

HOUSE FINANCE COMMITTEE
February 14, 2001
1:43 PM

TAPE HFC 01 - 26, Side A
TAPE HFC 01 - 26, Side B

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 1:43 PM.

MEMBERS PRESENT

Representative Eldon Mulder, Co-Chair
Representative Bill, Co-Chair
Representative Con Bunde, Vice-Chair
Representative Eric Croft
Representative John Davies
Representative Richard Foster
Representative John Harris
Representative Bill Hudson
Representative Ken Lancaster
Representative Jim Whitaker

MEMBERS ABSENT

Representative Carl Moses

ALSO PRESENT

Representative Fred Dyson; Pat Davidson, Director, Division of Legislative Audit; John Pearson, Economic Development Planner, Hyder; James Bibb, Alaska Chapter of the American Institute of Architects; Catherine Reardon, Director, Division of Occupational Licensing, Department of Community and Economic Development; Heather Brakes, Staff, Senator Therriault; Tamara Cook, Director, Legislative Legal and Research Services, Legislative Affairs Agency; Patrick Kalen, American Congress on Surveying and Mapping, Juneau; Mike Tibbles, Staff, Representative Therriault;

PRESENT VIA TELECONFERENCE

Glenn Marunde, Tok;

SUMMARY

HB 16 "An Act relating to cities incorporated under state law that are home rule communities."

CSSSHB 16 (CRA) was REPORTED out of Committee with a "do pass" recommendation and with fiscal impact note by the Department of Law, dated 2/07/01.

CSSB 9(L&C)

"An Act extending the termination date of the State Board of Registration for Architects, Engineers, and Land Surveyors; relating to the temporary member of that board; and providing for an effective date."

CSSB 9(L&C) was heard and HELD in Committee for further consideration.

SB 10 "An Act extending the termination date of the Board of Public Accountancy."

SB 10 was REPORTED out of Committee with a "do pass" recommendation and with a "do pass" recommendation and with new fiscal impact note by the Department of Community and Economic Development.

#hb16

HOUSE BILL NO. 16

"An Act relating to cities incorporated under state law that are home rule communities."

REPRESENTATIVE FRED DYSON, sponsor, spoke in support of the legislation. House Bill 16 is similar to HB 255, which passed the House 37 to 0 in the previous year. He explained that the legislation failed to pass the Senate Finance Committee, due to concerns regarding local school support. He maintained that the bill would facilitate and empower local communities to organize and encourage self-determination. It suspends disincentives and extends the capacity of communities to write their own charter or municipal Constitution. Communities could pick and chose responsibilities. Currently, communities that want to become a second class city must first organized as a first class city and then make the move toward second class status. The legislation would eliminate this process.

Representative Whitaker noted that he was a co-sponsor on HB 255. He reiterated that home rule communities under the legislation would not be required to tax. He questioned if communities are required to provide any services under the legislation.

TAMARA COOK, DIRECTOR, LEGISLATIVE LEGAL AND RESEARCH SERVICES, LEGISLATIVE AFFAIRS AGENCY provided information on the legislation. She explained that communities would not have any obligations. Home rule communities would be treated similarly to current second-class cities, which do not have a taxing requirement. Home rule communities would have the same tax limitation that applies to second-class cities.

Their ability to tax would be limited to 2 percent of the assessed property value.

Representative Dyson reiterated that home rule communities would be able to write their own charters.

Vice-Chair Bunde clarified that they would not be required to tax, but would be allowed to tax if they wanted to provide support for their schools. Ms. Cook noted that home rule communities cannot be a school district. If a second-class city or home rule community is located within a borough the borough itself is the school district. If they are outside of a borough they would be part of a Rural Education Attendance Area (REAA). The legislation would not change their status as a REAA. They would not have the power to provide education. The statutes are specific as to what forms a school district. A home rule community cannot become a school district. A municipality that raises tax revenues must use the power to tax as it is authorized. A second-class borough is a school district.

Co-Chair Williams noted that there are many types of government. Ms. Cook agreed and noted that there are seven forms of government. Co-Chair Williams questioned what the bill would offer that the current forms do not. Representative Dyson responded that the legislation would allow local governments to write their own charter. This privilege is current given to boroughs and first class cities, but not to second-class cities.

Representative Hudson questioned how the legislation affects the taxing authority. Ms. Cook noted that section 18 on page 6 inserts existing law that currently applies to second-class cities. This addresses property taxation. A second-class city has the ability to levy a property tax, not to exceed 2 percent of assessed value. Home rule communities would be given the same taxing authority.

Representative Hudson asked how the joint services agreement would be established. Ms. Cook responded that home rule communities would be subject to the same rules as any group of people that try to organized a form of government. They must go through the Local Boundary Commission. A petition to organize must be submitted and must include a charter to be voted on. The Local Boundary Commission must approve or reject the petition. The Local Boundary Commission could also elect to modify the petition. The Local Boundary Commission determines if it meets the standards and is in the best interest of the state of Alaska. Representative Dyson surmised that areas would organize to their best advantage. He stressed that the legislation would delete disincentives.

Representative Hudson questioned if the legislation would affect tribal/state relations. Representative Dyson noted that the legislation was written before the state/tribal question became an issue. He was hopeful that the legislation would have a positive effect on the issue.

Co-Chair Mulder referred to section 18 and questioned why second-class cities were limited to 2 percent of the assessed value of local property taxes. Ms. Cook noted that second-class cities have been restricted to the 2 percent limit since before 1985. She observed that it is a policy decision.

Representative Lancaster referred to section 19(3). He asked why a population of less than 750 was chosen. He also questioned if the legislation would affect revenue sharing and municipal assistance.

Ms. Cook explained that revenue sharing and municipal assistance is generally available to all classes of municipalities. Unincorporated communities also qualify for some benefits. If an unincorporated area organized under the legislation it would probably find itself eligible for a set of state benefits that it currently is not qualified for, however it would be disqualified for other benefits. She noted that the provision in section 19(3) is in existing law.

Representative Croft concluded that the legislation asks if second-class cities should be allowed to write a charter.

Vice-Chair Bunde noted that fish traps are considered property. In response to a question by Vice-Chair Bunde, Ms. Cook clarified that the vote would be among the residents of the area that is petitioning to organize.

Representative Dyson clarified that the legislation would affect about 75 or 80 communities.

GLENN MARUNDE, TOK spoke in support of HB 16. He stressed that it could be a stepping-stone to a more sophisticated form of government.

JOHN PEARSON, ECONOMIC DEVELOPMENT PLANNER, HYDER spoke in support of HB 16. He noted that 13 or 14 communities in Southeast Alaska would be affected and thought that 3 of these would take advantage of the legislation. He pointed out that Hyder is the only true border town in Alaska. Hyder currently has no form of government, but there is an active community association that oversees activities that would normally be under government. The Hyder Community Association operates a library, oversees snow removal, operates a visitor center and museum during the summer and applies for various grants as a non-profit organization. The

community receives funding from the Department of Transportation and Public Facilities for snow removal. Hyder also receives funding for space leased for the school and forest service office. Hyder has an aggressive planning process. A bottled water processing plant will open in the next month.

Representative John Davies asked why Hyder did not incorporate under second-class city provision. Mr. Pearson explained that Hyder's population has been unstable. Stability in the community has brought a change of attitudes. Representative John Davies noted that the legislation allows the writing of a charter. He asked what would be left out of a charter that would be required of a second-class city. Mr. Pearson noted that there is fear over taking on the responsibility for education, police and platting (platting would not be required). The legislation would allow Hyder to pursue other funding programs and bonding. This could allow a joint effort for projects such as the inter island ferry.

Representative Hudson noted that Hyder is providing a lot of services without the ability to raise income. He noted that the legislation would allow the assessment of property taxes. Mr. Pearson noted that there are few jobs in the community. Revenues from the bottling plant would be used to better the life of those in Hyder.

(TAPE CHANGE, HFC 01 - 26, SIDE 2)

Co-Chair Mulder stated that he thought that the tax levee in section 18 should be raised to a more reasonable level, but did not want to lessen the legislation's chances for passage.

Representative John Davies asked what requirements for forming a second-class city would prevent organization. Representative Dyson emphasized that the legislation would allow small communities to chose a form of government that reflects their historic and cultural way of doing business. Most disincentives have been financial.

Representative Harris clarified that boroughs and home rule cities have a 3 percent or 30 mil cap level. He suggested that the cap could be changed to 3 percent.

Representative Dyson added that a full-blown audit would not be required.

Representative Foster MOVED to report SSHB 16 out of Committee with the accompanying fiscal note

CSSSHB 16 (CRA) was REPORTED out of Committee with a "do pass" recommendation and with fiscal impact note by the Department of Law, dated 2/07/01.

#sb10

SENATE BILL NO. 10

"An Act extending the termination date of the Board of Public Accountancy."

SENATOR THERRIAULT, sponsor, spoke in support of SB 10. He noted that the legislation would extend the termination date of the Board of Public Accountancy. The Board was audited by the Legislative Budget and Audit Committee. The audit concluded that the Board should be reestablished and is necessary to protect the public welfare.

CATHERINE REARDON, DIRECTOR, DIVISION OF OCCUPATIONAL LICENSING, DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT stated that the Division provides technical support to the Board and is in support of the bill.

Representative Foster MOVED to report SB 10 out of Committee with the accompanying fiscal note.

MIKE TIBBLES, STAFF, REPRESENTATIVE WILLIAMS noted that the fiscal note needs to be amended. He explained that bills that extend sunset dates should have the cost of the program listed in the accompanying fiscal note.

In response to a question by Vice-Chair Bunde, Ms. Reardon clarified that the Board is self-sustaining. The fiscal note revision would show expenditures that are already in the operating budget. Mr. Tibbles noted that it is not a new statutory requirement. Ms. Reardon agreed that the new fiscal note would only show expenditures that are already in the operating budget.

Co-Chair Mulder noted that even though they are self-sustaining the receipts are washed through the General Fund. The revenues currently show as RSS receipts support services, which were previously shown as GFPR.

Senator Therriault concluded that FY02 would remain zero, since it is included in the governor's budget. The out years would show the expenditures as distributed and the revenues from fees. The net would be zero.

Ms. Reardon explained that the Division receives one budget. They will apportion the overhead on the Board.

There being NO OBJECTION, SB 10 was moved from Committee with a revised fiscal note.

SB 10 was REPORTED out of Committee with a "do pass" recommendation and with a "do pass" recommendation and with new fiscal impact note by the Department of Community and Economic Development.

#sb9

CS FOR SENATE BILL NO. 9(L&C)

"An Act extending the termination date of the State Board of Registration for Architects, Engineers, and Land Surveyors; relating to the temporary member of that board; and providing for an effective date."

Senator Therriault, sponsor, spoke in support of the legislation. He explained that the legislation would extend the termination date of the State Board of Registration for Architects, Engineers, and Land Surveyors. Section one incorporates the extension. Section two would continue until the year 2005 the temporary (mining engineer) board member that was added in 1998. Expenses for this member would also be covered by fees.

Senator Therriault discussed recommendations by the Board. He noted that discussions have occurred regarding a requirement for continuing education. The Board supports continuing education. The Legislature could set specific requirements in statute or give the Board general authority to develop requirements through regulation. The Board discussed the mining engineer designated seat and recommended that it be retained. There has not been a problem filling the seat. The Board has adopted regulation-addressing reciprocity. He concluded that it was not necessary for the regulations to be placed in statute.

JAMES BIBB, PRESIDNET, ALASKA CHAPTER OF THE AMERICAN INSTITUTE OF ARCHITECTS stated that his organization would like to see some options for architects that are licensed in other states.

Ms. Reardon stated that the bill does not change how architects can be licensed. She added that the fiscal note has a \$3 thousand dollar increment. Representative John Davies pointed out that the fiscal note would need to be revised to show the cost of the program. Ms. Reardon stated that she would revise the fiscal note as required.

PATRICK KALEN, AMERICAN CONGRESS ON SURVEYING AND MAPPING spoke in support of the legislation. He observed noted that land surveyors support continuing education. He stated that he would like an opportunity to work with the Board on continuing education requirements.

CSSB 9(L&C) was heard and HELD in Committee for further consideration

ADJOURNMENT

The meeting was adjourned at 2:50 p.m.