10 confirmation;

11 (2) to every candidate for election to a municipal office in a
12 municipality with a population of more than 1,000 inhabitants according to the latest
13 United States census figures or estimates of population certified as correct for
14 administrative purposes by the Department of **Commerce and Rural Development**
15 [COMMUNITY AND REGIONAL AFFAIRS] unless the municipality has exempted
16 itself from the provisions of this chapter; a municipality may exempt its elected
17 municipal officers from the requirements of this chapter if a majority of the voters
18 voting on the question at a regular election, as defined by AS 29.71.800(20), or a
19 special municipality-wide election called for that purpose, votes to exempt its elected
20 municipal officers from the requirements of this chapter; the question of exemption
21 from the requirements of this chapter may be submitted by the governing body by
22 ordinance or by initiative election.

23 * **Sec. 13.** AS 18.26.030(a) is amended to read:

24 (a) The authority shall be managed and controlled by a seven-person board of
25 directors, who serve at the pleasure of the governor, consisting of

26 (1) the commissioner of revenue, who shall also chair the board;

27 (2) the commissioner of health and social services;

28 (3) the commissioner of **commerce and rural development**
29 [COMMUNITY AND REGIONAL AFFAIRS];

30 (4) four public members, appointed by the governor.

31 * **Sec. 14.** AS 18.56.030(a) is amended to read:

- 1 (a) The corporation shall be governed by a board of directors consisting of
 2 (1) the commissioner of revenue;
 3 (2) the commissioner of **commerce and rural development**
 4 [COMMUNITY AND REGIONAL AFFAIRS];
 5 (3) the commissioner of health and social services; and
 6 (4) four public members appointed by the governor, as follows:
 7 (A) one member with expertise or experience in finances or real
 8 estate;
 9 (B) one member who is a rural resident of the state or who has
 10 expertise or experience with a regional housing authority;
 11 (C) one member who has expertise or experience in residential
 12 energy efficient home-building or weatherization; and
 13 (D) one person who has expertise or experience in the provision
 14 of senior or low-income housing.

15 * **Sec. 15.** AS 18.56.097 is amended to read:

16 **Sec. 18.56.097. Collateral for loans.** Under procedures established by
 17 regulations of the corporation adopted in accordance with AS 18.56.088 a person may
 18 pledge as security for the repayment of a loan made, purchased, or insured by the
 19 corporation under this chapter a preference right the person holds to receive title to
 20 land the person occupies as a primary place of residence, primary place of business,
 21 subsistence campsite, or as headquarters for reindeer husbandry. The preference right
 22 must be conveyed to the person by the Native corporation to which the land was
 23 granted under section 14 of the Alaska Native Claims Settlement Act (85 Stat. 688, 43
 24 U.S.C. Sec. 1601 - 1626, as amended by P.L. 94-204) before it may be pledged as
 25 security under this section. The Department of **Commerce and Rural Development**
 26 [COMMUNITY AND REGIONAL AFFAIRS] shall prescribe procedures and standard
 27 forms for establishing and appraising the value of a preference right held by a person
 28 to secure the repayment of a loan made, purchased, or insured by the corporation under
 29 this chapter.

30 * **Sec. 16.** AS 18.70.081 is amended to read:

31 **Sec. 18.70.081. Approval of fire protection systems.** Before October 30 of

1 each year the Department of Public Safety shall prepare and make available a list of
2 approved fire protection systems to [THE DEPARTMENT OF COMMUNITY AND
3 REGIONAL AFFAIRS,] the Department of Commerce and **Rural** [ECONOMIC]
4 Development [,] and the public.

5 * **Sec. 17.** AS 19.30.131(a) is amended to read:

6 (a) During each fiscal year the commissioner shall allocate sums appropriated
7 or otherwise designated for expenditure upon local service roads for that fiscal year
8 among the five allocation districts in the following manner: one-half in the ratio that
9 the area of each allocation district bears to the total area of the state and one-half in
10 the ratio that the population of each allocation district bears to the total population of
11 the state as shown by the latest available federal or state census or other census
12 approved by the Department of **Commerce and Rural Development** [COMMUNITY
13 AND REGIONAL AFFAIRS].

14 * **Sec. 18.** AS 19.30.131(b) is amended to read:

15 (b) The commissioner shall also further allocate the sums in each allocation
16 district to the boroughs and unified municipalities within each allocation district in the
17 following manner: one-half in the ratio that the area of each organized borough or
18 unified municipality (excluding salt water areas) within that district bears to the total
19 area of the allocation district and one-half in the ratio that the population of each
20 organized borough area or each unified municipality within that district bears to the
21 total population of the allocation district as shown by the latest available federal or
22 state census or other census approved by the Department of **Commerce and Rural**
23 **Development** [COMMUNITY AND REGIONAL AFFAIRS].

24 * **Sec. 19.** AS 19.30.131(c) is amended to read:

25 (c) The commissioner shall also further allocate portions of the sum allocated
26 to any organized borough and to any home rule city within the organized borough in
27 the following manner:

28 (1) one-half in the ratio that the area of each home rule city bears to
29 the total area of the organized borough excluding salt water areas; and

30 (2) one-half in the ratio that the population of each home rule city bears
31 to the total population of the organized borough as shown by the latest available

1 federal or state census or other census approved by the Department of **Commerce and**
 2 **Rural Development** [COMMUNITY AND REGIONAL AFFAIRS].

3 * **Sec. 20.** AS 23.05 is amended by adding a new section to read:

4 **Sec. 23.05.065. Fees for publications, research data, and other services.**

5 The commissioner may establish by regulation and the department may charge
 6 reasonable fees for department publications, research data, and other centralized
 7 administrative services to cover the cost of reproduction, printing, mailing, distribution,
 8 and other centralized administrative services.

9 * **Sec. 21.** AS 23.05 is amended by adding new sections to read:

10 **Article 6. Business Incentive Training Program.**

11 **Sec. 23.05.400. Business incentive training program established.** (a) There

12 is established in the department the business incentive training program. The incentive
 13 program shall be administered as a supplement to the Job Training Partnership Act
 14 (P.L. No. 97-300).

15 (b) The purpose of the incentive program is to encourage private industry to
 16 provide new job opportunities by offering assistance in training the new work force
 17 and in retraining existing employees to implement new technologies.

18 **Sec. 23.05.410. Administration.** (a) The Alaska Human Resources

19 Investment Council established in AS 44.19.620 shall oversee the incentive program.
 20 The service delivery areas established under 29 U.S.C. 1511 and subject to
 21 redesignation under 29 U.S.C. 1515 shall be used in the administration of the incentive
 22 program. The private industry councils appointed under 29 U.S.C. 1512 and subject
 23 to reconstitution under 29 U.S.C. 1515 shall serve as the private industry councils for
 24 the incentive program.

25 (b) The council shall divide appropriations for the incentive program equally
 26 among the private industry councils. If a private industry council lacks sufficient
 27 money to fund a proposal, the private industry council may apply to the council for
 28 additional funding. The council may approve reallocation of money from one service
 29 delivery area to another to fund a particular proposal if it finds that the reallocation
 30 will best serve the purposes of the program.

31 (c) The council shall adopt regulations under AS 44.62 (Administrative

1 Procedure Act) to implement AS 23.05.400 - 23.05.510.

2 **Sec. 23.05.420. Business incentive training plan.** (a) A private industry
3 council shall adopt a business incentive training plan for the service delivery area. The
4 plan must extend for two years to coincide with the term for the Job Training
5 Partnership Act (P.L. 97-300) and must contain

6 (1) identification of the entity or entities that will administer the
7 incentive program and be the grant recipient for grants from the state;

8 (2) a description of the services to be provided, including the estimated
9 duration of service and the estimated training cost per participant;

10 (3) procedures for identifying and selecting participants;

11 (4) performance goals established in accordance with standards under
12 AS 23.05.480;

13 (5) procedures for awarding grants to businesses; and

14 (6) the budget for two program years and any proposed expenditures
15 for the succeeding two program years in as much detail as required by the grant
16 administrator designated under AS 23.05.440.

17 (b) If changes in labor market conditions, funding, or other factors require
18 substantial deviation from an approved business incentive training plan, the private
19 industry council and the appropriate elected municipal official or officials shall submit
20 a modification of the plan and the budget for review under AS 23.05.430.

21 **Sec. 23.05.430. Review and approval of business incentive training plan.**

22 The business incentive training plan shall be published and made available for review
23 and comment as an attachment to the job training plan as set out in 29 U.S.C. 1515.

24 The business incentive training plan is subject to review and approval by the governor.

25 **Sec. 23.05.440. Business incentive training grants.** (a) Each private industry

26 council shall designate an administrative entity to be the grant recipient and
27 administrator for the region. An employer may apply to the grant administrator for a
28 business incentive grant if the employer is a private for-profit or nonprofit corporation,
29 partnership, or sole proprietor business. The grant administrator shall review
30 applications and award grants.

31 (b) Each grant administrator is responsible for the allocation of funds and the

1 eligibility of those enrolled in its programs. The grant administrator is responsible for
 2 taking action against its subcontractors, subgrantees, and other recipients to eliminate
 3 abuses in the programs they are carrying out, and to prevent misuse of funds. If the
 4 arrangement is included in an approved job training plan, a grant administrator may
 5 delegate the responsibility for determining eligibility under reasonable safeguards,
 6 including provisions for reimbursement of costs incurred because of erroneous
 7 determinations made with insufficient care.

8 (c) A business incentive training grant shall be used to recruit and train eligible
 9 employees for newly created permanent or permanent seasonal positions or to enable
 10 existing employees to acquire the skills necessary to qualify the employee to
 11 implement new technologies. A business incentive training grant may be used for
 12 occupations for which there is a demand in the area served or in another area to which
 13 the participant is willing to relocate and for emerging technologies in the state. In
 14 selecting recruiting and training programs, the private industry councils and the grant
 15 administrators may consider whether the occupation in which recruiting or training is
 16 sought is in a sector of the economy that has a high potential for sustained demand or
 17 growth.

18 (d) Only individuals eligible under the business incentive training plan and
 19 residing in the service delivery area may be participants in employment and training
 20 activities funded under the business incentive training program. To be eligible for
 21 training or education services under AS 23.05.400 - 23.05.510, immediately before
 22 beginning training or education under the program a person shall

23 (1) have been unemployed and

24 (A) receiving unemployment insurance benefits; or

25 (B) have exhausted the right to unemployment insurance
 26 benefits within the past three years;

27 (2) be liable to be displaced from work within the next six months
 28 because of

29 (A) reductions in overall employment within the business;

30 (B) elimination of the person's current job; or

31 (C) a change in the conditions of the employee's job requiring

1 that, to remain employed, the employee must have substantially different skills
2 that the employee does not now possess; or

3 (3) have worked in a position covered by AS 23.20 at any time during
4 the last three years and be ineligible for unemployment insurance benefits because the
5 person

6 (A) was working in a seasonal, temporary, part-time, or other
7 marginal employment;

8 (B) has insufficient qualifying wages because of limited job
9 opportunities; or

10 (C) is employed, but, because the person is underemployed, the
11 person needs employment assistance and training to obtain full employment.

12 (e) Payments to employers for on-the-job training of participants who
13 experience multiple barriers to employment or are eligible under the Job Training
14 Partnership Act (P.L. 97-300) may not average more than 80 percent of the wages paid
15 by the employer to the participant. Payments to employers for on-the-job training of
16 other participants may not average more than 50 percent of the wages paid by the
17 employer to participants. The payments shall be considered to be in compensation for
18 the extraordinary costs associated with training employees for new positions and the
19 lower productivity of the participants.

20 (f) A grant made under the business incentive training program may not be
21 used to duplicate facilities or services available in the area from federal, state, or local
22 sources unless the business incentive training plan establishes that services or facilities
23 under the program would be more effective or more likely to achieve performance
24 goals.

25 (g) A fee may not be charged for placing an individual in or referring an
26 individual to a training program under AS 23.05.400 - 23.05.510.

27 (h) A business incentive training grant may not be awarded to a program that
28 involves political activities.

29 (i) An employer at whose request a participant is offered training shall fulfill
30 the obligation to offer a successful participant in the business incentive training
31 program a position or promotion, as applicable. A participant is considered successful

1 if the participant satisfactorily completes the training program in which the participant
2 was enrolled.

3 **Sec. 23.05.450. Compensation for participants.** (a) A trainee may not
4 receive a payment for training activities in which the trainee fails to participate.

5 (b) An individual in on-the-job training shall be compensated by the employer
6 at the same rates, including periodic increases, as similarly situated employees or
7 trainees and in accordance with applicable law. However, an individual may not be
8 paid less than the state minimum wage under AS 23.10.065 whether or not the
9 individual is exempt under AS 23.10.055 or 23.10.070.

10 (c) An individual employed in activities authorized under the business
11 incentive training program other than on-the-job training shall be paid wages that are
12 not less than the highest of

13 (1) the state minimum wage under AS 23.10.065;

14 (2) the prevailing rate of pay for individuals employed in similar
15 occupations by the same employer; or

16 (3) the prevailing rate of wages under AS 36.05 or 40 U.S.C. 276a -
17 276a-5, if applicable.

18 (d) Allowances, earnings, and payments to individuals participating in
19 programs under the business incentive training program may not be considered as
20 income in determining eligibility for and the amount of income transfer and in-kind
21 aid furnished under a state program based on need, other than programs under the
22 Social Security Act.

23 (e) Conditions of employment and training must be appropriate and reasonable
24 in light of factors including the type of work, geographical region, and proficiency of
25 the participant.

26 (f) An individual employed in a subsidized job under the business incentive
27 training program shall be provided benefits and working conditions at the same level
28 and to the same extent as other employees working a similar length of time and doing
29 the same type of work.

30 (g) Money from a grant under the business incentive training program may not
31 be used for contributions on behalf of a participant to retirement systems or plans.

1 **Sec. 23.05.460. Reporting and recordkeeping.** (a) A grant administrator
2 shall maintain records of each participant's enrollment in a business incentive training
3 program in sufficient detail to demonstrate compliance with AS 23.05.400 - 23.05.510.

4 (b) The council shall adopt regulations concerning retention of records.

5 (c) The council shall, no later than February 1 of each year, prepare a report
6 concerning the incentive program and notify the legislature that the report is available.

7 **Sec. 23.05.470. Allowable costs.** (a) To be allowable, a cost must be
8 necessary and reasonable for proper and efficient administration of the program. The
9 following costs are not allowable:

10 (1) costs resulting from violations of or failure to comply with federal,
11 state, or local laws and regulations;

12 (2) entertainment costs; and

13 (3) insurance policies offering protection against debts established by
14 the federal government.

15 (b) Personal liability insurance for members of the private industry council is
16 an allowable cost.

17 **Sec. 23.05.480. Performance standards.** (a) The basic measure of
18 performance for training programs under AS 23.05.400 - 23.05.510 is the increase in
19 jobs in the area and in employment and earnings for participants resulting from
20 participation in the program. In order to determine whether these standards are
21 achieved, the governor shall adopt standards based on appropriate factors.

22 (b) The governor shall provide technical assistance to programs that do not
23 meet performance criteria. If a program fails to meet performance standards for two
24 consecutive years, the governor shall withdraw unencumbered funds from the program.

25 (c) An interested party who is harmed by a change made under this section is
26 entitled to a hearing under AS 44.62 (Administrative Procedure Act).

27 **Sec. 23.05.490. Limitation on certain costs.** No more than 15 percent of the
28 money available to a service delivery area for a fiscal year may be expended for the
29 cost of administration. For purposes of this section, costs of program support,
30 including counseling, that are directly related to the provision of education or training
31 to participants may not be counted as part of the cost of administration.

1 **Sec. 23.05.500. Selection of service providers.** (a) The primary
 2 consideration in selecting agencies or organizations to deliver services within a service
 3 delivery area is the effectiveness of the agency or organization in delivering
 4 comparable or related services based on demonstrated performance, in terms of the
 5 likelihood of meeting performance goals, cost, quality of training, and characteristics
 6 of participants. In complying with this subsection, proper consideration shall be given
 7 to community based organizations as service providers.

8 (b) Appropriate education agencies in the service delivery area shall be given
 9 the opportunity to provide educational services, unless the grant administrator
 10 determines that alternative agencies or organizations would be more effective or would
 11 have greater potential to enhance the participants' continued occupational and career
 12 growth.

13 (c) The grant administrator may not fund an occupational skills training
 14 program unless the level of skills provided in the program is in accordance with
 15 guidelines established by the private industry council.

16 **Sec. 23.05.510. Definitions.** In 23.05.400 - 23.05.510,

17 (1) "council" means the Alaska Human Resources Investment Council
 18 established in AS 44.19.620;

19 (2) "incentive program" means the business incentive training program
 20 established under AS 23.05.400;

21 (3) "participant" means an individual receiving education or training,
 22 including on-the-job training, under an incentive program grant.

23 * **Sec. 22.** AS 23.15.645(b) is amended to read:

24 (b) When a grant is awarded to the council, the department shall annually
 25 provide to the council a priority list of targeted projects or services, based on
 26 unemployment statistics, unemployment insurance claims, occupational and industrial
 27 projections, availability of other training and employment programs, and other relevant
 28 data. The department shall also provide annually to the council a priority list of
 29 criteria for eligibility to maximize services to those people most in need of training
 30 under AS 23.15.620 - 23.15.660. In developing the priority list for targeted projects
 31 and services, the department shall solicit comments from the [DEPARTMENT OF

1 COMMUNITY AND REGIONAL AFFAIRS,] Department of Education, Department
2 of Commerce and **Rural** [ECONOMIC] Development, University of Alaska, organized
3 labor, the council, and the administrative entities of the substate service delivery areas
4 established for the council. The department shall give preference to projects and
5 services that train individuals in industries identified in the resident hire report required
6 under AS 36.10.130 as employing a disproportionate percentage of nonresident
7 individuals.

8 * **Sec. 23.** AS 24.08.035(e) is amended to read:

9 (e) If a bill or resolution, except an appropriation bill, significantly increases
10 costs to a municipality, there shall be attached to the measure a municipal fiscal note
11 containing an estimate for the current fiscal year and five succeeding fiscal years of
12 the cost to municipalities that would result from enactment of the measure. The last
13 committee to which the bill is referred on the day it is introduced in the house of
14 origin shall request the municipal fiscal note. It shall be prepared by the Department
15 of **Commerce and Rural Development** [COMMUNITY AND REGIONAL
16 AFFAIRS]. It shall be delivered in accordance with (d) of this section within five
17 days of the request, or within two days if the request is made after the 90th day of a
18 regular session or during a special session. The municipal fiscal note must contain
19 information that substantially complies with (c)(1), (2), and (6) - (9) of this section to
20 the extent the information is available to the department.

21 * **Sec. 24.** AS 26.23.071(b) is amended to read:

22 (b) The commission consists of the commissioners of **commerce and rural**
23 **development** [COMMUNITY AND REGIONAL AFFAIRS], environmental
24 conservation, fish and game, health and social services, labor, natural resources, public
25 safety, and transportation and public facilities, or the designees of the commissioners,
26 the adjutant general of the Department of Military and Veterans' Affairs or a designee,
27 and seven members of the public appointed by the governor, two of whom must be
28 members of a local emergency planning committee for an emergency planning district
29 that is predominantly rural in character and two of whom must be members of a local
30 emergency planning committee for an emergency planning district that is
31 predominantly urban in character. Two of the other three members of the public who

1 are appointed to the commission must be members of the governing body of, or the
 2 mayor of, a political subdivision that has a local emergency planning committee or a
 3 person who, in the opinion of the governor, is otherwise appropriate to represent the
 4 political subdivision. The United States Department of Defense - Alaska Command,
 5 the Federal Emergency Management Agency, the United States Environmental
 6 Protection Agency, and the United States Coast Guard may each appoint a
 7 representative to serve on the commission in an ex-officio, nonvoting capacity. To the
 8 extent practicable, the commission must include members with expertise in the
 9 emergency response field.

10 * **Sec. 25.** AS 28.01.010(b) is amended to read:

11 (b) A municipality may adopt by reference all or a part of this title and
 12 regulations adopted under this title, and may request and shall receive from the
 13 Department of Commerce and Rural Development [COMMUNITY AND
 14 REGIONAL AFFAIRS] and, as appropriate, either the Department of Administration
 15 or the Department of Public Safety, assistance in the drafting of model ordinances for
 16 adoption by reference. Notwithstanding (a) of this section, a municipality may enact
 17 necessary ordinances to meet specific local requirements.

18 * **Sec. 26.** AS 29.06.040(c) is amended to read:

19 (c) In addition to the regulations governing annexation by local action adopted
 20 under AS 44.33.812 [AS 44.47.567], the Local Boundary Commission shall establish
 21 procedures for annexation and detachment of territory by municipalities by local
 22 action. The procedures established under this subsection must include a provision that

23 (1) a proposed annexation and detachment must be approved by a
 24 majority of votes on the question cast by voters residing in the area proposed to be
 25 annexed or detached;

26 (2) municipally owned property adjoining the municipality may be
 27 annexed by ordinance without voter approval; and

28 (3) an area adjoining the municipality may be annexed by ordinance
 29 without an election if all property owners and voters in the area petition the governing
 30 body.

31 * **Sec. 27.** AS 29.60.120(d) is amended to read:

1 (d) Before money may be distributed under this section, the commissioner of
 2 health and social services shall certify to the commissioner of **commerce and rural**
 3 **development** [COMMUNITY AND REGIONAL AFFAIRS] that any accumulation of
 4 assets by nonprofit corporations or other recipients under this section is dedicated
 5 irrevocably to a public purpose.

6 * **Sec. 28.** AS 29.60.370(a) is amended to read:

7 (a) The amount allocated to the per capita account in the safe communities
 8 program shall be distributed to each municipality on the basis of population.
 9 Population for the purpose of this section shall be as certified by the commissioner of
 10 **commerce and rural development** [COMMUNITY AND REGIONAL AFFAIRS].
 11 In determining the population of a borough, the population of all cities in the borough
 12 shall be deducted from the total population of the borough.

13 * **Sec. 29.** AS 29.60.599(9) is amended to read:

14 (9) "village" means a place within the unorganized borough or within
 15 a borough if the power, function, or service for which a grant application is submitted
 16 under AS 29.60.500 - 29.60.599 is not exercised or provided by the borough on an
 17 areawide or nonareawide basis at the time the grant application is submitted, that

18 (A) has irrevocably waived, in a form approved by the
 19 Department of Law, any claim of sovereign immunity that might arise in
 20 connection with the use of grant money under this chapter; and

21 (B) has

22 (i) a council organized under 25 U.S.C. 476 (sec. 16 of
 23 the Indian Reorganization Act);

24 (ii) a traditional village council recognized by the United
 25 States as eligible for federal aid to Indians; or

26 (iii) a council recognized by the commissioner under
 27 regulations adopted by the department to determine and give official
 28 recognition of village entities under **AS 44.33.755(b)** [AS 44.47.150(b)].

29 * **Sec. 30.** AS 29.60.620(b) is amended to read:

30 (b) For purposes of (a) of this section, population shall be determined by the
 31 Department of **Commerce and Rural Development** [COMMUNITY AND

1 REGIONAL AFFAIRS] based on the latest figures of the United States Bureau of the
 2 Census or other reliable population data. If a city within a borough has an approved
 3 grant for a service to be provided on an areawide basis, the allocation under (a) of this
 4 section shall be based on the population of the borough.

5 * **Sec. 31.** AS 29.60.650(2) is amended to read:

6 (2) "municipality" means a (A) city whose population is over 20,000;
 7 (B) unified municipality whose population is over 100,000; or (C) second class
 8 borough whose population is over 65,000; population for purposes of this paragraph
 9 shall be determined by the Department of **Commerce and Rural Development**
 10 [COMMUNITY AND REGIONAL AFFAIRS].

11 * **Sec. 32.** AS 29.65.050(c) is amended to read:

12 (c) The director shall approve or disapprove each selection for patent within
 13 nine months of its selection by a municipality. Before a decision is issued, the
 14 Department of **Commerce and Rural Development** [COMMUNITY AND
 15 REGIONAL AFFAIRS] shall review the selection and recommend approval or
 16 disapproval of it. The director may disapprove a selection only upon a finding that the
 17 public interest in retaining state ownership of the land outweighs the municipality's
 18 interest in obtaining the land. A patent shall be issued to the municipality for land
 19 selected in satisfaction of a general grant land entitlement vested under AS 29.65.010 -
 20 29.65.030 within three months after approval by the director of a plat of survey.

21 * **Sec. 33.** AS 29.65.050(d) is amended to read:

22 (d) Before disapproving a selection, the director shall notify the municipality
 23 in writing of the decision and set out reasons for it. The municipality may submit a
 24 written response within 30 days after receipt of the notice. Within 30 days after the
 25 period for responding has expired, the director shall affirm, modify, or reverse the
 26 decision and supply the municipality with written notice of that action. If the selection
 27 is disapproved, the municipality may file notice of an appeal with the director. The
 28 appeal shall be heard under procedures adopted by regulation of the Department of
 29 Natural Resources. Before reaching a decision on an appeal the Department of Natural
 30 Resources shall request the Department of **Commerce and Rural Development**
 31 [COMMUNITY AND REGIONAL AFFAIRS] to review the matter and submit a

1 recommendation. After reviewing the recommendation, a decision on the appeal shall
 2 be submitted by the Department of Natural Resources to the municipality in writing
 3 within 30 days after the notice of appeal was filed with the director. A municipality
 4 may appeal an adverse decision to the superior court under AS 44.62.560 - 44.62.570.

5 * **Sec. 34.** AS 29.65.060(f) is amended to read:

6 (f) For purposes of determining the per capita entitlement under (a) of this
 7 section, the population of a municipality shall be the population determined by the
 8 **former commissioner of community and regional affairs** under former AS 43.18.010
 9 for the program year beginning July 1, 1978, for a municipality whose entitlement was
 10 determined under former AS 29.18.201 or 29.18.202.

11 * **Sec. 35.** AS 29.65.120 is amended to read:

12 **Sec. 29.65.120. Regulations.** The commissioner of natural resources may,
 13 after consultation with the Department of **Commerce and Rural Development**
 14 [COMMUNITY AND REGIONAL AFFAIRS], adopt regulations in accordance with
 15 AS 44.62 (Administrative Procedure Act) necessary to carry out the purposes of this
 16 chapter.

17 * **Sec. 36.** AS 29.71.800(5) is amended to read:

18 (5) "commissioner" means the commissioner of **commerce and rural**
 19 **development** [COMMUNITY AND REGIONAL AFFAIRS];

20 * **Sec. 37.** AS 29.71.800(8) is amended to read:

21 (8) "department" means the Department of **Commerce and Rural**
 22 **Development** [COMMUNITY AND REGIONAL AFFAIRS];

23 * **Sec. 38.** AS 30.13.010(a) is amended to read:

24 (a) The residents of each area of the state within the boundaries of a regional
 25 housing authority established under AS 18.55.996 **that** [WHICH] is located in whole
 26 or in part in the unorganized borough of the state may create a public body corporate
 27 and politic under the name and style of the "Resource Development Authority" with
 28 all or any significant part of the name of the region of the state inserted. The
 29 boundaries of the authority created shall be coterminous with the portion of the
 30 applicable regional housing authority that lies in the unorganized borough. Creation
 31 of an authority is initiated by a petition filed with the Department of **Commerce and**

1 **Rural Development** [COMMUNITY AND REGIONAL AFFAIRS] and a statement
2 submitted to the governor. The petition must include the proposed name of the
3 authority, its boundaries, and a statement of the facilities proposed to be provided by
4 the authority. The petition must be signed by 15 percent of the total number of
5 residents in the portion of the applicable regional housing authority that lies in the
6 unorganized borough who cast votes in the preceding general election. The
7 Department of **Commerce and Rural Development** [COMMUNITY AND
8 REGIONAL AFFAIRS] shall review petitions for content and signatures. If the
9 department determines that the petition is adequate, it shall transmit the petition to the
10 director of elections.

11 * **Sec. 39.** AS 36.30.850(b)(11) is amended to read:

12 (11) agreements with providers of services under **AS 44.29.300**
13 [AS 44.47.250]; AS 47.07; AS 47.08; AS 47.10; 47.17; AS 47.24; and AS 47.27,
14 including contractors under AS 47.27.050;

15 * **Sec. 40.** AS 36.30.850(b)(30) is amended to read:

16 (30) contracts entered into with a regional development organization;
17 in this paragraph, "regional development organization" has the meaning given in
18 **AS 44.33.895** [AS 44.47.900];

19 * **Sec. 41.** AS 37.05.317 is amended to read:

20 **Sec. 37.05.317. Grants to unincorporated communities.** (a) When an
21 amount is appropriated or allocated as a grant under this section to an unincorporated
22 community, it shall be disbursed as follows:

23 (1) Within 45 days after the effective date of the appropriation or
24 allocation, the Department of **Commerce and Rural Development** [COMMUNITY
25 AND REGIONAL AFFAIRS] shall notify the governing body of the unincorporated
26 community, if any, that a grant is available.

27 (2) The Department of **Commerce and Rural Development**
28 [COMMUNITY AND REGIONAL AFFAIRS] shall determine if there is a qualified
29 incorporated entity in the community area that will agree to receive the grant and
30 administer it, subject to terms generally applicable to private grantees. If there is more
31 than one such entity, the Department of **Commerce and Rural Development**

1 [COMMUNITY AND REGIONAL AFFAIRS] shall select the most qualified and the
 2 grant shall be awarded to that incorporated entity for the purposes specified in the
 3 appropriation act. However, the Department of **Commerce and Rural Development**
 4 [COMMUNITY AND REGIONAL AFFAIRS] shall give preference to a nonprofit
 5 corporation organized by a community for receipt of the grant.

6 (3) If there is no incorporated entity qualified to receive the grant, the
 7 Department of **Commerce and Rural Development** [COMMUNITY AND
 8 REGIONAL AFFAIRS] shall administer the program as specified in the appropriation
 9 act directly or through agents or contractors with whom it may contract in the
 10 community area.

11 (b) The Department of Labor shall require the qualified incorporated entity
 12 awarded a grant or agents or contractors with whom the Department of **Commerce**
 13 **and Rural Development** [COMMUNITY AND REGIONAL AFFAIRS] contracts
 14 under (a) of this section to comply with the requirements of AS 36.10.150 - 36.10.175
 15 for employment generated by the grant or contract if the grant or contract is for a
 16 public works project.

17 * **Sec. 42.** AS 37.05.530(c) is amended to read:

18 (c) The Department of **Commerce and Rural Development** [COMMUNITY
 19 AND REGIONAL AFFAIRS] shall adopt regulations under which municipalities
 20 impacted by National Petroleum Reserve - Alaska oil and gas development under 42
 21 U.S.C. 6508 may apply for and be eligible to receive grants to alleviate the impact.
 22 The department shall give priority in the allocation of grants to municipalities that are
 23 experiencing or will experience the most direct or severe impact from oil and gas
 24 development under 42 U.S.C. 6508 within the National Petroleum Reserve - Alaska.
 25 The department shall fund all meritorious grant applications out of the money
 26 appropriated to it each year. Within 10 days after the convening of each regular
 27 session of the legislature, the department shall submit to the legislature a list of all
 28 municipalities that have received grants, a list of all municipalities determined by the
 29 department to be eligible for further grants, a recommendation of the amount of money
 30 to be granted for those additional applications, and written justification of each past
 31 and potential grant.

1 * **Sec. 43.** AS 37.06.010(g) is amended to read:

2 (g) For purposes of this section, in calculating the population of a borough the
3 population of each city in the borough is excluded. The determination of population
4 shall be based upon data used by the Department of **Commerce and Rural**
5 **Development** [COMMUNITY AND REGIONAL AFFAIRS] under AS 29.60.020.

6 * **Sec. 44.** AS 37.06.020(i) is amended to read:

7 (i) The limitations of **AS 44.33.745** [AS 44.47.140] do not apply to a grant
8 made under this section.

9 * **Sec. 45.** AS 37.06.020(k) is amended to read:

10 (k) In this section, unless specified otherwise, "department" means the
11 Department of **Commerce and Rural Development** [COMMUNITY AND
12 REGIONAL AFFAIRS].

13 * **Sec. 46.** AS 37.06.030(c) is amended to read:

14 (c) For purposes of (a) of this section, in calculating the population of a
15 borough the population of each city in the borough is excluded. The determination of
16 population shall be based upon data used by the Department of **Commerce and Rural**
17 **Development** [COMMUNITY AND REGIONAL AFFAIRS] under AS 29.60.020.

18 * **Sec. 47.** AS 37.06.080 is amended to read:

19 **Sec. 37.06.080. Adoption of regulations.** The Department of Administration
20 for grants under AS 37.06.010 and the Department of **Commerce and Rural**
21 **Development** [COMMUNITY AND REGIONAL AFFAIRS] for grants under
22 AS 37.06.020

23 (1) may adopt regulations that impose additional requirements or
24 procedures to implement, interpret, make specific, or otherwise carry out the applicable
25 provisions of this chapter for grants administered by the department;

26 (2) shall adopt regulations providing for periodic audits of the use of
27 money for grants administered by the department under this chapter, including audit
28 of the department's determination of the value of, and adequacy of the verification of
29 the actual use of, locally funded or contributed labor on projects funded by a grant
30 under this chapter.

31 * **Sec. 48.** AS 39.50.200(b)(18) is amended to read:

1 (18) Local Boundary Commission (AS 44.33.810 [AS 44.47.565]);

2 * **Sec. 49.** AS 41.15.180(a) is amended to read:

3 (a) When the commissioner of **commerce and rural development**
4 [COMMUNITY AND REGIONAL AFFAIRS] receives national forest income under
5 16 U.S.C. 500, the commissioner shall immediately pay to each organized borough in
6 which national forest land is located a share of the income from that forest; an
7 organized borough's share of income from a national forest shall be proportional to the
8 area of the national forest located within its boundaries.

9 * **Sec. 50.** AS 41.15.180(b) is amended to read:

10 (b) There is created as a separate account in the general fund the unorganized
11 borough national forest receipts fund. The fund consists of national forest income
12 received by the Department of **Commerce and Rural Development** [COMMUNITY
13 AND REGIONAL AFFAIRS] under 16 U.S.C. 500 for the percentage of a national
14 forest located within the unorganized borough. Seventy-five percent of the fund shall
15 be allocated for public schools and 25 percent for public roads.

16 * **Sec. 51.** AS 41.15.180(f) is amended to read:

17 (f) For the purpose of making distributions from the fund, the commissioner
18 of **commerce and rural development** [COMMUNITY AND REGIONAL AFFAIRS]
19 shall consult with the commissioner of education, for purposes of determining the
20 number of children in average daily membership in the public schools affected by this
21 section, and the commissioner of transportation and public facilities, to determine the
22 total number of road miles in the unorganized borough affected by this section.

23 * **Sec. 52.** AS 41.15.180(g) is amended to read:

24 (g) An organized borough, home rule city, first class city, second class city,
25 regional educational attendance area, or a municipality organized under federal law that
26 receives a national forest income payment or distribution under 16 U.S.C. 500 or this
27 section shall annually report and account to the commissioner of **commerce and rural**
28 **development** [COMMUNITY AND REGIONAL AFFAIRS] its use of the payment
29 or distribution for the purposes provided in (a) - (e) of this section. The commissioner
30 of **commerce and rural development** [COMMUNITY AND REGIONAL AFFAIRS]
31 may not distribute national forest income under this section to an entity in the

1 unorganized borough that has previously failed to report and account as required under
2 this subsection.

3 * **Sec. 53.** AS 42.45.060(a) is amended to read:

4 (a) A loan committee consisting of six [SEVEN] members is established. The
5 committee is composed of [THE COMMISSIONER OF COMMUNITY AND
6 REGIONAL AFFAIRS,] the commissioner of commerce and rural [ECONOMIC]
7 development, the director of management and budget, or the designees of the
8 commissioners or the director, and four public members.

9 * **Sec. 54.** AS 42.45.060(c) is amended to read:

10 (c) The commissioner of commerce and rural development [COMMUNITY
11 AND REGIONAL AFFAIRS] serves as chair of the committee. The committee may
12 elect other officers as necessary. A majority of the members of the committee
13 constitute a quorum and may exercise the powers of the committee.

14 * **Sec. 55.** AS 42.45.990(1) is amended to read:

15 (1) "department" means the Department of Commerce and Rural
16 Development [COMMUNITY AND REGIONAL AFFAIRS];

17 * **Sec. 56.** AS 43.75.137 is amended to read:

18 **Sec. 43.75.137. Additional refund.** To the extent that appropriations are
19 available for the purpose, and notwithstanding the requirement of AS 37.07.080(e) that
20 approval of the office of management and budget is required, an amount equal to 50
21 percent of the tax revenue that is collected under this chapter from fisheries businesses
22 and is not subject to division with a municipality under AS 43.75.130 shall be
23 transmitted each fiscal year, without the approval of the office of management and
24 budget, by the department to the department of Commerce and Rural Development
25 [COMMUNITY AND REGIONAL AFFAIRS] for disbursal to eligible municipalities
26 under AS 29.60.450.

27 * **Sec. 57.** AS 43.77.040(b) is amended to read:

28 (b) A taxpayer who makes a contribution that qualifies for the credit
29 authorized by (a) of this section must apply to obtain the credit. The taxpayer shall
30 apply to the department in the manner provided by the department by regulation, and
31 shall provide to the commissioner all information relating to the contribution that may

1 be required by the department. Upon receipt of a complete application, the
 2 department, in consultation with the Department of **Commerce and Rural**
 3 **Development** [COMMUNITY AND REGIONAL AFFAIRS], shall approve or
 4 disapprove the application for the credit within 60 days.

5 * **Sec. 58.** AS 43.77.060(d) is amended to read:

6 (d) To the extent that appropriations are available for the purpose, and
 7 notwithstanding the requirement of AS 37.07.080(e) that approval of the office of
 8 management and budget is required, an amount equal to 50 percent of the tax revenue
 9 that is collected under this chapter and is not subject to division with a municipality
 10 under (a) - (c) of this section shall be transmitted each fiscal year, without the approval
 11 of the office of management and budget, by the department to the Department of
 12 **Commerce and Rural Development** [COMMUNITY AND REGIONAL AFFAIRS]
 13 for disbursement to eligible municipalities under AS 29.60.450.

14 * **Sec. 59.** AS 44.19.145(a) is amended to read:

15 (a) The office shall

16 (1) provide technical assistance to the governor and the legislature in
 17 identifying long range goals and objectives for the state and its political subdivisions;

18 (2) prepare and maintain a state comprehensive development plan;

19 (3) provide information and assistance to state agencies to aid in
 20 governmental coordination and unity in the preparation of agency plans and programs;

21 (4) review planning within state government as may be necessary for
 22 receipt of federal, state, or other funds;

23 (5) participate with other countries, provinces, states, or subdivisions
 24 of them in international or interstate planning, and assist the state's local governments,
 25 governmental conferences, and councils in planning and coordinating their activities;

26 (6) encourage educational and research programs that further state
 27 planning and development, and provide administrative and technical services for them;

28 (7) publish [SUCH] statistical information or other documentary
 29 material **that** [AS] will further the provisions and intent of AS 44.19.141 - 44.19.152;

30 (8) assist the governor and the Department of **Commerce and Rural**
 31 **Development** [COMMUNITY AND REGIONAL AFFAIRS] in coordinating state

1 agency activities that have an effect on the solution of local and regional development
2 problems;

3 (9) serve as a clearinghouse for information, data, and other materials
4 that may be helpful or necessary to federal, state, or local governmental agencies in
5 discharging their respective responsibilities or in obtaining federal or state financial or
6 technical assistance;

7 (10) review all proposals for the location of capital improvements by
8 any state agency and advise and make recommendations concerning location of these
9 capital improvements;

10 (11) render, on behalf of the state, all federal consistency
11 determinations and certifications authorized by 16 U.S.C. 1456 (Sec. 307, Coastal Zone
12 Management Act of 1972), and each conclusive state consistency determination when
13 a project requires a permit, lease, or authorization from two or more state resource
14 agencies.

15 * **Sec. 60.** AS 44.19.155(a) is amended to read:

16 (a) There is created in the Office of the Governor the Alaska Coastal Policy
17 Council. The council consists of the following:

18 (1) nine public members appointed by the governor from a list
19 comprised of at least three names from each region, nominated by the municipalities
20 of each region; the nominees shall be the mayor or member of the assembly or council
21 of a municipality; one public member shall be appointed from each of the following
22 general regions:

23 (A) northwest Alaska, including, generally, the area of the North
24 Slope Borough and the Northwest Arctic regional educational attendance area;

25 (B) Bering Straits, including, generally, the area of the Bering
26 Straits regional educational attendance area;

27 (C) southwest Alaska, including, generally, the area within the
28 Lower Yukon, Lower Kuskokwim, Southwest, and Lake and [&] Peninsula
29 regional educational attendance areas and the Bristol Bay Borough;

30 (D) Kodiak-Aleutians, including the area of the Kodiak Island
31 Borough and the Aleutian, Adak and Pribilof regional educational attendance

1 areas;

2 (E) Upper Cook Inlet, including the Municipality of Anchorage
3 and the Matanuska-Susitna Borough;

4 (F) Lower Cook Inlet, including, generally, the area within the
5 Kenai Peninsula Borough;

6 (G) Prince William Sound, including, generally, the area east
7 of the Kenai Peninsula Borough to 141 W. longitude;

8 (H) northern Southeast Alaska, including the area southeast of
9 141 W. longitude and north of 57 N. latitude, including the entirety of the City
10 and Borough of Sitka; and

11 (I) southern Southeast Alaska, including that portion of
12 southeastern Alaska not contained within the area described in (H) of this
13 paragraph;

14 (2) each of the following:

15 (A) the director of the office of management and budget;

16 (B) the commissioner of commerce and **rural** [ECONOMIC]
17 development;

18 (C) [THE COMMISSIONER OF COMMUNITY AND
19 REGIONAL AFFAIRS;

20 (D)] the commissioner of environmental conservation;

21 ~~(D)~~ [(E)] the commissioner of fish and game;

22 ~~(E)~~ [(F)] the commissioner of natural resources; and

23 ~~(F)~~ [(G)] the commissioner of transportation and public
24 facilities.

25 * **Sec. 61.** AS 44.19.155(d) is amended to read:

26 (d) Each member of the council shall select one person to serve as a
27 permanent alternate at meetings of the council. If a member of the council is unable
28 to attend, the member shall advise the alternate who may attend and act in the place
29 of the member. The alternate for a public member appointed under (a)(1) of this
30 section shall, at the time of the alternate's designation and throughout the period of
31 service as a permanent alternate, be the mayor or member of the assembly or council

1 of a municipality within the region from which the permanent member is appointed.
 2 The alternate for the director of the office of management and budget, serving under
 3 (a)(2)(A) of this section, shall be the director's designee within that office. The
 4 alternate for a designated member serving under ~~(a)(2)(B) - (F)~~ [(a)(2)(B) - (G)] of this
 5 section shall be a deputy commissioner of the department or the director of a division
 6 in the department. The names of alternates shall be filed with the council.

7 * **Sec. 62.** AS 44.19.620(a) is amended to read:

8 (a) The Alaska Human Resource Investment Council is established in the
 9 Office of the Governor. The council consists of the following voting members, not to
 10 exceed 26:

11 (1) the lieutenant governor or the lieutenant governor's designee;

12 (2) the commissioners of commerce and rural [ECONOMIC]
 13 development, [COMMUNITY AND REGIONAL AFFAIRS,] education, health and
 14 social services, and labor, or each respective commissioner's designee;

15 (3) one representative from the University of Alaska;

16 (4) four additional representatives of education, with one from local
 17 public education, one from secondary vocational education, one from a postsecondary
 18 vocational education institution, and one from adult basic education;

19 (5) four representatives of business and industry, with at least one
 20 representative from the private industry councils appointed under 29 U.S.C. 1512 and
 21 subject to reconstitution under 29 U.S.C. 1515;

22 (6) four representatives of organized labor that the governor shall
 23 appoint from lists of nominees submitted by recognized state labor organizations; the
 24 governor may reject a list submitted under this paragraph and request that another list
 25 be submitted;

26 (7) at least one representative from an organization representing
 27 employment and training needs of Alaska Natives;

28 (8) at least one representative of a community-based service
 29 organization;

30 (9) at least one representative who has personal or professional
 31 experience with developmental disabilities; and

1 (10) at least one and up to four additional members of the private
 2 sector to ensure a private sector majority and regional and local representation on the
 3 council.

4 * **Sec. 63.** AS 44.21.200(a) is amended to read:

5 (a) The Alaska Commission on Aging is established in the Department of
 6 Administration. The members of the commission include

7 (1) the commissioner of administration or the commissioner's designee;

8 (2) the commissioner of **commerce and rural development**
 9 [COMMUNITY AND REGIONAL AFFAIRS] or the commissioner's designee;

10 (3) the commissioner of health and social services or the
 11 commissioner's designee;

12 (4) the chair of the Pioneers' Homes Advisory Board under
 13 AS 44.21.120; and

14 (5) seven persons selected on the basis of their knowledge and
 15 demonstrated interest in the concerns of older Alaskans, appointed by the governor in
 16 accordance with (b) of this section.

17 * **Sec. 64.** AS 44.29 is amended by adding new sections to read:

18 **Article 4. Day Care Assistance; Child Care Grants.**

19 **Sec. 44.29.300. Powers and duties.** (a) The department shall

20 (1) implement and administer a program to assist in providing day care
 21 for the children of low and moderate income families according to the requirements
 22 of AS 44.29.300 - 44.29.339;

23 (2) establish standards of eligibility for day care benefits;

24 (3) contract for the care of children of eligible families;

25 (4) establish procedures to periodically review the needs of families
 26 receiving day care benefits;

27 (5) provide notification to the local government body of the request for
 28 a contract with a day care facility.

29 (b) The department may

30 (1) adopt regulations necessary for the performance of its duties under
 31 AS 44.29.300 - 44.29.339;

1 (2) contract with other entities to perform duties of the department
2 under AS 44.29.300 - 44.29.339 within an area specified by the department; within an
3 area, the department shall give higher priority to contracting with municipalities than
4 with other organizations.

5 **Sec. 44.29.305. Administrative costs of program contractors.** To defray
6 administrative expenses, a contractor under AS 44.29.300(b) may only retain \$1,000
7 or 12 percent, whichever is greater, of the day care assistance program funds it
8 receives from the department under the contract.

9 **Sec. 44.29.310. Conditions of receipt of benefits.** Benefits may be paid for
10 the care of children of a low or moderate income family only if a parent or guardian,
11 because of the day care, is freed to work or to seek work or to attend school. Benefits
12 may not be paid for the care of children of a family where one parent or guardian is
13 not working, actively seeking work, or attending school and is physically and mentally
14 capable of caring for the children.

15 **Sec. 44.29.315. Eligibility of families for benefits.** The department shall
16 determine the eligibility of families for day care benefits on the basis of the following
17 factors:

18 (1) income of the family including salary, alimony, child support,
19 retirement benefits, social security, and any other source of income;

20 (2) number of children in the family;

21 (3) whether there is one parent or guardian solely responsible for the
22 care of the family.

23 **Sec. 44.29.320. Contributions by parent or guardian.** The department shall
24 develop a sliding fee scale based on the factors listed in AS 44.29.315 for purposes of
25 determining the amount to be contributed by the parent or guardian for child care. The
26 contribution of the parent or guardian shall be paid to the day care facility.

27 **Sec. 44.29.325. Placement; payment by state.** (a) Parents or guardians shall
28 select the day care facility for the care of their children.

29 (b) Benefits shall be paid by the department directly to the municipality or
30 organization contracting with the day care facility.

31 **Sec. 44.29.330. Child care grant program.** (a) A child care grant program

1 is established in the department to provide state assistance in the operation of child
2 care facilities. The department shall provide grants for the operation of child care
3 facilities, including private nonprofit child care facilities. Participation in the program
4 is optional.

5 (b) To qualify for a grant under (a) or (d) of this section, the child care facility
6 must

7 (1) be currently licensed under AS 47.35 and applicable municipal
8 licensing requirements;

9 (2) participate in the day care assistance program under AS 44.29.300 -
10 44.29.339; and

11 (3) provide care under a payment system as provided in (g) of this
12 section.

13 (c) A grant under (a) of this section may not exceed \$50 per month for each
14 child the child care facility cares for, or for each full-time equivalent, as determined
15 by the department. The grant shall be adjusted on a geographic basis by the same
16 percentages as instructional unit allotments are adjusted under AS 14.17.051.

17 (d) In addition to the grants provided in (a) of this section, the department
18 may, subject to appropriations for that purpose, provide by grant or contract for the
19 education and training of child care employees or administrators. To receive a grant
20 or contract under this subsection or to participate in a training program under this
21 subsection, the child care facility must meet all the requirements of (b) of this section.

22 (e) An application for a grant under this section shall be made in the form
23 established by the department.

24 (f) A grant under (a) of this section shall be made monthly or quarterly and
25 shall be based on the monthly average daily full-time equivalent enrollment in the
26 child care facility. If the method of payment for the grant is other than monthly, it
27 shall be at the request of the child care facility with the approval of the department.
28 Based on criteria established by the department, the department may make quarterly
29 advance payments.

30 (g) Each child care facility receiving a grant under (a) or (d) of this section
31 shall assure that at least 15 percent or one of its child care spaces receiving subsidy

1 under this section, whichever is greater, will be made available, if requested, to
 2 children eligible for day care assistance under AS 44.29.300 - 44.29.339, whose
 3 parents or guardians wish to pay for care based on attendance only.

4 (h) The commissioner shall, in consultation with interested child care providers
 5 and parents, adopt regulations to carry out the purposes of this section.

6 **Sec. 44.29.339. Definitions.** In AS 44.29.300 - 44.29.339,

7 (1) "child" means a person below 13 years of age, or a minor who has
 8 a developmental disability;

9 (2) "child care facility" means an establishment licensed under
 10 AS 47.35 including but not limited to day care centers, family day care homes, and
 11 schools for preschool age children, which provides care for children not related by
 12 blood, marriage, or legal adoption to the owner, operator, or manager of the facility;

13 (3) "day care" means the care, supervision, and guidance of a child or
 14 children unaccompanied by a parent or legal guardian on a regular basis for periods
 15 of less than 24 hours a day;

16 (4) "day care facility" means a center or home licensed in accordance
 17 with the provisions of AS 47.35 or recognized by the federal government for the care
 18 of children;

19 (5) "department" means the department of Community and Economic
 20 Development;

21 (6) "developmental disability" means a disability under which a person
 22 is incapable of self-care, as verified by a physician or licensed or certified psychologist
 23 who has examined the person.

24 **Article 5. Child Care Facility Revolving Loan Fund.**

25 **Sec. 44.29.350. Child care facility revolving loan fund.** (a) There is created
 26 in the Department of Health and Social Services the child care facility revolving loan
 27 fund to carry out the purposes of AS 44.29.350 - 44.29.389. Except as provided in (b)
 28 and (c) of this section, the fund may not be used for any other purpose.

29 (b) The department may use money in the fund for costs of administering
 30 AS 44.29.350 - 44.29.389.

31 (c) On June 30 of each fiscal year, the unexpended and unobligated cash

1 balance of the fund that is attributable to loans owned by the fund lapses into the
2 general fund.

3 **Sec. 44.29.355. Special account established.**

4 (a) There is established as a special account within the child care facility
5 revolving loan fund the foreclosure expense account. This account is established as
6 a reserve from fund equity.

7 (b) The commissioner of health and social services may expend money
8 credited to the foreclosure expense account when necessary to protect the state's
9 security interest in collateral on loans made under AS 44.29.360 or to defray expenses
10 incurred during foreclosure proceedings after a default by an obligor.

11 **Sec. 44.29.360. Powers and duties of the department in administering the**
12 **fund.** (a) The department may

13 (1) make loans for the construction, renovation, and equipping of child
14 care facilities, including private nonprofit child care facilities;

15 (2) adopt regulations necessary to carry out the provisions of
16 AS 44.29.350 - 44.29.389, including regulations to establish reasonable fees for
17 services provided and charges for collecting the fee; and

18 (3) collect the fees and charges established under this subsection.

19 (b) The department shall

20 (1) develop eligibility standards for loans to child care facilities;

21 (2) adopt guidelines for the determination of loan terms.

22 **Sec. 44.29.365. Loan terms.** (a) A loan to a child care facility under
23 AS 44.29.350 - 44.29.389 may not exceed \$50,000.

24 (b) The rate of interest charged shall be seven percent a year on the unpaid
25 balance of the loan.

26 (c) The duration for repayment of a loan may not exceed 20 years.

27 (d) All principal and interest payments, and any money chargeable to principal
28 or interest that is collected through liquidation by foreclosure or other process on loans
29 made under AS 44.29.350 - 44.29.389, shall be paid into the child care facility
30 revolving loan fund.

31 (e) If a child care facility ceases operation, any loan to the facility from the

1 fund is due on the date the facility ceases operation.

2 **Sec. 44.29.370. Eligibility for loans.** A child care facility is eligible for a
3 loan under AS 44.29.350 - 44.29.389 if the applicant

4 (1) submits to the department a plan for the use of the loan funds that
5 is approved by the commissioner; and

6 (2) meets additional eligibility standards established by the department
7 under AS 44.29.360(b)(1).

8 **Sec. 44.29.375. Sale or transfer of mortgages and notes.** The commissioner
9 of health and social services may sell or transfer at par value or at a premium to a
10 bank or other private purchaser for cash or other consideration the mortgages and notes
11 held by the department as security for loans made under AS 44.29.350 - 44.29.389.

12 **Sec. 44.29.380. Disposal of property acquired by default or foreclosure.**
13 The department shall dispose of property acquired through default or foreclosure of a
14 loan made under AS 44.29.350 - 44.29.389. Disposal shall be made in a manner that
15 serves the best interests of the state and may include the amortization of payments over
16 a period of years.

17 **Sec. 44.29.389. Definitions.** In AS 44.29.350 - 44.29.389,

18 (1) "child care facility" means an establishment the principal purpose
19 of which is to provide care for children not related by blood, marriage, or legal
20 adoption, including but not limited to day care centers, family day care homes, and
21 schools for preschool age children;

22 (2) "department" means the Department of Health and Social Services.

23 * **Sec. 65.** AS 44.31.020 is amended to read:

24 **Sec. 44.31.020. Duties of department.** The Department of Labor shall

25 (1) enforce the laws, and adopt regulations under them concerning
26 employer-employee relationships, including the safety, hours of work, wages, and
27 conditions of workers, including children;

28 (2) accumulate, analyze, and report labor statistics;

29 (3) operate systems of workers' compensation and unemployment
30 insurance; and

31 (4) gather data reflecting the cost of living in the various election

1 districts of the state upon request of the director of personnel under AS 39.27.030; **and**
 2 **(5) operate the federally funded employment and training programs**
 3 **under 29 U.S.C. 1501 - 1792b (Job Training Partnership Act).**

4 * **Sec. 66.** AS 44.33.010 is amended to read:

5 **Sec. 44.33.010. Commissioner of commerce and rural [ECONOMIC]**
 6 **development.** The principal executive officer of the Department of Commerce and
 7 **Rural [ECONOMIC] Development** is the commissioner of commerce and **rural**
 8 **[ECONOMIC] development.**

9 * **Sec. 67.** AS 44.33 is amended by adding a new section to read:

10 **Sec. 44.33.015. Establishment of divisions; directors.** (a) The following
 11 divisions are created within the department:

- 12 (1) the division of rural affairs;
- 13 (2) the division of statewide development;
- 14 (3) the division of financial resources; and
- 15 (4) the division of administration.

16 (b) Each division designated in this section is under the administrative control
 17 of the commissioner and under the supervision of a director who may be appointed by
 18 the commissioner.

19 * **Sec. 68.** AS 44.33.020 is amended to read:

20 **Sec. 44.33.020. Duties of department.** The Department of Commerce and
 21 **Rural [ECONOMIC] Development** shall

- 22 (1) administer the state programs relating to commerce, enforce the
 23 laws relating to these programs, and adopt regulations under these laws;
- 24 (2) register corporations;
- 25 (3) collect corporation franchise taxes;
- 26 (4) enforce state laws regulating public utilities and other public service
 27 enterprises, banking and securities, insurance, and other businesses and enterprises
 28 touched with a public interest;
- 29 (5) make veterans' loans;
- 30 (6) [REPEALED
- 31 (7)] promote and develop civil aviation;

1 (7) [(8)] furnish the budgeting, clerical, and administrative services for
 2 regulatory agencies and professional and occupational licensing boards not otherwise
 3 provided for;

4 (8) [(9)] REPEALED

5 (10) REPEALED

6 (11) REPEALED

7 (12)] conduct studies, enter into contracts and agreements, and make
 8 surveys relating to the economic development of the state and, when appropriate,
 9 assemble, analyze, and disseminate the findings obtained;

10 (9) [(13)] provide factual information and technical assistance for
 11 potential industrial and commercial investors;

12 (10) [(14)] receive gifts, grants, and other aid that facilitate the powers
 13 and duties of the department from agencies and instrumentalities of the United States
 14 or other public or private sources;

15 (11) [(15)] establish and activate programs to achieve balanced
 16 economic development in the state and advise the governor on economic development
 17 policy matters;

18 (12) [(16)] formulate a continuing program for basic economic
 19 development and for the necessary promotion, planning and research that will advance
 20 the economic development of the state;

21 (13) [(17)] cooperate with private, governmental, and other public
 22 institutions and agencies in the execution of economic development programs;

23 (14) [(18)] review the programs and annual reports of other departments
 24 and agencies as they are related to economic development and prepare an annual report
 25 on the economic growth of the state;

26 (15) [(19)] administer the economic development programs of the state;

27 (16) [(20)] perform all other duties and powers necessary or proper in
 28 relation to economic development and planning for the state;

29 (17) [(21)] request tourism-related businesses in the state to provide
 30 data regarding occupancy levels, traffic flow and gross receipts and to participate in
 31 visitor surveys conducted by the department; data collected under this paragraph **that**

1 [WHICH] discloses the particulars of an individual business is not a matter of public
 2 record and shall be kept confidential; however, this restriction does not prevent the
 3 department from using the data to formulate tourism economic impact information
 4 including expenditure patterns, tax receipts and fees, employment and income
 5 attributable to tourism, and other information considered relevant to the planning,
 6 evaluation and policy direction of tourism in the state;

7 **(18)** [(22) REPEALED

8 (23) REPEALED

9 (24)] provide administrative and budgetary services to the real estate
 10 commission under as 08.88 as requested by the commission;

11 **(19)** [(25) REPEALED

12 (26) REPEALED

13 (27) REPEALED

14 (28)] sell at cost, to the extent possible, publications and promotional
 15 materials developed by the department;

16 **(20)** [(29)] as delegated by the governor, administer under 16 U.S.C.
 17 1856 the internal waters foreign processing permit procedures and collect related fees;

18 **(21)** [(30)] administer state laws relating to the issuance of business
 19 licenses;

20 **(22)** [(31) REPEALED

21 (32) REPEALED

22 (33)] foster the growth of international trade within the state and
 23 administer Alaska foreign offices;

24 **(23) comply with AS 15.07.055 to serve as a voter registration**
 25 **agency to the extent required by state and federal law, including 42 U.S.C. 1973gg**
 26 **(National Voter Registration Act of 1993); and**

27 **(24) operate the headstart funding program governed by 42 U.S.C.**
 28 **9835.**

29 * **Sec. 69.** AS 44.33.020 is amended by adding a new subsection to read:

30 (b) The department may

31 (1) advise and assist local governments;

- 1 (2) serve as staff for the Local Boundary Commission;
- 2 (3) conduct studies and carry out experimental and pilot projects for the
3 purpose of developing solutions to community and regional problems;
- 4 (4) promote cooperative solutions to problems affecting more than one
5 community or region, including joint service agreements, regional compacts, and other
6 forms of cooperation;
- 7 (5) serve as a clearinghouse for information useful in solution of
8 community and regional problems, and channel to the appropriate authority requests
9 for information and services;
- 10 (6) advise and assist community and regional governments on matters
11 of finance, including but not limited to bond marketing and procurement of federal
12 funds;
- 13 (7) prepare suggested guidelines relating to the content of notice of
14 bond sale advertisements, prospectuses, and other bonding matters issued by local
15 governments;
- 16 (8) administer state funds appropriated for the benefit of unorganized
17 regions within the state, allowing for maximum participation by local advisory councils
18 and similar bodies;
- 19 (9) carry out those administrative functions in the unorganized borough
20 that the legislature may prescribe;
- 21 (10) study existing and proposed laws and state activities that affect
22 community and regional affairs and submit to the governor recommended changes in
23 those laws and activities;
- 24 (11) coordinate activities of the state that affect community and
25 regional affairs;
- 26 (12) assist in the development of new communities and serve as the
27 agent of the state for purposes of participation in federal programs relating to new
28 communities;
- 29 (13) supervise planning, management, and other activities required for
30 local eligibility for financial aid under those federal and state programs that provide
31 assistance to community and regional governments;

1 (14) apply for, receive, and use funds from federal and other sources,
2 public or private, for use in carrying out the powers and duties of the department;

3 (15) request and utilize the resources of other agencies of state
4 government in carrying out the purposes of this chapter to the extent such utilization
5 is more efficient than maintaining departmental staff, reimbursing the other agencies
6 when appropriate;

7 (16) carry out the powers and duties assigned it under AS 42.45;

8 (17) administer state and, as appropriate, federal programs for revenue
9 sharing, grants, and other forms of financial assistance to community and regional
10 governments; and

11 (18) carry out other functions and duties, consistent with law, necessary
12 or appropriate to accomplish the purpose of this chapter.

13 * **Sec. 70.** AS 44.33 is amended by adding new sections to article 1 to read:

14 **Sec. 44.33.112. Fees for publications, research data, and other services.**

15 The commissioner may establish by regulation and the department may charge
16 reasonable fees for department publications, research data, and other centralized
17 administrative services to cover the cost of reproduction, printing, mailing, distribution,
18 and other centralized administrative services.

19 **Sec. 44.33.115. Exxon Valdez oil spill unincorporated rural community**
20 **grant fund.** There is created in the department the Exxon Valdez oil spill
21 unincorporated rural community grant fund. The fund consists of money appropriated
22 to the fund from the Exxon Valdez oil spill restoration fund, the Alyeska settlement
23 fund, and other sources. Appropriations to the fund do not lapse unless otherwise
24 provided by the legislature in the bill making the appropriation to the fund. The
25 department may use the fund to make grants to unincorporated rural communities in
26 the area affected by the Exxon Valdez oil spill for capital projects for purposes of
27 restoring, replacing, or enhancing subsistence resources or services or other services
28 damaged or lost as the result of the Exxon Valdez oil spill. In this section,

29 (1) "Alyeska settlement fund" means the trust fund established in the
30 state treasury for the purpose of receiving, holding, and disbursing the settlement
31 proceeds received by the state under the Agreement and Consent Decree in re: The

1 Exxon Valdez, United States District Court, District of Alaska, Case No. A92-175
2 Civil, decree entered November 25, 1992;

3 (2) "Exxon Valdez oil spill restoration fund" means the fund established
4 by the Department of Revenue to implement the judgment entered by the United States
5 District Court for Alaska in the criminal case United States of America v. Exxon
6 Shipping Company and Exxon Corporation, No. A90-015 CR.

7 **Sec. 44.33.118. Definitions.** In AS 44.33.010 - 44.33.118,

8 (1) "commissioner" means the commissioner of commerce and rural
9 development;

10 (2) "department" means the Department of Commerce and Rural
11 Development.

12 * **Sec. 71.** AS 44.33 is amended by adding new sections to read:

13 **Article 8A. Rural Development.**

14 **Sec. 44.33.740. Powers and duties.** To promote development of rural areas
15 of the state, the department is authorized to

16 (1) investigate social and economic conditions of rural areas to
17 determine the need to expand economic opportunities and improve living conditions;

18 (2) formulate a coordinated program to broaden and diversify the
19 economic base of rural areas;

20 (3) coordinate administration of emergency relief, surplus food
21 distribution, or other public assistance programs, except the regular relief and
22 assistance programs of the federal government in rural areas;

23 (4) formulate and conduct a program of construction of basic facilities
24 to improve health, welfare, and economic security and provide employment and
25 income in the rural areas;

26 (5) promote training and educational programs designed to expand
27 employment opportunities for residents of rural areas;

28 (6) enter into agreements with other state agencies and departments to
29 provide for the distribution in rural communities of surplus electrical power from state-
30 owned power sources located in those communities and to expend funds for this
31 purpose;

1 (7) make grants to communities for bulk fuel storage facilities;

2 (8) cooperate with the Department of Environmental Conservation and
3 other agencies to provide technical assistance to communities in the installation,
4 operation, and management of bulk fuel storage facilities.

5 **Sec. 44.33.745. Limitations.** A program of the department under
6 AS 44.33.740 in a rural area may not exceed \$100,000 in cost a year.

7 **Sec. 44.33.750. Bulk fuel storage facilities grant fund.** (a) There is
8 established in the department the bulk fuel storage facilities grant fund. Grants may
9 be made by the department from this fund to a community to acquire and install
10 community bulk storage facilities.

11 (b) Grants made under this section for the acquisition and installation of a bulk
12 fuel storage facility may not exceed \$100,000 per community.

13 (c) If the governing body of two or more communities determine that their fuel
14 requirements may be served by a single bulk fuel storage facility, the communities
15 may jointly apply for grants to acquire and install a single bulk fuel storage facility.
16 When communities apply jointly under this subsection, the limitation in (b) of this
17 section is multiplied by the number of communities that submit the joint application.

18 (d) Before a grant is made under this section, the city council or, if the
19 community is not incorporated, a reasonable representative body in the community
20 shall agree in writing to maintain and operate the bulk storage facility to be
21 constructed with the proceeds of the grant.

22 **Sec. 44.33.755. Land conveyed in trust.** (a) The commissioner

23 (1) shall accept, administer, and dispose of land conveyed to the state
24 in trust by village corporations under 43 U.S.C. 1613(c)(3) (Sec. 14(c)(3) of the Alaska
25 Native Claims Settlement Act) for the purposes specified in that section;

26 (2) may, with the concurrence of an appropriate village entity
27 recognized by the commissioner under (b) of this section or, in the absence of an
28 appropriate village entity, under procedures prescribed by regulations of the
29 commissioner, accept, administer, and dispose of land conveyed in trust by a state or
30 federal agency and by the dissolution of a municipality under AS 29.06.450 -
31 29.06.530.

1 (b) Transfer of land by sale, lease, right-of-way, easement, or permit, including
2 transfer of surface resources, may be made by the commissioner only after approval
3 of an appropriate village entity such as the traditional council, a village meeting, or a
4 village referendum. This approval shall be by resolution filed with the department.

5 (c) Within one complete state fiscal year after the incorporation of a
6 municipality in the village or of a municipality that includes all or part of the village,
7 land acquired under this section shall be conveyed without cost to the municipality,
8 and the municipality shall succeed to all the entrusted interest in the land.

9 (d) Separate accounts shall be maintained in the name of each village for the
10 land, including the revenue from the land, acquired from each village corporation
11 under this section, and every two years within 90 days of the close of the second state
12 fiscal year a statement of the account for each municipality shall be prepared by the
13 commissioner and be made available to the village and to the public upon request.

14 (e) Upon the conveyance of land to a municipality under this section, the
15 commissioner shall account to the municipality for all profits including interest
16 generated from the land. The municipality may then request the governor to submit
17 a request to the legislature for an appropriation for the amount due the municipality.

18 (f) Title to or an interest in land acquired by the department under this section
19 may not be acquired by adverse possession or prescription. Notwithstanding (a) - (e)
20 of this section, on the dissolution of a municipality under AS 29.06.450 - 29.06.530,
21 unimproved land that was owned by the municipality on the date of its dissolution and
22 received by the municipality from the state under a municipal land grant entitlement
23 program is transferred to the commissioner of natural resources.

24 (g) For the purposes of this section, "municipality" includes only first and
25 second class cities incorporated under the laws of the state.

26 **Sec. 44.33.760. Loan information officers.** (a) The department may provide
27 itinerant loan information officers to serve persons who reside outside the major
28 population centers of the state.

29 (b) The loan information officers shall be trained, to the extent that the
30 department considers necessary, in a program administered by the department and
31 approved by the Alaska Housing Finance Corporation, the Alaska Industrial

1 Development and Export Authority, and the principal departments of the executive
2 branch that administer loan programs.

3 (c) A majority of the loan information officers shall be persons who are
4 conversant in Alaska Native languages that are spoken by a significant number of
5 Alaska Natives. The department shall provide brochures and other printed materials,
6 written in easily understandable English and in the Alaska Native languages that are
7 spoken by a significant number of Alaska Natives, for distribution by the loan
8 information officers. The brochures and printed materials must explain the purposes
9 of the various state loan programs, the minimum qualifications under the programs, the
10 method for obtaining assistance in the completion of applications for the programs, and
11 other information the department determines will improve the access of persons in
12 rural areas to the state's loan programs.

13 (d) The department shall coordinate its efforts under this section with local
14 financial institutions and community groups to determine the proper itinerary and travel
15 schedule of the loan information officers and to provide adequate notice to persons in
16 rural areas of the itinerary and travel schedule of the loan information officers.

17 (e) The department shall assign the loan information officers to rural areas
18 based on the current and potential future demands for loans in those areas and shall
19 establish offices for the loan information officers in rural areas if the department
20 determines it is necessary to provide familiarity with the area served by the loan
21 information officers and to reduce travel costs.

22 **Sec. 44.33.765. Rural development initiative fund.** (a) The rural
23 development initiative fund is created in the department. Unless provided otherwise
24 in the appropriation act, an appropriation to the fund is retained in the fund for use
25 under AS 44.33.765 - 44.33.775 and does not lapse at the end of a fiscal year. Each
26 year the commissioner shall request an appropriation to the fund of interest and other
27 income earned on loans or investments of the fund. Money in the fund may be
28 appropriated for costs of administering AS 44.33.765 - 44.33.775.

29 (b) The commissioner may place money from the fund into a special reserve
30 account as necessary. The commissioner may use money in the account to protect the
31 state's security interest in collateral on loans made from the fund, to protect the state's

1 interests in investments made from the fund, or to defray expenses incurred during
 2 foreclosure or other legal proceedings involving loans or investments made from the
 3 fund.

4 (c) The commissioner may use money from the fund to provide for loan
 5 information officers under AS 44.33.760.

6 **Sec. 44.33.770. Rural development loans.** (a) The department may use
 7 money from the rural development initiative fund to make a loan of up to \$100,000
 8 to a person, or a loan of up to \$200,000 to two or more persons, to be used for
 9 working capital, equipment, construction, or other commercial purposes by a business
 10 located in a community with a population of 5,000 or less. A person who has received
 11 a loan under this subsection may not be granted another loan until after the original
 12 loan is entirely repaid.

13 (b) The department shall require collateral for each loan made under this
 14 section and shall require that a reasonable amount of money from other nonstate
 15 sources be committed for use on any project or enterprise for which money from a
 16 loan will be used. The department by regulation may establish other conditions for
 17 loans. The department shall by regulation establish rates of interest that are not less
 18 than six percent a year and terms of repayment for loans made under this section.

19 **Sec. 44.33.775. Disposal of property acquired by default or foreclosure.**
 20 The department shall dispose of property acquired through default or foreclosure of a
 21 loan made from the rural development initiative fund. Disposal shall be made in a
 22 manner that serves the best interests of the state, and may include the amortization of
 23 payments over a period of years. The commissioner shall request an appropriation to
 24 the fund of proceeds from disposal of property under this section.

25 **Sec. 44.33.780. Definitions.** In AS 44.33.740 - 44.33.780,

26 (1) "commissioner" means the commissioner of commerce and rural
 27 development;

28 (2) "department" means the Department of Commerce and Rural
 29 Development.

30 **Article 8B. Planning Assistance.**

31 **Sec. 44.33.781. Planning assistance for development and maintenance of**

1 **district coastal management programs.** (a) The department shall conduct a program
2 of research, training, and technical assistance to coastal resource districts necessary for
3 the development and implementation of district coastal management programs under
4 AS 46.40. The technical assistance shall include the direct granting to the coastal
5 resource districts of a portion of any funds received by the state from the federal
6 coastal zone management program, in amounts to be individually determined for each
7 coastal resource district by the commissioner of commerce and rural development.
8 State agencies shall assist the department in carrying out the purposes of this section.

9 **Sec. 44.33.782. Planning assistance to platting authorities.** To facilitate
10 planning in municipalities that exercise planning and zoning authority, the department
11 may provide planning assistance, including but not limited to surveys, land use studies,
12 urban renewal plans, technical services, model acts that include regulations designed
13 to encourage development and use of energy systems not dependent on oil or gas, and
14 other planning work to a city, borough, or other platting authority. In an area under
15 the jurisdiction, for planning purposes, of a city, borough, or other platting authority,
16 the department may not perform the planning work except at the request or with the
17 consent of the local authority.

18 **Sec. 44.33.784. Assistance by cities and platting authorities.** A city or
19 platting authority may make funds under its control available to the department for the
20 purposes of obtaining planning work or planning assistance, or both, for its area. The
21 department may contract for, accept, and expend the funds for urban planning for the
22 local jurisdiction.

23 **Sec. 44.33.786. Land use planning and state facility procurement plan.**
24 The department shall make recommendations to the Department of Transportation and
25 Public Facilities and to appropriate program agencies concerning the effect upon the
26 comprehensive plan or other land use plans or proposals of municipalities and
27 unincorporated communities with respect to the facility procurement plan required to
28 be prepared in accordance with AS 35.10.170 and AS 44.42.055.

29 **Sec. 44.33.788. Other planning powers.** The department may accept and
30 expend grants from the federal government and other public or private sources, may
31 contract with reference to them, and may enter into contracts and exercise all other

1 powers necessary to carry out AS 44.33.781 - 44.33.788.

2 **Sec. 44.33.790. Definition.** In AS 44.33.782 - 44.33.790, "department" means
3 the Department of Commerce and Rural Development.

4 * **Sec. 72.** AS 44.33 is amended by adding new sections to read:

5 **Article 9A. Local Boundary Commission.**

6 **Sec. 44.33.810. Local boundary commission.** There is in the Department of
7 Commerce and Rural Development a local boundary commission. The local boundary
8 commission consists of five members appointed by the governor for overlapping five-
9 year terms. One member shall be appointed from each of the four judicial districts
10 described in AS 22.10.010 and one member shall be appointed from the state at large.
11 The member appointed from the state at large is the chair of the commission.

12 **Sec. 44.33.812. Powers and duties.** (a) The local boundary commission shall

13 (1) make studies of local government boundary problems;

14 (2) adopt regulations providing standards and procedures for municipal
15 incorporation, annexation, detachment, merger, consolidation, reclassification, and
16 dissolution;

17 (3) consider a local government boundary change requested of it by the
18 legislature, the commissioner of commerce and rural development, or a political
19 subdivision of the state; and

20 (4) develop standards and procedures for the extension of services and
21 ordinances of incorporated cities into contiguous areas for limited purposes upon
22 majority approval of the voters of the contiguous area to be annexed and prepare
23 transition schedules and prorated tax mill levies as well as standards for participation
24 by voters of these contiguous areas in the affairs of the incorporated cities furnishing
25 services.

26 (b) The local boundary commission may

27 (1) conduct meetings and hearings to consider local government
28 boundary changes and other matters related to local government boundary changes,
29 including extensions of services by incorporated cities into contiguous areas and
30 matters related to extension of services; and

31 (2) present to the legislature during the first 10 days of a regular

1 session proposed local government boundary changes, including gradual extension of
2 services of incorporated cities into contiguous areas upon a majority approval of the
3 voters of the contiguous area to be annexed and transition schedules providing for total
4 assimilation of the contiguous area and its full participation in the affairs of the
5 incorporated city within a period not to exceed five years.

6 **Sec. 44.33.814. Meetings and hearings.** The chair of the commission or the
7 commissioner of commerce and rural development with the consent of the chair may
8 call a meeting or hearing of the local boundary commission. All meetings and
9 hearings shall be public.

10 **Sec. 44.33.816. Minutes and records.** The local boundary commission shall
11 keep minutes of all meetings and hearings. If the proceedings are transcribed, minutes
12 shall be made from the transcription. The minutes are a public record. All votes taken
13 by the commission shall be entered in the minutes.

14 **Sec. 44.33.818. Notice of public hearings.** Public notice of a hearing of the
15 local boundary commission shall be given in the area in which the hearing is to be
16 held at least 15 days before the date of the hearing. The notice of the hearing must
17 include the time, date, place, and subject of the hearing. The commissioner of
18 commerce and rural development shall give notice of the hearing at least three times
19 in the press, through other news media, or by posting in a public place, whichever is
20 most feasible.

21 **Sec. 44.33.820. Quorum.** Three members of the commission constitute a
22 quorum for the conduct of business at a meeting. Two members constitute a quorum
23 for the conduct of business at a hearing.

24 **Sec. 44.33.822. Boundary change.** A majority of the membership of the local
25 boundary commission must vote in favor of a proposed boundary change before it may
26 be presented to the legislature.

27 **Sec. 44.33.824. Expenses.** Members of the local boundary commission receive
28 no pay but are entitled to the travel expenses and per diem authorized for members of
29 boards and commissions under AS 39.20.180.

30 **Sec. 44.33.826. Hearings on boundary changes.** A local government
31 boundary change may not be proposed to the legislature unless a hearing on the change

1 has been held in or in the near vicinity of the area affected by the change.

2 **Sec. 44.33.828. When boundary change takes effect.** When a local
3 government boundary change is proposed to the legislature during the first 10 days of
4 any regular session, the change becomes effective 45 days after presentation or at the
5 end of the session, whichever is earlier, unless disapproved by a resolution concurred
6 in by a majority of the members of each house.

7 **Article 9B. Borough Feasibility Studies.**

8 **Sec. 44.33.840. Borough feasibility studies.** The commissioner may contract
9 for studies of the feasibility of establishing boroughs in the unorganized borough. A
10 study may be conducted under this section only if

11 (1) appropriations are available for that purpose; and

12 (2) the study is requested by a person residing in the area to be studied
13 or by a city located in the area to be studied.

14 **Sec. 44.33.842. Requests for studies.** A request for a study of the feasibility
15 of establishing a borough in the unorganized borough shall be submitted to the
16 commissioner in writing and must include

17 (1) a description of the boundaries of the area of the proposed study;

18 and

19 (2) an indication of local interest in the proposed study consisting of
20 either

21 (A) a petition requesting the study containing the signatures and
22 addresses of five percent of the voters residing in the area of the proposed
23 study based on the number of voters who voted in the area in the last statewide
24 election; or

25 (B) resolutions requesting the study adopted by the governing
26 bodies of at least five percent of the cities within the area of the proposed
27 study.

28 **Sec. 44.33.844. Boundaries.** The boundaries of an area studied shall conform
29 to the boundaries indicated in the request for the study under AS 44.33.842 unless the
30 commissioner, after a public hearing held in the area of the proposed study, determines
31 that the boundaries should be altered. In determining the boundaries of an area to be

1 studied, the commissioner shall consider

2 (1) the standards applicable to the incorporation of boroughs under
3 AS 29.05.031;

4 (2) boundaries of regional corporations established under 43 U.S.C.
5 1606;

6 (3) census divisions of the state used for the 1980 census;

7 (4) boundaries of the regional educational attendance areas established
8 under AS 14.08.031; and

9 (5) boundaries of coastal resource service areas organized under
10 AS 46.40.110 - 46.40.210.

11 **Sec. 44.33.846. Contracts.** (a) The commissioner shall contract for a study
12 of the feasibility of establishing a borough in the unorganized borough by following
13 the procedures under AS 36.30 (State Procurement Code). The commissioner shall
14 include terms in the contract that provide for

15 (1) public participation in the preparation of the study;

16 (2) completion of the study not later than June 30 of the third year after
17 the year the contract is executed.

18 (b) A study under this section must include

19 (1) a recommendation for or against incorporation of a borough
20 containing all or part of the area studied;

21 (2) an evaluation of the economic development potential of the area
22 studied;

23 (3) an evaluation of capital facility needs of the area studied;

24 (4) an evaluation of demographic, social, and environmental factors
25 affecting the area studied;

26 (5) an evaluation of the relationships among regional educational
27 attendance areas, coastal resource service areas, and other regional entities responsible
28 for providing services in the area studied;

29 (6) an evaluation of the relationships between the existing cities within
30 the area studied and regional entities responsible for providing services in the area; and

31 (7) specific recommendations for

1 (A) organization of a home rule or general law borough
2 government if one is recommended;

3 (B) changes in organization of cities in the area studied; or

4 (C) the improvement of the delivery of services to the public
5 by the state in the area studied.

6 **Sec. 44.33.849. Definition.** In AS 44.33.840 - 44.33.849, "commissioner"
7 means the commissioner of commerce and rural development.

8 **Article 9C. Alaska Regional Economic Assistance Program.**

9 **Sec. 44.33.895. Alaska regional economic assistance program.** (a) The
10 department shall

11 (1) encourage the formation of regional development organizations by
12 providing assistance in forming organizations to interested individuals, including
13 information on how to qualify and apply for regional development grants and federal
14 funding under 42 U.S.C. 3121 - 3246 (Public Works and Economic Development Act
15 of 1965), as amended;

16 (2) assist an interested individual in establishing boundaries for a
17 proposed organization to ensure that the region

18 (A) is of sufficient geographic size and contains a large enough
19 population to form an economically viable unit with shared interests, resources,
20 traditions, and goals;

21 (B) contains at least one municipality that serves as a regional
22 center; and

23 (C) contains the entire area of each municipality included in the
24 region;

25 (3) gather information about regional economic issues, international
26 trade, and tourism from organizations;

27 (4) serve as liaison between organizations and other state agencies and
28 encourage other agencies to make resources available to help accomplish goals of the
29 organizations;

30 (5) assist each organization to

31 (A) provide services designed to encourage economic

1 development to local communities and businesses;

2 (B) collect and distribute economic information relevant to the
3 region;

4 (C) participate in state marketing campaigns and join state trade
5 missions that are relevant to the region; and

6 (D) develop and implement strategies to attract new industry,
7 expand international trade opportunities, and encourage tourism within the
8 region.

9 (b) Subject to (c) of this section, the department may make regional
10 development grants to organizations for projects the department determines will be of
11 value in encouraging economic development. During a fiscal year, the department may
12 make no more than 15 grants and may only make grants to one organization from a
13 particular region. An organization that is designated an economic development district
14 under 42 U.S.C. 3171 qualifies for grants under this subsection. The department shall
15 by regulation adopt procedures for applying for regional development grants, including
16 application deadlines. The department may by regulation establish additional grant
17 eligibility requirements.

18 (c) To qualify for a grant, a regional development organization must match the
19 grant by providing an amount of money from nonstate sources. The department shall
20 establish by regulation a formula that determines the amount of the match required
21 under this subsection based on the capability of each organization to generate money
22 from nonstate sources. The amount of match required may not exceed the amount of
23 grant money and may not be less than 20 percent of the grant. The total amount of
24 grant money provided to an organization during a fiscal year may not exceed
25 \$100,000.

26 (d) There is established in the department the regional development fund
27 consisting of appropriations to the fund. Money from the fund may be used only for
28 regional development grants.

29 (e) In this section,

30 (1) "department" means the Department of Commerce and Rural
31 Development;

1 (2) "regional development organization" or "organization" means a
 2 nonprofit organization or nonprofit corporation formed to encourage economic
 3 development within a particular region of the state that includes the entire area of each
 4 municipality within that region and that has a board of directors that represents the
 5 region's economic, political, and social interests.

6 * **Sec. 73.** AS 44.85.030 is amended to read:

7 **Sec. 44.85.030. Membership and vacancies.** The bond bank authority
 8 consists of the following five directors: the commissioner of revenue, the commissioner
 9 of **commerce and rural development** [COMMUNITY AND REGIONAL AFFAIRS],
 10 who shall each be a director ex officio with voting privileges, and three directors
 11 appointed by the governor. The appointment of each director other than the
 12 commissioner of revenue and the commissioner of **commerce and rural development**
 13 [COMMUNITY AND REGIONAL AFFAIRS] is subject to confirmation by the
 14 legislature. The three directors appointed by the governor serve at the governor's
 15 pleasure for four-year terms. They must be residents of the state and qualified voters
 16 at the time of appointment and shall comply with the requirements of AS 39.50
 17 (conflict of interest). Each director shall hold office for the term of appointment and
 18 until a successor has been appointed and qualified. A director is eligible for
 19 reappointment. A vacancy in a directorship occurring other than by expiration of term
 20 shall be filled in the same manner as the original appointment but for the unexpired
 21 term only. Each director before entering upon the duties of office shall take and
 22 subscribe to an oath to perform the duties faithfully, impartially, and justly to the best
 23 of the director's ability. A record of the oath shall be filed in the office of the
 24 governor.

25 * **Sec. 74.** AS 44.85.320(b) is amended to read:

26 (b) Before declaring the principal of notes or bonds due and payable, the
 27 trustee must first give 30 days' notice in writing to the governor, the bond bank
 28 authority, the commissioner of **commerce and rural development** [COMMUNITY
 29 AND REGIONAL AFFAIRS], and the attorney general of the state.

30 * **Sec. 75.** AS 46.03.900(32) is amended to read:

31 (32) "village" means a place within the unorganized borough or within

1 a borough as to a power, function, or service that is not exercised or provided by the
2 borough on an areawide or nonareawide basis that

3 (A) has irrevocably waived, in a form approved by the
4 Department of Law, any claim of sovereign immunity that might arise under
5 this chapter; and

6 (B) has

7 (i) a council organized under 25 U.S.C. 476 (sec. 16 of
8 the Indian Reorganization Act);

9 (ii) a traditional village council recognized by the United
10 States as eligible for federal aid to Indians; or

11 (iii) a council recognized by the commissioner of
12 **commerce and rural development** [COMMUNITY AND REGIONAL
13 AFFAIRS] under regulations adopted by the Department of **Commerce**
14 **and Rural Development** [COMMUNITY AND REGIONAL
15 AFFAIRS] to determine and give official recognition of village entities
16 under **AS 44.33.755(b)** [AS 44.47.150(b)];

17 * **Sec. 76.** AS 46.04.900(22) is amended to read:

18 (22) "village" means a place within the unorganized borough or within
19 a borough as to a power, function, or service that is not exercised or provided by the
20 borough on an areawide or nonareawide basis that

21 (A) has irrevocably waived, in a form approved by the
22 Department of Law, any claim of sovereign immunity that might arise under
23 this chapter; and

24 (B) has

25 (i) a council organized under 25 U.S.C. 476 (sec. 16 of
26 the Indian Reorganization Act);

27 (ii) a traditional village council recognized by the United
28 States as eligible for federal aid to Indians; or

29 (iii) a council recognized by the commissioner of
30 **commerce and rural development** [COMMUNITY AND REGIONAL
31 AFFAIRS] under regulations adopted by the Department of **Commerce**

1 **and Rural Development** [COMMUNITY AND REGIONAL
2 AFFAIRS] to determine and give official recognition of village entities
3 under **AS 44.33.755(b)** [AS 44.47.150(b)];

4 * **Sec. 77.** AS 46.08.040(a) is amended to read:

5 (a) In addition to money in the response account of the fund that is transferred
6 to the commissioner of **commerce and rural development** [COMMUNITY AND
7 REGIONAL AFFAIRS] to make grants under AS 29.60.510 and to pay for impact
8 assessments under AS 29.60.560, the commissioner of environmental conservation may
9 use money

10 (1) from the response account in the fund

11 (A) when authorized by AS 46.08.045, to investigate and
12 evaluate the release or threatened release of oil or a hazardous substance, and
13 contain, clean up, and take other necessary action, such as monitoring and
14 assessing, to address a release or threatened release of oil or a hazardous
15 substance that poses an imminent and substantial threat to the public health or
16 welfare, or to the environment;

17 (B) to provide matching funds in the event of a release of oil
18 or a hazardous substance for which use of the response account is authorized
19 by AS 46.08.045 for participation

20 (i) in federal oil discharge cleanup activities; and

21 (ii) under 42 U.S.C. 9601 - 9657 (Comprehensive
22 Environmental Response, Compensation, and Liability Act of 1980);
23 and

24 (C) to recover the costs to the state, a municipality, a village,
25 or a school district of a containment and cleanup resulting from the release or
26 the threatened release of oil or a hazardous substance for which money was
27 expended from the response account;

28 (2) from the prevention account in the fund to

29 (A) investigate and evaluate the release or threatened release of
30 oil or a hazardous substance, except a release described in AS 46.08.045(a),
31 and contain, clean up, and take other necessary action, such as monitoring and

1 assessing, to address a release or threatened release of oil or a hazardous
2 substance, except a release described in AS 46.08.045(a);

3 (B) pay all costs incurred

4 (i) to establish and maintain the oil and hazardous
5 substance response office;

6 (ii) under agreements entered into under AS 46.04.090
7 or AS 46.09.040;

8 (iii) to review oil discharge prevention and contingency
9 plans submitted under AS 46.04.030;

10 (iv) to conduct training, response exercises, inspections,
11 and tests, in order to verify equipment inventories and ability to prevent
12 and respond to oil and hazardous substance release emergencies, and to
13 undertake other activities intended to verify or establish the
14 preparedness of the state, a municipality, or a party required by
15 AS 46.04.030 to have an approved contingency plan to act in
16 accordance with that plan; and

17 (v) to verify or establish proof of financial responsibility
18 required by AS 46.04.040;

19 (C) pay, when presented with appropriate documentation by the
20 Department of Military and Veterans' Affairs, the expenses incurred by the
21 Department of Military and Veterans' Affairs for Alaska State Emergency
22 Response Commission activities, including staff support, when the activities
23 and staff support relate to oil or hazardous substances, and for the costs of
24 being prepared for responding to a request by the department for support in
25 response and restoration, but not including the costs of maintaining the
26 response corps and the emergency response depots under AS 26.23.045;

27 (D) pay all costs incurred to acquire, repair, or improve an asset
28 having an anticipated life of more than one year and that is acquired, repaired,
29 or improved as a preparedness measure by which the state may respond to,
30 recover from, reduce, or eliminate the effects of a release or threatened release
31 of oil or a hazardous substance;

1 (E) pay the costs, if approved by the commissioner, that were
2 incurred by local emergency planning committees to carry out the duties
3 assigned them by AS 46.13.080;

4 (F) provide matching funds in the event of the release of oil or
5 a hazardous substance, except a release of oil for the containment and cleanup
6 of which use of the response account is authorized by AS 46.08.045, for
7 participation

8 (i) in federal oil discharge cleanup activities; and

9 (ii) under 42 U.S.C. 9601 - 9657 (Comprehensive
10 Environmental Response, Compensation, and Liability Act of 1980);

11 (G) pay or reimburse the storage tank assistance fund
12 established in AS 46.03.410 for expenditures from that fund authorized by
13 AS 46.03.410(b);

14 (H) transfer to the Department of **Commerce and Rural**
15 **Development** [COMMUNITY AND REGIONAL AFFAIRS] for payment by
16 the commissioner of **commerce and rural development** [COMMUNITY AND
17 REGIONAL AFFAIRS] of

18 (i) municipal impact grants when authorized under
19 AS 29.60.510(b)(2);

20 (ii) assessments of the social and economic effects of the
21 release of oil or hazardous substances as required by AS 29.60.560
22 when, in the judgment of the commissioner, the release of oil or a
23 hazardous substance is not one that is described in AS 46.08.045; and

24 (iii) grants to repair, improve, or replace fuel storage
25 facilities under the bulk fuel system emergency repair and upgrade
26 program;

27 (I) recover the costs to the state, a municipality, a village, or a
28 school district of a containment and cleanup resulting from the release or
29 threatened release of oil or a hazardous substance for which money was
30 expended from the prevention account;

31 (J) prepare, review, and revise

1 (i) the state's master oil and hazardous substance
 2 discharge prevention and contingency plan required by AS 46.04.200;
 3 and

4 (ii) a regional master oil and hazardous substance
 5 discharge prevention and contingency plan required by AS 46.04.210;
 6 and

7 (K) restore the environment by addressing the effects of an oil
 8 or hazardous substance release.

9 * **Sec. 78.** AS 46.08.900(16) is amended to read:

10 (16) "village" means a place within the unorganized borough or within
 11 a borough if the power, function, or service for which a grant application under
 12 AS 29.60.510 is submitted is not exercised or provided by the borough on an areawide
 13 or nonareawide basis at the time the grant application is submitted that

14 (A) has irrevocably waived, in a form approved by the
 15 Department of Law, any claim of sovereign immunity that might arise in
 16 connection with the use of grant money under this chapter; and

17 (B) has

18 (i) a council organized under 25 U.S.C. 476 (sec. 16 of
 19 the Indian Reorganization Act);

20 (ii) a traditional village council recognized by the United
 21 States as eligible for federal aid to Indians; or

22 (iii) a council recognized by the commissioner of
 23 **commerce and rural development** [COMMUNITY AND REGIONAL
 24 AFFAIRS] under regulations adopted by the Department of **Commerce**
 25 **and Rural Development** [COMMUNITY AND REGIONAL
 26 AFFAIRS] to determine and give official recognition of village entities
 27 under **AS 44.33.755(b)** [AS 44.47.150(b)].

28 * **Sec. 79.** AS 46.40.120(b) is amended to read:

29 (b) The commissioner of **commerce and rural development** [THE
 30 DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS] may, after public
 31 hearings held in the area affected, consolidate two or more regional educational

1 attendance areas as a single coastal resource service area

2 (1) if a substantial portion of the coastal area contains land and water
3 area owned by the federal government over which it exercises exclusive jurisdiction
4 or land held in trust by the federal government for Alaska Natives over which the state
5 would not exercise control as to use; or

6 (2) if, after giving due consideration to the standards applicable to
7 incorporation of borough governments and the likelihood that a borough will be
8 incorporated within the area, the commissioner determines that the functions to be
9 performed under this chapter could be undertaken more efficiently through the
10 combination of two or more regional educational attendance areas as a single coastal
11 resource service area.

12 * **Sec. 80.** AS 46.40.120(d) is amended to read:

13 (d) For purposes of coastal zone management only, the commissioner of
14 **commerce and rural development** [COMMUNITY AND REGIONAL AFFAIRS]
15 may, after public hearings held in the regional educational attendance area affected,
16 divide an existing regional educational attendance area into no more than three coastal
17 resource service areas according to geographic, cultural, economic, environmental, or
18 other features relevant to coastal management planning. However,

19 (1) each coastal resource service area formed by dividing an existing
20 regional educational attendance area must contain at least one first class city or home
21 rule city;

22 (2) a city within a coastal resource service area formed by dividing an
23 existing regional educational attendance area may not elect to exclude itself from the
24 coastal resource service area; and

25 (3) a coastal resource service area formed before June 1, 1980, may not
26 be divided for coastal management planning purposes.

27 * **Sec. 81.** AS 46.40.140(c) is amended to read:

28 (c) The commissioner of **commerce and rural development** [COMMUNITY
29 AND REGIONAL AFFAIRS], after consultation with residents of a coastal resource
30 service area, may divide a service area into sections only for the purpose of
31 nominating and electing board members. Division of a service area into sections for

1 the purpose of nomination and election shall be in accordance with the provisions of
 2 AS 14.08.051(a). Division may be proposed in the petition submitted under
 3 AS 46.40.130(a)(1), in the resolution submitted under AS 46.40.130(a)(2), at the
 4 direction of the council under AS 46.40.130(a)(3), or may be proposed at any time by
 5 the members of the coastal resource service area board. If proposed by the board, the
 6 division of the service area into sections is subject to approval of a majority of the
 7 qualified voters voting on the question in the coastal resource service area at the next
 8 regular election or at a special election called for that purpose and, if approved, takes
 9 effect at the next regular election of members of the coastal resource service area
 10 board.

11 * **Sec. 82.** AS 46.40.170(a) is amended to read:

12 (a) If residents of a coastal resource service area reject organization of the
 13 service area at an election called for the purpose and the council finds, after public
 14 hearing, that major economic development activity has occurred or will occur within
 15 the service area, the council may direct the Department of **Commerce and Rural**
 16 **Development** [COMMUNITY AND REGIONAL AFFAIRS] to prepare and
 17 recommend for consideration by the council and for submission to the legislature a
 18 district coastal management program for the service area.

19 * **Sec. 83.** AS 46.40.170(b) is amended to read:

20 (b) At the request of the council, the Department of **Commerce and Rural**
 21 **Development** [COMMUNITY AND REGIONAL AFFAIRS] shall complete the
 22 district coastal management program in accordance with this chapter and the guidelines
 23 and standards adopted by the council for a coastal resource service area **that** [WHICH]
 24 has been organized but **that** [WHICH] has failed to make substantial progress in the
 25 preparation of an approvable district coastal management program within 18 months
 26 of certification of the results of an organization election or **that** [WHICH] has not
 27 submitted for approval to the council a program within 30 months of certification of
 28 the results of its organization election. Preparation of the program shall be conducted
 29 in consultation with the coastal resource service area and shall, to the maximum extent
 30 consistent with this chapter, reflect the expressed concerns of the residents of the
 31 service area.

1 * **Sec. 84.** AS 46.40.180(a) is amended to read:

2 (a) Before adoption by a coastal resource service area board, or by the
3 Department of **Commerce and Rural Development** [COMMUNITY AND
4 REGIONAL AFFAIRS] under AS 46.40.170, a district coastal management program
5 shall be submitted for review to each city or village within the coastal resource service
6 area. The council of a city or traditional village council shall consider the program
7 submitted for review. Within 60 days of submission, the council of a city or
8 traditional village council shall either approve the program or enter objections to all
9 or any portion of the program.

10 * **Sec. 85.** AS 46.40.180(d) is amended to read:

11 (d) For purposes of this section, "village" means an unincorporated community
12 where at least 25 persons reside as a social unit as determined by the Department of
13 **Commerce and Rural Development** [COMMUNITY AND REGIONAL AFFAIRS].

14 * **Sec. 86.** AS 46.40.190(a) is amended to read:

15 (a) A city within the coastal area **that** [WHICH] is not part of a coastal
16 resource service area shall be included for purposes of this chapter within an adjacent
17 coastal resource service area unless its governing body, by resolution adopted by a
18 majority of its membership, chooses to exclude the city from an adjacent coastal
19 resource service area and a copy of the resolution is filed with the commissioner of
20 **commerce and rural development** [COMMUNITY AND REGIONAL AFFAIRS].

21 * **Sec. 87.** AS 46.40.210(2) is amended to read:

22 (2) "coastal resource district" means each of the following **that**
23 [WHICH] contains a portion of the coastal area of the state:

24 (A) unified municipalities;

25 (B) organized boroughs of any class **that** [WHICH] exercise
26 planning and zoning authority;

27 (C) home rule and first class cities of the unorganized borough
28 or within boroughs **that** [WHICH] do not exercise planning and zoning
29 authority;

30 (D) second class cities of the unorganized borough, or within
31 boroughs **that** [WHICH] do not exercise planning and zoning authority, **that**

1 [WHICH] have established a planning commission, and **that** [WHICH], in the
 2 opinion of the commissioner of **commerce and rural development**
 3 [COMMUNITY AND REGIONAL AFFAIRS], have the capability of preparing
 4 and implementing a comprehensive district coastal management program under
 5 AS 46.40.030;

6 (E) coastal resource service areas established and organized
 7 under AS 29.03.020 and AS 46.40.110 - 46.40.180;

8 * **Sec. 88.** AS 46.40.210(5) is amended to read:

9 (5) "department" means the Department of **Commerce and Rural**
 10 **Development** [COMMUNITY AND REGIONAL AFFAIRS];

11 * **Sec. 89.** AS 47.05.030(a) is amended to read:

12 (a) Except as provided in (b) of this section and for purposes directly
 13 connected with the administration of general assistance, adult public assistance, the day
 14 care assistance program authorized under **AS 44.29.300 - 44.29.339** [AS 44.47.250 -
 15 44.47.310], or the Alaska temporary assistance program, and in accordance with the
 16 regulations of the department, a person may not solicit, disclose, receive, make use of,
 17 or authorize, knowingly permit, participate in, or acquiesce in the use of, a list of or
 18 names of, or information concerning, persons applying for or receiving the assistance
 19 directly or indirectly derived from the records, papers, files, or communications of the
 20 department or subdivisions or agencies of the department, or acquired in the course of
 21 the performance of official duties.

22 * **Sec. 90.** AS 47.18.010(c) is amended to read:

23 (c) The Department of Education, the Department of **Commerce and Rural**
 24 **Development** [COMMUNITY AND REGIONAL AFFAIRS], and the Department of
 25 Labor shall assist the department in developing the plan required under (a) of this
 26 section. In addition, through appropriate means, the department shall solicit advice
 27 from teens, parents, educators, school administrators, taxpayers, civic groups,
 28 community organizations, Native organizations, officials of local governments,
 29 religious institutions, and other concerned persons about how state programs can be
 30 coordinated and operated in a manner that will enhance their effectiveness and
 31 efficiency in addressing the many needs associated with adolescent parenting, the

1 prevention of adolescent pregnancies, and the provision of adolescent peer counseling.

2 * **Sec. 91.** AS 47.27.060 is amended to read:

3 **Sec. 47.27.060. Job development.** The department may establish cooperative
4 agreements with the Department of Labor, [DEPARTMENT OF COMMUNITY AND
5 REGIONAL AFFAIRS,] Department of Education, and Department of Commerce
6 [COMMUNITY] and **Rural** [ECONOMIC] Development, and with other public or
7 private sector organizations for the purpose of developing job, training, and educational
8 opportunities for families eligible for assistance under this chapter.

9 * **Sec. 92.** AS 47.27.900(2) is amended to read:

10 (2) "child care assistance" means payments made by the Department
11 of Health and Social Services [OR THE DEPARTMENT OF COMMUNITY AND
12 REGIONAL AFFAIRS] to Alaska temporary assistance program participant families
13 or to providers for the care of children of the participant families;

14 * **Sec. 93.** AS 47.80.090 is amended to read:

15 **Sec. 47.80.090. Responsibilities.** The council shall

16 (1) serve as a forum by which issues and benefits regarding current and
17 potential services to disabled and gifted persons may be discussed by consumer, public,
18 private, professional, and lay interests;

19 (2) advocate the needs of disabled and gifted persons before the
20 executive and legislative branches of the state government and before the public;

21 (3) advise the executive and legislative branches of the state
22 government and the private sector on programs and policies pertaining to current and
23 potential services to disabled or gifted persons and their families;

24 (4) submit periodic reports to the commissioner of health and social
25 services, the commissioner of education, and to other appropriate departments, on the
26 effects of current federal and state programs regarding services to disabled or gifted
27 persons; these reports must include program performance reports to the governor, the
28 federal government, and to state agencies as required under 20 U.S.C. 1482 and 42
29 U.S.C. 6024;

30 (5) in conjunction with the Departments of Health and Social Services
31 and Education, develop, prepare, adopt, periodically review, and revise as necessary

1 an annual state plan prescribing programs that meet the needs of persons with
2 developmental disabilities as required under 42 U.S.C. 6022;

3 (6) review and comment to commissioners of state departments on all
4 state plans and proposed regulations relating to programs for persons who are
5 experiencing disabilities before the adoption of a plan or regulation; for this purpose,
6 the appropriate departments shall submit the plans and proposed regulations to the
7 council;

8 (7) recommend the priorities and specifications for the use of funds
9 received by the state under 20 U.S.C. 1471 - 1485 and 42 U.S.C. 6000 - 6083;

10 (8) submit annually to the commissioner of health and social services,
11 the commissioner of education, and the commissioner of **commerce and rural**
12 **development** [COMMUNITY AND REGIONAL AFFAIRS] a proposed
13 interdepartmental program budget for services to disabled or gifted persons that
14 includes, insofar as possible, projected revenues and expenditures for programs
15 implemented by state agencies, local governmental agencies, and private organizations;
16 the interdepartmental program budget is an informational supplement to the regular
17 annual budgetary submissions of the departments to the Office of the Governor;

18 (9) provide information and guidance for the development of
19 appropriate special educational programs and services for exceptional children as
20 defined in AS 14.30.350;

21 (10) monitor and evaluate budgets or other implementation plans and
22 programs for disabled and gifted persons to assure nonduplication of services and
23 encourage efficient and coordinated use of federal, state, and private resources in the
24 provision of services; members of the council, with the approval of the council, have
25 access to information in the possession of state agencies subject to disclosure
26 restrictions imposed by state or federal confidentiality or privacy laws;

27 (11) perform other duties required under applicable federal laws or
28 AS 14.30.231 and as the governor may assign; [AND]

29 (12) govern the special education service agency and may hire
30 personnel necessary to operate the agency; **and** [.]

31 (13) provide to the Alaska Mental Health Trust Authority for its review

1 and consideration recommendations concerning the integrated comprehensive mental
2 health program for the people of the state who are described in AS 47.30.056(b)(2) and
3 the use of the money in the mental health trust income account in a manner consistent
4 with regulations adopted under AS 47.30.031.

5 * **Sec. 94.** AS 47.90.040 is amended to read:

6 **Sec. 47.90.040. Consultation and coordination.** The commissioner shall
7 consult and cooperate with the Department of Health and Social Services; the
8 Department of Education, including the division of vocational rehabilitation; the
9 University of Alaska, community colleges, and other colleges as appropriate; [THE
10 DEPARTMENT OF LABOR, INCLUDING THE DIVISION OF EMPLOYMENT
11 SECURITY;] and other persons or agencies that the commissioner considers
12 appropriate in the implementation of this chapter.

13 * **Sec. 95.** AS 47.90.070(1) is amended to read:

14 (1) "commissioner" means the commissioner of **labor** [COMMUNITY
15 AND REGIONAL AFFAIRS];

16 * **Sec. 96.** REPEALER. AS 44.17.005(17); AS 44.33.240, 44.33.242, 44.33.245, 44.33.255,
17 44.33.260, 44.33.270, 44.33.272, 44.33.275; and AS 44.47 are repealed.

18 * **Sec. 97.** REPEALER. AS 44.33.895, added by sec. 72 of this Act, is repealed July 1,
19 2000.

20 * **Sec. 98.** TRANSITIONAL PROVISIONS. (a) Litigation, hearings, investigations, and
21 other proceedings pending under a law repealed or amended by this Act, or in connection with
22 functions transferred by this Act, continue in effect and may be completed notwithstanding
23 a transfer or repeal provided for in this Act.

24 (b) Regulations in effect on June 30, 1998, that were adopted to implement a function
25 that is transferred by this Act remain in effect and shall be enforced by the agency to which
26 the function is transferred under this Act until amended by the agency to which the function
27 is transferred.

28 (c) Wherever in Alaska Statutes affected by this Act there is a reference to regulations
29 adopted under a section of law and there are no regulations adopted under that section because
30 previous regulations adopted under another section are being enforced under (b) of this
31 section, the reference shall be construed to refer to the previously adopted regulations until

1 they are amended by the new agency.

2 (d) Contracts, rights, liabilities, and obligations created by or under a law repealed or
3 amended by this Act, and in effect on June 30, 1998, remain in effect notwithstanding this
4 Act's taking effect.

5 (e) Records, equipment, appropriations, and other property of an agency of the state
6 whose functions are transferred under this Act shall be transferred to implement the provisions
7 of this Act.

8 * **Sec. 99.** REVISOR'S INSTRUCTION. Wherever in the Alaska Statutes and the Alaska
9 Administrative Code the terms "Department of Commerce and Economic Development" and
10 "commissioner of commerce and economic development" are used, they shall be read,
11 respectively, as "Department of Commerce and Rural Development" and "commissioner of
12 commerce and rural development" when to do so would be consistent with the changes made
13 by this Act. Under AS 01.05.031, the revisor of statutes shall implement this section in the
14 statutes and, under AS 44.62.125(b)(6), the regulations attorney shall implement this section
15 in the administrative code.

16 * **Sec. 100.** This Act takes effect July 1, 1998.